



NOTICE OF POSTAL BALLOT
(Notice pursuant to Section 110 of the Companies Act, 2013)

Dear Members,

NOTICE is hereby given to the members of CHEMBOND CHEMICALS LIMITED pursuant to Section 110 and other applicable provisions of the Companies Act, 2013, read together with Rule 22 of the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) that the Resolutions appended below are proposed to be passed by way of a Postal Ballot as Ordinary / Special Resolutions as may be specified for each resolution given below. A Statement under Section 102 of the Companies Act, 2013, pertaining to the said Resolution(s), setting out material facts & the reasons thereof is annexed hereto along with a Postal Ballot Form for your consideration.

Members' assent is requested for the proposal(s) contained in the Resolutions appended below.

The Board of Directors of the Company in their meeting dated 23rd January, 2015 have appointed Mr. Virendra Bhatt, Practicing Company Secretary, as Scrutinizer for conducting the postal ballot (Physical & E-voting) process in a fair and transparent manner in accordance with the provisions of Companies Act, 2013 and Rule 22 of the Companies (Management and Administration) Rules, 2014.

The Scrutinizer will submit the report to the Chairman of the Company, after completion of the scrutiny of the Postal Ballot (Physical & E-voting). The results of the voting by Postal Ballot (Physical & E-voting) will be announced by any one of the Directors of the Company or the Company Secretary of the Company on or before Thursday, 19th March, 2015 at the Registered Office of the Company. The results of the Postal Ballot shall be posted on the Company's website viz. www.chembondindia.com and on CDSL's website viz. www.cdslindia.com besides communicating to the Stock Exchange(s) where the shares of the Company are listed.

The Ordinary Resolution shall be declared as passed if the number of votes cast in favour of the resolution exceed the votes cast against the resolution. The Special Resolution shall be declared as passed if the number of votes cast in favour of the resolution is not less than three times the number of votes cast against the resolution. The date of the declaration of results of Postal Ballot shall be considered to be the date of passing the resolutions for the purpose of compliance, in terms of the provisions of the Companies Act, 2013.

1. To Approve Related Party Transactions.

To consider and if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution** through Postal Ballot:

"RESOLVED THAT pursuant to clause 49(VII) of the Listing Agreement 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 to enter into Related Party Transactions, Contracts or Arrangements, including Material Related Party Transactions, Contracts or Arrangements, existing or future, as defined under the Companies Act, 2013 and the Listing Agreement, 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 financial year 2014-15 and beyond for each financial year."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to determine the actual sums to be 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."

2. To Increase the Borrowing Limits of the Company.

To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution** through Postal Ballot:

"RESOLVED THAT in supersession to the earlier resolution no. 8 passed by the members of the Company in their Thirtieth Annual General Meeting held on 12th August, 2005 and pursuant to the provisions of Section 180(1)(c) 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"), the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company, (hereinafter referred to as the "Board" which term shall include any committee constituted by the Board) to borrow, any sum or sums of money from time to time, with or without security and upon terms & conditions as the Board may think fit, in any manner, and without prejudice to the generality thereof, by way of loans, advances, credits in the form of either fund-based or non fund-based facility or otherwise in any other form for the Company's business purpose in Indian Rupees or any other foreign currency from any bank or banks or any financial institutions, public financial institutions, the Central Government or State Government(s), body corporate, firm, other person or persons, and the money to be borrowed together with the money, if any, already borrowed by the Company, (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid up capital of the Company and its free reserves, i.e. reserve not set apart for any specific purpose, provided, however, that the total amount so borrowed by the Board and outstanding at any time shall not exceed Rs. 300 Crore (Rupees Three Hundred Crore only) or equivalent amount in foreign currency, exclusive of interest and other charges thereon."

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be necessary or delegate the powers in respect thereof as permissible under applicable provisions in force of the Companies Act, 2013 and to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

3. To Approve Creation of Charges and Sale, Lease or Otherwise Disposal of Assets.

To consider and if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution** through Postal Ballot:

“RESOLVED THAT in supersession to the earlier resolution no. 9 passed by the members of the Company in their Thirtieth Annual General Meeting held on 12th August, 2005 and pursuant to the provisions of Section 180(1)(a) 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 (the “Act”), consent of members of the Company be and is hereby accorded to the Board of Directors of the Company, (hereinafter referred to as the “Board” which term shall include any committee constituted by the Board) to create mortgage, charge, hypothecation, lien and other encumbrances, as the Board may deem fit, on the assets of the Company, both present and future, for securing the sum or sums of moneys aggregating to Rs. 300 Crore (Rupees Three Hundred Crore only) borrowed or that may be borrowed by the Company from Banks, Financial Institutions, Public Financial Institutions and others including interests, costs, charges, expenses and other money as may be payable in this regard, if any, and to sell, lease, mortgage or otherwise dispose of the whole or substantially the whole of the undertaking of the Company, as may be decided by the Board from time to time.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be necessary or delegate the powers in respect thereof as permissible under applicable provisions in force of the Companies Act, 2013, for creating the aforesaid mortgage, charge and or hypothecation and other encumbrances, if any, by the Company and to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

4. To Authorize the Board of Directors to give Loans, Provide Guarantees / Securities and make Investments on behalf of the Company.

To consider and if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution** through Postal Ballot:

“RESOLVED THAT pursuant to Section 186 of the Companies Act, 2013 and any other applicable provisions 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”) and subject to such other approvals, consents, sanctions and permissions as may be necessary, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company from time to time, to give any loan(s) / advance(s) / deposit(s) to any person or body corporate and to make investments in or acquire, by way of subscription, purchase or otherwise, shares, debentures and/or other securities of any other body corporate and to give, on behalf of the Company, any guarantee and/or provide any security in connection with any loan or loans made by any other person(s) or body corporate(s) to any other person(s) / company(ies) / body corporate(s) which shall be subject to aggregate limit of Rs. 300 Crore (Rupees Three Hundred Crore only) and which may be, individually or in aggregate, in excess of limits prescribed in the Act i.e. over and above Sixty per cent. (60%) of the Company’s paid up share capital, free reserves and security premium account or One Hundred per cent. (100%) of the Company’s free reserves and security premium amount, whichever is higher.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take, from time to time, all decisions and steps necessary, expedient or proper, in respect of the above mentioned transactions including the timing, the amount and other terms and conditions of such transactions and also to take all other decisions including varying any of them, through transfer, sale, recall, renewal, divestment or otherwise, either in part or in full, as it/they may, in its/their absolute discretion, deem appropriate, subject to the specified limits for effecting the aforesaid transaction and also to do all such acts, deeds and other things as may be required or considered necessary or incidental thereto for giving effect to this resolution.”

5. To Ratify Payment of Remuneration to the Cost Auditors.

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

“RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 (the ‘Act’) 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 Company hereby ratifies the remuneration of Rs. 60,000 (Rupees Sixty Thousand only) plus service tax and actual out-of-pocket expenses payable to R. S. Raghavan, Cost Accountant, Pune, who has been appointed as Cost Auditor of the Company to conduct the audit of cost records maintained by the Company for the Financial Year 2014-15.”

By the Order of the Board
For Chembond Chemicals Limited

(Sameer V. Shah)
Managing Director
DIN - 105721

Place : Navi Mumbai
Date : 23rd January, 2015

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

NOTES:

1. Pursuant to the provisions of Section 110 and all other applicable provisions, if any, of the act and clause 35B of the Listing Agreement, assent/dissent of the members in respect of the Resolution(s) contained in the Notice dated 23rd January, 2015 is being taken through Postal ballot.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out the material facts is appended to the Notice.
3. The Board of Directors at its meeting held on 23rd January, 2015 appointed Mr. Virendra Bhatt, Practising Company Secretary, Mumbai, as the Scrutinizer to receive and scrutinize the Postal Ballot papers from the Members and for conducting the Postal Ballot in a fair and transparent manner. The Postal Ballot Form and the self addressed envelope are enclosed for the use of the members.
4. The Postal Ballot Notice is being sent to the members / beneficiaries, whose names appear in the Register of Members / Record of Depositories as on Friday 30th January, 2015 and voting rights shall be reckoned on the paid up value of shares registered in the name of the member as on the same date. Postal Ballot Notice is being sent electronically to all the members whose e-mail IDs are registered with the Company / Depository Participants(s). In respect of others, these documents are being sent by permitted mode.

In case a Member is desirous of obtaining Postal Ballot in printed form or a duplicate one, the Member may write to the RTA / Company or send an e-mail to cs@chembondindia.com by mentioning their Folio /DP ID and Client ID No. or send / submit the same by post at the address of Registrar & Share Transfer Agent of the Company, TSR Darashaw Ltd., 6-10, Haji Moosa Patrawala Industrial Estate, 20 Dr. E. Moses Road, Mahalaxmi, Mumbai, 400011.
5. Kindly note that the Members can opt for only one mode of voting i.e. either by post or e-voting. If the Members opt for e-voting, then they should not vote by post and vice versa. However, in case Members cast their vote both by post and e-voting, then voting done through evoting shall prevail and voting done by post will be treated as invalid.
6. All documents referred to in this Postal Ballot Notice and Explanatory Statement setting out material facts and other statutory registers are open for inspection by the Members at the Registered Office of the Company between 2.00 p.m. and 4.00 p.m. on all working days except Saturdays, Sundays and national holidays, from the date hereof up to 13th March, 2015.
7. Members are requested to carefully read the notes printed herein and instructions printed on the backside of the Form, before exercising their vote.
8. Members who intend to cast their vote by post should return the Form duly completed in the attached Envelope so as to reach the Scrutinizer on or before 13th March, 2015.
9. The Scrutinizer will submit his report to the Chairman of the Company after completion of the scrutiny and the results of Postal Ballot will be announced on or before 19th March, 2015 at the Registered Office of the Company. The results of the Postal Ballot will be hosted on the Company's website for information of the Members, besides being communicated to the stock exchanges on which the shares of the Company are listed.
10. The date of declaration of the results of Postal Ballot shall be considered to be the date of passing of the Resolutions for the purpose of compliance, in terms of the provisions of the Companies Act, 2013.
11. The Scrutinizer's decision on the validity of the Postal Ballot shall be final.
12. The instructions for members for voting electronically are as under:-
 - A. The instructions for shareholders voting electronically are as under:**
 - (i) The voting period begins on Thursday, 12th February, 2015 from 9.00 a.m. (IST) and ends on Friday, 13th March, 2015 at 05.00 p.m. (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 30th January, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
 - (iii) Click on "Shareholders" tab to cast your votes.
 - (iv) After that Now Enter your User ID
 - a) For CDSL: 16 digits beneficiary ID,
 - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (v) Next enter the Image Verification as displayed and Click on Login.

If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

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

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of your Client Id/ folio no in the PAN field. <p>In case the folio no is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. If the correct information is not registered with the Depositories / Company, please do not enter any value in this field.</p>
Dividend Bank Details #	<p>Kindly state your folio no (8 digits) / DP ID & Client ID (16 digits) in this field as mentioned in instruction (iv).</p> <p>Please enter Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter no. of shares held by you in this field.</p>

* This is mandatory field to be entered.

Please enter the DOB or Dividend bank details in order to login.

(vii) After entering these details appropriately, click on "SUBMIT" tab.

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

(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>150204003 of the CHEMBOND CHEMICALS LIMITED..

(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.

(xvi) 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 same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvii) Note for Institutional Shareholders

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

B. In case of members receiving the physical copy:-

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

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

**Explanatory Statement
(pursuant to Section 102 of the Companies Act, 2013)**

Item No. 1:

The Securities and Exchange Board of India (SEBI) vide its Circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014 has amended Clause 49 (VII) of the Equity Listing Agreement with effect from October 1, 2014. Under the said amendment, all Related Party Transactions shall require prior approval of the Audit Committee and all material Related Party Transactions shall require approval of the shareholders by a Special Resolution. The said amendment further provides definition of the term 'Material' as follows:-

"A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the consolidated annual turnover as per the last audited financial statements of the company."

Henkel Chembond Surface Technologies Limited ("HCSTL") and Chembond Solenis Water Technologies Limited ("CSWTL") are related to the Company in terms of Clause 49 (VII)(B) of the Listing Agreement. As a part of its regular business and existing agreements, the Company has transactions with group companies including transactions with HCSTL and CSWTL. After the amendments to clause 49 came into force, the Audit Committee reviewed the transactions with related parties based on transactions taken place in previous financial year & future plans of the Company & gave an omnibus approval for related party transactions in line with provisions of Clause 49 for the Financial Year 2014-15 in its meeting dated November 8, 2014. It also reviewed and approved the transactions with HCSTL and CSWTL in the same meeting based on the financials for 2013-14 and formed its opinion that in terms of proviso to Clause 49(VII)(C) some of the transactions with HCSTL and CSWTL for financial year 2014-15 may be considered to be material in nature as they are likely to exceed 10% of the consolidated annual turnover as per the last audited financial statements of the Company. Therefore, in terms of the Companies Act, 2013 & Clause 49(VII)(E), members' approval is requested for transactions with the said related parties including material transactions.

The particulars of the contracts / arrangements / transactions for which the approval is requested are set out as under:

1. Henkel Chembond Surface Technologies Limited.

Particulars	Information	
Name of Related Party	Henkel Chembond Surface Technologies Limited ("HCSTL")	
Nature of relationship with HCSTL	Joint Venture Company	
Name of Director(s) or Key Managerial Personnel who is related, if any and nature of relationship	Sameer V. Shah, Nirmal V. Shah, Ashwin R. Nagarwadia (All are directors and shareholders in HCSTL)	
Nature and particulars of Material transactions With HCSTL and Estimated Monetary value of such RPTs / Maximum amount of transaction allowed through this approval	Sale of goods	Rs. 21000 Lac
	Purchase of goods	Rs. 1500 Lac
	Rent income	Rs. 20 Lac
	Service Charges	Rs. 200 Lac
	Rental expenses	Rs. 15 Lac
	Compensation expenses	Rs. 250 Lac
Material terms of the contracts / arrangements / Transactions & particulars of the contract & arrangement	As per the agreements and arrangements in place	
Whether the transactions have been approved by the Audit Committee	Yes	
Any other information relevant or important for the Members to make a decision on the proposed transaction	N.A.	

2. Chembond Solenis Water Technologies Limited

Particulars	Information	
Name of Related Party	Chembond Solenis Water Technologies Limited ("CSWTL")	
Nature of relationship with CSWTL	Subsidiary Company	
Name of Director(s) or Key Managerial Personnel who is related, if any and nature of relationship	Sameer V. Shah, Nirmal V. Shah, Perviz H. Dastur, O. P. Malhotra (All are directors in CSWTL and Sameer V. Shah, Nirmal V. Shah are shareholders.)	
Nature and particulars of Material transactions With CSWTL and Estimated Monetary value of such RPTs / Maximum amount of transaction allowed through this approval	Sale of goods	Rs. 7000 Lac
	Purchase of goods	Rs. 100 Lac
	Reimbursement of expenses	Rs. 700 Lac
	Rent income	Rs. 4.20 Lac
	Compensation expenses	Rs. 150 Lac
Material terms of the contracts / arrangements / Transactions & particulars of the contract & arrangement	As per the agreements and arrangements in place.	
Whether the transactions have been approved by the Audit Committee	Yes.	
Any other information relevant or important for the Members to make a decision on the proposed transaction	N.A.	

The existing agreements with the abovementioned related parties are open for inspection during business hours on working day.

The proposed transactions are necessary and incidental to business and also play a significant role in the Company's business operations and, accordingly, the Board recommends the Special Resolution set forth in Item No. 1 of the Notice for the approval of the Members.

Except as stated in above tables, no Director, Key Managerial Personnel or their respective relatives are in any way, concerned or interested, financial or otherwise, in the said resolution.

Item No. 2 & 3 :

In the Thirtieth Annual General Meeting of the Company held on 12th August, 2005, members of the Company had given their approval by way of special resolutions under Sec. 293(1)(d) and 293(1)(a) of the Companies Act, 1956 ("Old Act") for borrowing money in excess of the aggregate of paid-up capital of the Company & its free reserves upto Rs. 50 Cr. (Rupees Fifty Crore only) as well as for creation of mortgage, charge, hypothecation, lien and other encumbrances on the assets of the Company for securing the loans obtained.

The Central Government had passed the Companies Act, 2013 (the "Act") & also notified certain Sections of the Act to be effective from 12th September 2013 which also include Section 180 (for corresponding Sec. 293 of the Old Act) governing the powers of the Board including powers of borrowing and disposal of undertakings / assets of the Company. Under the provisions of Section 180(1)(c) and 180(1)(a) of the Act, the above powers can be exercised by the Board only with the consent of the Members obtained by way of a Special Resolution. Further, as per clarification dated 25th March, 2014 issued by the Ministry of Corporate Affairs, the resolutions earlier passed under Sec. 293(1)(d) & Sec. 293(1)(a) of the Old Act remained valid for a period of one year from the date of notification of Sec. 180 of the Act, i.e. upto 11th September 2014.

As per provisions of the Sec. 180(1)(a) & 180(1)(c) of the Act with respect to creation of mortgage, charge, hypothecation, lien and other encumbrances, if any, or disposal of assets/undertaking of the Company in any manner by the Company & to borrow money in excess of the aggregate of the paid-up capital of the Company & its free reserves respectively, approval of the shareholders should be obtained by way of Special Resolution.

To be in compliance with the aforesaid provisions of the Act & with expanded business operations & in view of future growth plans of the Company, it is proposed to obtain Members' consent for revising the existing limits of borrowings such that the Company can borrow the sum or sums of moneys upto Rs. 300 Crore (Rupees Three Hundred Crore only) as well as to secure such borrowings by creating charge, mortgage etc. on the assets of the Company up to such approved borrowing amount and for disposal of any of the undertakings / assets of the company as may be decided by the Board from time to time.

Accordingly, the approval of the members, by way of special resolutions, is sought to enable the Board of Directors to borrow moneys and for securing the sum or sums of moneys borrowed to the extent of Rs. 300 Crore (Rupees Three Hundred Crore only) and to dispose of any of the undertakings / assets of the Company as may be decided by the Board from time to time as provided under Sections 180(1)(a) & 180(1)(c) of the Companies Act, 2013.

Your Directors recommend the resolutions as set out in item nos. 2 & 3 to the Notice for approval by members.

Except Directors or Key Managerial Personnel of the Company or their relatives who are / may be directors / shareholders / relatives of such directors in one or more person(s) / body corporate(s), no other director or key managerial personnel of the Company or their relative is, in any way, concerned or interested in the said resolutions.

Item No. 4 :

Pursuant to Section 186 of the Companies Act, 2013 and other applicable provisions of the Companies Act 2013, a Company can make loans to, give guarantee or provide securities in connection with loan to any person or body corporate and make investments in the securities of any body corporate to the extent of 60% of its paid up share capital and free reserves and security premium account or 100% of its free reserves and security premium account, whichever is higher, with the approval of the Board of the Directors. For transactions beyond the aforesaid limits, a prior approval of the shareholders is required by way of a special resolution.

The Company is constantly reviewing opportunities for expansion of its business operations either directly or through its subsidiaries / joint ventures / associate companies / other body corporates or persons and would, therefore, be required to provide financial support by way of loan(s) and/or guarantee(s) and/or security(ies) or to make investment in securities of any other body corporates or otherwise, in order to achieve greater financial flexibility and to enable optimal financial structuring to facilitate speedy implementation of various projects & plans.

It is, therefore proposed that the Board of Directors of the Company be authorised to make investments in securities, to grant loan or to give guarantee and/or providing security for an amount not exceeding Rs.300 Crore (Rupees Three Hundred Crore only) from time to time and to decide about the sources of funds for utilization as it may deem appropriate. Since the abovementioned investments, loans, guarantees, securities etc. proposed together with the aggregate of loans made, guarantee given, securities provided and investment made from time to time by the Company may exceed the limits prescribed, approval of the shareholders is required for the same in terms of the provisions of the Act.

The proposal outlined above is in the interest of the Company and Board recommends the special resolution as set out in item no. 4 to the accompanying notice for approval by members.

Except Directors or Key Managerial Personnel of the Company or their relatives who are / may be directors / shareholders / relatives of such directors in one or more person(s) / body corporate(s), no other director or key managerial personnel of the company or their relative is, in any way, concerned or interested in the said resolutions.

Item No. 5 :

Pursuant to Section 148 of the Act, the Company is required to have the audit of its cost records conducted by a Cost Accountant in Practice. On the recommendation of the Audit Committee of Directors, the Board of Directors has approved the appointment of R. S. Raghavan, Cost Accountant, Pune, as the Cost Auditors of the Company to conduct audit of cost records maintained by the Company for the Financial Year 2014-15 at a remuneration of Rs. 60,000 (Rupees Sixty Thousand only) plus service tax and actual out-of-pocket expenses. R. S. Raghavan has furnished a certificate regarding his eligibility for such appointment. He has a vast experience in the field of cost audit and has also conducted the audit of the cost records of the Company for the previous year under the provisions of the Companies Act, 1956.

In terms of Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the aforesaid remuneration is subject to subsequent ratification by members of the Company. Hence, the Board recommends the Resolution at Item No. 5 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, except to the extent of shares held by them in the Company.

By the Order of the Board
For Chembond Chemicals Limited

Place : Navi Mumbai
Date : 23rd January, 2015

(Sameer V. Shah)
Managing Director
DIN - 105721

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

Encl: (i) Postal Ballot Form and
(ii) Self addressed Reply Envelope

