

SE/CS/2021-22/50

21st January, 2022

To,
National Stock Exchange of India Limited
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex, Bandra (W),
Mumbai-400051
Company Scrip Code – CHEMBOND

ISIN: INE995D01025

Sub: Clarification regarding disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 submitted on 12th January, 2022

Dear Sir/Madam,

This has reference to the email received from you on 14th January, 2022 seeking further clarification on the announcement made by the Company under cover of its letter bearing ref. no: SE/CS/2021-22/47 dated 12th January, 2022 representing disclosure under Regulation 30 of the SEBI(LODR)Regulations, 2015.

We would like to clarify that the proposed Scheme of Arrangement by Absorption is with respect to Chembond Polymers and Materials Limited getting absorbed into Chembond Material Technologies Private Limited. Both these companies are wholly owned subsidiaries of Chembond Chemicals Limited (CCL) and the merger shall be made on the basis of the pooling of interest method on a going concern basis and shall not involve the issue of fresh equity shares by the Transferee company. It will not therefore result in any increase in terms of shares held by the holding company in its subsidiary.

1. Name of the entity (ies) forming part of the amalgamation/merger, details in brief such as, size, turnover etc.:

The Scheme of Arrangement ("Scheme") is pursuant to Sections 230 to 232 of the Companies Act, 2013. It provides for the merger of Chembond Polymers and Materials Limited ("CPML or Transferor Company") with Chembond Material Technologies Private Limited ("CMTPL or Transferee Company").

CPML and CMTPL are wholly owned subsidiaries of Chembond Chemicals Limited ("CCL or the Company").

Brief Details of the paid up capital, net worth and turnover of the respective companies are as follows:

(As on 31st March, 2021)(Rs. in lakhs)

Name of the Company	Paid up Capital	Net Worth	Turnover*
Chembond Polymers and Materials Limited (Transferor company)	30.00 (30,00,000 equity shares of Rs.1/- each)	485.48	120.01
Chembond Material Technologies Private Limited(Transferee company).	151.50 (15,15,000 equity shares of Rs. 10/- each)	65.91	5,273.96

*Revenue from operations

Chembond Chemicals Limited

EL-71 Mahape MIDC, Navi Mumbai 400710. INDIA

T: +91 22 62643000 - 03 • F: +91 22 27681294

www.chembondindia.com

CIN: L24100MH1975PLC018235

2. Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length":

The Scheme shall take place between CPML and CMTPL, which are both wholly owned subsidiaries of CCL (Listed Holding Company). The arrangement will tantamount to a Related party transaction between the parties i.e. CPML and CMTPL to the limited extent that there are common Directors in both the subsidiaries and CCL, the Parent/Holding Company, will not be issued fresh shares by the transferee and the arrangement shall not be a related party transaction where the Holding company (CCL) is concerned. Moreover, scheme of Arrangement would be in terms of provisions of the Companies Act 2013 and would be effective pursuant to order of the Tribunal.

3. Area of business of the entity (ies):

Chembond Polymers and Materials Limited is a public limited company engaged *inter alia*, in the manufacture of bio-based polymers and advanced materials. The equity shares of CPML are not listed on any Stock Exchange and the entire share capital is held by Chembond Chemicals Limited, the Holding Company.

Chembond Material Technologies Private Limited is a private limited company and offers end to end solutions to the Chemical industry in the field of Adhesives, Metal treatment chemicals, Industrial paints, High performance coatings and Maintenance, Repair and Overhaul (MRO). The equity shares of CMTPL are not listed on any Stock Exchange and the entire share capital is held by Chembond Chemicals Limited, the Holding Company.

4. Rationale for amalgamation/merger:

The proposal envisages transfer of all the assets and liabilities of the Transferor as on 1st April, 2021. The proposal does not envisage any issue of fresh share capital by the Transferee to the Holding/Parent Company and the transfer shall be based on the "pooling of interest" concept on a going concern basis with the Surplus of Assets over Liabilities of the Transferor Company upon completion of the Scheme of Arrangement being credited in the Books of the Transferee Company as an "Amalgamation Reserve".

It is anticipated that the Scheme of Arrangement would provide following benefits:

- a) It will facilitate consolidation of Undertakings in terms of which the Transferee (CMTPL) shall be able to leverage on the combined capabilities of both entities in manufacturing finished products.
- b) It will also result in focused unified control and optimization of resources with the economic benefits percolating down to every area of the consolidated entity.
- c) The Transferee Company will have a better leveraging capability due to its enlarged net worth base.
- d) *Ceteris Paribus*, the arrangement shall give rise to improved profitability and increased business capability, thus improving the combined Entity's ability to effectively exploit the growing market potential and enhanced business prospects.
- e) The amalgamation will provide for more productive and optimum utilization of various resources through pooling of Research & Development, technical and financial resources which will accelerate the growth of the Transferee company thereby resulting in larger economic value at the consolidated level of CCL, the Parent Company.
- f) The amalgamation/ merger will result in simplification of the corporate structure of the Chembond Group leading to reduction in duplication/multiplicity of administrative, legal and regulatory compliances culminating into accrual of scale economies due to larger base of operations.

Chembond Chemicals Limited

EL-71 Mahape MIDC, Navi Mumbai 400710. INDIA

T: +91 22 62643000 - 03 • F: +91 22 27681294

www.chembondindia.com

CIN: L24100MH1975PLC018235

g) The proposed Arrangement will yield to enhanced value for shareholders, creditors, lenders and various other stakeholders and allow a focused strategy and specialization for sustained growth, which would be in the best interest of all the stakeholders and the persons connected with both the Companies.

h) The arrangement shall also benefit employees of both the Companies given that the employees of the Transferor shall automatically be transferred to the rolls of the Transferee and there shall be no apprehension over displacement of Employees.

i) The arrangement shall not in any way lead to disruption in activities of either entity and the Transferor company's operations shall be seamlessly integrated into that of the Transferee after compliance with the due process of law.

5. In case of cash consideration - amount or otherwise share entitlement/exchange ratio:

The Scheme contemplates only the transfer of all the assets and liabilities of the Transferor (CPML) into the Transferee Company (CMTPL) on the basis of a going concern at their carrying costs as per the Books of Account of the Transferor under the pooling of interest method in line with the applicable Accounting standards. There would be no fresh issue of shares and hence no exchange ratio shall apply.

6. Brief details of change in shareholding pattern (if any) of listed entity:

The Merger shall take place between CPML and CMTPL, both wholly owned subsidiaries of CCL. There would be no change in the shareholding of the Parent/Holding company in its subsidiary company.

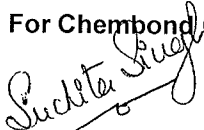
We trust the above clarifies the position.

We would request you to please take the above on record.

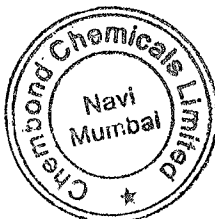
Thanking You

Yours faithfully,

For Chembond Chemicals Limited


Suchita Singh

Company Secretary & Compliance Officer



Cc:

BSE Limited

Phiroze Jeejeebhoy Towers

Dalal Street, Fort,

Mumbai-400001

Scrip Code – 530871

Chembond Chemicals Limited

EL-71 Mahape MIDC, Navi Mumbai 400710. INDIA

T: +91 22 62643000 - 03 • F: +91 22 27681294

www.chembondindia.com

CIN: L24100MH1975PLC018235