

ANNUAL REPORT 2009 - 2010



Chembond Chemicals Limited

Board of Directors	Dr. Vinod D. Shah Ashwin R. Nagarwadia Perviz H. Dastur Mahendra K. Ghelani Jayant S. Vasani O. P. Malhotra Sameer V. Shah Nirmal V. Shah Jawahar I. Mehta Sushil U. Lakhani	Executive Chairman Vice Chairman & Managing Director Joint Managing Director
Company Secretary	Dipti D. Samant	
Key Executives	Bhadresh D. Shah Jinesh Maniar M. P. Nagarkar Abhijit Giri Ravikumar Mutaka Deepak M. Wadekar Mangesh Narvekar Sanjay R. Naik Devkinand Sharma Mangesh Patil	General Manager (Commercial) Finance Controller General Manager (Projects) DGM – Coatings Head – Operations (Tarapur) Senior Manager - SHEQ DGM (Trading) DGM – Coatings Plant Manager - Baddi Plant Manager - Dudhwada
Auditors	M/s Kastury & Talati Chartered Accountants, Mumbai	
Whole Time Practicing Company Secretary	Mr. Virendra Bhatt	
Bankers	HDFC Bank Limited Bank of India	
Registered and Corporate Office	Chembond Centre, EL-71, Mahape MIDC, Navi Mumbai – 400 710. Tel. : (+91 22) 6614 3000 Fax : (+91 22) 2768 1294	
City Office	B – 23, Todi Ind. Estate, New Sun Mill Compound, Lower Parel, Mumbai – 400 013.	
Plants	1)E-6/3 & 6/4, MIDC Tarapur, Maharashtra. 2)T/129, MIDC Tarapur, Maharashtra. 3)Khasara 177/2, Post Manpura Tehsil Nalagarh, Village Theda, Himachal Pradesh. 4)Near Remaha Golai, Opp. Rajesh Chemicals, Balasore. 5)5/5, 5/6B, Avadi Main Road, Sanneerkuppam, Poonamallee, Chennai. 6)404/B-01, Dudhwada, Dist. Vadodara, Gujarat.	
Registrar and Transfer Agent	TSR Darashaw Limited , 6-10, Haji Moosa Patrawala Indl. Estate, 20, Dr. E Moses Road, Mahalaxmi, Mumbai – 400 011.	



CHAIRMAN'S MESSAGE

Dear Shareholders,

I am once again reporting to you on the 35th year since your Company was incorporated. It is also the 15th year since your Company became public.

I wish to recall what I had written in our 33rd Annual Report. I had noted about the recession of Indian economy, "*.....thwarted the growth in India. But this can only be a transient diversion and will not last for more than a year or two.*" This is exactly what has happened. The Indian economy has not only recovered but is on a path of robust growth in all sectors. Several Indian companies are buying assets worldwide and India in its own right is becoming a multinational company abroad. I am of the strong opinion that we Indians have inherent strength of coming out of crisis and not only survive but thrive.

I am writing all this because it has direct relationship with the growth of your Company. Increased auto production directly translates into increased sales at our joint venture company Henkel Chembond. More refineries and petro-plants mean better growth for your subsidiary company Chembond Ashland. The infrastructure projects that have been held up for sometime are certain to come up within a few months and that will mean a return to high growth for your construction chemicals division. The new joint venture, H₂O Innovation India Limited, is already busy executing prestigious projects in India and abroad. I can assure you that your Company is dedicated to growth in years to come.

This year has also been a milestone year for your Company with the tremendous appreciation of the shareholder value. It is the sheer shareholders' confidence in your Company that the current share price has exceeded the pre-bonus issue price, meaning more than doubling in a short span of a few months. Thank you shareholders for reposing such a high-level confidence in the management of your Company.

Finally I want to end this message with a verse from Atharva Veda, India's heritage from more than 5000 years:

**"Recognise thy own inherent power
That may cause to infuse in thee
All the virtues of the Universe"**

Best Wishes

Vinod D. Shah

Dr. Vinod D. Shah
Executive Chairman



CONTENTS

Notice of Annual General Meeting	3
Directors' Report	8
Management Discussion and Analysis	12
Report and Certificate on Corporate Governance	15
Auditors' Report on Financial Statements	23
Balance Sheet	26
Profit and Loss Account	27
Cash Flow Statement	28
Schedules forming part of Balance Sheet and Profit & Loss Account	29
Notes on Accounts & Significant Accounting Policies	36
Balance Sheet Abstract	47
Statement under Section 212 of the Companies Act & Other Details	48
Auditors' Report on Consolidated Financial Statements	49
Consolidated Balance Sheet	50
Consolidated Profit and Loss Account	51
Consolidated Cash Flow Statement	52
Schedules forming part of Consolidated Balance Sheet and Profit & Loss Account	53
Notes on Accounts & Significant Accounting Policies of Consolidated Accounts	60

NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY FIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF CHEMBOND CHEMICALS LIMITED WILL BE HELD ON SATURDAY, 18th SEPTEMBER, 2010, AT EL-37, MAHAPE, MIDC, NAVI MUMBAI-400 710 AT 3.00 P.M. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2010 and the Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Jayant S. Vasani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. O. P. Malhotra, who retires by rotation and being eligible, offers himself for re-appointment.
5. To reappoint M/s Kastury & Talati, Chartered Accountants as auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to Section 198, 269 read with Schedule XIII, 309, 310 and 314 or any other applicable provision of the Companies Act, 1956, and subject to approval of the members and Central Government or any other authority, if required, Dr. Vinod D. Shah be and is hereby reappointed as Executive Chairman of the Company with effect from 1st August, 2010 for the period of 3 years on such terms and conditions as set out in the Agreement entered into between the Company and Dr. Vinod D. Shah.
7. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to Section 198, 269 read with Schedule XIII, 309, 310 and 314 or any other applicable provision of the Companies Act, 1956, Mr. Sameer V. Shah be and is hereby reappointed as Vice Chairman and Managing Director of the Company with effect from 1st August, 2010 for the period of 3 years on such terms and conditions as set out in the Agreement entered into between the Company and Mr. Sameer V. Shah.
8. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to Section 198, 269 read with Schedule XIII, 309, 310 and 314 or any other applicable provision of the Companies Act, 1956, Mr. Nirmal V. Shah be and is hereby reappointed as Joint Managing Director of the Company with effect from 1st August, 2010 for the period of 3 years on such terms and conditions as set out in the Agreement entered into between the Company and Mr. Nirmal V. Shah.
9. To consider and if thought fit, to pass with or without modification the following resolution as a Ordinary Resolution :
"RESOLVED THAT Mr. Sushil Lakhani, who was appointed as an Additional Director of the Company by the Board of Directors and who holds the office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") is eligible for appointment and the Company has received notice in writing pursuant to the provisions of Section 257 of the Act from some members of the Company proposing his candidature for the office of the Director of the Company, and who has consented, if appointed, to act as a Director, be and is hereby appointed a Director of the Company, liable to retire by rotation".

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

Dr. Vinod D. Shah
Executive Chairman

Navi Mumbai, 31st July, 2010

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 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.
3. The relevant Explanatory Statement pursuant to the Section 173(2) of the Companies Act, 1956, is annexed hereto.
4. The register of members and the share transfer books of the company will remain closed from Thursday, 9th September, 2010 to Saturday, 18th September, 2010 (both days inclusive) in connection with the Annual General Meeting.
5. The Directors have recommended dividend of ₹ 1.75 per Equity Share, which on approval by the members at the Annual General Meeting will be paid to the members whose names appear in the Company's Register of Members on 18th September, 2010 and Dividend Warrants will be posted to them on or before 17th October, 2010.
6. In respect of shares held in the electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by the National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
7. Members are aware that as per the Finance Act, 2003 no tax will be deducted at source on the dividend payable to the shareholders.
8. Consequent upon the amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by 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 dividend for the financial year 2001-2002 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 2010 are as under:

Date of Declaration	Amount (₹)	Due Date
07-08-2003	25,265.10	06-09-2010
12-07-2004	33,122.40	11-07-2011
12-08-2005	31,082.40	11-08-2012
29-07-2006	54,411.50	28-07-2013
18-08-2007	38,772.50	17-08-2014
13-09-2008	49,983.50	12-09-2015
22-08-2009	42,273.00	21-09-2016

9. Members are requested to inform the Company about any change in their addresses, if any, immediately so as to enable the Company to dispatch dividend warrants and any further communication at their correct address.

This information may be provided to –

TSR DARASHAW LIMITED

6-10, Haji Moosa Patrawala Indl. Estate,
20, Dr. E Moses Road,
Mahalaxmi, Mumbai - 400 011.

10. As per the Listing Agreement, particulars of Directors who are proposed to be appointed and re-appointed is furnished below -
 - I. Name : Jayant Vasani
Age : 76 years
Qualification : B. Sc (Tech), M. S. (Chem. Engg. USA)
 - II. Name : O. P. Malhotra
Age : 78 years
Qualification : B. Chem. Engg.
 - III. Name : Mr. Sushil U. Lakhani
Age : 51 years
Qualification : Chartered Accountant

11. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for change/deletion in such bank details. Further instructions if any already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may therefore give instructions regarding bank accounts in which they wish to receive dividend to their Depository Participants.
12. The Company has received approval from the Central Government granting exemption from attaching the copy of the Balance Sheet, Profit & Loss Account, Report of Board of Directors, Report of the Auditors of its subsidiary companies namely, Chembond Ashland Water Technologies Limited & Protochem Industries Private Limited Hence, accounts of these Subsidiary Companies are not required to be attached with the Balance Sheet of the Company. These documents will be available for inspection by any Member of the Company at the Registered Office of the Company and the Registered Office of the respective subsidiary companies during working hours upto the date of the Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

ITEM No. 6

Dr. Vinod D. Shah is a Chemical Engineer and has achieved his Masters and Doctorate in Chemical Engineering from the University of Michigan and Wayne State University, USA, respectively. He has on hand expertise in Chemical Engineering.

He is a promoter & founder of Chembond Chemicals Limited (the Company) and has been associated with the Company as Chairman & Managing Director since its inception. He has vast and rich business experience to his credit. He is the overall in charge of the Company and has developed the entire product range of the Company. And due to his great expertise in developing chemical products, the Company has a leading position in the market.

As per recommendation of the remuneration committee, remuneration of Dr. Vinod D. Shah was proposed to be increased w.e.f. 1st August 2010.

An abstract of the terms of appointment giving details of the remuneration payable and perquisites to be provided to Dr. Vinod D. Shah are set out below :

1. PERIOD OF APPOINTMENT

Dr. Vinod D. Shah is a promoter of Chembond Chemicals Limited and he is its Executive Chairman from 17th August, 2007.

2. REMUNERATION

Dr. Vinod D. Shah will receive a remuneration of ₹ 50.00 Lacs (₹ Fifty Lacs Only) p.a. (including perquisite) effective from 1st August 2010 and the Board of Directors have powers to increase the remuneration in consultation with the remuneration committee from time to time.

He is also eligible to the following perquisites, which shall not be included in the computation of the ceiling limit of remuneration.

- a) Contribution to the Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under Income Tax Act, 1961
- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- c) Encashment of leave at the end of the tenure.

3. MINIMUM REMUNERATION

In the event of loss or inadequacy of profits in any financial year during the tenure of the appointment, the Chairman shall, subject to the approval of the Central Government, if required be paid remuneration by way of salary and perquisites as set out above, as minimum remuneration, subject to restriction, if any, set out in schedule XIII to the Companies Act, 1956, from time to time.

A. GENERAL INFORMATION

1. Nature of Industry

The Company is in the 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

Particulars	Standalone 2009 - 2010 ₹ In '000	Consolidated 2009-2010 ₹ In '000
Turnover of Sales	1,247,502	1,887,279
Less : Excise Duty	103,344	136,793
Net Sales	1,144,158	1,750,486
Profit before Tax	64,736	223,291
Less : Deferred Tax	5,705	6,724
Less : Provision for Taxation	7,300	71,368
Profit After Tax	51,731	145,199

4. Export performance and net foreign exchange collections

Particulars	Standalone 2009- 2010 ₹ In'000
Total Foreign Exchange Earned	12,219
Total Foreign Exchange Outgo	156,024

5. Foreign collaborations or investments, if any

The Company has subsidiary companies Chembond Ashland Water Technologies Limited in collaboration with Ashland International Holding Inc U.S.A, Protochem Industries Private Limited.

The Company has joint venture company Henkel Chembond Surface Technologies Limited in collaboration with Henkel KGaA, Germany.

B. Information about Dr. Vinod D. Shah

1. Past Remuneration

Particulars	2008-2009
Salary and Perquisites	₹ 3,150,000*

* Excluding the perquisite which shall not be included in the Computation of the ceiling limits of remuneration.

2. Proposed Remuneration

Dr. Vinod D. Shah will receive a remuneration of ₹ 50.00 Lacs (₹ Fifty Lacs) p.a. (including perquisite) effective from 1st August, 2010 and the Board of Directors have powers to increase the remuneration in consultation with the remuneration committee from time to time.

He is also eligible to the following perquisites, which shall not be included in the computation of the ceiling limit of remuneration.

- Contribution to the Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under Income Tax Act, 1961
- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- Encashment of leave at the end of the tenure.

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

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

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

As Dr. Vinod D. Shah is 78 years old, an approval of Members and Central Government under section 269 & Schedule XIII of the Companies Act, 1956 is required to be taken. Accordingly the above remuneration would be subject to the approval of Members and Central Government.

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 Dr. Vinod D. 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.

None of the Directors of the Company except Dr. Vinod D. Shah, Mr. Sameer V. Shah & Mr. Nirmal V. Shah are concerned or interested in the resolution.

This may be treated as abstract of the terms of appointment of Dr. Vinod D. Shah in terms 302 of the Act.

ITEM NO. 7

Mr. Sameer V. Shah is Vice Chairman & Managing Director of the Company w.e.f. 18th August, 2007. The Board of Directors decided to reappoint him as Vice Chairman and Managing Director for further period of 3 years w.e.f. 1st August, 2010 at a remuneration of Rs. 30 Lacs p.a. (including perquisites). The Board of Directors have powers to increase the remuneration in consultation with the remuneration committee from time to time subject to Schedule XIII & other applicable provisions of the Companies Act, 1956. Mr. Sameer V. Shah is also Managing Director of Henkel Chembond Surface Technologies Limited. As per recommendation of remuneration committee, appointment of Mr. Sameer V. Shah as Managing Director was approved by the Board at its meeting held on 31st July, 2010.

Your Directors recommend the resolution set out in the Item No. 7 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.

None of the Directors of the Company except Dr. Vinod D. Shah, Mr. Sameer V. Shah & Mr. Nirmal V. Shah are concerned or interested in the resolution.

This may be treated as abstract of the terms of appointment of Mr. Sameer V. Shah in terms of Section 302 of the Act.

ITEM 8

Mr. Nirmal V. Shah is Joint Managing Director of the Company w.e.f. 18th August, 2007. The Board of Directors decided to reappoint him as Joint Managing Director for further period of 3 years w.e.f. 1st August, 2010 at a remuneration of Rs. 30 Lacs p.a. (including perquisites). The Board of Directors have powers to increase the remuneration in consultation with the remuneration committee from time to time subject to Schedule XIII & other applicable provisions of the Companies Act, 1956. Mr. Nirmal V. Shah is also Managing Director of Chembond Ashland Water Technologies Limited. As per recommendation of remuneration committee, appointment of Mr. Nirmal V. Shah as Joint Managing Director was approved by the Board at its meeting held on 31st July, 2010.

Your Directors recommend the resolution set out in the Item No. 8 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.

None of the Directors of the Company except Dr. Vinod D. Shah, Mr. Sameer V. Shah & Mr. Nirmal V. Shah are concerned or interested in the resolution.

This may be treated as abstract of the terms of appointment of Mr. Nirmal V. Shah in terms of Section 302 of the Act.

ITEM 9

Mr. Sushil Lakhani was appointed as an Additional Director of the Company on 11th May, 2010 by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act, 1956, he holds office as Director only upto the date of the ensuing Annual General Meeting. As required by Section 257 of the Act, a notice has been received from member signifying his intention to propose appointment of Mr. Sushil Lakhani as a Director along with a deposit of ₹ 500.

None of the Directors, except Mr. Sushil Lakhani, Director himself, deemed concern or interested in the above resolution.

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

Dr. Vinod D. Shah
Executive Chairman

Navi Mumbai, 31st July, 2010

REGISTERED OFFICE:

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

DIRECTORS' REPORT

**To,
The Members,**

Your Directors have pleasure in presenting the 35th Annual Report on the business and operations of your Company together with Audited Financial Statements for the year ended 31st March 2010.

FINANCIAL RESULTS:

	2009 – 2010 (In ₹ '000)	2008 – 2009 (In ₹ '000)
Turnover of Sales	1,247,502	1,257,592
Less: Excise Duty	103,344	148,416
Net Sales	1,144,158	1,109,176
Profit Before Tax	64,736	55,477
(Less)/Add: Deferred Tax	(5,705)	(2,369)
Less: Provision for Taxation	(7,300)	(4,150)
Fringe Benefit Tax	-	(930)
Profit after Tax	51,731	48,028
Prior period adjustment	-	334
Profit After Prior Period Adjustment	51,731	48,362
Add: Balance as per last year	153,461	119,974
Total	205,192	168,336
Appropriation		
General Reserves	5,500	5,000
Set off of Dividend Tax in respect of dividend from Subsidiary Company.	(1,178)	(1,179)
Proposed Dividend	11,131	10,500
Tax on Proposed Dividend	1,849	1,784
Dividend on Shares issued on Amalgamation	631	-
Addition of Amalgamation of SMEPL	-	(1230)
Balance carried to Balance Sheet	187,259	153,461
Total	205,192	168,336

PERFORMANCE REVIEW

A separate section on Management Discussion and Analysis follows in this annual report wherein the company performance, industry environment, economy, and the other aspects of your company's business are highlighted. Your Company has recorded an increase in Sales of 3.15% and an increase of 16.8% and 7.4% in Profits before Tax (PBT) and Profit after Tax (PAT) respectively over the previous year. The Earning per Share (EPS) increased to ₹ 8.13 as at March 31, 2010 from ₹ 7.60 at the end of the previous fiscal year on the expanded equity of your company after the 1:1 bonus issue.

DIVIDEND

The Board of Directors recommends a dividend of ₹ 1.75 per Equity Share for the financial year ended 31st March, 2010. The total outflow on account of dividend and the tax thereon amounts to ₹ 12,979.42 Thousand. The Company has also transferred the amount of ₹ 5,500,000 (Previous year ₹ 50,00,000) from its current years profit to Reserve account.

SAFETY, HEALTH, ENVIRONMENT, AND QUALITY (SHEQ)

Your Company follows an integrated SHEQ Management System under which all plants are certified to the applicable standards. The Tarapur plants are ISO 9001, ISO 14001, and ISO/TS 16949 certified. The corporate entity and the Baddi and Dudhwada plants are ISO 9001 certified.

DEPOSITS

The Company accepted deposits from the public as per Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. There were no dues and unclaimed deposits during the year under review.

DIRECTORS

In accordance with the Articles of Association of the Company, Mr. Jayant Vasani and Mr. O. P. Malhotra, Directors of the Company, are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. Sanjay N. Nene resigned from the Board of Directors wef 31st December, 2009. The Board records its appreciation for the contribution made by him during his tenure with the Company.

Dr. Vinod D. Shah will be appointed as Executive Chairman wef 1st August, 2010 for a period of 3 years.

Mr. Sameer V. Shah will be appointed as Vice Chairman and Managing Director wef 1st August, 2010 for a period of 3 years.

Mr. Nirmal V. Shah will be appointed as Joint Managing Director wef 1st August, 2010 for a period of 3 years.

SUBSIDIARY COMPANIES

The Central Government has vide its letter no. 47/464 /2010 -CL-III dated 21st May, 2010 exempted the Company from attaching the financial report of the Subsidiary Companies to this annual report. However, the Annual Accounts of the Subsidiary Companies and related detailed information will be made available to shareholders seeking such information at any point of time and the Annual Accounts of the Subsidiary Companies will be available for inspection at the registered office of the Company. The statement

as required under Section 212(1)(e) of the Companies Act, 1956 and the statement containing the details of the Subsidiary Companies as required to be given as per the above exemption letter are enclosed herewith and forms part of this annual report.

Further, as stipulated by Clause 32 of the Listing Agreement and as per the conditions stated in the above letter, the Company, in accordance with the requirements of Accounting Standard 21 and Accounting Standard 27 on consolidated Financial Statements read with Accounting Standard 23 on Accounting for Investments in Associates, has prepared the Consolidated Financial Statements for the year ended 31st March, 2010 and the same is attached to this Annual Report.

AUDITORS

The Statutory Auditors of your Company M/s. Kastury & Talati, Chartered Accountants, Mumbai who were appointed as Auditors to hold office until the conclusion of the ensuing Annual General Meeting are eligible for re-appointment. The Company has received the Certificate from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

DISCLOSURE UNDER SECTION 274(1) (g)

None of the Directors of the company are disqualified from being appointed as Directors as specified under Section 274(1)(g) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000.

CODE OF CONDUCT

The Company has introduced the Code of Conduct as per revised clause 49 of the Listing Agreement applicable to all the Directors and Senior Management of the Company. Pursuant to said regulation, the Company has received a confirmation from all the Directors and Senior Management of the Company about the compliance of the said code of conduct during the financial year ended 31st March 2010.

CORPORATE GOVERNANCE

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

CORPORATE SOCIAL RESPONSIBILITY

Your Company aims to play a role in improving the lives of people living among the communities where we operate. Your Company continues to support the Visan Trust in its objective of providing the girl child in tribal areas with educational and vocational opportunities and in enhancing their self-esteem. Around 300 girls between the ages of 4 and 18 from areas around Tarapur attend the Children's Center. Among their achievements, three girls completed their HSC levels, 16 girls appeared for Xth standard exams out of which 11 passed including 4 girls who obtained first class. On the non-academic front, several students now enter regional competitions in Karate, Chess, and Malkhamb with exemplary performance as a result of the training imparted at the center. Your Company supplied small hand operated, membrane-based water purification equipment, which removes suspended solids and organisms to villages in Maharashtra and Gujarat.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors give hereunder Director's Responsibility Statement pertaining to the accounts of the Company

- i) that in preparation of the Annual Accounts for the year ended 31st March 2010, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- ii) that the Directors had selected such accounting policies and applied consistently and made judgements and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2010 and the profit of the Company for the year under review;
- iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the annual accounts for the year ended 31st March 2010 have been prepared on a 'going concern basis'.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUT GO

The prescribed particulars Under Section 217(1) (e) of the Companies Act, 1956 relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo are furnished in Annexure to this Report.

PARTICULARS OF EMPLOYEES

The Information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is given as under

Employee Name	Designation	Age	Qualification	Remuneration *	No. of Shares Held
Dr. Vinod D. Shah	Executive Chairman	78 Years	Doctorate in Chemical Engineering	₹ 31,50,000	901,232 (14.17%)

* Excluding the perquisites which shall not be included in the computation of the ceiling limits of remuneration.

ACKNOWLEDGEMENTS

Your Board takes this opportunity to thank the customers, vendors, shareholders and bankers for the faith 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.

For and on behalf of the Board of Directors
of **Chembond Chemicals Limited**

Sameer V. Shah
Vice Chairman & Managing Director

Nirmal V. Shah
Joint Managing Director

Place: Navi Mumbai
Date: 31st July, 2010

ANNEXURE TO THE DIRECTORS' REPORT

Particulars required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rule, 1988:

I. CONSERVATION OF ENERGY

- A) Energy conservation measures undertaken:

The Company continues measures to reduce energy consumption by modifying its furnace and other equipment.

- B) Additional investments and proposals for reduction of energy:

None under the present condition.

- C) Impact of the measure as (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

In view of the measures taken by the company, as mentioned above the quantitative consumption of energy is to the satisfactory levels.

- D) Total energy consumption & energy consumption per unit of production:

Particulars	2009-10	2008-09
I) Electricity Purchased		
i) Units	485,783	624,027
ii) Total Amount (In ₹ '000)	2,978	4,325
iii) Rate/KWH ₹	6.13	6.93
II Kerosene Purchased		
i) Liters	50,081	62,857
ii) Total Amount (In ₹ '000)	1,391	1,739
iii) Rate/ Lt. ₹	27.78	27.67
III LPG Purchased		
i) Liters	5,659	2,800
ii) Total Amount (In ₹ '000)	175,056	97,079
iii) Rate/ Lt. ₹	30.93	34.67

II. 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.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹ in '000)

Particulars	2009-10	2008-09
Total Foreign Exchange Earned	12,219	15,435
Total Foreign Exchange Outgo	156,024	199,766

IV. RESEARCH & DEVELOPMENT

a) Research & Development activities in your Company are focused in the following area:

- i) Newer polymer systems for coatings and construction chemicals
- ii) Enzymes for applications in textile processing and alcohol production
- iii) Enzymes for bioremediation of industrial effluents

b) Benefits from the R & D activities :

- i) Increase in revenues and market share from improved product performance and newer applications
- ii) Helps promotion of the products in industry
- iii) Reduction of material costs

c) Future Plans of Action

The company intends to continue to increase R&D investments in developing better products with the objective of improving the performance of existing products and delivering value to the customer. The next years will see an increased spending in R&D in evaluating and developing allied products on our value chain or in backward integration of key input materials.

d) Expenditure on R & D

(₹ in '000)

Particulars	2009-10	2008-09
Revenue Expenditure	1,500.00	237.12
Capital Expenditure	248.98	2,738.53
Total	1,748.98	2,957.65
Total R & D as percentage of Turnover	0.15%	0.27%

For and on behalf of the Board of Directors
of **Chembond Chemicals Limited**

Sameer V. Shah
Vice Chairman & Managing Director

Nirmal V. Shah
Joint Managing Director

Place: Navi Mumbai
Date: 31st July, 2010

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL REVIEW & OUTLOOK

The year in review saw the continuation of the effects of the global slowdown in the first quarter and although most sectors recovered sharply, the infrastructure construction sector was further affected during the year. The Company saw strong growth in sectors like automobile, steel, power generation, and refining.

The sectors under which your Company operates have been posting healthy growth rates over the past several years. By all accounts, the predictions are for continued or even accelerated growth in the domestic industry, which provides opportunities for the Company to continue to return impressive growth and returns for all shareholders.

FINANCIAL PERFORMANCE

STAND ALONE

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

Financial Performance

(₹ in '000)

Particulars	2009 – 10	2008 – 09	% Δ
Sales	1,144,158	1,109,176	3.15
Total Income	1,175,665	1,136,601	3.44
PBDIT	99,519	78,644	26.54
EBIT	88,376	69,946	26.35
PBT	64,736	55,477	16.69
PAT	51,731	48,028	7.71

Important Ratios

Particulars	2009 – 10	2008 – 09
PBDIT / Total Income (%)	8.46	6.92
EBIT / Total Income (%)	7.52	6.15
PBT / Total Income (%)	5.51	4.88
PAT / Total Income (%)	4.40	4.23
Earnings per Share (₹) *	8.13	7.55
Debt / Equity (%)	0.70	0.77
Interest Cover (in times)	7.93	8.04

* Adjusted for Issue of 1:1 Bonus Shares in March 2010.

CONSOLIDATED

The highlights of the consolidated financial performance are as follows:

Financial Performance

(₹ in '000)

Particulars	2009 – 10	2008 – 09	% Δ
Sales	1,750,486	1,421,815	23.12
Total Income	1,785,598	1,444,532	23.61
PBDIT	270,163	165,823	62.92
EBIT	253,457	152,296	66.42
PBT	223,291	132,158	68.96
PAT	145,199	88,606	63.87

Important Ratios

Particulars	2009 – 10	2008 – 09
PBDIT / Total Income (%)	15.13	11.48
EBIT / Total Income (%)	14.19	10.54
PBT / Total Income (%)	12.51	9.15
PAT / Total Income (%)	8.13	6.13
Earnings per Share (₹) *	19.49	12.41
Debt / Equity (%)	0.31	0.36
Interest Cover (in times)	15.17	11.26

* Adjusted for Issue of 1:1 Bonus Shares in March 2010.

BUSINESS AREAS

The Company is in the business of manufacturing specialty chemicals and offers a range of products for diverse industrial applications. The Company maintains its head office in Mahape, Navi Mumbai and operates plants in Tarapur, Baddi, Dudhwada, Chennai, and Balasore.

Construction Chemicals

Identified as a business with extensive potential, your Company manufactures at multiple plants a range of chemicals for use in the construction industry. Positioned mainly at the large infrastructure projects, products like admixtures, curing compounds, sealants and waterproofing systems are in wide use across the country. However with the slowdown in infrastructure creation, this division has not met internal growth expectations. Actions have been initiated to broad base the operations and the performance is expected to improve in the coming year.

Coatings

Your Company manufactures coatings for application on metal structures for corrosion protection. This division also manufactures coatings for industrial floors, which finds application in places where an aseptic, tough, resistant, self-leveling, and easy to clean floor is required. During the second half of the year the sales of these products improved on the back of overall industrial growth in the country. With a continued focus on development and offering the customer high performing products, this division is expected to further improve during the coming year.

Chembond Ashland Water Technologies Ltd.

Your Company owns 55% equity with Ashland Inc, USA owning the rest of this joint venture company. The company manufactures a range of water treatment chemicals for cooling water treatment, boiler feed water treatment, raw water and waste water treatment and reverse osmosis membrane treatment. The products find wide application in fertilizer, steel, power generation, chemical and petrochemical manufacturing, oil refining and effluent treatment facilities. All of these are growing industries and the future remains bright for the range of products manufactured by this joint venture.

Henkel Chembond Surface Technologies Ltd.

Your Company owns 49% of this joint venture company. Henkel Chembond manufactures metal treatment chemicals for applications in automobile, steel, appliance, engineering, defense, rail, aerospace, and general industries. The industries to which the joint venture caters has seen a rapid growth due to the rising aspirations of a growing middle class in the country.

Protochem Industries Pvt. Ltd.

Your Company acquired 100% of the shares of Protochem in 2009-10. Protochem mainly manufactures metal treatment chemicals, which were subsequent to the acquisition transferred to Henkel Chembond wef November 2009. Protochem will now develop products for specialized applications in the metal processing industry and other products, which are not offered by the joint venture company.

Chembond Enzyme Company Ltd.

Your Company holds a 49% shareholding in this associate company which supplies industrial enzymes for applications in textile, animal health, and alcohol production. The Company currently has a minor presence in these industries but now has a product range, marketing team, and development team to make this company a market leader in the years to come.



Chembond Distribution Limited (formerly CCL Building Systems Ltd.)

This company in which your Company owns 47% equity offers specialized chemical based solutions to the problems faced by the building industry. The business model has now been refined and larger scale activities will now be carried out under this company during the coming year.

H₂O Innovation (India) Limited

Your Company owns 51% of this joint venture company with H₂O Innovation Inc, Canada owning the balance equity. Incorporated in April, 2010, this company will fill a gap in our solutions for water. The first venture for your Company outside the chemical industry, H₂O Innovation (India) will offer equipment based solutions for water treatment, recycle and reuse. Microfiltration, Ultrafiltration, Reverse Osmosis, Desalination plants, etc. forms the core product offering. This business is closely aligned with our objective of providing total water management solutions. It is early days for the company but the future holds promise and looks bright for our success.

COMPANY'S OBJECTIVE & POLICY

The Company's objective is to be the "Supplier of Choice" for its existing as well as prospective customer. It considers the customer as its partner and works towards achieving the common objectives of higher quality, better value for money and a friendly environment. The Company considers product quality, technical services and customer satisfaction as the backbone of its business. The Company is certified for ISO 9001:2000 as Quality Management System and ISO 14001:2004 as Environmental Management System. Joint Venture Company Henkel Chembond Surface Technologies Limited is certified for ISO/TS 16949:2002. The Company is also committed to absorb knowledge to incorporate improvements on continued basis which are in consonance with global standards.

The Company also has a policy called SHE (Safety, Health and Environment), which is applicable to all the employees of the Company. Every one at Chembond is committed to comply with the standard prescribed under policy and work towards improving the same on continuous basis.

RESOURCES AND LIQUIDITY

Primary liquidity needs have been to finance working capital needs and in expansion of the Company's facilities. To fund these, the company relied on internal accruals and borrowings. The company has secured loans of ₹ 1711.94 Lacs and unsecured loans of ₹ 350.62 Lacs.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company maintains effective internal controls, systems and procedures for management of its business. As a part of this process, systems and procedures are regularly reviewed and strengthened. The internal control systems cover the accounting, production and administration functions. The Company has appointed an external internal audit agency to further assess the systems and provide valuable feedback on the systems and areas of improvement of the same. The Company has a proper and adequate system to ensure that all assets are safeguarded and protected against loss, theft, unauthorized use and damage from improper use.

HUMAN RESOURCES /DEVELOPMENT

The Company has a large pool of talented and knowledgeable personnel. The Company offers several in-house training programs to its personnel. This is aimed at continuous development and improvement of the Company's talent pool. The Company regularly holds in-house training programs during the year under reference. Industrial relations at the plant remained cordial throughout the year. The number of people employed by the Company as of 31st March 2010 is 259.

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 on the basis of any subsequent developments, information, or events.

CORPORATE GOVERNANCE

PHILOSOPHY ON CODE OF GOVERNANCE

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

BOARD OF DIRECTORS

The Company is managed by a Board of Directors. The Board formulates the strategy, regularly reviews the performance of the Company and ensures that the previously agreed objectives are met on a consistent basis. The Managing Director along with the executive directors manages the day to day operations of the company.

The Board of Directors has the ideal composition with more than half of the directors being non executive directors of which half of the directors are independent directors.

A. The composition of the Board as on 31st March, 2010 and details of Board Meeting and Annual General meeting held and attendance of the Directors:

Name of the Directors	Designation	No. of Board Meetings attended	Attendance at last AGM	Number of out-side Directorship held (excluded alternate directorship and in private companies)	Total Number of Committee Membership held**	Total Number of Chairman Ship held**
Dr. Vinod D. Shah	Promoter & Executive Chairman	6	Yes	7	1	-
Mr. Sameer V. Shah	Promoter, Vice Chairman & Managing Director	6	Yes	8	1	-
Mr. Ashwin R. Nagarwadia	Promoter & Non – Executive Director	3	Yes	3	1	-
Mr. Perviz H. Dastur	Promoter & Non – Executive Director	6	Yes	3	2	-
Mr. Nirmal V. Shah	Promoter & Joint Managing Director	6	Yes	7	1	-
Mr. Mahendra K. Ghelani	Independent & Non – Executive Director	4	Yes	-	2	1
Mr. Jayant S. Vasani	Independent & Non – Executive Director	4	Yes	-	3	2
Mr. O. P. Malhotra	Independent & Non – Executive Director	3	Yes	10	-	-
Mr. Jawahar Mehta	Independent & Non – Executive Director	3	Yes	1	-	-
Mr. Sanjay Nene *	Independent & Non – Executive Director	2	Yes	-	-	-

* Mr. Sanjay Nene resigned as Director with effect from 31.12.2009.

** Considered Membership and Chairmanship of Audit Committee and Shareholders' Grievance Committee of Public Limited Companies only.

During the year, there were six Meetings of Board of Directors were held on 15th April, 2009, 30th June 2009, 31st July 2009, 29th October 2009, 31st January 2010, 17th March 2010.

B. Board Meeting & Procedures

The Board members are well informed in advance about the schedule of the Meetings and appropriate documents and information are given in advance to each of the Board Member. To enable the Board to discharge its responsibilities

effectively, the Managing Director reviews the overall Company performance followed by executive director placing a detailed functional report before the Board members. 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 including Chief Financial Officer and Company secretary
- * Investment and exposure limits
- * Business risk analysis and control
- * Compliance with statutory / regulatory requirements and review of major legal issues
- * Transaction pertaining to purchase disposal of property, major provisions and write offs.

C. Details of Directors being reappointed

As per statute, two third of the Directors should be retiring Directors. One third of these retiring Directors are required to retire every year and if, eligible, these Directors qualify for reappointment.

Mr. Jayant S. Vasani & Mr. O. P. Malhotra retire by rotation at the ensuing Annual General meeting and being eligible, offer themselves for reappointment.

A brief resume of Directors appointed / eligible for reappointment along with the additional information required under clause 49 (VI) (A) of the Listing Agreement is as under:

- I Name : Mr. Jayant Vasani
 Age : 76 Years
 Qualification : B. Sc (Tech), M. S. (Chem. Engg. USA)
- II Name : Mr. O. P. Malhotra
 Age : 78 Years
 Qualification : B. Chem. Engg.

E. Code of Conduct

The Board has laid down the code of conduct for all the Members of the Board and senior management of the Company. The Company has also posted the same on Company's website. All the Members of the Board and senior management have complied with the code of conduct and the disclosure in that respect is also contained in the Directors' Report of the Company.

II. COMMITTEES OF THE BOARD

A. AUDIT COMMITTEE

The constitution of Audit Committee as of 31st March 2010 is as follows:

Name of the Member	Designation	No. of meeting attended
Mr. Mahendra K. Ghelani	Chairman	4
Mr. Perviz H. Dastur	Member	4
Mr. Jayant S. Vasani	Member	4

During the year four meetings of Audit Committee were held viz 30th June 2009, 31st July 2009, 29th October 2009, 31st January 2010.

The Committee has members with sound knowledge of finance, accounting and law. The Committee deals with accounting matters, financial reporting and internal controls. The Audit Committee has powers and performs the role as per the guidelines set out in the amended listing agreement. The Committee monitors any proposed changes in accounting policy, accounting implications of major transactions etc. The Committee also closely reviews the adequacy of internal audit controls, formulates and monitors the annual audit plan. The Committee also review the Management Discussion and Analysis of financial condition, related party

transaction, Management Letter, Internal Audit Report, matters related to appointment of Internal and statutory auditors of the Company, financial statement of Subsidiary Companies.

The Managing Director, Concerned Executive and Non Executive Directors, Finance Controller and Company Secretary are the invitees to the meeting.

The Chairman of the Audit Committee, Mr. Mahendra K. Ghelani, was present at the Annual General Meeting held on 22nd August, 2009.

B. REMUNERATION COMMITTEE

The constitution of the Remuneration Committee as of 31st March 2010 is as follows:

Name of the Member	Designation
Mr. Jayant S. Vasani	Chairman
Mr. Ashwin R. Nagarwadia	Member
Mr. Mahendra K. Ghelani	Member

Remuneration Committee reviews and approves the annual salaries, performance commission, service agreements and other employment conditions for executive directors and senior managerial personnel. During the year one meeting of the Remuneration Committee was held on 17th March, 2010.

Independent and Non Executive Directors are paid sitting fees as per the provisions of the Companies Act, 1956.

C. SHARE TRANSFER COMMITTEE

The constitution of Share Transfer Committee as of 31st March 2010 is as follows:

Name of the Member	Designation
Mr. Jayant S. Vasani	Chairman
Dr. Vinod D. Shah	Member
Mr. Sameer V. Shah	Member
Mr. Nirmal V. Shah	Member

The Committee deals with matter relating to:

- Transfer / Transmission of Shares
- Issue of duplicate share certificates
- Review of shares dematerialized

Ms. Dipti D. Samant, Company Secretary, has been co-ordinating with Registrar and Transfer Agent for all matters relating to share transfer and shareholders grievances. During the year, the Company has received 51 shareholders' complaints and 50 of them have been resolved during the year and 1 compliant was pending at the end of the year.

D. EXECUTIVE COMMITTEE

The constitution of Executive Committee as of 31st March 2010 is as follows:

Name of the Member	Designation
Dr. Vinod D. Shah	Chairman
Mr. Sameer V. Shah	Member
Mr. Nirmal V. Shah	Member

The Board of Directors has delegated the authority to the Executive Committee to supervise and monitor day – to – day affairs of the Company.

E. MANAGEMENT COMMITTEE

The Constitution of the Management Committee as on 31st March 2010 is as follows:

Name of the Member	Designation
Mr. Sameer V. Shah	Member
Mr. Nirmal V. Shah	Member
Mr. Bhadresh D. Shah	Member
Mr. Sharad M. Mahadik	Member
Mr. Subhash P. Kolhe	Member
Mr. Jinesh J. Maniar	Member

The Management committee looks after the day to day operation of the Company under the supervision of the Executive Directors, formulate the strategy, growth plans of the Company and its implementation.

III. SUBSIDIARY COMPANIES:

The Company has two subsidiaries namely Chembond Ashland Water Technologies Limited (Formerly Chembond Drewtreat Limited) & Protochem Industries Private Limited. One of the Independent Directors of the Company Mr. O. P. Malhotra & Mr. Mahendra Ghalani is a Director on the Board of Subsidiary Companies respectively. The Audit Committee of the Company reviews the financial statement of the subsidiary and the minutes of the Board Meeting of subsidiaries are placed in the Board Meetings.

IV. REMUNERATION OF DIRECTORS

The details of remuneration paid to the Directors for the year ended 31st March 2010 are specified below
Remuneration to Non Executive Directors

Name	Amount ₹	No. of Shares held as of 31.03.10
Mr. Perviz H. Dastur	1,00,000	134060
Mr. Ashwin R. Nagarwadia	2,50,000	340932
Mr. Jayant S. Vasani	30,000	17500
Mr. Mahendra K. Ghelani	1,00,000	4500
Mr. Jawahar I. Mehta	30,000	1200
Mr. O.P. Malhotra	30,000	-
Mr. Sanjay N. Nene	20,000	-

Remuneration to Executive Directors

Names	Position	Salary and Perquisite (₹)
Dr. Vinod D. Shah	Executive Chairman	31,50,000
Mr. Sameer V. Shah	Vice Chairman & Managing Director	10,83,000
Mr. Nirmal Shah	Joint Managing Director	18,12,336

- Excluding the Perquisite which shall not be included in the computation of the ceiling limits of remuneration.
- The Company pays the remuneration to non executive Directors in terms of provisions of the Companies Act, 1956.

V. OTHER SHAREHOLDERS COMPLIANCES:

1. The required information about the appointment / re-appointment of Director is given in the Notice of Annual General Meeting.
2. The quarterly results are generally published by the Company in Free Press Journal and Navashakti. The results are also sent to stock exchange for their information and posted on website for the information of general public.
3. The Company has in place a committee called Share Transfer Committee under the Chairmanship of Non-executive Director, inter alia to look after the matters related to transfer of shares and resolving Investors Compliant, etc.

VI. CEO/ CFO CERTIFICATION:

The Managing Director and Chief Financial Officer of the Company have furnished the requisite certificate to the Board of Directors under clause 49 (VII) of the Listing Agreement.

VII. GENERAL BODY MEETINGS:

Location and time of General Meetings held in last 3 years:

Year	AGM / EGM	LOCATION	DATE	TIME	SPECIAL RESOLUTION PASSED
2007	AGM	EL-37, Mahape, MIDC, Navi Mumbai 400 710.	18.08.2007	3.00 p.m.	YES
2008	EGM	EL-37, Mahape, MIDC, Navi Mumbai 400 710.	24.05.2008	3.00 p.m.	YES
2008	AGM	EL-37, Mahape, MIDC, Navi Mumbai 400 710.	13.09.2008	3.00 p.m.	YES
2009	AGM	EL-37, Mahape, MIDC, Navi Mumbai 400 710.	22.08.2009	3.00 p.m.	NO
2010	EGM	EL-37, Mahape, MIDC, Navi Mumbai 400 710.	26.02.2010	3.00 p.m.	YES

VIII. DISCLOSURES:

- There were no materially significant related party transactions with the promoters, Directors etc that may have potential conflict with the interests of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.
- There were no non compliances by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter relating to the capital markets during the last three years.
- The Company has complied with all the mandatory requirements and non-mandatory requirement in respect of remuneration committee as stipulated in the clauses of corporate governance.

IX. GENERAL SHAREHOLDERS INFORMATION:

- 1 Date, Time & Venue of Annual General Meeting. Saturday, 18th September, 2010 at 3.00 p.m. at EL-37, MIDC, Mahape, Navi Mumbai 400 710
2. Financial Year The Financial Year covers the period from 1st April to 31st March
- 3 Financial Calendar for 2010-2011 (tentative & subject to change) Financial Reporting for the quarter ending
30.06.2010 By end of July 2010
30.09.2010 By end of October 2010
31.12.2010 By end of January 2011
31.03.2011 By end of April 2011
- 4 Date of Book Closure Thursday, 9th September , 2010 to Saturday, 18th September,2010 (Both days inclusive)
- 5 Dividend Payment date On or after 18th September,2010
- 6 Listing on Stock Exchange Bombay Stock Exchange Limited
- 7 Stock Code 530871
- 8 Market Price data

Month	High	Low
April 2009	132.95	107.05
May 2009	145.00	125.00
June 2009	149.90	120.20
July 2009	148.55	120.00
August 2009	157.50	143.00
September 2009	184.00	156.00
October 2009	172.00	144.00
November 2009	173.00	150.30
December 2009	214.00	162.50
January 2010	220.50	190.05
February 2010	333.15	221.00
March 2010	329.95	120.00



- 9 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
- 10 Share Transfer System
Share transfer activities are carried out by Registrar and Transfer Agent and shares are transferred within stipulated time period.
- 11 Distribution of shareholding
- | No. of Equity Shares Held | No. of Shareholders | % of Shareholders | Number of Shares | % of Shareholding |
|---------------------------|---------------------|-------------------|------------------|-------------------|
| Upto 5000 | 1,469 | 94.29 | 593,447 | 9.33 |
| 5001 - 10000 | 26 | 1.67 | 197,252 | 3.10 |
| 10001 - 20000 | 15 | 0.96 | 207,622 | 3.26 |
| 20001 - 30000 | 12 | 0.77 | 291,037 | 4.57 |
| 30001 - 40000 | 3 | 0.19 | 99,672 | 1.57 |
| 40001 - 50000 | 5 | 0.32 | 233,374 | 3.67 |
| 50001 - 100000 | 13 | 0.84 | 929,006 | 14.61 |
| 100001 & above | 15 | 0.96 | 3,809,002 | 59.89 |
| Total | 1,558 | 100.00 | 6,360,412 | 100.00 |
- 12 Dematerialization of share and liquidity
As of 31.03.2010, out of total shareholding 37.64% shares are held in Demat form. The shares of the Company are actively traded on Bombay Stock Exchange Limited.
- 13 Details about the ADR/ GDR
The Company has not issued any ADR/GDRs.
- 14 Plant Locations
- 1) E-6/3 & 6/4, MIDC Tarapur, Maharashtra.
 - 2) T/129, MIDC Tarapur, Maharashtra.
 - 3) Khasara 177/2, Post Manpura Tehsil Nalagarh, Village Theda, Himachal Pradesh .
 - 4) Near Remaha Golai, Opp. Rajesh Chemicals, Balasore.
 - 5) 5/5, 5/6B, Avadi Main Road, Sanneerkuppam, Poonamallee, Chennai.
 - 6) 404/B-01, Dudhwada, Dist. Vadodara, Gujarat
- 15 Address of Correspondence
Chembond Chemicals Limited
Chembond Centre, Plot no. EL-71, MIDC, Mahape, Navi Mumbai 400 710.
Tel: 022 – 2761 8799 Fax: 022 – 2768 1294

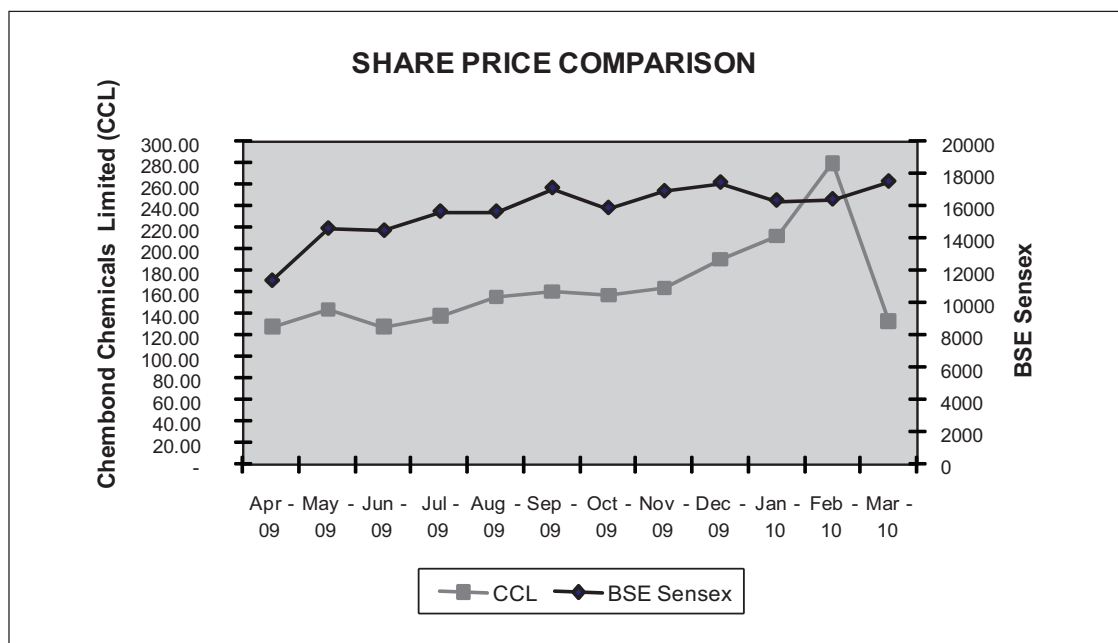
Category of Shareholding as of 31st March 2010

Category	No. of Shares	% of total shares
Promoters & their relatives	4202674	66.08
Banks/ Fls/Insurance Co.(Central/ State Govt./ Non- Govt. Institutions)	23800	0.37
Corporate Bodies	416017	6.54
NRIs/OCBs	72800	1.22
Indian Public	1645121	25.79
Total	6360412	100

16 Share Price Performance in Comparison with BSE SENSEX

Month (Closing Price at the end of the Month)	Chembond Chemicals Limited	BSE SENSEX
April 2009	127.75	11403.25
May 2009	144.00	14625.25
June 2009	128.00	14493.84
July 2009	138.05	15670.31
August 2009	156.00	15666.64
September 2009	160.75	17126.84
October 2009	157.20	15896.28
November 2009	164.00	16926.22
December 2009	191.10	17464.81
January 2010	213.00	16357.96
February 2010	281.00	16429.55
March 2010 *	133.50	17527.77

* After Issue of Bonus Shares in the ratio of 1:1



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 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clause. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement.

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

Navi Mumbai, 31st July, 2010

AUDITOR'S REPORT

To,
The Members of

Chembond Chemicals Ltd.,

1. We have audited the attached Balance Sheet of Chembond Chemicals Ltd., as at 31st March, 2010, the Profit and Loss account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') issued by the Central Government of India in the terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - I. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - II. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - III. The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - IV. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - V. On the basis of written representations received from the directors of the Company and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - VI. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **M/s Kastury & Talati**
Chartered Accountants
Firm Registration No 104908W

Dhiren P. Talati
Partner
Membership No.: F/41867

Navi Mumbai, 31st July, 2010

Annexure referred to in paragraph "3" of the Auditors report to the members of Chembond Chemicals Ltd. on the accounts for the year ended March 31, 2010.

- i. (a) The Company has generally maintained accounting records showing certain particulars in respect of quantitative details of fixed assets. Particulars of situation of the assets and records for certain movable assets are being updated.
- (b) During the year the Management had carried out physical verification of these assets at regular interval and we have been informed that no material discrepancies were noticed on such verification as compared to the available records. In our opinion, the frequency of physical verification of Assets is reasonable having regard to the size of the Company and the nature of its Fixed Assets.
- (c) During the year, the Company has not disposed off any substantial part of the fixed assets.
- ii. (a) As explained to us, the inventory of the Company has been physically verified by the Management and in our opinion the frequency of verification is reasonable.
- (b) In our opinion, and according to the information & explanations given to us the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory. As per the information and explanations provided to us and having regard to the size of the operations of the Company, no material discrepancies have been noticed on physical verification of inventory as compared to book records.
- iii. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clauses 4(iii)(b), 4(iii)(c) and 4(iii)(d) of the order are not applicable to the Company.
- (b) The Company has taken loans from 11 companies/ individuals covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.3,19,39.97 Thousands and the year-end balance of loans taken from such parties was Rs. 3,11,77.84 Thousands.
- (c) In our opinion, the rate of interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the Company.
- (d) As informed to us, there are no stipulations in respect of repayment of the principal amount of aforesaid loans. The Company has been regular in the payment of interest.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- v. (a) In our opinion, and according to the information and explanations given to us, the particulars of the contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, and having regard to the terms of contract with the Subsidiary Companies and the Joint Venture Companies the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there under to the extent applicable with regard to the deposits accepted from the public. As informed to us no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this respect.
- vii. In our opinion, the Company has an internal audit system (including internal audit carried out by a firm of Chartered Accountants appointed by the Management) which is commensurate with the size of the Company and the nature of its business.

We are informed that the maintenance of cost records has not been prescribed by the Central Government u/s 209(1)(d) of the Companies Act 1956.

- viii. (a) According to the information and explanation given to us, in our opinion the Company is generally regular in depositing with the appropriate authorities, the undisputed statutory dues including provident fund, investors education and protection fund, employee's state insurance, income tax, sales tax, services tax, custom duty, excise duty, cess and other material statutory dues as applicable.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of sales tax, service tax, customs duty and excise duty were in arrears as at 31.03.2010 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, customs duty and excise duty which have not been deposited on account of any dispute except as follows :

Nature of Dues	Amount (Rs in thousand)	Period for which the amount relate	Forum where the dispute is pending
Income tax	135	2006-07	CIT (Appeals)

- ix. The Company does not have any accumulated losses as at the balance sheet date and the Company has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
- x. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.
- xi. We are informed that the Company has not granted any loans and advances on the basis of security by way of Pledge of shares, debentures and other securities. Accordingly the provisions of clause 4(xii) of the Order are not applicable to the Company.
- xii. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- xiii. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- xiv. In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks are not prejudicial to the interest of the Company.
- xv. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purpose for which they were obtained.
- xvi. According to the information and explanations given to us and on an overall examination of the balance sheet and the cash flow statement of the Company, in our opinion no funds raised on short-term basis have been used for long-term investment.
- xvii. According to the information and explanations given to us, during the year, the Company has not made any preferential allotment of shares to parties or companies covered in the Register maintained under section 301 of the Act. Accordingly the provisions of clause 4(xviii) of the Order are not applicable to the Company.
- xviii. According to the information and explanations given to us, during the year, the Company has not issued any debentures. Accordingly the provisions of clause 4(xix) of the Order are not applicable to the Company.
- xix. According to the information and explanations given to us, during the year the Company has not raised any money by way of public issues. Accordingly the provisions of clause 4(xx) of the Order are not applicable to the Company.
- xx. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For **M/s Kastury & Talati**
Chartered Accountants
Firm Registration No 104908W

Dhiren P. Talati
Partner
Membership No.: F/41867

Navi Mumbai, 31st July, 2010



Chembond Chemicals Ltd.

Balance Sheet as at 31st March, 2010

PARTICULARS	Schedule	As at 31/3/2010 (₹ in '000)	As at 31/3/2009 (₹ in '000)
SOURCES OF FUNDS			
<u>SHAREHOLDERS' FUNDS</u>			
Share Capital	A	63,604.12	30,000.00
Share Capital Suspense	A1	-	1,802.06
Reserves and Surplus	B	229,924.08	222,616.95
		293,528.20	254,419.01
<u>LOAN FUNDS</u>			
Secured Loans	C	171,194.26	173,911.56
Unsecured Loans	D	35,062.10	21,412.15
		206,256.36	195,323.71
Deferred Tax Liability (Net)		19,414.23	13,709.18
	Total	519,198.79	463,451.90
APPLICATION OF FUNDS			
<u>FIXED ASSETS</u>			
GROSS BLOCK	E	258,824.64	236,239.89
Less : Depreciation		49,983.72	38,840.44
NET BLOCK		208,840.92	197,399.45
CAPITAL WORK IN PROGRESS		771.36	3,642.98
		209,612.28	201,042.43
INVESTMENTS	F	133,452.58	68,075.36
<u>CURRENT ASSETS, LOANS AND ADVANCES</u>			
Inventories	G	159,207.70	143,598.96
Sundry Debtors	H	244,341.89	232,463.16
Cash and Bank Balances	I	9,108.53	5,774.75
Loans and Advances	J	18,616.87	41,583.13
	a	431,274.99	423,420.00
<u>LESS: CURRENT LIABILITIES AND PROVISIONS:</u>			
Current Liabilities	K	235,987.97	209,305.61
Provisions	L	19,153.09	19,780.28
	b	255,141.06	229,085.89
NET CURRENT ASSETS	a-b	176,133.93	194,334.11
	Total	519,198.79	463,451.90
Notes on accounts	R		

As per our attached report of even date.

For **M/S KASTURY & TALATI**

Chartered Accountants

Dhiren P. Talati

Partner

Membership No. F/41867

Navi Mumbai, 31st July, 2010

For and on behalf of the Board of Directors

Dr. Vinod D. Shah - Executive Chairman

Sameer V. Shah - Vice Chairman & Managing Director

Nirmal V. Shah - Joint Managing Director

Mahendra K. Ghelani - Director

Perviz H. Dastur - Director

Dipti D. Samant - Company Secretary

Navi Mumbai, 31st July, 2010

Chembond Chemicals Ltd.

Profit And Loss Account for the year ended 31st March, 2010

	Schedule	Year Ended 31/3/2010 (₹ in '000)	Year Ended 31/3/2009 (₹ in '000)
INCOME			
Sales		1,247,501.73	1,257,592.05
Less Excise Duty		103,343.63	148,415.63
Net Sales		1,144,158.10	1,109,176.42
Other Income	M	31,506.82	27,424.65
Variation in stock	N	4,836.86	12,218.44
	Total	1,180,501.78	1,148,819.51
EXPENDITURE			
Materials Consumed	O	934,116.50	935,596.67
Manufacturing & Other Expenses	P	146,866.36	134,578.47
	Total	1,080,982.86	1,070,175.14
Profit before Depreciation, Financial Charges and Taxation		99,518.92	78,644.37
Depreciation	E	11,143.28	8,698.06
Financial charges	Q	23,829.28	14,658.19
Net Profit after depreciation and Financial charges		64,546.36	55,288.12
Add: Transfer from Revaluation Reserve		189.27	189.27
Profit before Tax		64,735.63	55,477.39
Less : Deferred Tax Liability		5,705.06	2,368.90
Less : Fringe Benefit Tax		-	930.00
Less : Provision for Taxation		7,300.00	4,150.00
Profit After Taxation		51,730.57	48,028.49
Add : Prior Period Profit of SMEPL		-	333.97
Add : Balance as per last Balance Sheet		153,461.01	119,974.20
Profit available for Appropriation	Total	205,191.58	168,336.66
APPROPRIATION			
General Reserve		5,500.00	5,000.00
Set off of Dividend Tax in respect of Dividend from Subsidiary Company		(1,178.03)	(1,178.67)
Proposed Dividend		11,130.72	10,500.00
Tax on Proposed Dividend		1,848.70	1,784.48
Dividend on share issued on Amalgamation		630.72	-
Addition of amalgamation of SMEPL		-	(1,230.16)
Balance carried to Balance Sheet		187,259.47	153,461.01
	Total	205,191.58	168,336.66
Earnings per Share (See Note 21 of Schedule 'R') (Face Value ₹10/-)			
Basic and Diluted		8.13	7.60

As per our attached report of even date.

For **M/S KASTURY & TALATI**

Chartered Accountants

Dhiren P. Talati

Partner

Membership No. FI/41867

Navi Mumbai, 31st July, 2010

For and on behalf of the Board of Directors

Dr. Vinod D. Shah - Executive Chairman

Sameer V. Shah - Vice Chairman & Managing Director

Nirmal V. Shah - Joint Managing Director

Mahendra K. Ghelani - Director

Perviz H. Dastur - Director

Dipti D. Samant - Company Secretary

Navi Mumbai, 31st July, 2010

CASH FLOW STATEMENT

	2009-2010		2008-2009	
	₹ in '000	₹ in '000	₹ in '000	₹ in '000
A Cash Flow from Operating Activities				
Net Profit before tax and extraordinary items		64,735.63		55,477.38
<u>Adjustments for :</u>				
Depreciation	10,954.01		8,508.79	
Financial Charges	23,829.28		14,658.20	
	34,783.29		23,166.99	
Less :				
Profit on Sale of Fixed Asset	36.96		(220.48)	
Foreign Exchange Fluctuation	1,510.28		(251.70)	
Dividend Received	23,243.96		19,678.20	
		9,992.09		3,960.97
Operating Profit before working capital changes		74,727.72		59,438.35
<u>Adjustments for :</u>				
Trade and Other Receivables	8,524.43		(80,594.83)	
Inventories	(15,608.74)		(26,324.93)	
Trade and Other Payables	26,870.52		49,560.12	
		19,786.21		(57,359.64)
Cash generated from operations		94,513.93		2,078.71
Interest paid		(23,829.28)		(14,658.20)
Net Cash from Operating Activities (A)		70,684.65		(12,579.49)
B Cash Flow from Investing Activities				
Purchase of Fixed Assets		(22,676.17)		(85,663.69)
Sale of Fixed Asset		3,000.00		157.50
Purchase of Investment		(65,377.23)		(32,352.21)
Sale of Investment				
Net Cash used in Investing Activities (B)		(85,053.40)		(117,858.39)
C Cash Flow from Financing Activities				
Increase in Share Premium on Amalgamation		-		14,463.00
Increase in Reserve on Amalgamation		-		49.50
Prior period Surplus on Amalgamation		-		333.97
Proceeds from Unsecured Loans		13,649.95		(6,938.95)
Issue of Shares		-		1,802.06
Dividend paid		(11,130.73)		(10,500.00)
Tax on dividend paid		(606.44)		(605.81)
Dividend received		23,243.96		19,678.20
Proceeds from Secured Loan		(2,717.30)		122,705.88
Direct Tax paid		(4,736.90)		(9,451.08)
Net Cash from Financing Activities (C)		17,702.54		131,536.77
Net (Decrease)/Increase in Cash & Cash Activities		3,333.79		1,098.90
Cash and Bank Balances as on 31.3.2009		5,774.74		4,675.85
Cash and Bank Balances as on 31.3.2010		9,108.53		5,774.75

As per our attached report of even date.
For **M/S KASTURY & TALATI**
Chartered Accountants

Dhiren P. Talati
Partner
Membership No. F/41867

Navi Mumbai, 31st July, 2010

For and on behalf of the Board of Directors

Dr. Vinod D. Shah - Executive Chairman
Sameer V. Shah - Vice Chairman & Managing Director
Nirmal V. Shah - Joint Managing Director
Mahendra K. Ghelani - Director
Perviz H. Dastur - Director
Dipti D. Samant - Company Secretary

Navi Mumbai, 31st July, 2010

Schedules forming part of the Balance Sheet

SCHEDULE "A"

SHARE CAPITAL

AUTHORISED

10,000,000 (5,000,000) Equity Shares of ₹10 each

ISSUED, SUBSCRIBED, AND PAID UP

6,360,412 (3,000,000) Equity Shares of
₹ 10 each fully paid up

Total

As at
31/3/2010
(₹ in '000)

As at
31/3/2009
(₹ in '000)

100,000.00

50,000.00

63,604.12

30,000.00

63,604.12

30,000.00

NOTES

- 1) Of the above 190,206 (10,000) Equity Shares of ₹10 each have been issued for consideration other than cash
- 2) Of the above 4,300,206 (1,120,000) Equity Shares of ₹10 each have been issued as fully paid up Bonus Shares by way of capitalisation of Reserves & Surplus.

SCHEDULE "A1"

SHARE CAPITAL SUSPENSE

Nil (180,206) Equity Shares of ₹ 10 each fully Paid up to be allotted to the shareholders of erstwhile Shree Mahalasa Electronics Pvt Ltd pursuant to its amalgamation with the Company effective from 1st January 2008

Total

-

1,802.06

-

1,802.06

SCHEDULE "B"

RESERVES AND SURPLUS

REVALUATION RESERVE

As per last year

Less : Transfer to Profit & Loss A/c.

6,349.17

6,538.44

189.27

189.27

6,159.90

6,349.17

SHARE PREMIUM

Balance as per last Balance Sheet

Add : Addition on amalgamation

Less : Capitalisation on Issue of Bonus Shares

18,213.00

3,750.00

-

14,463.00

18,213.00

-

-

18,213.00

GENERAL RESERVE

As per last year

Less : Adjustment on amalgamation

Add: Transfer from Profit & Loss A/c.

Less : Capitalisation on Issue of Bonus Shares

44,593.77

40,774.43

-

(1,180.66)

5,500.00

5,000.00

13,589.06

-

36,504.71

44,593.77

PROFIT AND LOSS ACCOUNT

As per account annexed

Total

187,259.47

153,461.01

229,924.08

222,616.95



Schedules forming part of the Balance Sheet

SCHEDULE "C"

SECURED LOANS

Term Loan from HDFC Bank Ltd.

(Secured by Hypothecation of movable fixed assets and Mortgage of immovable property located at Theda, Himachal Pradesh)
(Due within one Year ₹2775 Thousand (Previous Year ₹7175 Thousand))

Term Loan from Bank of India.

(Secured by Equitable Mortgage on Fixed Block and Hypothecation of Plant and Machinery located at Dudhwada, Gujarat)
(Due within one year ₹11004 Thousand (Previous year ₹11004 Thousand))

Term Loan from HDFC Bank Ltd.

(First and Exclusive charge by way of equitable mortgage on the movable and immovable fixed asset of the company located at Mahape & E 6/4 Tarapur)
(Due within one year ₹21428.57 Thousand (Previous year ₹11250 Thousand))

Cash Credit facilities from HDFC Bank Ltd.

(Secured by charge on current assets, Mortgage of Tangible Immovable Properties and charge on other fixed assets.)

Overdraft Facilities from Bank of India

(Secured Against Fixed Deposit of Subsidiary Company Protochem Industries Pvt. Ltd)

Total

As at
31/3/2010
(₹ in '000)

As at
31/3/2009
(₹ in '000)

2,775.00

9,775.00

38,850.46

49,972.72

68,571.43

45,000.00

25,858.79

69,163.84

35,138.58

-

171,194.26

173,911.56

SCHEDULE "D"

UNSECURED LOANS

Loan from Directors

Maximum Amount Outstanding for Loan from

Directors ₹15822.81 Thousand (₹7800.00 Thousand)

Loans from Shareholders & Others

(See Note 8 Schedule R)

Deferred Sales Tax Liability

Total

15,822.81

7,800.00

17,661.30

11,467.00

1,577.99

2,145.15

35,062.10

21,412.15

"SCHEDULE "E": FIXED ASSETS

(₹ in '000)

Particulars	GROSS BLOCK AT COST				DEPRECIATION BLOCK				NET BLOCK	
	As at 1.4.2009	Additions	Deductions	As at 31.03.2010	As at 1.4.2009	Additions	Deductions	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Leasehold Land	2,881.12	3,290.12	-	6,171.24	-	-	-	-	6,171.24	2,881.12
Freehold Land	11,346.70	-	2,963.04	8,383.66	-	-	-	-	8,383.66	11,346.70
Buildings	95,756.26	10,731.81	-	106,488.07	10,446.58	2,777.37	-	13,223.95	93,264.12	85,309.69
Equipment & Machinery	80,952.52	7,218.78	-	88,171.30	13,537.66	3,920.03	-	17,457.69	70,713.61	67,414.86
Computer	23,371.93	1,701.40	-	25,073.33	8,620.99	3,224.74	-	11,845.73	13,227.60	14,750.94
Furniture & Fixtures	8,755.20	492.01	-	9,247.21	2,588.60	529.78	-	3,118.38	6,128.83	6,166.60
Motor Car	4,028.70	179.84	-	4,208.54	2,040.91	245.87	-	2,286.78	1,921.76	1,987.78
Electric Fitting & Installations	9,147.46	1,933.83	-	11,081.29	1,605.71	445.49	-	2,051.20	9,030.09	7,541.76
TOTAL	236,239.89	25,547.79	2,963.04	258,824.64	38,840.45	11,143.28	-	49,983.72	208,840.91	197,399.45
Previous Year	137,129.65	99,694.22	583.97	236,239.89	29,849.81	9,197.12	206.49	38,840.44		
Capital Work In Progress									771.36	3,642.98
									209,612.27	201,042.43

Schedules forming part of the Balance Sheet

	As at 31/3/2010 (₹ in '000)	As at 31/3/2009 (₹ in '000)
SCHEDULE "F"		
INVESTMENTS (AT COST)		
<u>LONG TERM INVESTMENT IN SHARES</u>		
<u>UNQUOTED</u>		
<u>INVESTMENT IN SUBSIDIARY</u>		
2,74,995 (2,74,995) Equity Shares of Chembond Ashland Water Technologies Ltd of ₹10 each fully paid up (Constituting 54.99% of the said Company's paid up capital.)	16,029.63	16,029.63
10,00,000 (4,50,000) Equity Shares of Protochem Industries Pvt. Ltd of ₹10 each fully paid up constituting 100 % of the said Company's paid up capital	105,225.00	39,849.38
<u>INVESTMENT IN JOINT VENTURE</u>		
4,89,930 (4,89,930) Equity Shares of Henkel Chembond Surface Technologies Ltd of ₹10 each fully paid up. Constituting 48.99% of the said Company's paid up capital	4,899.30	4,899.30
<u>INVESTMENT IN ASSOCIATES</u>		
235,000 (235,000) Equity Shares of CCL Building Systems Ltd of ₹1 each fully paid up constituting 47 % of the said Company's paid up capital	2,350.00	2,350.00
490,000 (490,000) Equity Shares of Chembond Enzyme Company Ltd of ₹1 each fully paid up constituting 49 % of the said Company's paid up capital	4,900.00	4,900.00
<u>INVESTMENT IN GOVERNMENT SECURITIES</u>		
Investment in National Saving Certificate	0.50	0.50
<u>OTHER INVESTMENTS</u>		
23 (23) Equity Shares of Tarapur Environment Protection Organisation Ltd	2.30	2.30
<u>INVESTMENTS IN MUTUAL FUNDS</u>		
2,999.837 (2,895.086) Units of Reliance Mutual Fund (Liquid Fund Treasury Plan) Face value of ₹10 each (Additional units have been received on account of dividend)	45.85	44.25
Total	133,452.58	68,075.36
SCHEDULE "G"		
INVENTORIES		
Stock-in-trade: (as per inventory taken, valued and certified by the Management)		
Raw Material (at cost)	113,055.54	101,723.51
Packing Material (at cost)	4,963.18	5,523.34
Finished Goods (at cost)	41,188.98	36,352.12
Total	159,207.70	143,598.97



Schedules forming part of the Balance Sheet

SCHEDULE "H"

SUNDRY DEBTORS (Refer Note No.7 of Schedule 'R')
OUTSTANDING MORE THAN 6 MONTHS (UNSECURED)

Considered Doubtful

Considered Good

OTHER DEBTS (UNSECURED & CONSIDERED GOOD)

Less : Provision for Doubtful Debts

Total

SCHEDULE "I"

CASH AND BANK BALANCES

Cash on hand

Bank balance with Scheduled Banks

In Current Accounts

In Fixed Deposit

Total

SCHEDULE "J"

LOANS AND ADVANCES

(Unsecured, considered good & subject to confirmation)

Advances recoverable in cash or in kind or
for value to be received

Income Tax (Net of Provisions)

Fringe Benefit Tax

Deposit - Excise

Other Deposits

Prepaid expenses

Total

SCHEDULE "K"

CURRENT LIABILITIES

Sundry Creditors for Goods

(Refer Note No. 15 of Schedule "R")

Sundry Creditors for Others

Investor Education & Protection Fund

Unclaimed Dividend *

Total

* Not due for deposit

SCHEDULE "L"

PROVISIONS

Proposed Dividend

Tax on Proposed Dividend

Provision for Gratuity

Provision for Leave Encashment

Total

As at 31/3/2010 (₹ in '000)	As at 31/3/2009 (₹ in '000)
1,144.48	-
29,588.40	36,200.64
30,732.88	36,200.64
214,753.49	196,262.52
245,486.37	232,463.16
1,144.48	-
244,341.89	232,463.16
100.50	50.08
5,251.42	2,354.89
3,756.61	3,369.78
9,108.53	5,774.75
3,487.61	23,846.99
1,513.38	4,078.34
313.98	312.12
5,455.63	7,694.36
6,484.48	5,257.11
1,361.78	394.21
18,616.86	41,583.13
191,551.84	177,935.83
44,162.47	31,102.85
273.66	266.93
235,987.97	209,305.61
11,130.72	10,500.00
1,848.70	1,784.48
5,597.76	5,914.29
575.91	1,581.51
19,153.09	19,780.28

Schedules forming part of the Profit and Loss Account

	Year Ended 31/3/2010 (₹ in '000)	Year Ended 31/3/2009 (₹ in '000)
SCHEDULE "M"		
OTHER INCOME		
Dividend from Subsidiary Company - Chembond Ashland Water Technologies Ltd	7,562.36	6,935.37
Dividend from Joint Venture Company	15,680.00	12,740.00
Dividend from Mutual Funds	1.60	2.83
	23,243.96	19,678.20
Gross Interest {(TDS ₹26,490 (₹ 37,394))}	273.28	237.74
Gross Rental Income {(TDS ₹128,958 (₹194,042))}	870.01	810.00
Miscellaneous Income	303.54	1,917.70
Profit on Sale of Fixed Asset	36.96	(220.48)
Foreign Exchange Fluctuation income	1,510.28	(251.70)
Technical Services Income	5,268.79	5,253.19
Total	31,506.82	27,424.65
SCHEDULE "N"		
VARIATION IN STOCK		
Closing Stock of Finished Goods	41,188.98	36,352.12
Less: Opening stock of Finished Goods	36,352.12	24,133.68
Total	4,836.86	12,218.44
SCHEDULE "O"		
MATERIALS CONSUMED		
Raw Materials	864,843.30	877,377.16
Packing Material	69,273.20	58,219.51
Total	934,116.50	935,596.67



Schedules forming part of the Profit and Loss Account

SCHEDULE "P"

MANUFACTURING & OTHER EXPENSES

MANUFACTURING EXPENSES

	Year Ended 31/3/2010 (₹ in '000)	Year Ended 31/3/2009 (₹ in '000)
Employees Salaries & Allowances	5,417.41	5,467.38
Contribution to Provident and other funds	393.80	386.63
Octroi	180.53	78.37
Power, Fuel & Water Charges	4,000.76	3,292.01
Excise Duty	2,205.90	3,883.70
Research and Development	1,174.12	237.20
Repairs and Renewals to Plant & Machinery	842.25	459.42
Consumable stores	3,388.42	4,881.93
Godown Rent	1,754.18	1,724.01
Labour Charges	10,962.55	7,701.72
Security Expenses	1,857.00	1,551.48
Factory Maintenance	2,393.46	2,401.45
PTC Compensation Expenses (Refer Note No. 6a of Schedule ' R ')	3,574.47	-
WTC Compensation Expenses (Refer Note No. 6b of Schedule ' R ')	5,012.52	9,967.01
Enzymes Compensation Expenses (Refer Note No. 6c of Schedule ' R ')	1,177.65	1,394.05

Total a

44,335.02

43,426.36

ADMINISTRATIVE EXPENSES

Remuneration to Directors	6,045.34	4,773.34
Contribution to Provident and other funds - Directors	403.70	401.40
Director's Sitting Fees	560.00	570.00
Employees Salaries & Allowances	44,665.11	39,952.30
Contribution to Provident and other funds	3,154.21	3,876.18
Staff Welfare Expenses	3,147.39	2,811.74
Rates & Taxes	728.00	666.20
Electricity charges	2,275.41	1,835.98
Printing and stationary	1,936.72	1,329.51
Telephone & Postage Expenses	3,340.67	3,906.98
Insurance	1,156.23	1,110.21
Motor car expenses	413.68	507.42
Auditors Remuneration	350.00	205.00
Legal, Professional & consultancy fees	10,520.21	5,898.23
Repairs & Maintenance Buildings	139.21	292.36
Repairs & Maintenance Others	6,222.04	7,335.39
Miscellaneous expenses	3,748.12	2,719.88
Sales Tax & Other Taxes	376.95	5,129.97
Provision for Doubtful Debts	1,144.48	-
Bad Debts Written Off	3,021.64	9.49

Total b

93,349.11

83,331.58

Schedules forming part of the Profit and Loss Account

	Year Ended 31/3/2010 (₹ in '000)	Year Ended 31/3/2009 (₹ in '000)
SELLING AND DISTRIBUTION EXPENSES		
Carriage outwards	8,625.16	12,190.24
Rent	1,278.13	1,592.94
Commission on sales	-	2,467.36
Travelling Expenses	12,914.66	14,540.86
Conveyance expenses	2,423.89	2,290.68
Royalty Expenses	1,688.78	667.05
Advertising & Publicity Exps	286.66	563.07
Warehousing Charges	267.87	351.92
Packing Expenses	396.94	18.32
Sales Promotion expenses	1,399.01	1,342.35
Total c	29,281.10	36,024.79
GRAND TOTAL (a+b+c)	166,965.23	162,782.73
LESS : Tolling & Reimbursement of expenses (Refer Note No. 12 of Schedule 'R')	20,098.87	28,204.26
Total	146,866.36	134,578.47
SCHEDULE "Q"		
FINANCIAL CHARGES:		
Interest charges		
Executive Chairman	1,156.38	526.89
Others	20,721.13	11,458.56
Bank Guarantee fees & charges	1,951.77	2,672.74
Total	23,829.28	14,658.19

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010.

SCHEDULE "R": NOTES ON ACCOUNTS

1. Previous years figures have been regrouped, reallocated, or reclassified wherever necessary, to conform to this year's classification.
2. Closing Stock has been taken, valued and certified by the Management.
3.
 - a) On the basis of a Revaluation Report obtained from an Approved Chartered Engineer, the company had revalued all the fixed assets existing as on 31st March 1994. The fixed assets had accordingly been written-up by creating a Revaluation Reserve of Rs. 9153 Thousands and the value of the fixed assets is stated in the balance sheet at the revalued figure.
 - b) Depreciation on fixed assets is consistently being provided on the straight line method on the revalued figure for all the assets acquired upto 31st March 1994 and additional depreciation due to revaluation aggregating ₹ 189 Thousands has been transferred from revaluation reserve to the Profit & Loss Account during the year under consideration.
4. In the opinion of the Board, Current Assets and Loans & Advances are approximately of the value stated, if realised in the ordinary course of business. Provisions for all known liabilities are made and the same are adequate and not in excess of the amount reasonably necessary.
5. Contingent Liabilities not provided for are in respect of :-

Sr No	Particulars	2009-10 ₹ in '000	2008-09 ₹ in '000
a	Outstanding L.C & Bank Guarantees issued by Bankers.	9404	24477
b	Corporate Guarantee given to Bank of India by the company on behalf of Subsidiary, Chembond Ashland Water Technologies Ltd.	60000	60000
c	Income Tax matter under appeal	135	NIL
d	Balance Payment for Capital Commitments	1,028	1187
e	Claim against the Company not acknowledged as debts	960	NIL

6.
 - a) As per the terms of the Joint Venture agreement with Henkel KGA Germany, the Pre Treatment Chemicals (PTC) business of Chembond Chemicals Ltd. has been merged with the joint venture Henkel Chembond Surface Technologies Ltd "PTC compensation expenses" aggregating ₹ 3574.74 Thousands (Previous year NIL) included in Manufacturing Expenses represents transfer by overriding title to Henkel Chembond Surface Technologies Ltd. the income arising on account of the said Pre Treatment Chemicals business that arose in Chembond Chemicals Ltd.
 - b) As per the terms of the Joint Venture agreement with Ashland International Holding Inc U.S.A. the Water Treatment Chemicals (WTC) business of Chembond Chemicals Ltd. has been merged with the joint venture Chembond Ashland Water Technologies Ltd. (formerly ChembondDrewtreat Ltd.) "WTC compensation expenses" aggregating ₹ 5,012.52 Thousands (Previous year ₹ 9,967.01 Thousands) included in Manufacturing Expenses represents transfer by overriding title to Chembond Ashland Water Technologies Ltd. the income arising on account of the said Water Treatment Chemicals business that arose in Chembond Chemicals Ltd.
 - c) As per the terms of Joint Venture agreement with Chembond Enzyme Company Ltd. the Enzyme Chemicals business of Chembond Chemicals Ltd has been merged with the new joint venture company Chembond Enzyme Company Ltd. "Enzyme compensation expenses" aggregating ₹ 1,177.65 Thousand (Previous year ₹ 1,394.05 Thousand) included in manufacturing expenses represents transfer by overriding title to Chembond Enzyme Company Ltd.. the income arising on account of the said Enzyme Chemical business that arose in Chembond Chemicals Ltd.
7. Debtors include following debts due from companies under the same management as defined under section 370 (1B) of the Companies Act,1956 :-

- a) Subsidiary Companies – Chembond Ashland Water Technologies Ltd. ₹.6,885.48 Thousand (Rs.13,687.03 Thousand), Protochem Industries Pvt Ltd. ₹ 1,386.40 Thousand (NIL).
- b) Joint Venture Company – Henkel Chembond Surface Technologies Ltd. ₹ 112,907.04 Thousand (₹ 76,622.70 Thousands).
- c) Associate Company – CCL Building Systems Ltd. ₹ 2,773.31 Thousand (₹ 3,437.19 Thousand).
8. Sundry creditors and unsecured loans includes amount aggregating ₹ 6,155.41 Thousand (₹ 1,077.81 Thousand) and ₹ 31,177.83 Thousand (₹ 14,662.00 Thousand) respectively being due to directors, their relatives and firms and companies in which Directors are interested.
9. The Company's obligation towards the Gratuity Fund is a Defined Benefit Plan

Details of Actuarial Valuation are as follows.

Particulars	2009-2010 ₹ in '000	2008-2009 ₹ in '000
Projected Benefit Obligation at the beginning of the year	9870.60	8547.62
Service Cost	725.66	721.29
Interest Cost	764.97	683.81
Actuarial Losses/(Gains)	(639.66)	416.03
Benefits paid	(112.12)	(498.15)
Projected Benefit Obligation at the end of the year	10609.45	9870.60
Change in Plan Assets		
Fair value of plan assets at the beginning of the year	3956.31	3266.85
Expected Returns on Plan assets	387.68	294.42
Employer's contribution	779.83	893.19
Benefits paid	(112.12)	(498.15)
Actuarial Gain/(Loss)	NIL	NIL
Fair value of plan assets at the end of the year	5011.70	3956.31
Cost of Defined Benefit Plan for the year		
Current Service Cost	725.66	721.29
Interest on Obligation	764.97	683.81
Expected Return on Plan Assets	(387.68)	(294.42)
Net Actuarial Losses/(Gains) recognized in the year	(639.66)	416.03
Net Cost recognized in the Profit and Loss Account	463.29	1526.71
Assumptions		
Discount Rate	7.75%	7.75%
Future Salary Increase (%)	4%	4%
Withdrawal rates	1%	1%

The expected return on plan assets is as furnished by the Actuary appointed by the Company.

10. Auditors' Remuneration consist of :

Particulars	2009-2010 ₹ in '000	2008-2009 ₹ in '000
Statutory Audit Fees	110.00	110.00
Tax Audit Fees	70.00	70.00
Taxation & Other Matters	170.00	25.00
TOTAL	350.00	205.00

11. Traveling Expenses comprises of the following :-

Particulars	2009-2010 ₹ in '000	2008-2009 ₹ in '000
Directors Local Travel	283.12	168.09
Directors Foreign Travel	394.73	-
Others Local Travel	12,134.36	13,920.60
Others Foreign Travel	102.45	452.17
TOTAL	12,914.66	14,540.86

12. Tolling & Reimbursement of Expenses represents Recovery of cost incurred by the Company towards Manufacturing products for the following :

Particulars	2009 – 10 (₹ in '000)	2008 – 09 (₹ in '000)
Subsidiary Company Chembond Ashland Water Technologies Ltd	18,714.35	28,204.27
Joint Venture Company: Henkel Chembond Surface Technologies Ltd	1,384.52	-
Total	20,098.87	28,204.27

13. Directors Remuneration comprises of the following:-

Particulars	₹ in '000	Rs. in '000
Salaries & Perquisites	5,832.53	4,710.53
Other Perquisites (LTA & Leave Encashment)	212.81	62.81
Contribution to Provident Fund and Other Fund	403.70	401.40
Total	6,449.04	5174.74

As the future liability for Gratuity is provided on an actuarial basis for the company as a whole the amount pertaining to directors is not ascertainable and therefore not included herein above.

14. **COMPUTATION OF NET PROFIT IN ACCORDANCE WITH SECTION 349 OF THE COMPANIES ACT, 1956**

Particulars	2009-2010 ₹ in '000		2008-2009 ₹ in '000	
Profit Before Taxation		64,735.62		55,477.39
Salaries & Perquisites	6,045.34		4,773.34	
Contribution to Provident Fund	403.70	6,449.04	401.40	5,174.74
Depreciation as per Accounts		10,953.85		8,508.79
		82,138.51		69,160.92
Less : Depreciation as per section 350		10,953.85		8,508.79
Less : Profit on Sale of Assets		36.96		(220.48)
Net Profit as per Section 349 of the Companies Act 1956		71,147.70		60,872.61
Maximum Remuneration allowable under the Companies Act, 1956 (Restricted to 10% of Net Profit)		7,114.77		6,087.26
Managerial Remuneration paid as per Schedule XIII of Companies Act, 1956		6,449.04		5,174.74
Commission allowable to Directors (1% of Eligible Profit)		711.48		608.73
Commission paid to Non - Executive Director		Nil		Nil

15. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at 31-3-2010. The disclosure pursuant to the said Act is as under.

Particulars	₹ in '000
Principal amount due to suppliers under MSMED Act, 2006	5,224.11
Interest accrued and due to suppliers under MSMED Act, 2006, on the above amount	28.51
Payment made to suppliers (other than interest) beyond the appointed day, during the year	15,506.46
Interest paid to suppliers under MSMED Act, 2006 (Other than section 16)	NIL
Interest paid to suppliers under MSMED Act, 2006 (section 16)	NIL
Interest due and payable to suppliers under MSMED Act, 2006 for the payments already made.	238.97
Interest accrued and remaining unpaid at the end of the year To suppliers under MSMED Act, 2006	267.48

The information regarding Micro, Small & 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.

16. The Department of Company Affairs, Government of India vide its order No.47/464/2010-CL-III dated May, 21, 2010 issued under section 212(8) of the Companies Act, 1956 has exempted the Company from attaching the Balance Sheet And Profit and Loss Account of its subsidiary Companies Chembond Ashland Water Technologies Ltd. (CAWTL) & Protochem Industries Pvt Ltd. under Section 212(1) of the Companies Act, 1956. As per the order, key details of each subsidiary are attached along with the Statement under Section 212 of the Companies Act, 1956.
17. As per the Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has recorded Deferred Taxes in respect of the following:

Particulars	Balance as at 31.03.2009	Addition during the year	Balance As at 31.03.2010
Deferred Tax Liability :			
Depreciation	20,228.99	3,073.98	23,302.97
Deferred Tax Assets :			
Gratuity	1,579.60	323.08	1,902.68
Leave Encashment	790.21	(594.46)	195.75
Provision for Doubtful Debt	-	389.01	389.01
MAT	4,150.00	(2,748.64)	1,401.36
	6,519.81	(2,631.01)	3,888.80
Net Deferred Tax Liability	13,709.18	5,704.99	19,414.17

18. LEASE

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

(₹ in '000)

Particulars	Total Minimum Lease Payment Outstanding as on 31 st March 2010	Total Minimum Lease Payment Outstanding as on 31 st March 2009
Due within one year	3,472.77	3,439.91
Due later than one year and not Later than five years	1,763.60	369.50
Due later than five years	Nil	Nil
Lease payments recognized in the Profit & Loss Account	3,032.32	3,552.29

19. Segment Reporting

Based on expert opinion 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 Accountant of India is not applicable.

20. 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 Ashland Water Technologies Ltd., Protochem Industries Pvt Ltd.

ii. Joint Venture

Henkel Chembond Surface Technologies Ltd.

iii. Associates

CCL Building Systems Ltd., Chembond Enzyme Company Ltd.

iv. Key Management Personnel, and their relatives

Key Management Personnel

Dr. Vinod D. Shah, Mr. Sameer V. Shah, Mr. Nirmal V. Shah, Mr. Bhadresh D. Shah.

Relatives

Mrs. Padma V. Shah, Mrs. Shilpa S. Shah, Mrs. Mamta N. Shah, Mrs. Alpana Shah, Mrs. Jyoti N. Mehta, Ms. Zarna B Shah

Entities over Which Key management personnel are able to exercise influence

CCL Optoelectronics Pvt. Ltd, Finor Piplaj Chemicals Ltd, S and N Ventures Ltd., Visan Holdings and Financial Services Private Ltd.

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

(₹ in '000)

Particulars	Subsidiary Companies [a (i)]		Joint Venture [a (ii)]		Associates [a (iii)]		Key Management Personnel and their relatives [a (iii)]	
	31 st, March		31 st, March		31 st March		31 st, March	
	2010	2009	2010	2009	2010	2009	2010	2009
Sales	210,828.36	210,042.00	621,396.37	553,310.00	1,984.55	6,123.30	14,425.36	5,338.00
Purchases	3,853.31	-	24,421.12	-	-	2,182.00	32,157.36	25,336.00
Tolling & Reimbursement of Expenses	18,714.35	28,204.27	1,384.52	-	-	-	-	-
Rent Income	210.00	150.00	540.00	540.00	48.00	48.00	72.00	72.00
Dividend Income	7,562.36	6,935.37	15,680.00	12,740.00	-	-	-	-
Interest Expense	-	-	-	-	719.85	766.71	1,095.36	897.88
Rental Expenses	-	-	888.00	888.00	-	-	250.00	600.00
Directors Remuneration	-	-	-	-	-	-	6,045.34	4,740.93
Salaries	-	-	-	-	-	-	1,258.00	1,117.12
WTC / PTC / Enzyme Compensation	5,012.52	9,967.00	3,574.47	-	1,177.64	1,394.05	-	-

(₹ in '000)

Particulars	Subsidiary Companies [a (i)]		Joint Venture [a (ii)]		Associates [a (iii)]		Key Management Personnel and their relatives [a (iii)]	
	31 st, March		31 st, March		31 st March		31 st, March	
	2010	2009	2010	2009	2010	2009	2010	2009
Royalty	-	-	-	-	-	-	1,688.78	667.05
Balances at the end of the year								
a. Loans taken	-	-	-	-	5,303.38	6,050.00	11,467.05	8,612.00
b.Sundry Debtors	8,271.88	13,687.03	112,907.04	76,622.69	2,773.31	3,437.19	-	-
c.Sundry Creditors	-	-	-	-	1,271.46	1,077.80	4,883.95	516.51
d. Investments	121,254.63	16,029.62	4,899.30	4,899.30	7,250.00	7,250.00	-	-

21. Earnings Per Share

	2009-2010	2008-2009
Net Profit available to Equity Shareholders ₹ in '000	51,730.63	48,362.45
Total Number of Equity Shares (Face Value Of Rs 10/-) Fully Paid up	63,60412	30,000.00
Basic & Diluted Earning Per Shares In ₹	8.13*	7.60*

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

22. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.
23. Information pursuant to paras 3,4- C and 4-D of Part II of Schedule VI to the Companies Act, 1956 (as certified by the Management)

A) PARTICULARS OF OPENING STOCK AND CLOSING STOCK OF FINISHED GOODS:

QUANTITY	OPENING STOCK	CLOSING STOCK
Powder/ Crystals (Previous year)	6,71,906.75kgs/Lts (2,18,466.00Kgs/Lts)	1,12,857.00kgs/Lts (6,71,906.75Kgs/Lts)
Liquid (Previous Year)	90,007.45Lts/Kgs (4.56.933.00Lts/Kgs)	4,38,892.00Lts/Kgs (90,007.45Lts/Kgs)
VALUE IN RUPEES	₹ in '000	₹ in '000
Current Year	36,352.12	41,188.98
(Previous Year)	(24,133.68)	(36,352.12)

B) PARTICULARS OF TURNOVER OF SALES

Item of Sales	2009-10		2008-09	
	Quantity	Amount ₹ in '000	Quantity	Amount ₹ in '000
Powder/Crystals	3,005,840 Kgs	210,384.74	5,078,928 Kgs	221,146.51
Liquid	18,157,316 Lts	870,444.58	19,044,430 Lts	877,241.21
Others		63,328.78		10,788.70
Total Sales (Net of Excise Duty)		1,144,158.10		1,109,176.42

C) DETAILS OF RAW MATERIALS CONSUMED:

Description	2009-10		2008-09	
	Quantity Kgs/Lts	Amount ₹ in '000	Quantity Kgs/Lts	Amount ₹ in '000
Acids	2787089	106,605.97	4348058	153,503.53
Oil & Solvent, Alkalies, etc	1137341	29,230.31	797269	46,070.14
Others		729,007.02		595,117.18
Total		864,843.30		877,377.16

D) BREAK UP OF RAW MATERIAL CONSUMED

	2009-10		2008-09	
	₹ in '000	% of Consumption	₹ in '000	% of Consumption
Imported	145,413.32	16.81	148,212.68	16.89
Indigenous	739,429.98	83.19	729,164.48	83.11
TOTAL	864,843.30	100.00	877,377.16	100.00

E) CAPACITY AND PRODUCTION

	2009-2010 Quantity KL/ MT	2008-2009 Quantity KL/MT
Licensed and installed Capacity	Not Applicable	Not Applicable
Actual Production		
Liquid	20063	20065
Powder	274	1726
	20337	21791

F) VALUE OF IMPORTS CALCULATED ON CIF BASIS

	2009-2010 Amount ₹ in '000	2008-2009 Amount ₹ in '000
Raw Materials and Finished goods	153,720.13	196,127.23
Capital Goods	NIL	2,738.53

G) EXPENDITURE IN FOREIGN CURRENCY

PROFESSIONAL FEES	4,485.78	648.06
TRAVELLING	200.05	252.30

H) EARNINGS IN FOREIGN CURRENCY

EXPORT OF GOODS ON FOB BASIS	12,187.35	15,435.36
COMMISSION	31.36	NIL

I) REMITTANCE IN FOREIGN CURRENCY

FINAL DIVIDEND

No of Shareholders	1	1
No. of shares held	36400	36400
Dividend remitted (Rs in Thousand)	127	127
Year to which it relates	2009-10	2008-09

J) INDUSTRIAL LICENCE HELD

Nil

Nil

24. INFORMATION ON JOINT VENTURES :

Henkel Chembond Surface Technologies Ltd.

(on the basis of un-audited Financial Statements)

i) Jointly Controlled Entity – Henkel Chembond Surface Technologies Ltd.

Country of Incorporation :	India
Percentage of ownership interest	49%

ii) Interest in the assets, liabilities, income, and expenses with respect to jointly controlled entity.

	As at 31.03.2010 ₹ '000 Unaudited	As at 31.03.2009 ₹ '000 Unaudited
A. Assets :		
i. Fixed Asset(Net Block)	46,533.79	24,359.52
ii. Capital Work in Progress	14,776.94	8,349.83
iii. Investments	709.65	659.00
iv. Current Assets Loans & Advances		
Inventories	26,251.35	22,445.25
Sundry Debtors	158,355.15	103,962.55
Cash & Bank Balances	13,080.99	9,204.25
Loans and Advances	5,520.76	7,173.64
B. Liabilities :		
i. Deferred Tax Liability	1,308.90	1,555.29
ii. Current Liabilities	104,666.19	60,616.46
iii. Provisions	3,667.11	788.73
C. Income :	526,024.91	344,979.29
D. Expenses	423,533.66	305,854.72
E. Tax	30,721.61	20,385.14

25. EXPENDITURE ON RESEARCH AND DEVELOPMENT.

	Amount (₹ in '000)	Amount (₹ in '000)
Revenue expenditure	1,500.00	237.12
Capital expenditure	248.98	2,738.53

26. 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 Fixed Assets and as a going concern.

B) FIXED ASSETS

Fixed Assets are stated at their revalued figures less accumulated Depreciation. The company capitalises all costs relating to acquisitions and installation of fixed assets.

C) EXPENDITURE DURING CONSTRUCTION

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 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 on fixed assets is provided on the straight line method at the rates and in the manner specified in schedule XIV of the Companies Act 1956, as amended to date. During the year ended 31st March, 1991, the Company had changed its method of providing depreciation on fixed assets as on 1st July 1980 from the written down value method to the straight line method. 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 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 utilized. 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

Investments are stated at the cost of acquisition.

L) DIVIDEND RECEIVED

Dividend Income from Investments is recognized 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.

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) CUSTOMS 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.

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.

Signatures to Schedules 'A' to 'R'

As per our attached report of even date.

For **M/S KASTURY & TALATI**

Chartered Accountants

Dhiren P. Talati

Partner

Membership No. F/41867

Navi Mumbai, 31st July, 2010

For and on behalf of the Board of Directors

Dr. Vinod D. Shah - Executive Chairman

Sameer V. Shah - Vice Chairman & Managing Director

Nirmal V. Shah - Joint Managing Director

Mahendra K. Ghelani - Director

Perviz H. Dastur - Director

Dipti D. Samant - Company Secretary

Navi Mumbai, 31st July, 2010

ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration Number	18235
State Code	11
Balance Sheet Date	31/03/2010

II. Capital Raised during the year (₹ in Lacs)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	318.02	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds (₹ in Thousands)

Total Liabilities	519,198.78	Total Assets	519,198.78
-------------------	------------	--------------	------------

Sources of funds

Paid-up Capital	63,604.12	Reserves and Surplus	229,924.14
Secured Loans	171,194.25	Unsecured Loans	35,062.10
Deferred Tax Liability	19,414.17		

Application of Funds

Net Fixed Assets	209,612.28	Investments	133,452.58
Net Current Assets	176,133.93	Miscellaneous Expenditure	Nil
Accumulated Losses	Nil		

IV. Performance of Company (₹ in Lacs)

Turnover (Total Revenue)	1,175,664.92	Total Expenditure	1,115,955.43
Profit before Tax	64,735.62	Profit after Tax	51,730.63
Dividend Rate	17.50%		

V. Generic Names of Three Principal Products/Services of Company.

<u>Product Description</u>	<u>Item Code No. (ITC Code)</u>
Metal Pretreatment Chemicals	3402.90/3811.00
Water Treatment Chemicals	3811.00
Construction Chemicals	3823.00
Anti Corrosive Paints/Coatings	3208.90/3814.00

For and on behalf of the Board of Directors

Dr. Vinod D. Shah	- Executive Chairman
Sameer V. Shah	- Vice Chairman & Managing Director
Nirmal V. Shah	- Joint Managing Director
Mahendra K. Ghelani	- Director
Perviz H. Dastur	- Director
Dipti D. Samant	- Company Secretary

Navi Mumbai, 31st July, 2010



Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Company's Interest in Subsidiary Companies for the financial year 2009-10.

Name of Subsidiary Company	Chembond Ashland Water Technologies Limited	Protochem Industries Private Limited
1. The Financial Year of the Subsidiary Company ended on.	31 st March, 2010	31 st March, 2010
2. Date from which it became Subsidiary Company.	6 th April, 2001	30 th April, 2009
3. a. Number of shares held by Chembond Chemicals Limited with its nominees in the subsidiary at the end of the financial year of the Subsidiary Company.	274,995	1,000,000
b. Extent of Interest of holding Company at the end of the financial year of the Subsidiary Company.	55%	100%
4. The net aggregate amount of the Subsidiary Company Profit/ (Loss) so far as it concerns the members of the Holding Company.		
a. Not dealt with in the Holding Company's accounts:		
i) For the financial year ended 31 st March, 2010	₹ 28,014,864	₹ 9,546,924
ii) For the previous Financial years of the Subsidiary Company since it became the Holding Company's subsidiary.	₹ 36,006,213	₹ 31,066,271
b. Dealt with in Holding Company's accounts:		
i) For the financial year ended 31 st March, 2010	NIL	NIL
ii) For the previous Financial years of the Subsidiary Company since it became the Holding Company's Subsidiary.	NIL	NIL

For and on behalf of the Board of Directors

Dr. Vinod D. Shah - Executive Chairman
Sameer V. Shah - Vice Chairman & Managing Director
Nirmal V. Shah - Joint Managing Director
Mahendra K. Ghelani - Director
Perviz H. Dastur - Director
Dipti D. Samant - Company Secretary

Navi Mumbai, 31st July, 2010

Details of Chembond Ashland Water Technologies Limited (CAWTL) and Protochem Industries Private Limited (PIPL) disclosed pursuant to terms of exemption letter of Ministry of Company Affairs under Section 212 of the Companies Act, 1956.

(₹ In '000)

Particulars	Chembond Ashland Water Technologies Limited	Protochem Industries Private Limited
Capital	5,000.00	10,000.00
Reserves	110,217.93	64,917.87
Total Assets	126,873.87	85,110.91
Total Liabilities	126,873.87	85,110.91
Investments	Nil	Nil
Turnover/Total Income	461,153.13	157,057.77
Profit Before Taxation	78,134.35	17,692.15
Provision for Taxation	27,495.43	6,891.36
Profit After Taxation	50,638.92	10,800.79
Interim Dividend	Nil	Nil
Proposed Dividend	20,000.00	Nil

AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF CHEMBOND CHEMICALS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF CHEMBOND CHEMICALS LIMITED, ITS SUBSIDIARIES, & JOINT VENTURES

1. We have audited the attached Consolidated Balance Sheet of Chembond Chemicals Limited, its subsidiaries CHEMBOND ASHLAND WATER TECHNOLOGIES LTD. and PROTOCHEM INDUSTRIES PVT. LTD., its Joint Venture HENKEL CHEMBOND SURFACE TECHNOLOGIES LTD., and its Associate Companies, CCL BUILDING SYSTEMS LTD., and CHEMBOND ENZYME Co. LTD. as at 31st March 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the management of Chembond Chemicals Limited. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. (i) We did not audit the financial statements of CHEMBOND ASHLAND WATER TECHNOLOGIES LTD. and PROTOCHEM INDUSTRIES PVT. LTD., subsidiaries of CHEMBOND CHEMICALS LIMITED, whose financial statements reflect total assets of ₹ 211,984.78 thousands as at 31st March, 2010, total revenues of ₹ 618,210.89 thousands and net cash flows of ₹ 61,251.70 thousands for the year ended on that date. These financial statements and other financial information have been audited by another auditor whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements, is based solely on the reports of that other auditor.
- (ii) The Financial Statements of HENKEL CHEMBOND SURFACE TECHNOLOGIES LTD., the Joint Venture Company whose financial statements reflect total assets of ₹ 320,194.53 thousands as at 31st March 2010, total revenues of ₹ 1,037,520.22 thousands and net cash flows of ₹ 7,911.70 thousands for the year ended on that date, are compiled and certified by the Management and are unaudited. Any adjustment to their balances, could have consequential effect on the attached Consolidated Financial Statements.
- (iii) We did not audit the financial statements of CCL BUILDING SYSTEMS LTD., and CHEMBOND ENZYME CO. LTD. associates of CHEMBOND CHEMICALS LIMITED, These financial statements and other financial information has been audited by another auditor whose report has been furnished to us, and our opinion in respect thereof, is based solely on the report of that other auditor. The size of these entities in the consolidated position of the group is not significant in relative terms.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standards (AS) 27, Financial Reporting of interest in Joint Ventures, issued by the Institute of Chartered Accountants of India, on the basis of the separate audited financial statements of CHEMBOND CHEMICALS LIMITED, its Subsidiaries and Associate Companies. and the un-audited financial statements of its Joint Venture.
5. Subject to the effect if any on account of possible adjustment stated in para 3 (ii) above and on the basis of the information and explanations given to us and on consideration of the separate audit report on individual audited financial statements of CHEMBOND CHEMICALS LIMITED and its aforesaid subsidiaries and Associate Companies, and the un-audited financial statement of its aforesaid Joint Venture, in our opinion the attached Consolidated Financial Statements together with the notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India,
 - (a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of CHEMBOND CHEMICALS LIMITED, its subsidiaries, its Joint Venture and Associate Companies as at 31st March 2010,
 - (b) In the case of the Consolidated Profit and Loss Account, of the consolidated results of operation of CHEMBOND CHEMICALS LIMITED, its subsidiaries, its Joint Venture and Associate Companies for the year ended on that date; and
 - (c) In the case of the Consolidated Cash Flow Statement, of the consolidated Cash Flows of CHEMBOND CHEMICALS LIMITED, its subsidiaries, its Joint Venture and Associate Companies for the year ended on that date.

For **M/S Kastury & Talati**
Chartered Accountants
Firm Registration No 104908W

Dhiren P. Talati
Partner
Membership No.: F/41867
Navi Mumbai,
31st July, 2010



Consolidated Balance Sheet as on 31st March, 2010

PARTICULARS	Schedule	As at 31/3/2010 (₹ in '000)	As at 31/3/2009 (₹ in '000)
SOURCES OF FUNDS			
<u>SHAREHOLDERS' FUNDS</u>			
Share Capital	A	63,604.12	30,000.00
Share Capital Suspense	A1	-	1,802.06
Reserves and Surplus	B	443,096.04	371,551.37
		506,700.16	403,353.43
Minority Interest	C	60,848.07	45,609.00
<u>LOAN FUNDS</u>			
Secured Loans	D	187,660.14	195,975.60
Unsecured Loans	E	38,862.10	28,836.20
		226,522.24	224,811.80
Deferred Tax Liability (Net)		21,177.89	14,634.27
	Total	815,248.36	688,408.50
APPLICATION OF FUNDS			
<u>FIXED ASSETS</u>			
GROSS BLOCK	F	392,828.05	313,538.30
Less : Depreciation		77,217.03	57,555.20
NET BLOCK		315,611.02	255,983.10
CAPITAL WORK IN PROGRESS		15,643.27	11,252.94
		331,254.29	267,236.04
INVESTMENTS	G	6,952.01	36,024.30
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	H	195,345.54	167,570.25
Sundry Debtors	I	515,923.28	425,683.46
Cash and Bank Balances	J	108,223.98	20,405.56
Loans and Advances	K	53,269.52	74,785.61
	a	872,762.32	688,444.88
LESS: CURRENT LIABILITIES AND PROVISIONS:			
Current Liabilities	L	360,447.59	288,583.55
Provisions	M	35,272.67	14,713.17
	b	395,720.26	303,296.72
NET CURRENT ASSETS	a-b	477,042.06	385,148.16
	Total	815,248.36	688,408.50
Notes on accounts	S		

As per our attached report of even date.
For **M/S KASTURY & TALATI**
Chartered Accountants

Dhiren P. Talati
Partner
Membership No. F/41867

Navi Mumbai, 31st July, 2010

For and on behalf of the Board of Directors

Dr. Vinod D. Shah - Executive Chairman
Sameer V. Shah - Vice Chairman & Managing Director
Nirmal V. Shah - Joint Managing Director
Mahendra K. Ghelani - Director
Perviz H. Dastur - Director
Dipti D. Samant - Company Secretary

Navi Mumbai, 31st July, 2010

Consolidated Profit And Loss Account for the year ended 31st March, 2010

PARTICULARS	Schedule	Year ended 31/3/2010 (₹ in '000)	Year ended 31/3/2009 (₹ in '000)
INCOME			
Sales		1,887,279.27	1,610,963.79
Less Excise Duty		136,793.23	189,148.35
Net Sales		1,750,486.04	1,421,815.44
Other Income	N	35,111.72	22,716.37
Variation in stock	O	(6,620.24)	30,012.73
	Total	1,778,977.52	1,474,544.54
EXPENDITURE			
Materials Consumed	P	1,063,969.76	962,592.31
Manufacturing & Other Expenses	Q	444,844.40	346,129.46
	Total	1,508,814.16	1,308,721.77
Profit before Depreciation, Financial Charges and Taxation		270,163.36	165,822.77
Depreciation	F	16,706.68	13,527.00
Financial charges	R	30,355.22	20,327.34
Net Profit after Depreciation and financial charges		223,101.46	131,968.43
Add: Transfer from Revaluation Reserve		189.27	189.27
Profit before Tax		223,290.73	132,157.70
Less : Deferred Tax Adjustment		6,723.51	2,965.26
Less : Fringe Benefit Tax		-	2,594.99
Less : Provision for Taxation		71,368.00	37,990.98
Profit After Taxation		145,199.22	88,606.47
Prior Period Adjustments		(387.92)	53.13
		145,587.14	88,553.34
Less : Excess/Short Provision		134.85	663.18
Add : Effect of adjustment on audit		3,512.27	401.15
Less : Stock Reserve		1,116.72	-
Less : Preacquisition Profit		4,955.17	-
Add : Share of Profit/(Loss) from Associates		(1.23)	771.77
Less : Profit transfer to Minority Interest		18,951.71	10,495.86
Profit after Minority Interest		123,939.73	78,567.22
Add : Prior Period Profit of SMEPL		-	333.97
Add : Balance as per last Balance Sheet		273,892.88	220,299.31
Profit available for Appropriation	Total	397,832.61	299,200.50
APPROPRIATION			
General Reserve		11,000.00	10,930.00
Set off of Dividend Tax in respect of Dividend from Subsidiary Company		(1,178.03)	(1,178.67)
Proposed Dividend		11,130.72	10,500.00
Tax on Proposed Dividend		7,835.32	6,286.45
Dividend on share issued on Amalgamation		630.72	-
Add : Addition of amalgamation of SMEPL		-	(1,230.16)
Balance carried to Balance Sheet		368,413.88	273,892.88
	Total	397,832.61	299,200.50
Notes on accounts	S		
Earnings per Share (See Note 17 of Schedule 'S')			
(Face Value ₹ 10/-)			
Basic and Diluted		19.49	12.41

As per our attached report of even date.

For M/S KASTURY & TALATI

Chartered Accountants

Dhiren P. Talati

Partner

Membership No. F/41867

Navi Mumbai, 31st July, 2010

For and on behalf of the Board of Directors

Dr. Vinod D. Shah

- Executive Chairman

Sameer V. Shah

- Vice Chairman & Managing Director

Nirmal V. Shah

- Joint Managing Director

Mahendra K. Ghelani

- Director

Perviz H. Dastur

- Director

Dipti D. Samant

- Company Secretary

Navi Mumbai, 31st July, 2010

CONSOLIDATED CASH FLOW

	2009-2010		2008-2009	
	₹ in '000	₹ in '000	₹ in '000	₹ in '000
A Cash Flow from Operating Activities				
Net Profit before tax and extraordinary items		223,290.73		132,157.70
Adjustments for :				
Depreciation	17,497.41		13,337.73	
Misc Expenditure written off	2.73		-	
Loss on Sale of assets	2,267.20		670.55	
Foreign Exchange Fluctuation	2,378.58		7,443.32	
Financial Charges	30,355.22		11,471.78	
		52,501.14		32,923.38
Operating Profit before working capital changes		275,791.87		165,081.08
Adjustments (incl on amalgamation) for :				
Trade and Other Receivables	(45,458.99)		(80,677.32)	
Inventories	(24,139.97)		(45,708.80)	
Trade and Other Payables	74,571.70		52,646.77	
		4,972.74		(73,739.35)
Cash generated from operations		280,764.61		91,341.73
Interest paid		(30,355.22)		(11,471.78)
Net Cash from Operating Activities (A)		250,409.39		79,869.95
B Cash Flow from Investing Activities				
Purchase of Fixed Assets		(88,734.82)		(110,552.82)
Sale of Fixed Assets		3,155.00		157.50
Purchase of Investment		0.00		(22,197.76)
Net Cash used in Investing Activities (B)		(85,579.82)		(132,593.08)
C Cash Flow from Financing Activities				
Increase in Share Premium on Amalgamation		-		14,463.00
Increase in Reserves on Amalgamation		-		49.50
Prior period surplus on Amalgamation		-		333.97
Proceeds from Unsecured Loans		3,275.90		(4,938.95)
Share Suspense		-		1,802.06
Dividend paid		(22,926.44)		(21,088.60)
Proceeds from Secured Loan		(9,985.31)		106,317.88
Direct Tax paid		(60,171.49)		(46,478.15)
Net Cash from Financing Activities (C)		(89,807.34)		50,460.71
Net (Decrease)/Increase in Cash & Cash Equivalents		75,022.23		(2,262.42)
Cash and Bank Balances as on 31.3.2009		20,405.56		22,266.83
Consolidated Adjustment		12,796.19		401.15
Cash and Bank Balances as on 31.3.2010		108,223.98		20,405.56

As per our attached report of even date.
For **M/S KASTURY & TALATI**
Chartered Accountants

Dhiren P. Talati
Partner
Membership No F/41867

Navi Mumbai
31st July, 2010

For and on behalf of the Board of Directors

Dr. Vinod D. Shah - Executive Chairman
Sameer V. Shah - Vice Chairman & Managing Director
Nirmal V. Shah - Joint Managing Director
Perviz H. Dastur - Director
Mahendra K. Ghelani - Director
Dipti D. Samant - Company Secretary

Navi Mumbai
31st July, 2010

Schedules forming part of the Consolidated Balance Sheet

PARTICULARS	As at 31/3/2010 (₹. in '000)	As at 31/3/2009 (₹ in '000)
SCHEDULE "A"		
SHARE CAPITAL		
AUTHORISED		
10,000,000 (5,000,000) Equity Shares of ₹ 10 each	100,000.00	50,000.00
ISSUED, SUBSCRIBED, AND PAID UP		
6,360,412 (3,000,000) Equity Shares of ₹ 10 each fully paid up	63,604.12	30,000.00
Total	63,604.12	30,000.00
NOTES		
1) Of the above 1,90,206 (10,000) Equity Shares of ₹ 10 each have been issued for consideration other than cash		
2) Of the above 43,00,206 (11,20,000) Equity Shares of ₹ 10 each have been issued as fully paid up Bonus Shares by way of capitalisation of Reserves & Surplus.		
SCHEDULE "A1"		
SHARE CAPITAL SUSPENSE		
Nil (180,206) Equity Shares of Rs 10 each fully Paid up to be allotted to the shareholders of erstwhile Shree Mahalasa Electronics Pvt Ltd pursuant to its amalgamation with the Company effective from 1st January 2008	-	1,802.06
Total	-	1,802.06
SCHEDULE "B"		
RESERVES AND SURPLUS		
<u>REVALUATION RESERVE</u>		
As per last year	6,349.17	6,538.44
Less : Transfer to Profit & Loss A/c.	189.27	189.27
	6,159.90	6,349.17
<u>SHARE PREMIUM</u>		
Balance as per last Balance Sheet	18,213.00	3,750.00
Add : Addition on amalgamation	-	14,463.00
Less : Capitalisation on Issue of Bonus Shares	18,213.00	-
	-	18,213.00
<u>GENERAL RESERVE</u>		
As per last year	73,096.32	64,471.98
Add : Effect of Audit Adjustment	490.00	-
Less : Adjustment on amalgamation	-	1,180.66
Add: Transfer from Profit & Loss A/c.	11,000.00	10,930.00
Less : Transfer to Minority Interest	2,475.00	1,125.00
Less : Capitalisation on Issue of Bonus Shares	13,589.06	-
	68,522.26	73,096.32
<u>PROFIT AND LOSS ACCOUNT</u>		
As per account annexed	368,413.88	273,892.88
Total	443,096.04	371,551.37



Schedules forming part of the Consolidated Balance Sheet

PARTICULARS	As at 31/3/2010 (₹ in '000)	As at 31/3/2009 (₹ in '000)
SCHEDULE "C"		
MINORITY INTEREST		
Share Capital		
Opening Balance	2,250.00	2,250.00
Addition during the year	-	-
Closing Balance	2,250.00	2,250.00
General Reserve		
Opening Balance	10,179.88	9,054.88
Addition during the year	2,475.00	1,125.00
Closing Balance	12,654.88	10,179.88
Profit & Loss Account		
Opening Balance	33,179.12	28,357.88
Less : Dividend Paid	6,187.64	5,674.62
Addition during the year	18,951.71	10,495.86
Closing Balance	45,943.19	33,179.12
Total	60,848.07	45,609.00
SCHEDULE "D"		
SECURED LOANS		
Term Loan from HDFC Bank Ltd. (Secured by Hypothecation of moveable fixed assets and Mortgage of immovable property located at Theda, Himachal Pradesh) (Due within one Year ₹ 2,775 Thousand (Previous Year ₹ 7,175 Thousand))	2,775.00	9,775.00
Term Loan from Bank of India. (Secured by Equitable Mortgage on Fixed Block and Hypothecation of Plant and Machinery located at Dudhwada, Gujarat) (Due within one year ₹ 11,004 Thousand (Previous year ₹ 11,004 Thousand))	38,850.46	49,972.72
Term Loan from HDFC Bank Ltd. (First and Exclusive charge by way of equitable mortgage on the moveable and immovable fixed asset of the Company located at Mahape & E 6/4 Tarapur) (Due within one year ₹ 21,428.57 Thousand (Previous year ₹ 11,250 Thousand))	68,571.43	45,000.00
Cash Credit facilities from HDFC Bank Ltd. (Secured by charge on current assets, Mortgage of Tangible Immovable Properties and charge on other fixed assets.)	25,858.79	69,163.84
ICICI Bank - Car Loan A/c (Secured against hypothecation of Car)	58.57	-
Cash credit facilities from Bank of India (Secured by hypothecation of all book debts/receivables, collateral security by way of hypothecation of stocks and guaranteed by holding Company - Chembond Chemicals Ltd.)	7,855.93	22,064.04
Overdraft Facilities from Bank of India (Secured Against Fixed Deposit of Subsidiary Company Protochem Industries Pvt. Ltd)	35,138.58	-
Bank Overdraft from Bank of India (Secured against hypothecation of Book-debts and Stock)	8,551.38	-
Total	187,660.14	195,975.60

Schedules forming part of the Consolidated Balance Sheet

PARTICULARS	As at 31/3/2010 (₹ in '000)	As at 31/3/2009 (₹ in '000)
SCHEDULE "E"		
UNSECURED LOANS		
Loan from Directors	15,822.81	7,800.00
Maximum Amount Outstanding for Loan from Directors ₹ 15,822.81 Thousand (₹ 7,800.00 Thousand)		
Loans from Shareholders & Others	17,661.30	18,891.05
(See Note 9 Schedule S)		
Fixed Deposits	3,800.00	-
Deferred Sales Tax Liability	1,577.99	2,145.15
Total	<u>38,862.10</u>	<u>28,836.20</u>

"SCHEDULE "F": FIXED ASSETS

₹ (in '000)

Particulars	GROSS BLOCK AT COST				D E P R E C I A T I O N B L O C K				N E T B L O C K	
	As at 1.4.2009	Additions	Deductions	As at 31.03.2010	As at 1.4.2009	Additions	Deductions	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Goodwill	16,708.56	24,364.88	528.75	40,544.69	-	-	-	-	40,544.69	16,708.56
Leasehold Land	4,418.79	4,573.29	-	8,992.08	-	-	-	-	8,992.08	4,418.79
Freehold Land	15,081.11	-	2,963.04	12,118.07	-	-	-	-	12,118.07	15,081.11
Buildings	105,152.95	22,305.36	-	127,458.31	11,704.38	4,272.20	-	15,976.58	111,481.73	93,448.57
Equipment & Machinery	112,093.24	22,121.70	4,675.24	129,539.70	22,348.73	9,389.73	3,215.46	28,523.00	101,016.70	89,744.51
Computers	30,925.76	5,174.36	271.77	35,828.35	13,637.07	5,215.95	148.27	18,704.75	17,123.60	17,288.70
Furniture & Fixtures	10,301.16	2,390.58	51.12	12,640.62	3,089.64	1,228.81	35.43	4,283.02	8,357.60	7,211.53
Vehicles	9,373.32	4,275.95	576.39	13,072.88	5,086.57	2,921.30	433.54	7,574.33	5,498.54	4,286.75
Electric Fitting & Installations	9,483.40	3,149.93	-	12,633.33	1,688.83	466.51	-	2,155.34	10,477.99	7,794.57
TOTAL	313,538.29	88,356.04	9,066.31	392,828.03	57,555.22	23,494.50	3,832.70	77,217.03	315,611.02	255,983.09
Previous Year	199,632.37	116,973.39	3,067.44	313,538.30	45,769.04	14,026.08	2,239.90	57,555.22	-	-
Capital Work In Progress	-	-	-	-	-	-	-	-	15,643.27	11,252.94
									331,254.29	267,236.04

Note : Additions to Gross Block & additions to Depreciation includes opening Gross Block of ₹ 15,515.94 Thousand & Opening Depreciation of ₹ 6,787.83 Thousand of Protochem Industries Pvt. Ltd.



Schedules forming part of the Consolidated Balance Sheet

PARTICULARS	As at 31/3/2010 (₹ in '000)	As at 31/3/2009 (₹ in '000)
SCHEDULE "G"		
INVESTMENTS (AT COST)		
<u>LONG TERM INVESTMENT IN SHARES</u>		
<u>UNQUOTED</u>		
<u>INVESTMENT IN SUBSIDIARY</u>		
1,000,000 (450,000) Equity Shares of Protochem Industries Pvt. Ltd of ₹ 10 each fully paid up constituting 100 % (45%) of the said Company's paid up capital	-	29,652.06
<u>INVESTMENT IN ASSOCIATES</u>		
235,000 (235,000) Equity Shares of CCL Building Systems Ltd. of ₹ 1 each fully paid up constituting 47% of the said Company's paid up capital	-	82.08
490,000 (490,000) Equity Shares of Chembond Enzyme Company Ltd of ₹ 1 each fully paid up constituting 49 % of the said Company's paid up capital	6,193.71	5,584.11
<u>INVESTMENT IN GOVERNMENT SECURITIES</u>		
Investment in National Saving Certificate	15.20	0.50
<u>OTHER INVESTMENTS</u>		
129 (23) Equity Shares of Tarapur Environment Protection Organisation Ltd	12.92	2.30
<u>INVESTMENTS IN MUTUAL FUNDS</u>		
70,957,450 (68,338.745) Units of Reliance Mutual Fund (Liquid Fund Treasury Plan) Face value of ₹ 10 each (Additional units have been received on account of dividend)	730.18	703.25
Total	6,952.01	36,024.30
SCHEDULE "H"		
INVENTORIES		
Stock-in-trade: (as per inventory taken, valued and certified by the Management)		
Raw Material (at cost)	137,819.55	104,598.57
Packing Material (at cost)	5,438.49	5,584.18
Finished Goods (at cost)	53,204.22	57,387.50
	196,462.26	167,570.25
LESS : STOCK RESERVE	1,116.72	-
Total	195,345.54	167,570.25
SCHEDULE "I"		
SUNDRY DEBTORS. (Refer Note 8 of Schedule S)		
<u>DEBTS OUTSTANDING FOR THE PERIOD EXCEEDING 6 MONTHS (UNSECURED)</u>		
Considered Doubtful	1,144.48	-
Considered Good	51,470.47	55,618.57
	52,614.95	55,618.57
<u>OTHER DEBTS (UNSECURED AND CONSIDERED GOOD)</u>	<u>464,452.81</u>	<u>370,064.89</u>
	517,067.76	425,683.46
Less : Provision for Doubtful Debts	1,144.48	-
Total	515,923.28	425,683.46
SCHEDULE "J"		
CASH AND BANK BALANCES		
Cash on hand	314.72	67.13
Bank balance with Scheduled Banks		
In Current Accounts	22,130.03	13,030.96
In Fixed Deposit	85,779.23	7,307.47
Total	108,223.98	20,405.56

Schedules forming part of the Consolidated Balance Sheet

PARTICULARS	As at 31/3/2010 (₹ in '000)	As at 31/3/2009 (₹ in '000)
SCHEDULE "K"		
<u>LOANS AND ADVANCES</u>		
(Unsecured, considered good & subject to confirmation)		
Advances recoverable in cash or in kind or for value to be received	31,323.60	53,244.28
Fringe Benefit Tax	1,572.68	338.66
Deposit - Excise	6,055.59	8,467.75
Other Deposits	12,741.68	12,340.71
Prepaid expenses	1,575.97	394.21
Total	53,269.52	74,785.61
SCHEDULE "L"		
<u>CURRENT LIABILITIES</u>		
Sundry Creditors for Goods	237,534.34	178,211.02
Sundry Creditors for Others	122,639.59	110,105.60
Investor Education & Protection Fund		
Unclaimed Dividend *	273.66	266.93
Total	360,447.59	288,583.55
* Not due for deposit		
SCHEDULE "M"		
<u>PROVISIONS</u>		
Income Tax	5,762.99	(7,403.92)
Proposed Dividend	11,130.72	10,500.00
Tax on Proposed Dividend	5,170.50	4,121.29
Provision for Gratuity	11,133.89	5,914.29
Provision for Leave Encashment	2,074.57	1,581.51
Total	35,272.67	14,713.17



Schedules forming part of the Consolidated Profit and Loss Account

PARTICULARS	As at 31/3/2010 (₹ in '000)	As at 31/3/2009 (₹ in '000)
SCHEDULE "N"		
<u>OTHER INCOME</u>		
Dividend from Mutual Funds	26.93	45.71
Gross Interest {TDS ₹ 301,738 (₹ 37,394)}	3,198.20	659.55
Gross Rental Income {TDS ₹ 173,720 (₹ 194,042)}	395.40	395.40
Consideration for Transfer of Business	5,100.00	-
Miscellaneous Income	1,966.53	3,688.75
Foreign Exchange Fluctuation income	2,378.58	(413.99)
Technical Services Income	22,046.08	18,011.06
Bad debts recovered	-	329.89
Total	35,111.72	22,716.37
SCHEDULE "O"		
<u>VARIATION IN STOCK</u>		
Closing Stock of Finished Goods	53,135.42	57,387.50
Less: Opening stock of Finished Goods	59,755.66	27,374.77
Total	(6,620.24)	30,012.73
SCHEDULE "P"		
<u>MATERIALS CONSUMED</u>		
Raw Materials	980,412.59	903,906.48
Packing Materials	83,557.17	58,685.83
Total	1,063,969.76	962,592.31
SCHEDULE "Q"		
<u>MANUFACTURING & OTHER EXPENSES</u>		
<u>MANUFACTURING EXPENSES</u>		
Employees Salaries & Allowances	8,432.95	5,467.38
Contribution to Provident and other funds	635.35	386.63
Octroi	290.85	205.66
Power, Fuel & Water Charges	6,369.14	5,372.72
Excise Duty	2,817.69	3,883.70
Research and Development	1,947.43	869.87
Repairs and Renewals to Plant & Machinery	988.35	654.92
Consumable stores	3,388.42	4,881.93
Godown Rent	1,319.06	1,288.89
Labour Charges	13,713.99	9,850.66
Security Expenses	2,314.78	1,831.63
Factory Maintenance	2,546.39	2,975.10
PTC Compensation Expenses	3,826.14	-
Enzymes Compensation Expenses	1,177.65	1,394.05
Total a	49,768.19	39,063.14

Schedules forming part of the Consolidated Profit and Loss Account

PARTICULARS	As at 31/3/2010 (₹ in '000)	As at 31/3/2009 (₹ in '000)
<u>ADMINISTRATIVE EXPENSES</u>		
Remuneration to Directors	12,175.77	8,077.76
Contribution to Provident and other funds - Directors	610.99	401.40
Director's Sitting Fees	564.90	579.80
Employees Salaries & Allowances	144,116.76	102,910.85
Contribution to Provident and other funds	6,930.75	7,149.85
Staff Welfare Expenses	6,201.53	5,300.80
Rates & Taxes	1,949.35	3,301.42
Electricity charges	2,678.32	2,012.14
Printing and stationery	3,300.22	2,111.11
Telephone & Postage Expenses	7,434.93	7,443.32
Insurance	2,261.36	1,793.91
Motor car expenses	886.59	850.99
Auditors Remuneration	647.25	393.92
Legal, Professional & consultancy fees	20,663.32	11,200.82
Repairs & Maintenance Buildings	139.21	292.36
Repairs & Maintenance Others	12,564.12	9,489.76
Donation	1,496.95	1,495.73
Loss on Sale of Fixed Asset	2,267.20	670.55
Miscellaneous expenses	8,447.15	5,575.68
Sales Tax & Other Taxes	3,903.03	8,162.03
Initial fill quantity	697.71	2,466.24
Provision for Doubtful Debts	1,144.48	-
Bad Debts Written Off	4,710.30	2,327.16
Total b	245,792.19	184,007.60
<u>SELLING AND DISTRIBUTION EXPENSES</u>		
Carriage outwards	28,228.15	25,865.29
Rent	4,100.42	1,592.94
Technical Service Expenses	12,227.55	9,114.36
Commission on sales	35,189.04	26,187.03
Travelling Expenses	32,908.51	31,186.57
Conveyance expenses	3,010.04	2,290.68
Royalty Expenses	24,159.99	18,523.62
Advertising & Publicity Exps	1,256.89	864.83
Warehousing Charges	267.87	351.92
Packing Expenses	457.22	108.97
Sales Promotion expenses	8,184.45	6,972.51
Total c	149,990.13	123,058.72
GRAND TOTAL (a+b+c)	445,550.51	346,129.46
LESS : Tolling & Reimbursement of expenses (Refer Note No. 12 of Schedule 'S')	706.11	-
Total	444,844.40	346,129.46
<u>SCHEDULE "R"</u>		
<u>FINANCIAL CHARGES:</u>		
<u>Interest charges</u>		
Executive Chairman	1,156.38	526.89
Others	26,077.57	16,009.39
Bank Guarantee fees & charges	3,121.27	3,791.06
Total	30,355.22	20,327.34

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT AND CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010.

SCHEDULE "S": NOTES ON ACCOUNTS

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, Chembond Ashland Water Technologies Ltd (CAWTL) & Protochem Industries Pvt Ltd (PIPL), its Joint Venture Henkel Chembond Surface Technologies Ltd.(HCSTL) & Associate companies CCL Building Systems Ltd.(CBSL) & Chembond Enzyme Company Ltd(CECL).At the Balance Sheet date CCL is holding 54.99% of equity shares in CAWTL,100% equity shares in PIPL,48.99% equity shares in HCSTL,47% in CBSL & 49% in CECL.The Consolidation of Accounts is done in accordance with the requirement of Accounting Standard- 21 "Consolidated Financial Statements", Accounting Standard-23 "Accounting for Investments in Associates, in Consolidated Financial Statement" and Accounting Standard –27 "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India.
- ii) 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.
- iii) 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".
- iv) In respect of Joint Venture Company, the CFS of the group have been consolidated as per Accounting Standard- 27 "Financial Reporting of Interests in Joint Ventures".
- 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 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 (adjusted for the effect of sale of investments) under Fixed Assets. Goodwill on consolidation is not amortised.
- vii) Minority interest represents that part of the net results of operations and of the net assets of a subsidiary attributable to interests which are not owned, directly or indirectly through subsidiaries, by the parent. The amount due to the Minority interest is included in Schedule "C" forming part of the Consolidated Balance Sheet.
- viii) The Subsidiary Companies, Joint Venture Company and Associates Companies considered in the Consolidated Financial Statement are as follows:

SR.NO.	NAME OF THE COMPANY	STATUS	% OF HOLDING	COUNTRY OF INCORPORATION
a	Chembond Ashland Water Technologies Limited	Subsidiary	54.99%	INDIA
b	Protochem Industries Pvt.Ltd	Subsidiary	100.00%	INDIA
c	Henkel Chembond Surface Technologies Limited	Joint Venture	48.99%	INDIA
d	CCL Building Systems Ltd.	Associate	47.00%	INDIA
e	Chembond Enzyme Company Ltd.	Associate	49.00%	INDIA

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 Fixed Assets and as a going concern.

B. FIXED ASSETS

Fixed Assets in respect of the parent Company are stated at their revalued figures less accumulated Depreciation. The Company capitalises all costs relating to acquisitions and installation of fixed assets.

Fixed Assets in respect of the subsidiary companies & Joint Venture are stated at cost.

C. EXPENDITURE DURING CONSTRUCTION

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 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 on fixed assets in case of parent Company is provided on the straight line method at the rates and in the manner specified in schedule XIV of the Companies Act 1956, as amended to date. During the year ended 31st March 1991, the Company had changed its method of providing depreciation on fixed assets as on 1st July 1980 from the written down value method to the straight line method.

Depreciation in the case of subsidiary company Chembond Ashland Water Technologies Ltd. (CAWTL), is provided on written down value method at the rates specified in Schedule XIV of the companies Act, 1956.

Depreciation on fixed assets in case of subsidiary company Protochem Industries Pvt Ltd (PIPL) & Joint Venture Company Henkel Chembond Surface Technologies Ltd.(HCSTL) is provided on the straight line method at the rates and in the manner specified in schedule XIV of the Companies Act 1956, as amended to date.

No depreciation is provided on land.

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 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 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 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

Investments are stated at the cost of acquisition.

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.

N. TAXATION

Advance payments of Income Tax including TDS, where assetment 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. CUSTOMS 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.
3. Previous years figures have been regrouped, reallocated, or reclassified wherever necessary, to conform to this year's classification.
4. Closing Stock has been taken, valued and certified by the Management.
5.
 - (i) On the basis of a Revaluation Report obtained from an Approved Chartered Engineer, the parent company, CCL had revalued all the fixed assets existing as on 31st March 1994. The fixed assets had accordingly been written-up by creating a Revaluation Reserve of ₹ 9,153.00 Thousand and the value of the fixed assets is stated in the balance sheet at the revalued figure.
 - (ii) Depreciation on fixed assets is consistently being provided on the straight line method on the revalued figure for all the assets acquired upto 31st March 1994 and additional depreciation due to revaluation aggregating ₹ 189.27 Thousand has been transferred from revaluation reserve to the Profit & Loss Account during the year under consideration.
6. In the opinion of the Board, Current Assets and Loans & Advances are approximately of the value stated, if realised in the ordinary course of business. Provisions for all known liabilities are made and the same are adequate and not in excess of the amount reasonably necessary.
7. Contingent Liabilities not provided for are in respect of :-

	2009-2010 ₹ in '000	2008-2009 ₹ in '000
a Sales Tax matter under appeal	926	1,092
b Outstanding LC,Bank Guarantees,bill discounting by Bankers.	34,832	46,195
c Income Tax Matter (Departmental Appeal)	1,155	1,020
d Corporate Guarantees given by CCL on behalf of CAWTL to Bank of India.	60,000	60,000
e Balance payment for Capital Commitment	1,028	46,187
f Claims against the company not acknowledged as debt.	960	NIL

8. Debtors includes debts due from companies under the same management as defined under section 370 (1 – B) of the Companies Act 1956 : -
 - a) Joint Venture Company ₹ 55324.45 Thousand (₹ 37,545.12 Thousand)
 - b) Associates Companies Rs.2773.31 Thousand (₹ 3,437.19Thousand).
9.
 - a) Sundry Creditors includes amounts aggregating to ₹ 88,213.99 Thousand (₹ Nil)being due to Joint Venture Companies.
 - b) Sundry Creditors and Unsecured Loans includes amounts aggregating to ₹ 6,155.41 Thousand (₹ 516.51 Thousand) and ₹ 31,177.83 Thousand (₹ 8,612Thousand) respectively being due to directors, their relatives and firms and companies in which Directors are interested.
 - c) Unsecured Loans includes amounts aggregating to ₹ 5,303.38 Thousand (₹ 6,050 Thousand) due to Associates.

10. The Companies obligation towards the Gratuity Fund is a Defined Benefit Plan. Details of Actuarial Valuation as on 31.3.2010.

Particulars	₹ in '000	₹ in '000
	2009-2010	2008-2009
Projected Benefit Obligation as on 1st April, 2009	17,627.30	17889.80
Service Cost	2,103.17	1949.02
Interest Cost	2,282.70	1419.83
Actuarial Losses/(Gains)	(1,138.02)	2856.78
Benefits paid	(255.31)	(723.10)
Projected Benefit Obligation as on 31st March, 2010	28,990.42	23392.40
Change in Plan Assets		
Fair value of plan assets as on 1st April, 2009	5,492.97	6873.83
Expected Returns on Plan assets	1,102.48	663.82
Employer's contribution	3,751.81	1492.63
Benefits paid	(255.31)	(723.10)
Actuarial Gain/(Loss)	202.74	(6.51)
Fair value of plan assets as on 1st April, 2010	15,479.76	8300.67
Cost of Defined Benefit Plan for the year		
Current Service Cost	2,311.19	1949.02
Interest on Obligation	2,074.70	1419.83
Expected Return on Plan Assets	(1,102.48)	(663.82)
Net Actuarial Losses/(Gains) recognized in the year	(1,340.76)	2863.29
Net Cost recognized in the Profit and Loss Account	1,942.64	5568.32
Assumptions		
Discount Rate	7.75%	7.75%
Future Salary Increase (%)	4%	4%
Withdrawal rates	1%	1%

11. Auditors' Remuneration consists of :-

	2009-2010	2008-2009
	₹ in'000	₹ in'000
Statutory Audit Fees	354.56	258.35
Tax Audit Fees	103.59	99.75
Taxation	170.00	35.82
Others	19.10	-
	647.25	393.92

12. Tolling & Reimbursement of Expenses represents
Recovery of cost incurred by the company towards
Manufacturing products for the
Joint Venture Company
Henkel Chembond Surface Technologies Ltd
- | | |
|------------------|------------------|
| 2009-10 | 2008-09 |
| ₹ In '000 | ₹ In '000 |
| 706.11 | - |

13. As per the Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has recorded Deferred Taxes in respect of the following:

₹ in '000

Particulars	Balance as at 31.03.2009	Addition during the year	Balance as at 31.03.2010
Deperication	23,196.68	4,863.80	28,060.48
Gratuity	(2,865.56)	(1,008.35)	(3,873.91)
Leave Encashment	(1,546.85)	965.45	(581.40)
Provision for Doubtful Debts	-	(389.01)	(389.01)
MAT	(4,150.00)	2,748.66	(1,401.34)
Service Tax on Royalty	-	(636.93)	(636.93)
Net Deferred Tax Liability	14,634.27	6,543.62	21,177.89

14. **Segment Reporting**

Based on expert opinion 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 Accountant of India is not applicable.

15. **INFORMATION ON JOINT VENTURES :**

Henkel Chembond Surface Technologies Ltd. (on the basis of un-audited Financial Statements)

- i) Jointly Controlled Entity – Henkel Chembond Surface Technologies Ltd.

Country of Incorporation : India
Percentage of ownership interest 49%

ii) Interest in the assets, liabilities, income, and expenses with respect to jointly controlled entity.	As at 31.03.2010 ₹ '000 Unaudited	As at 31.03.2009 ₹ '000 Unaudited
A. Assets :		
i. Fixed Asset(Net Block)	46,533.79	24,359.52
ii. Capital Work in Progress	14,776.94	8,349.83
iii. Investments	709.65	659.00
iv. Current Assets Loans & Advances		
Inventories	26,251.35	22,445.25
Sundry Debtors	158,355.15	103,962.55
Cash & Bank Balances	13,080.99	9,204.25
Loans and Advances	5,520.76	7,173.64
B. Liabilities :		
i. Deferred Tax Liability	1,309.90	1,555.29
ii. Current Liabilities	104,666.19	60,616.46
iii. Provision	3,667.11	788.73
C. Income :	526,024.91	344,979.29
D. Expenses	423,553.66	305,854.72
E. Tax	30721.61	20,385.14

16. **Related Party Disclosures**

Related party disclosures as required under Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below:-

- a) Relationship:

i) Joint Venture.

Henkel Chembond Surface Technologies Ltd., Ashland International Holdings Inc., Henkel KGaA.

ii) Key Management Personnel, Associates and their relatives.

Key Management Personnel

Dr. Vinod D. Shah, Mr. Sameer V. Shah, Mr. Nirmal V. Shah, Mr. Bhadresh D. Shah.



Relatives

Mrs. Padma V.Shah, Mrs. Mamta N.Shah, Mrs. Alpana Shah, Mrs.Jyoti N. Mehta.

Entities over Which Key management personnel are able to exercise influence

CCL Optoelectronics Pvt. Ltd., Finor Piplaj Chemicals Ltd., S and N Ventures Ltd., Bentec Organoclays Pvt. Ltd., Ashland Casting Solutions Inc.

lii) Associates.

CCL Building Systems Ltd., Chembond Enzyme Company Ltd.

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

₹.in '000

Particulars	Joint Venture [a (i)]		Key Management Personnel and their relatives [a (ii)]		Associatesa [a (iii)]	
	31st March		31st March		31st March	
	2010	2009	2010	2009	2010	2009
Sales	-	-	40,479.59	-	1,984.55	6,123.30
Purchases	13,034.01	-	1,00,886.41	25336.00	-	5,068.53
Reimbursement of Expenses	706.11	-	1,673.84	-	-	319.91
Rent Income	275.40	275.40	72.00	-	48.00	-
Interest Expense	-	-	3,056.06	1,341.59	719.85	766.71
Rental Expenses	452.88	452.88	250.00	600.00	-	-
Directors Remuneration	-	-	13,175.99	8,238.60	-	-
Director Sitting Fees	-	-	5.10	579.80	-	-
Salaries	-	-	1,258.00	1,117.12	-	-
WTC / PTC / Enzyme Compensation	1,822.98	-	2,003.89	-	1,177.64	1,394.05
Royalty	20,866.17	17,856.57	1,688.78	667.05	-	-
Consideration for Transfer of Bunsiness	-	-	5,100.00	-	-	-
Balances at the end of the year						
a. Loans taken	-	-	12,717.05	8,612.00	5,303.38	6,050.00
b. Sundry Debtors	57,582.59	37,545.12	10,556.60	-	2,773.31	3,437.19
c. Sundry Creditors	2,498.64	-	23,574.83	516.51	1,271.46	1,077.80

17. Earnings Per Share

	2009-10	2008-09
Net Profit available to Equity Share Holders (₹ In '000)	123,939.73	78,567.22
Total Number of Equity Shares Fully Paid up	6,360,412	3,000,000
Basic & Diluted Earnings Per Share (Rs.)	19.49*	12.41*

* Adjusted for issue of bonus share in March 2010 in the ratio of 1:1

As per our attached report of even date.

For **M/S KASTURY & TALATI**

Chartered Accountants

Dhiren P. Talati

Partner

Membership No F/41867

Navi Mumbai

31st July, 2010

For and on behalf of the Board of Directors

Dr. Vinod D. Shah - Executive Chairman

Sameer V. Shah - Vice Chairman & Managing Director

Nirmal V. Shah - Joint Managing Director

Perviz H. Dastur - Director

Mahendra K. Ghelani - Director

Dipti D. Samant - Company Secretary

Navi Mumbai

31st July, 2010

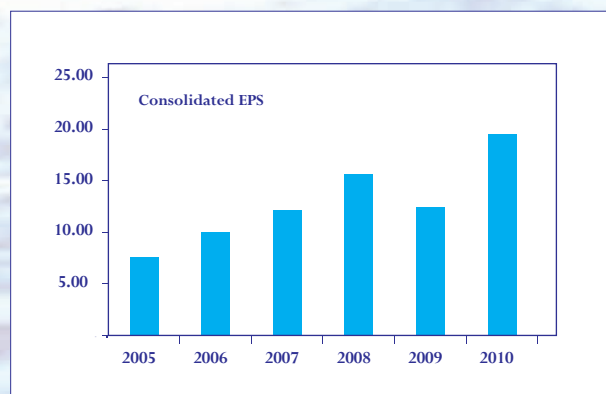
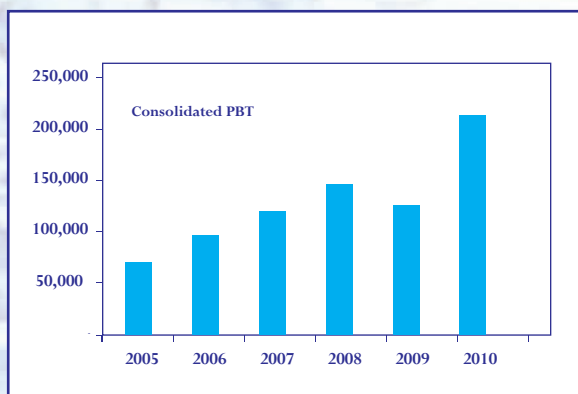
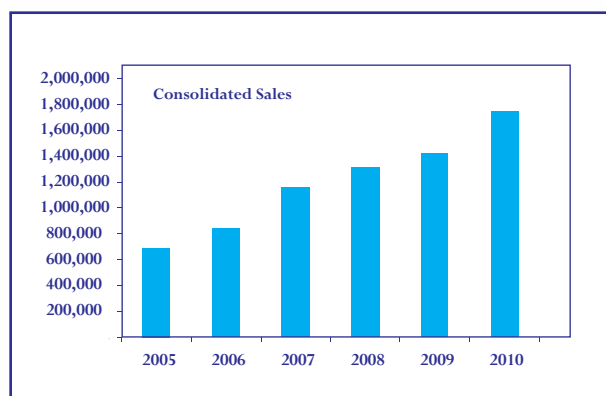
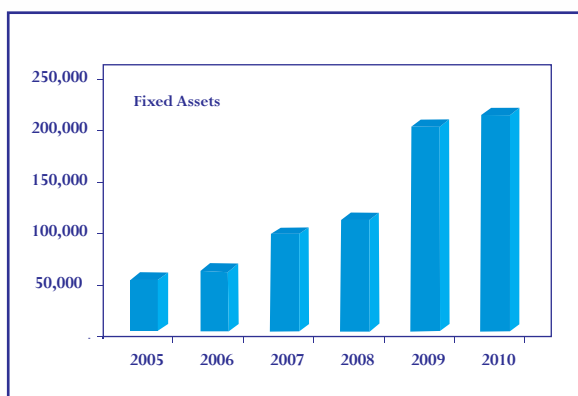
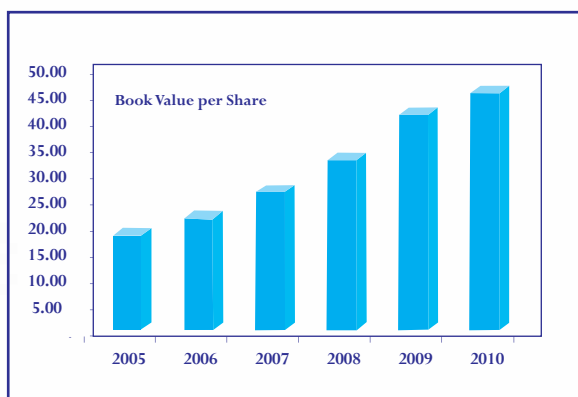
10 Years Financial Performance

(₹ '000)
Except Ratios & percentages

Highlights	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Operating Result										
Sales(Net)	1,144,158	1,109,176	955,198	742,145	530,315	420,190	329,130	292,945	252,150	213,698
Other Income	31,507	27,897	26,697	28,288	18,919	12,241	11,828	9,848	21,277	995
Interest (Net) (Finance Charges)	23,829	14,658	7,477	3,849	3,844	4,178	5,041	7,923	7,656	5,708
Depreciation	11,143	8,698	5,835	4,039	3,061	2,578	2,241	2,075	1,890	1,766
PAT	51,731	48,028	50,439	45,304	30,636	19,199	15,957	8,262	24,296	10,845
PBT	64,736	55,477	64,057	58,095	41,420	25,393	20,505	12,797	31,312	14,845
Dividend on Equity Shares	11,130	10500	10,500	9,750	9,750	8,100	7,200	6,300	5,400	4,500
Financial Position										
Equity Share Capital	63,604	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Reserves (Less Revaluation Reserve & Misc exp)	2,236,764	216,268	164,499	127,170	97,743	78,225	68,110	60,115	58,640	45,258
Borrowings	206,256	195,448	79,681	60,564	49,107	47,212	30,716	55,390	67,364	48,393
Net Block (Asset)	208,841	197,399	107,280	91,918	56,410	49,603	46,740	46,845	46,176	39,833
Ratios										
Return on Average Network % (RONW) (PAT divided by Average Networkth)	19.39%	21.79%	28.69%	31.80%	25.97%	18.61%	16.96%	9.24%	29.65%	15.01%
Return on Average Capital Employed % (ROCE) (PBIT divided by Average Fund Employed Excluding Def tax liab)	18.61%	21.53%	28.25%	30.25%	25.98%	34.85%	17.08%	13.36%	24.14%	15.86%
Gross Gearing % (Debt as a percentage of Debt plus Equity)	41.27%	43.45%	28.38%	26.98%	26.72%	29.05%	22.54%	36.13%	41.04%	36.62%
Current Ratio (Current Assets divided by Current Liabilities)	1.69	1.70	1.59	1.56	1.92	2.08	1.95	2.38	2.40	2.25
Asset Turnover Ratio (Net Sales divided by Total Assets)	1.48	1.49	1.85	1.71	1.68	1.60	1.47	1.29	1.04	1.07
Earning Per Share	8.13*	16.01	16.81	13.61	10.21	6.40	5.32	2.75	8.09	3.61
Dividend Per Share	1.75	3.50	3.50	3.25	3.25	2.70	2.40	2.10	1.80	1.50
Net Worth	287,368	246,268	194,499	157,170	127,743	108,225	98,110	90,115	88,640	75,258

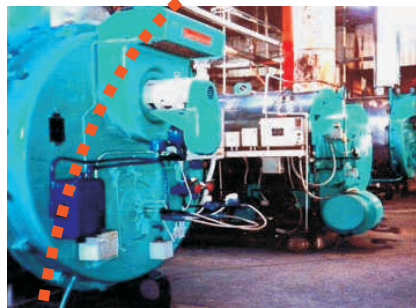
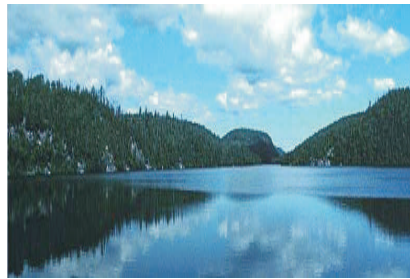
* Adjusted for issue of bonus share in March, 2010 in the ratio of 1:1.

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK



for the year ended on March 31st 2010
all numbers in ₹ '000 except book value and EPS
restated, where necessary to reflect the 1:1 bonus issue in 2010

Chembond Water Treatment Solutions: from source to effluent and reuse



Raw Water Sources

Lake, River, Well, Sea

Water Pretreatment

Clarification

Media Filtration

Membrane Ultra Filtration

RO Desalination

Water Applications

Drinking, Domestic

Manufacturing / Process

Boilers – steam generation

Cooling towers – heat removal

Chilling, Air-conditioning

Waste Water

Treatment for discharge

Treatment for reuse