



## Chembond Chemicals Limited

30<sup>th</sup> May, 2017

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

Ref: **Company Scrip Code No. 530871**

Sub: **Notice of 42<sup>nd</sup> Annual General Meeting of Chembond Chemicals Limited and Dividend payment date**

Dear Sir/Madam,

Further to our letter dated 24<sup>th</sup> May, 2017, we wish to inform you that payment of dividend, if approved at the ensuing AGM to be held on Saturday, 24<sup>th</sup> June, 2017, will be made on or after 28<sup>th</sup> June, 2017 to the shareholders whose names appear in the register of members as at the close of business hours on 14<sup>th</sup> June, 2017 after giving effect to valid transfers lodged and to the beneficial owners of shares as on 14<sup>th</sup> June, 2017 as per details furnished by NSDL and CDSL for the purpose.

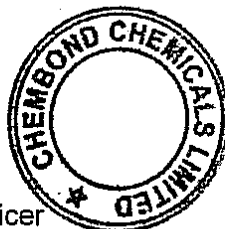
Please find attached the Notice of 42<sup>nd</sup> Annual General Meeting (42<sup>nd</sup> AGM) of our Company to be held on Saturday, 24<sup>th</sup> June, 2017. The Annual Report of the Company for the year 2016-17 will be submitted to you after the same is approved and adopted in the 42<sup>nd</sup> AGM of the Company in terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Kindly take the same on your record.

Thanking You,  
Yours faithfully,  
**For Chembond Chemicals Limited**

**Jay Mistry**  
Company Secretary & Compliance Officer

**Encl: As above**



## Notice

**NOTICE** is hereby given that the Forty Second Annual General Meeting of the members of Chembond Chemicals Limited (CIN: L24100MH1975PLC018235) will be held at EL-37, MIDC Mahape, Navi Mumbai 400 710 on Saturday, 24<sup>th</sup> June, 2017, at 11.30 A.M. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) of the Company for the year ended 31<sup>st</sup> March, 2017 and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Perviz H. Dastur (DIN: 00961016), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ashwin R. Nagarwadia (DIN: 00466681), who retires by rotation and, being eligible, offers himself for re-appointment.
5. **To appoint Statutory Auditors in place of retiring auditors**

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

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, as amended from time to time ("The Act"), M/s. B. D. Jokhakar & Co., Chartered Accountants (Firm Registration No.104345W), who have offered themselves for appointment and have confirmed their eligibility to be appointed as Statutory Auditors in terms of Section 141 of the Act and rules framed thereunder, be and are hereby appointed as Statutory Auditors of the Company in place of M/s. Kasturi & Talati, Chartered Accountants, the retiring Auditors, for a term of five years, to hold office from the conclusion of the 42<sup>nd</sup> Annual General Meeting of the Company till the conclusion of the 47<sup>th</sup> Annual General Meeting to be held in 2022 (subject to ratification of their appointment by the members at every intervening Annual General Meeting), at such remuneration plus service tax and expenses as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be considered

necessary, proper or expedient in order to give effect to the above resolution."

### SPECIAL BUSINESS

#### 6. **To Approve Payment of Commission to Non-Executive Directors**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 197 and all the other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory amendment and/or re-enactment thereof), and subject to such necessary approval(s), consent(s) or permission(s), as may be required, the consent of the Company be and is hereby accorded to pay to its Directors (other than Managing / Whole-time Directors) for a period of five financial years commencing from April 1, 2018, such commission in addition to or in lieu of sitting fees as may be determined by the Board/ Committee of Directors from time to time (to be divided amongst them in such proportion/ manner as may be determined by the Board/ Committee of Directors from time to time). Such commission not exceeding the ceiling as prescribed under the Companies Act, 2013;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, proper or expedient in order to give effect to the above resolution."

#### 7. **To Approve Related Party Transactions**

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

**"RESOLVED THAT** pursuant to Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder including any statutory modification(s) or re-enactment thereof for the time being in force (the "Act"), approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company for Related Party Transactions, Contracts or Arrangements, including Material Related Party Transactions, Contracts or Arrangements, entered into and/or to be entered into, as defined under the Companies Act, 2013 and the Listing Regulations, of

such a quantum and on such terms and conditions as the Board may deem fit from time to time in the interest of the Company and as per the details provided in the explanatory statement of the resolution annexed to the notice, for the year 2016 and 2017 and beyond for each year;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to determine the actual sums involved in the transactions with the related parties and terms & conditions related thereto and all other matters arising out of or incidental to the transactions and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effect to this resolution."

**8. To ratify payment of remuneration to the Cost Auditors**

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

**"RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), as amended from time to time (the "Act"), the remuneration plus service tax and actual out-of-pocket expenses payable to the Cost Auditors - Mr. R. S. Raghavan, Cost Accountant, Pune, (Firm Registration No. 100098), appointed by the Board of Directors of the Company on the recommendation of the Audit Committee, to conduct the audit of the cost records of the Company for the financial year 2016-17 as set out in the Explanatory Statement annexed to the Notice convening this Meeting be and is hereby ratified and confirmed."

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

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

Navi Mumbai  
24<sup>th</sup> May, 2017

**REGISTERED OFFICE:**

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

**NOTES:**

- 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.**
- A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- A proxy form duly completed and stamped, must reach the registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting. Proxies submitted on behalf of companies, societies, partnership firms, etc. must be supported by appropriate resolution/ authority, as applicable, issued on behalf of the nominating organisation.
- Members are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting.
- The register of members and the share transfer books of the Company will remain closed from Thursday, 15<sup>th</sup> June, 2017 to Saturday, 24<sup>th</sup> June, 2017 (both days inclusive) in connection with the Annual General Meeting.
- The Directors have recommended a dividend of Rs.1.65/- per equity share, which on approval by the members at the Annual General Meeting scheduled on Saturday 24<sup>th</sup> June, 2017, will be paid on or after 28<sup>th</sup> June, 2017 to the members whose names appear in the Company's Register of Members in case of Physical Shares, as at the close of business hours on 14<sup>th</sup> June, 2017 after giving effect to valid transfers lodged and in respect of Shares held in Dematerialized form in the depository system, to the beneficial owners of shares as on 14<sup>th</sup> June, 2017 as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for the purpose.
- Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository

Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company/Registrar and Share Transfer Agent of the Company – TSR Darashaw Limited.

8. As per Section 124 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules, 2016'), the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred Rs. 29,813.00/- being the unpaid and unclaimed dividend amount pertaining to final dividend declared on 22<sup>nd</sup> August, 2009 to the IEPF.

In terms of the above provisions, 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. The details of remaining unpaid or unclaimed dividend for the subsequent years as of 31<sup>st</sup> March, 2017 are as under:

Date of Declaration	Amount (Rs.)	Due Date
18/09/2010	40,346.25	17/10/2017
10/09/2011	45,943.55	09/10/2018
08/09/2012	62,026.70	07/10/2019
10/08/2013	99,949.50	09/09/2020
09/08/2014	134,505.00	08/09/2021
08/08/2015	104,811.00	07/09/2022
05/11/2015 (Interim Dividend)	187,488.00	04/12/2022
10/03/2016 (Interim Dividend)	114,096.00	09/04/2023

Note: No final dividend was declared for the financial year ended 31<sup>st</sup> March, 2016

9. The Ministry of Corporate Affairs ('MCA') had notified the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 w.e.f. 7<sup>th</sup> September, 2016 ('IEPF Rules 2016') (including amendments thereafter). Amongst other things, the Rules provides for the manner of transfer of the unpaid and unclaimed dividends to the IEPF and the manner of transfer of shares in case any dividend has not been encashed by the shareholders on such shares during the last seven years to the designated Suspense Account as prescribed by the IEPF Authority.

In terms of the requirement under the IEPF Rules, 2016, the Company has sent reminders to those members

having unpaid/unclaimed dividends before transfer of such dividend(s) to IEPF. Details of the unpaid/unclaimed dividend are also uploaded as per the requirements, on the Company's website [www.chembondindia.com](http://www.chembondindia.com). Members, who have not encashed their dividend pertaining to dividend for the year 2009-10 are advised to write to the Company immediately claiming dividends declared by the Company.

In the event the shareholders do not claim any unclaimed/unpaid dividends for the past seven years, the Company will be required to transfer the respective shares to the IEPF Suspense Account by the due date prescribed as per the IEPF Rules, 2016 or such other extended date as may be notified. The Company also published notice in the leading newspaper in English and regional language having wide circulation on 3<sup>rd</sup> December, 2016 to such shareholders.

Further, the MCA had notified the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 on 28<sup>th</sup> February, 2017 ('IEPF Rules 2017'), substituting, amongst other things, Rule 6 of IEPF Rules, 2016 and providing that where the period of seven years provided under the sub section (5) of Section 124 of the Companies Act, 2013 has been completed during the period from 7<sup>th</sup> September, 2016 to 31<sup>st</sup> May, 2017 (instead of 6<sup>th</sup> December, 2016), the due date of transfer of such shares shall be 31<sup>st</sup> May, 2017. Accordingly, the Company has provided time till 31<sup>st</sup> May, 2017 to all the shareholders who have not claimed any unclaimed/unpaid dividends for the last seven years and to whom the Company had given intimation earlier in the manner prescribed under Rule 6 of the IEPF Rules, 2016; and to all other shareholders who have not encashed any unpaid/unclaimed dividends and where the period of seven years has been completed or being completed during the period from 7<sup>th</sup> September, 2016 to 31<sup>st</sup> May, 2017. In case of non receipt of valid claim, the respective shares needs to be credited to the designated DEMAT Account of the Authority. Members who have not encashed their dividend warrants are advised to write to the Registrar & Transfer Agent (RTA) of the Company, M/s. TSR Darashaw Limited (TSRDL) for claiming unclaimed dividends.

10. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name or e-mail address or contact numbers etc. to their Depository Participant (DP). Changes intimated to the

DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, TSR Darashaw Limited (TSRDL) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to TSRDL.

11. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or TSRDL for assistance in this regard.
12. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or TSRDL, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
13. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
14. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with TSRDL / Depositories.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form may submit their PAN details to the Company.
16. Electronic copy of the Notice of the 42<sup>nd</sup> Annual General Meeting of the Company indicating, inter alia, the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 42<sup>nd</sup> Annual General Meeting of the Company indicating, inter alia, the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

17. Members may also note that the Notice of the 42<sup>nd</sup> Annual General Meeting and the Annual Report for the financial year 2016-17 will also be available on the Company's website [www.chembondindia.com](http://www.chembondindia.com) for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Navi Mumbai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by permitted mode free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: [investor.grievance@chembondindia.com](mailto:investor.grievance@chembondindia.com) or [cs@chembondindia.com](mailto:cs@chembondindia.com).

#### 18. E-voting

Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) entered into with the Stock Exchange, the Company is pleased to provide the facility to members to exercise their right to vote by electronic means. The e-voting period will commence at 9.00 a.m. on 21<sup>st</sup> June, 2017 and will end at 5.00 p.m. on 23<sup>rd</sup> June, 2017. The Company has appointed Mr. Virendra Bhatt, Practicing Company Secretary, (ICSI Membership No. ACS - 1157, CP No - 124) to act as Scrutinizer, for conducting the scrutiny of the votes cast. The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

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

The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make not later than three working days from the conclusion of the meeting a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, forthwith to the Chairman.

The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.chembondindia.com](http://www.chembondindia.com) and on the website of CDSL and communicated to the Stock exchange where the shares of the Company are listed within two days of passing the resolutions at the meeting.

The instructions for members for voting electronically are as under:

The voting period begins at 9.00 a.m. on 21<sup>st</sup> June, 2017 and will end at 5.00 p.m. on 23<sup>rd</sup> June, 2017. During this period members of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. 17<sup>th</sup> June, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 17<sup>th</sup> June, 2017. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of electronic voting (remote e-voting), as well as voting at the meeting. The members who have not cast vote through remote e-voting shall be entitled to vote at the meeting.

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

#### In case of members receiving e-mail:

- i. Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
  - ii. Click on "Shareholders" tab.
  - iii. Now, select the "Chembond Chemicals Limited" from the drop down menu and click on "SUBMIT."
- Now Enter your User ID
- a) For CDSL: 16 (sixteen) digits beneficiary ID,
  - b) For NSDL: 8 (eight) Character DP ID followed by 8 (eight) Digits Client ID,
  - c) Members holding share in Physical Form should enter Folio Number registered with the Company.
- iv. Next enter the Image Verification as displayed and click on Login.

- v. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- vi. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 (ten) digit alpha-numeric PAN issued by Income Tax Department.</p> <p>Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first 2 (two) letters of their name and sequence no. in the PAN field.</p> <p>In case the sequence No. is less than 8 (eight) digits, enter the applicable number of 0's (Zeros') before the number after the first 2 (two) characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar and folio no. is 1 then enter RA00000001 in the PAN field.</p>
Date of Birth or Date of Incorporation or Bank Account Number	<p>Enter the Date of Birth as recorded in your demat account or in the Company's records for the said demat account in dd/mm/yyyy format or enter folio no.</p> <p>OR</p> <p>Enter the Bank Account Number as recorded in your demat account or in the Company's records for the said demat account or folio no.</p> <p>Please enter any one of the details in order to login. In case both the details are not recorded with the Depository or the Company, please enter the number of shares held by you as on cut-off date in the Bank Account Number field.</p>

- vii. After entering these details appropriately, click on "SUBMIT" tab.
- viii. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote,

provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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

issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

#### In case of members receiving the physical copy:

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

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

19. **Poll at the meeting:** After the agenda item has been discussed, the Chairman may order a poll in respect of all of the business items. The poll will be conducted and supervised by Scrutinizers appointed for the purpose.
20. As per the provisions of the SEBI Listing Regulations, particulars of Directors who are proposed to be re-appointed are provided hereinbelow.
21. Details of Directors seeking appointment/re-appointment in the Annual General Meeting (AGM) scheduled on Saturday, 24<sup>th</sup> June, 2017, pursuant to provisions of SEBI Listing Regulations are as under:

Name	Mr. Perviz Dastur	Mr. Ashwin Nagarwadia
Birth Date	31.01.1937	20.09.1937
Date of Appointment / Re-Appointment	30.07.2016 (Original date of appointment 04/09/1997)	30.07.2016 (Original date of appointment 10/05/1994)
Expertise in Specific Functional area	Accounting	Engineering
Qualification	B.Com., MBA, ACA	B.E. Mechanical
Board Membership of other Public Limited companies as on 31 <sup>st</sup> March, 2017	1*	4**
Chairman/Member of the Committee of the Board of Directors of the Company as on 31 <sup>st</sup> March, 2017	As follows	As follows
(a) Audit Committee	1	1
(b) Stakeholders' Relationship Committee	-	1
(c) Other Committees	2	4
Number of Shares held in the Company as on 31 <sup>st</sup> March, 2017	3,14,120	10,81,264

\* Other Directorships: Finor Piplaj Chemicals Ltd.

\*\* Other Directorships: Finor Piplaj Chemicals Ltd., Hitech Plast Ltd., Clear Mipak Packaging Solutions Ltd, Hitech Insurance Broking Services Limited

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102(2) OF THE COMPANIES ACT, 2013

### ITEM NO. 5

The present Statutory Auditors of the Company M/s. Kasturi & Talati, Chartered Accountants were last re-appointed by the Members at their Forty First Annual General Meeting held on 30<sup>th</sup> July, 2016 to hold the Office from the conclusion of the Forty First Annual General Meeting till the conclusion of the Forty Second Annual General Meeting. As per the provisions of Section 139(2) of the Companies Act, 2013 ("the Act") and Rules made thereunder, no listed company shall appoint an audit firm as auditors for more than two terms of five consecutive years. The Act also provided for additional transition period of three years from the commencement of the Act i.e. 1st April, 2014.

M/s. Kasturi & Talati have been the Auditors of the Company since inception and have completed period of ten years and will also be completing the additional transition period of three years at the conclusion of the forthcoming Forty Second Annual General Meeting.

Accordingly, the term of the present Auditors, M/s. Kasturi & Talati shall expire at the conclusion of the forthcoming Annual General Meeting. The Audit Committee and the Board of Directors have placed on record their appreciation for the professional services rendered by M/s. Kasturi & Talati during their association with the Company as its auditors. For the purpose of appointment of new Auditors, the Audit Committee along with the Management invited proposals from the reputed firms of Chartered Accountants and had detailed discussion with representatives of those firms. The Committee considered various parameters such as reputation of the firm, knowledge and experience of the partners, understanding of business of the Company, technical assessment of the Audit skills and the Audit fees and based on these detailed analysis, recommended to the Board M/s. B. D. Jokhakar & Co., Chartered Accountants, Firm Membership No. 104345W, Mumbai as the Company's new Statutory Auditors in place of M/s. Kasturi & Talati. The Board of Directors based on the recommendation of the Audit Committee recommends the appointment of the M/s. B. D. Jokhakar & Co., Chartered Accountants, Membership No. 104345W, Mumbai as the Statutory Auditors of the Company to the Members for their approval.

If approved by the Members, the appointment of M/s. B. D. Jokhakar & Co., Chartered Accountants as a Statutory Auditor will be for a period of five years commencing from the conclusion of Forty Second Annual General Meeting till the conclusion of the Forty Seventh Annual General Meeting to be held in the year 2022 (subject to ratification of the

appointment by Members at every Annual General Meeting held after this Annual General Meeting).

M/s. B. D. Jokhakar & Co., Chartered Accountants have given their consent and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act and that they are not disqualified to be appointed as statutory auditor in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

The Board of Directors recommends the Resolution at Item No. 5 of the Notice for your approval.

None of the Directors, Key Managerial Personnel and other relatives are concerned or interested in the Resolution at Item No. 5 of the Notice.

### ITEM NO. 6

The provisions of Section 197 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Section 149(9) of the Companies Act, 2013 and Regulation 17(6)(a) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, provides that all fees/compensation (except sitting fees within the limits prescribed under the Companies Act, 2013 for payment of sitting fees without approval of the Central Government), if any paid to Non-Executive Directors, including Independent Directors, shall require prior approval of shareholders in general meeting.

The shareholders of the Company in the 38<sup>th</sup> Annual General Meeting had approved the payment of commission the pay to its Directors (other than Managing / Whole-time Directors) for a period of five financial years commencing from April 1, 2013. The approval shall be valid till March, 31, 2018. Therefore a fresh approval is sought from the shareholders for payment of commission to the Non-Executive Directors of the Company for a period of five years commencing from 1st April 2018.

The Directors recommend the Resolution at Item No. 6 of the accompanying Notice for the approval of the Members of the Company as a Special Resolution.

All the Non-Executive Directors of the Company are deemed interested in the Resolution set out at Item No. 6 of the accompanying Notice since it relates to their respective remuneration.

Other than the Non-Executive Directors none of other Directors, Key Managerial Personnel and other relatives are concerned or interested in the Resolution at Item No. 6 of the Notice.



**ITEM NO. 7**

The Company in the ordinary course of its business enters into transactions with Chembons Solenis Water Technologies Limited (CSWTL) and other group Companies, which are 'Related Party(ies)' of the Company within the meaning of Section 2(76) of the Act and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

Pursuant to the provisions of Section 188 of the Act, read with the Companies (Meetings of Board and its Powers) Rules, 2014, related party transactions beyond the prescribed threshold limit require approval of the members by a resolution. However, if the proposed transactions with the related parties are at arm's length and in its ordinary course of business, the said approval of the members is not required.

Further, in terms of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations'), transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the listed entity. All material related party transactions shall require the approval of Members of the Company through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

Transactions for purchase, transfer or receipt of products, goods, materials, services, other obligations with CSWTL are deemed to be 'material' in nature as defined in the Listing Regulations as they exceed 10% of the annual consolidated turnover of the Company.

Consent of the members was earlier obtained pursuant to Clause 49(VII) of the Listing Agreement with Stock Exchange and Section 188 of the Companies Act, 2013 by Postal Ballot the result whereof were declared on 19th March, 2015, inter-alia, for Related Party Transactions between the Company and CSWTL for various amounts mentioned in the explanatory statement to the Postal Ballot Notice dated 23rd January, 2015 for the financial year 2014-15 and beyond and the approval was also obtained for related party transactions (RPT) with other group Companies.

Accordingly, based on the transaction(s) entered into and/or future business projections of the Company, it is proposed to obtain approval of the shareholders by way of an ordinary resolution pursuant to Regulation 23 of the Listing Regulations read with Section 188 of the Companies Act, 2013 and Rules made thereunder (including any statutory amendments / re-enactments thereof).

The particulars of the contracts / arrangements / transactions are as under:

- a) Name of the Related Party: Chembond Solenis Water Technologies Limited (CSWTL)
- b) Name of Director(s) or Key Managerial Personnel who is related: Sameer V. Shah, Nirmal V. Shah, Mahendra K. Ghelani (All are Directors in CSWTL and Sameer V. Shah, Nirmal V. Shah are shareholders also.)
- c) Nature of Relationship: CSWTL, previously a subsidiary of the Company, has become wholly owned subsidiary of the Company in the month of April, 2017
- d) Nature of the Contracts / arrangements / transactions and particulars of material transactions with CSWTL and estimated monetary value of such RPTs/maximum amount allowed through this approval:
  - Sale of Good: Rs. 7000 Lac
  - Purchase of Goods: Rs. 100 Lac
  - Reimbursement of Expenses: Rs. 700 Lac
  - Rent Income: Rs. 5.00 Lac
  - Compensation Expenses: Rs. 150 Lac
- e) Material terms of the contracts/arrangements/ transactions: As per the agreements and arrangements in place
- f) Monetary Value: The value of transactions entered into with CSWTL was Rs. 45.62 crores for the Financial Year 2015-16 and Rs. 47.56 crores for the Financial Year 2016-17. The value of transactions with CSWTL for the Financial Year 2017-18 and thereafter may exceed ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company for the respective Financial years based on the subsisting contracts/ arrangements/ transactions entered into or to be entered into.
- g) Are the transactions in the ordinary course of business and on arm's length basis: Yes
- h) Whether the transaction have been approved by the Audit Committee: Yes
- i) Any other information relevant or important for the members to make a decision on the proposed transactions: None

The annual value of the transactions proposed is estimated on the basis of the Company's previous / current transactions and future business projections. The Board is of the opinion that the transactions with CSWTL and those with other group Companies are in the interests of the Company.

Prior approval of the Audit Committee has been obtained in this regard. The Board of Directors accordingly recommends

the passing of the proposed Ordinary Resolution as contained in the Notice, by Members of the Company in terms of Regulation 23 of the Listing Regulations read with Section 188 of the Companies Act, 2013 and all the other applicable rules made thereunder.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, except as mentioned above.

#### ITEM NO. 8

Pursuant to Section 148 of the Companies Act, 2013 and rules framed thereunder, the Company is required to have the audit of its cost records conducted by a Cost Accountant in Practice. Mr. R. S. Raghavan, Cost Accountant, Pune, was appointed as the Cost Auditor of the Company to conduct audit of cost records maintained by the Company for the Financial Year 2016-17. Mr. R. S. Raghavan has furnished a certificate regarding his eligibility for such appointment. He has a vast experience in the field of cost audit. Ratification of members is sought for payment of remuneration of ₹72,600/- plus service tax and actual out-of-pocket expenses for the financial 2016-17.

In terms of Rule 14 of the Companies (Audit and Auditors)

Rules, 2014, the remuneration approved by the Board is subject to subsequent ratification by members of the Company. Hence, the Board recommends the Resolution at Item No. 8 of the accompanying Notice for ratification by the Members.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the said Resolution.

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

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

Navi Mumbai  
24<sup>th</sup> May, 2017

#### REGISTERED OFFICE:

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

## ROUTE MAP

