



## **PUNJAB CHEMICALS AND CROP PROTECTION LIMITED**

CIN: L24231CH1975PLC003603

Registered Office: SCO 183, First Floor, Sector 26, Chandigarh-160019

Tel No-0172-5008300, Fax-0172-2790160

e-mail: [www.info@punjabchemicals.com](mailto:www.info@punjabchemicals.com), website: [www.punjabchemicals.com](http://www.punjabchemicals.com)

### **POSTAL BALLOT NOTICE**

*[Pursuant to Section 110 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014]*

Notice is hereby given pursuant to Section 110 and other applicable provisions of the Companies Act, 2013 (the "Act"), read with the Companies (Management and Administration) Rules, 2014, including any statutory modification(s) or reenactment (s) thereof, for the time being in force, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and all other applicable laws and regulations, that the resolution in relation to the following special businesses is proposed to be passed by the Members through Postal Ballot/ electronic voting (Remote e-voting):

- A) Shifting of Registered Office of the Company from Chandigarh, Union Territory, to State of Punjab.
- B) Divestment of shareholding in STS Chemicals (UK) Limited, a Wholly Owned Subsidiary of the Company including Sintesis Quimica, S.A.I.C, Argentina its step-down subsidiary.

The explanatory statement pertaining to the said resolutions setting out the material facts concerning each item and the reasons thereof, as required in terms of Section 102 of the Act, is annexed hereto along with a postal ballot form (the "Form") for your consideration.

The Board of Directors, at its meeting held on 25<sup>th</sup> April, 2017, has appointed Shri S K Sharma, of M/s SK Sharma & Associates, Practicing Company Secretary, Chandigarh, as the Scrutinizer for conducting the postal ballot and e-voting process in a fair and transparent manner.

Members desiring to exercise their vote by postal ballot are requested to carefully read the instructions printed on the Form, record your assent (for) or dissent (against) therein and return the same in original duly completed and signed in the attached self-addressed, postage pre-paid envelope (if posted in India) so as to reach the Scrutinizer not later than the close of working hours i.e. 5:00 p.m. on 2<sup>nd</sup> June, 2017.

In compliance with the regulation 44 of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 executed with the stock exchanges and pursuant to the provisions of Section 108 of the Act read with the Companies (Management and Administration) Rules, 2014, the Company has also extended e-voting facility as an alternate, for its Members to enable them to cast their votes electronically instead of dispatching the postal ballot form(s). Members desiring to opt for e-voting as per facilities arranged by the Company are requested to read the notes to this Notice and instructions on the overleaf of the Form.

Upon completion of the scrutiny of the Forms and e-voting, the Scrutinizer will submit his report to the Chairman or the Managing Director or any person authorized by the Board.

The result of the Postal ballot shall be announced by a Director or the Company Secretary or any person authorized by the Managing Director of the Company on 5<sup>th</sup> June, 2017 at 3.00 p.m at the Registered Office of the Company.

The said result would be displayed at the Registered Office of the Company, intimated to BSE Limited and National Stock Exchange of India Limited, where the Company's shares are listed, published in the newspapers and displayed on the Company's website viz. [www.punjabchemicals.com](http://www.punjabchemicals.com) and the website of Central Depository of Securities Limited viz. <https://www.evotingindia.com>, along with the Scrutinizer's report.

In the event, the proposed resolutions are assented to by a requisite majority of the members by means of Postal Ballot, it shall be deemed to have been passed on the last date specified for receipt of duly completed postal ballot forms or e-voting.



**Item No.1: Shifting of Registered Office of the Company from Chandigarh, Union Territory to State of Punjab.**

To consider and if thought fit, to pass the following Resolution as a **Special Resolution** by means of postal ballot and e-voting:

**“RESOLVED THAT** pursuant to the provisions of Section 12, 13 and 110 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Incorporation) Rules, 2014, and subject to the approval of the Regional Director or Central Government and such other approvals, permissions, consents, sanctions of any regulatory or statutory authorities as may be required in this regard, the consent of the Members of the Company be and is hereby accorded to shift the Registered Office of the Company from Chandigarh, Union Territory (i.e. from the jurisdiction of the Registrar of Companies, Punjab and Chandigarh) to State of Punjab in the District of S.A.S. Nagar, Mohali (i.e. to the jurisdiction of Registrar of Companies, Punjab and Chandigarh).

**RESOLVED FURTHER THAT** pursuant to Section 13 of Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 read with rules thereto and subject to confirmation and approval from the Regional Director or the Central Government, the existing Clause II of the Memorandum of Association of the Company be and is hereby substituted and replaced as hereunder:

*‘II. The Registered Office of the Company will be situated in the State of Punjab.’*

**RESOLVED FURTHER THAT** after obtaining necessary and requisite permission / approval of change of Registered Office of the Company from the Regional Director or Central Government or such other authority as may be required, the Registered Office of the Company be shifted from ‘SCO-183, First Floor, Sector 26, Madhya Marg (East), Chandigarh-160019’ to Agro Division manufacturing site at Milestone 18, Ambala Kalka Road, P.O Bhankharpur, Dist. SAS Nagar, Mohali (Punjab)- 140201.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter called the “Board”, which term shall be deemed to include any person (s) authorized and / or Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution) or any officer so authorised by the Board be and are hereby authorised to file applications / petitions, issue notices, advertisements, appoint counsels, appoint practicing Company Secretary,

appoint consultants, obtain order for shifting of the Registered Office, agree to make and accept such conditions, modifications and alterations stipulated by any one of the authorities, statutory or otherwise, while according approval / consent, as may be considered necessary and take such steps and to do such acts, deeds and things as may be necessary, proper, expedient or incidental for the purpose of giving effect to this resolution.”

**Item No.2: Divestment of shareholding in STS Chemicals (UK) Limited, a Wholly Owned Subsidiary of the Company including Sintesis Quimica, S.A.I.C, Argentina, its step-down subsidiary.**

To consider and if thought fit, to pass the following Resolution as a **Special Resolution** by means of postal ballot and e-voting:

**“RESOLVED THAT** pursuant to the applicable provisions of the Companies Act, 2013, and the relevant Rules made thereunder (collectively, the “Act”), Regulation 24 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder (including any statutory modifications, amendments or re-enactments of any of them for the time being in force), the Memorandum and Articles of Association of the Company, requisite approvals from the concerned statutory and regulatory authorities and departments, person or persons, if any and to the extent necessary, and such other approvals, permission and sanctions as may be required, the consent of the Members be and it is hereby accorded to the Board of Directors of the Company (hereinafter called the “Board”, which term shall be deemed to include any person (s) authorized and / or Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution) to transfer or otherwise dispose-off in one or more tranches, either the entire investment (or any part of such investment) held by the Company in STS Chemicals (UK) Limited (“STS”), together with its wholly owned subsidiary company Sintesis Quimica, S.A.I.C, Argentina (“SQ”), being step-down subsidiary of the Company, on ‘as is where is’ basis together with all statutory and other liabilities for a consideration and such terms and conditions, including the effective date, as may be mutually agreed between the Company and the prospective buyer(s) (not being related party) in the best interest of the Company.



**RESOLVED FURTHER THAT** for the purpose of implementation of this resolution, the Board be and it is hereby authorized to do all such acts, deeds, matters and things, including but not limited to deciding and varying the time, mode, manner, extent and tranches of, buyer(s) (not being related party), if required and other terms and conditions of the divestment / sale of the shares of STS as aforesaid, negotiating and finalizing the sale/ offer for sale, executing necessary agreements, deeds, documents, indemnities, contracts, declarations, undertakings, forms, letters and other papers relating to such sale of STS; to make all such filings and applications for the statutory / regulatory and other approvals as may be required in the matter of divestment / sale, to complete the aforesaid transaction; to take incidental and necessary steps for or on behalf of the Company as the Board may in its absolute discretion deem necessary, desirable or expedient to give effect to the aforesaid resolution; to settle all questions or queries that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution; and to delegate any or all of its powers vested on it by this resolution to any of its Committee, or any one or more Directors or other officers or executives or such other persons like advisors, attorneys, advocates or any other appropriate agency or person.

**RESOLVED FURTHER THAT** all acts, deeds, matters and things, either verbal or written or otherwise, already done by the Company and/or any of its Directors and/ or officers and/ or representatives for and in the name of the Company in this regard be and the same are hereby noted, ratified and approved."

By order of the Board  
For **Punjab Chemicals and Crop  
Protection Limited**

Place: Chandigarh  
Date: 25<sup>th</sup> April, 2017

**Punit K Abrol**  
Sr. VP (Finance) & Secretary

**NOTES:**

1. An Explanatory Statement pursuant to Section 102 of the Act, setting out the material facts and reasons for

the proposed special resolution above, is appended herein below along with Form for your consideration.

2. The Notice is being sent to all the Members, whose names appear in the Register of Members/list of Beneficial Owners as received from National Securities Depository Limited ("NSDL") /Central Depository Services (India) Limited ("CDSL") as on Friday, the 21<sup>st</sup> April 2017. The Postal Ballot Notice is being sent to Members in electronic form to the e-mail addresses registered with their Depository Participants (in case of electronic shareholding)/ the Company's Registrar and Share Transfer Agent (in case of physical shareholding). For Members whose e-mail IDs are not registered, physical copies of the Postal Ballot Notice are being sent by permitted mode along with a postage- prepaid self-addressed Business Reply Envelope.

3. **Voting through Electronic Means:**

In compliance with the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the Companies (Management and Administration) Rules, 2014 and **Regulation 44 of SEBI (LODR) Regulations, 2015**, the Company is pleased to offer e-voting facility as an option to all the Members of the Company. The Company has entered into an agreement with CDSL for facilitating e-voting to enable the Members to cast their votes electronically instead of dispatching Form. E-voting is optional.

The instructions for members for voting electronically are as under:

- a) The voting period begins on 4<sup>th</sup> May, 2017 at 9:00 a.m and ends on 2<sup>nd</sup> June, 2017 at 5:00 p.m. During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e 21<sup>st</sup> April, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- b) The shareholders should log on to e-voting website '[www.evotingindia.com](http://www.evotingindia.com)' during the voting period.
- c) Click on "**Shareholders**" tab.
- d) Enter User ID, captcha and password as per the instructions given below:



<b>User-ID</b>	a) For NSDL:- 8 Characters DP ID Followed By 8 Digits Client ID b) For CDSL:- 16 Digits Beneficiary ID c) Members holding shares in Physical Form should enter Folio Number registered with the company	
<b>Captcha</b>	Next enter the Image Verification as displayed and Click on 'LOGIN'	
<b>Password</b>	(i) If you are holding shares in demat form and had logged on to <a href="http://www.evotingindia.com">www.evotingindia.com</a> and voted on an earlier voting of any company, then your existing password is to be used. (ii) If you are a first time user follow the steps given below:	
	<b>For Members holding shares in Demat Form and Physical Form</b>	
	PAN	<ul style="list-style-type: none"> <li>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</li> <li>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 the sequence number in the PAN Field. <b>The Sequence Number is printed on the Postal Ballot Paper.</b></li> </ul> <p>In case the sequence number 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>
Date of Birth (DOB) or Dividend Bank Details	Please enter the DOB (in dd/mm/yyyy format) or Dividend Bank Details in order to login. If the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.	

- e) After entering these details appropriately, click on "SUBMIT" tab.
- f) 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. Kindly ensure that you note down your password for future reference.
- g) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- h) Select the EVSN of Punjab Chemicals and Crop Protection Limited (the number is provided in the Form).
- i) 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.
- j) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- k) 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.
- l) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- m) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.



- n) 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
- o) Note for Institutional Shareholders:
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to [www.evotingindia.com](http://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.
- p) 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.com](http://www.evotingindia.com) under "HELP" section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
4. In case, a Member is desirous of obtaining a printed Postal Ballot Form (for Members to whom forms sent electronically) or a duplicate, he or she may write either to the Company or to the Registrar and Share Transfer Agent (RTA) i.e Alankit Assignments Limited, Alankit Heights, 1E/13, Jhandewalan Extension, New Delhi- 110 055 or alternatively e-mail such request to [jksingla@alankit.com](mailto:jksingla@alankit.com). The RTA/ Company shall forward the same along with postage- pre-paid self-addressed Business Reply Envelope to the Member.
  5. Once the vote on a resolution is casted by the shareholder by e-voting, the shareholder shall not be allowed to change it subsequently.
  6. 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 i.e. 21<sup>st</sup> April, 2017.
  7. The documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during the office hours between 11:00 a.m and 1:00 p.m on all working days except Saturdays and Sundays and shall also be available at the venue.

## EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

### Item No.1: Shifting of Registered Office of the Company from Chandigarh, Union Territory to State of Punjab.

The Registered Office of the Company is presently situated in Chandigarh at 'SCO-183, First Floor, Sector 26, Madhya Marg (East), Chandigarh-160019'. It is proposed to shift the Registered Office of the Company to State of Punjab in the District of SAS Nagar for ease of administration and to enable the company to handle its business activities more efficiently and run its business more economically, effectively and conveniently. The shifting of the Registered Office as aforesaid would in no way be detrimental to the interest of any member of the public, employees, shareholders and associates of the Company in any manner.

The Board of Directors in their meeting held on 25<sup>th</sup> April,

2017 have approved the shifting of the Registered Office from 'SCO-183, First Floor, Sector 26, Madhya Marg (East), Chandigarh-160019' to 'Agro Division manufacturing site at Milestone 18, Ambala Kalka Road, P.O Bhankharpur, Dist. SAS Nagar, Mohali (Punjab)- 140201'.

Pursuant to the provisions of Section 12, 13 and 110 of the Companies Act, 2013 and the Rules thereunder, shifting of Registered Office of the Company from one State to another and consequent alteration to the Memorandum of Association of the Company requires approval of the Members by way of Special Resolution, which would be subject to the approval of the Regional Director or Central Government. Further, pursuant to the provisions of Section 110 of the Companies Act, 2013 read with Rule 20 and Rule 22 of the Companies (Management and



Administration) Rules, 2014, the Special Resolution of shifting of Registered Office of a listed Company from one state to another is required to be passed by way of Postal Ballot.

Subsequent to the approval of the members, the requisite application will be made to the concerned statutory authorities including *inter-alia* Regional Director / Central Government / Ministry of Corporate Affairs for the permission/approval of the change of the place of the Registered Office.

All documents referred to in the Notice and Explanatory Statement are open for inspection. The copy of the Memorandum of Association and Articles of Association of the Company as on date along with the proposed amendments and the list of creditors will be open for inspection at the present Registered Office of the Company on all working days (Monday to Friday) between 11:00 A.M. to 1:00 P.M. up to Friday, the 2<sup>nd</sup> June, 2017 (i.e. the last date for receiving Postal Ballot forms by Scrutinizer).

Your board of directors recommend passing of resolution set out in Item No. 1 as Special Resolution.

None of the Directors, Key Managerial Personnel of the Company, or their relatives are in any way concerned or interested, financially or otherwise in this resolution, except as Members to the extent of their shareholding in the Company.

**Item No.2: Divestment of shareholding in STS Chemicals (UK) Limited, a Wholly Owned Subsidiary of the Company including Sintesis Quimica, S.A.I.C, Argentina, its step-down subsidiary.**

Sintesis Quimica, S.A.I.C, Argentina ("**SQ**") is a step down subsidiary of the Company. SQ was earlier a subsidiary of SD Agchem (Europe) NV, Belgium ("**SD Agchem**"), which is a wholly owned subsidiary ("**WOS**") of the Company. SQ suffered huge losses in operations since past many years and its inability to pay off its liabilities even after reorganization of its debt under Chapter 11 of the United States' Bankruptcy Code with the concerned court in a term and form established under the Argentinean Law #24422 of Reorganization and Bankruptcy Law.

One buyer(not being a related party) has expressed its interest in acquiring SQ. However, due to legal constraints in Argentina, the prospective buyer cannot purchase SQ directly. As per Argentinean law, the potential buyer had to either register itself in Argentina, which is a complicated process or it can acquire SQ through any other company already registered in Argentina. STS Chemicals (UK) Limited

(" **STS**"), another WOS of the Company is already registered in Argentina.

For this purpose, SD Agchem, which held 97.842% in SQ recently transferred its entire holding (less one share) to STS. Upon such transfer, STS now holds 99.9995% shareholding in SQ, while SD Agchem continues to hold one share.

After thorough deliberation and based on legal advice:

- i) In the first phase, 97.8415% shareholding of SQ held by SD Agchem has been transferred to STS at Euro 1, making STS a 99.9995% shareholder of SQ. In order to comply with Argentinean law of having minimum of two shareholders in a private company, SD Agchem will file a declaration with STS confirming that SD Agchem continues to hold 1 share of SQ, for and on behalf of STS.
- ii) In the second phase, the Company will sell its entire shareholding in STS (which now holds 99.9995% shareholding in SQ) to the prospective buyer, and for that purpose, the Company will enter into suitable agreement for sale containing terms usual and customary to transactions of such nature (including, without limitation, warranties, indemnification, escrow and such other terms mutually agreed between the Company and the prospective buyer). Upon consummation of the proposed transaction, STS will cease to be a WOS of the Company.

The brief about the business profile of STS and SQ is hereunder:

- a) STS is engaged in researching the markets and trends in the agro-chemicals, pharmaceutical and fine chemicals and to create awareness in research and development in modern chemistry for the novel compounds, and promote the registration and sale of various products in European markets. It is a dormant company having no operations at all since many years.
- b) SQ has two manufacturing facilities in the outskirts of Buenos Aires and is engaged in Agrochemicals, Agro Biological, Fungicides, Wood preservatives and formulations of agro chemical business. After acquisition of SQ in 2006, the Company registered a turnover of Rs.168 crores on standalone basis in the financial year 2007-08 as compared to Rs.142 crores in the financial year 2006-07. During the financial year 2008-09, SQ increased its presence in the local and international Biological market and introduced new insecticides in Soyabean cultivation.



However, the increasing profitability trend in the step down subsidiary started dipping from the financial year 2009-10. During part of the financial year 2009-10, due to international crisis, the export of inoculants to US was significantly less. The drought in Argentina reduced the cultivated area of wheat, corn and sunflower, thereby affecting the sales. Further, due to increase in wages and other related expenses, high inflation rate, increase in interest rate up to 30% p.a., devaluation of Argentine Peso against USD and worst draught situation in last 50 years which contributed to lower agro sales and reduction of further margin, SQ could not perform as per the plans. Further, since

February, 2012 onwards, the local government had put serious restrictions on imports and only emergency imports were allowed to be made with the approval of the Government.

In view of losses suffered consecutively over past few years; the cash flows of SQ were adversely affected, and it could not service the debt of its lenders as well as of creditors. Thus, SQ filed a reference for reorganization of its debt under Chapter 11 of the United States' Bankruptcy Code with the concerned court in a term and form established under the Argentinean Law #24422 of Reorganization and Bankruptcy Law effective as of June 1, 2012.

The financial position of SQ for the last few years was as follows:

(Rs. in lacs)

S. No.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
1.	Currency rate (in Peso)	11.06	10.67	7.42	8.722	4.80
2.	Average Currency rate (in Peso)	11.135	10.865	9.045	8.071	6.761
3.	Capital (2,00,000 shares of 10 Peso each)	221.20	213.00	148.00	174.00	96.00
4.	Reserves	(1433.00)	(2342.00)	(2255.00)	(2973.00)	714.00*
5.	Total assets	7552.00	7420.00	5647.00	7897.00	11039.00
6.	Total liabilities	8763.80	9549.00	7754.00	10696.00	10229.00
7.	Turnover	18831.73	4906.00	9225.00	14802.00	16973.00
8.	Profit/ (-loss) before tax	-4249.45	-977.00	-760.57	173.00	-4106.00
9.	Profit/ (-loss) after tax	-4232.64	-977.00	-548.24	112.00	-4106.00

\* Please refer note 4

Notes:

- 1) The balance sheet items are stated at currency rate and revenue items are stated at average currency rates.
- 2) The change in capital has been on account of currency fluctuation, as shown in Sr. No. 1 of the table.
- 3) During the year 2014-15, the profit is on account of positive effects of reorganization of debts under Chapter 11 of US Bankruptcy Code.
- 4) During the year 2015-16, SQ revalued its land and building by Rs.54 crores which along with other reserves has resulted in positive net-worth of SQ. The loss is more due to tax interest & penalties and exchange rate differences of reorganization proceedings.

SQ continued to suffer from non-availability of financial support as well as lack of working capital. Non-availability of credit from suppliers is a big handicap for normal production as material cannot be arranged on time and at reasonable cost. This has resulted into losses in operations and non-achievement of targets. The Company had to resort to working capital finance at a very high cost to sustain the operations and keep the Company afloat. The availability of working capital from the banks and other sources have become restricted.

As per the indication and the existing working, SQ requires a substantial amount of working capital. The best of the available efforts put in by the local management have not been able to get results in absence of the required working capital. Moreover, it



looks difficult to meet the commitment of repayment of debts under the reorganization scheme.

The Company, however, on account of limited availability of funds including working capital, cannot make additional investment in SQ.

Considering all the above developments, the Board of Directors of your Company in their meeting held on 25<sup>th</sup> April, 2017 has approved the proposed transfer of STS and SQ.

Further, Regulation 24(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulation, 2015 provides that no company shall dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in general meeting, except in certain specified cases. SQ being a material subsidiary of the Company, in terms of the Company's Policy on Material Subsidiary, as it contributed 31.55 % of the consolidated revenue of the Company in the last financial year ending on 31<sup>st</sup> March, 2016, it would be required to seek approval of the shareholders of the Company for divesting from SQ completely.

(Rs. in lacs)

Turnover	Company as a whole (Consolidated basis)	SQ	%
2011-12 (18 months)	103,124	18,831	18.26
2012-13 (6 months)	24,533	4906	19.99
2013-14	51,442	9225	17.93
2014-15	56,490	14,802	26.20
2015-16	53,802	16,973	31.55

Further, pursuant to the provisions of Section 110 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Special Resolution for sale of whole or substantially the whole of its undertaking of a company is required to be passed by way of Postal Ballot.

In view of the aforesaid, your Directors recommend the said special resolution for your approval, as they feel the same to be in the interest of the Company.

The documents related to the working of STS and SQ will be open for inspection at the present Registered Office of the Company on all working days (Monday to Friday) between 11:00 A.M. to 1:00 P.M. up to Friday, the 2<sup>nd</sup> June, 2017 (i.e. the last date for receiving Postal Ballot forms by Scrutinizer).

None of the Directors, Key Managerial Personnel of the Company, or their relatives are in any way concerned or interested, financially or otherwise in this resolution, except as Members to the extent of their shareholding in the Company.

By order of the Board  
For Punjab Chemicals and Crop  
Protection Limited

Place: Chandigarh  
Date: 25<sup>th</sup> April, 2017

**Punit K Abrol**  
Sr. VP (Finance) & Secretary