

CCAL
CHEMFAB ALKALIS LIMITED

CAL / SECL / 2016-17

December 9, 2016

The Manager,
Listing Department
National Stock Exchange of India Limited
"Exchange Plaza"
Bandra - Kurla Complex, Bandra (E)
Mumbai - 400 051.

Dear Sir/ Madam,

Sub: Notices of Court Convened Meeting and Postal Ballot and E-Voting - Reg.

Ref: NSE Symbol - CHEMFALKAL

We wish to inform you that, Court Convened Meeting of the Equity Shareholders of the Company is scheduled to be held on **Monday, the 09th January, 2017 at 10.00 A.M.**, at the Registered Office of the Company at 'TEAM House', GST Road, Vandalur, Chennai - 600048, to consider and approve the proposed Scheme of Amalgamation and Arrangement between Chemfab Alkalys Limited ("Transferor Company") and Teamec Chlorates Limited ("Transferee Company") and their respective shareholders and creditors.

We enclose the Notice of above said Court Convened Meeting along with Notice of Postal Ballot and E-Voting along with Explanatory Statements thereto pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including Amendment Rules, 2015) and SEBI Circular bearing No. CIR/CFD/CMD/16/2015 dated November 30, 2015, seeking approval of the Public Equity Shareholders for the proposed Scheme of Amalgamation and Arrangement between Chemfab Alkalys Limited ("Transferor Company") and Teamec Chlorates Limited ("Transferee Company") and their respective shareholders and creditors.

Kindly take the above information on record.

Thanking You,

Yours faithfully,

For **CHEMFAB ALKALIS LIMITED**



G Somasundaram
Company Secretary



Regn. No. OHS 66226 / EMS 71746
An OHSAS 18001 and ISO 14001 Certified Company

CIN No.: L24297TN1983PLC072409

Member - Dr. Rao's Group of Companies

Regd. Off: 'TEAM House', GST Road, Vandalur, Chennai - 600 048, India.

Ph : + 91 44 22750323 / 66799595, Fax: + 91 44 22750771, E-mail: chemfabalkalis@draoholdings.com

Plant: "Gnanananda Place", Kalapet, Puducherry - 605 014, India Ph: +91 413 2655111, Fax: +91 413 2655125, www.chemfabalkalis.com



CIN: L24297TN1983PLC072409

Registered Office: 'TEAM House', GST Road, Vandalur, Chennai – 600048, India

Ph. No.: 044-22750323 / 4; **Fax :** 044-22750860

Email id: chemfabalkalis@draholdings.com

Website: www.chemfabalkalis.com

**COURT CONVENED MEETING OF EQUITY SHAREHOLDERS OF CHEMFAB ALKALIS LIMITED AND
POSTAL BALLOT AND E-VOTING**

Day	:	Monday
Date	:	January 9, 2017
Time	:	10.00 A.M
Venue	:	'TEAM House', GST Road, Vandalur, Chennai – 600048

POSTAL BALLOT AND E-VOTING

Commencing on	9.00 A.M. Sunday, December 11, 2016
Ending on	5.00 P.M. Monday, January 9, 2017

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IN THE HIGH COURT OF MADRAS ORIGINAL JURISDICTION
COMPANY APPLICATION NO. 1072 OF 2016

In the matter of Scheme of Amalgamation and Arrangement under Sections 391 to 394 of the Companies Act, 1956;

AND

In the matter of Chemfab Alkalis Limited (CIN L24297TN1983PLC072409), a company incorporated under the Companies Act, 1956 and having its registered office at TEAM House, GST Road, Vandalur, Chennai – 600048, in the state of Tamil Nadu.

AND

In the matter of Scheme of Amalgamation and Arrangement between Chemfab Alkalis Limited and Teamec Chlorates Limited and their respective shareholders and creditors

Chemfab Alkalis Limited
(CIN L24297TN1983PLC072409), a
company incorporated under the
Companies Act, 1956 and having its
registered office at TEAM House, GST
Road, Vandalur, Chennai – 600048, in
the state of Tamil Nadu.

..... Applicant Transferor Company

**NOTICE CONVENING THE MEETING OF THE EQUITY SHAREHOLDERS OF
CHEMFAB ALKALIS LIMITED**

To,

The Equity Shareholders of Chemfab Alkalis Limited (“the Applicant Company”)

TAKE NOTICE that by an Order made on 24th November, 2016, in the above mentioned Company Summons for Direction (the “Order”), the Hon’ble High Court of Madras at Tamil Nadu has directed that a meeting of the Equity Shareholders of the Applicant Company, be convened and held at the Registered Office of the Company at ‘TEAM House’, GST Road, Vandalur, Chennai – 600048 on Monday, January 9, 2017 at 10.00 A.M to consider, and, if thought fit, to approve with or without modification(s), the proposed Scheme of Amalgamation and Arrangement between Chemfab Alkalis Limited and Teamec Chlorates Limited and their respective shareholders and creditors (“**Scheme**”).

TAKE FURTHER NOTICE that in pursuance of the Order and as directed therein, a meeting of the Equity Shareholders of the Applicant Company, will be held at the Registered Office of the Company at ‘TEAM House’, GST Road, Vandalur, Chennai – 600048 on Monday,

January 9, 2017 at 10.00 A.M (the "Meeting"), at which place, day, date and time you are requested to attend.

The Quorum for the Meeting shall be 620 (Six Hundred and Twenty) Shareholders and 25% in value. In case the Quorum is not in place, the Meeting shall be adjourned by half an hour, and thereafter, the persons present for voting shall be deemed to constitute the Quorum.

TAKE FURTHER NOTICE that you may attend and vote at the Meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you or your authorized representative, is deposited at the Registered Office of the Applicant Company at TEAM House, GST Road, Vandalur, Chennai – 600048 not later than 48 hours before the scheduled time of the Meeting.

The Hon'ble High Court has appointed Justice Mrs.Chitra Venkataraman (Former Judge, High Court of Madras) failing her Mr.M.R.Thiagarajan, Practising Company Secretary to be the Chairman of the Meeting.

A copy of the Scheme, the Explanatory Statement under Section 393 of the Companies Act, 1956, read with Section 102 of the Companies Act, 2013, Form of Proxy and Attendance Slip are enclosed.

Sd/-

Justice Mrs.Chitra Venkataraman
(Former Judge, High Court of Madras)
Chairman appointed for the meeting

Place: Chennai

Date : 24th November, 2016

Notes:

1. All alterations made in the Form of Proxy should be initialed.
2. Only registered Equity Shareholders of the Applicant Company may attend and vote (either in person or by proxy or by Authorized Representative under Sections 112 and 113 of the Companies Act, 2013) at the Equity Shareholders' Meeting. The Authorized Representative of a body corporate which is a registered Equity Shareholder of the Applicant Company may attend and vote at the Equity Shareholders' meeting provided a certified true copy of the resolution of the Board of Directors under Section 113 of the Companies Act, 2013 or other governing body of the body corporate authorizing such representative to attend and vote at the Equity Shareholders' meeting is deposited at the Registered Office of the Applicant Company not later than 48 hours before the meeting.
3. A registered equity shareholder of the Applicant Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Applicant Company. The Form of Proxy duly completed should, however, be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting. A person can act as proxy on behalf of shareholders not exceeding fifty (50) in number and/ or holding in aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by shareholder(s) holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
4. A Member or his Proxy is requested to bring the copy of the notice to the meeting and produce the attendance slip, duly completed and signed, at the entrance of the meeting venue.
5. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID number for easy identification of attendance at the meeting.
6. Members are informed that in case of joint holders attending the meeting only such joint holder whose name stands first in the Register of Members of the Applicant Company/list of beneficial owners as received from National Securities Depository Limited/Central Depository Services (India) Limited in respect of such joint holding will be entitled to vote.
7. The Notice is being sent to all members, whose names appeared in the Register of Members as on Friday, December 2, 2016. This notice of the Court Convened Meeting of members of the Applicant Company is also displayed/posted on the website of the Applicant Company www.chemfabalkalis.com .
8. The material documents referred to in the accompanying Explanatory Statement shall be open for inspection by the Equity Shareholders at the Registered Office of the Applicant Company on all working days between 11:00 a.m. to 1:00 p.m. till the date of meeting.

Encl.: As above



CIN: L24297TN1983PLC072409

Registered Office: TEAM House, GST Road, Vandalur, Chennai – 600048, India

Ph. No.: 044-22750323 / 4; **Fax :** 044-22750860

Email id: chemfabalkalis@draaholdings.com

Website: www.chemfabalkalis.com

NOTICE OF POSTAL BALLOT AND E-VOTING TO THE SHAREHOLDERS OF THE COMPANY

NOTICE PURSUANT TO SECTION 110 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (MANAGEMENT AND ADMINISTRATION) AMENDMENT RULES, 2015, REGULATION 44 AND OTHER APPLICABLE PROVISIONS OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (“SEBI LISTING REGULATIONS”) (INCLUDING ANY STATUTORY MODIFICATION(S) OR RE-ENACTMENT THEREOF FOR THE TIME BEING IN FORCE), AND SEBI CIRCULAR BEARING NO. CIR/CFD/CMD/16/2015 DATED NOVEMBER 30, 2015 ISSUED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA (“SEBI Circular”)

Dear Shareholder,

NOTICE is hereby given to you to consider, and, if thought fit, approve the proposed Scheme of Amalgamation and Arrangement between Chemfab Alkalys Limited and Teamec Chlorates Limited and their respective shareholders and creditors (“the Scheme”). Circular bearing No. CIR/CFD/CMD/16/2015 dated November 30, 2015, issued by SEBI (referred to as “SEBI Circular”) requires the Scheme to be put for voting by Public Shareholders through postal ballot and e-voting and provides that “the Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it.”

The Company hereby seeks the approval of its Public Equity Shareholders to the Scheme by way of Postal Ballot including e-voting pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Amendment Rules, 2015 and the SEBI Circular, subject to the requirements specified in the Observation Letters dated September 2, 2016 (BSE) and September 7, 2016 (NSE) issued by the stock exchanges pursuant to the SEBI Circular and under relevant provisions of applicable laws.

PROPOSED RESOLUTION:

To consider and, if thought fit, to pass the following resolution with requisite majority as per the SEBI Circular:

“RESOLVED THAT pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications, re-enactments or amendments thereof and corresponding provisions of the Companies Act, 2013 and enabling provisions in the Memorandum and Articles of Association of Chemfab Alkalys Limited (“the Company” or “CCAL” or “Amalgamating Company” or “Transferor Company”) and subject to the requisite approval of the Hon’ble High Court of Madras at Chennai, and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the Hon’ble High Court of Madras at Chennai or by any regulatory or other authorities while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the

“Board”, which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), the proposed amalgamation embodied in the Scheme of Amalgamation and Arrangement between Chemfab Alkalies Limited and Teamec Chlorates Limited and their respective shareholders and creditors (“Scheme”) as placed before the Shareholders be and is hereby approved.

RESOLVED FURTHER THAT the Board be and is hereby jointly and severally authorized to do all such acts, deeds, matters and things, as may be considered requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the arrangements embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Hon'ble High Court of Madras while sanctioning the amalgamation embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as may be deemed fit and proper.”

The Audit Committee and the Board of Directors of the Applicant Company at their respective meetings held on May 31, 2016 have approved the Scheme, subject to approval by the requisite majority of the shareholders and creditors of the Applicant Company as may be required, and subject to the sanction of the Hon'ble High Court of Madras at Chennai and of such other authorities as may be necessary.

By Order passed on 24th November, 2016 in Company Application No. 1072 of 2016, the Hon'ble High Court of Madras at Chennai had directed that a meeting of the Equity Shareholders of the Applicant Company (“Court Convened Meeting”) be convened and held at the Registered Office of the Company at ‘TEAM House’, GST Road, Vandalur, Chennai – 600048 on Monday, January 9, 2017 at 10.00 A.M for the purpose of considering and if thought fit approving with or without modification(s), the proposed amalgamation embodied in the Scheme.

In addition to the Court Convened Meeting, the Applicant Company also seeks the approval of its equity shareholders to the Scheme by way of postal ballot and e-voting pursuant to the applicable provisions of the Companies Act, 2013 read with the Companies (Management and Administration) Amendment Rules, 2015 (Including any statutory modification or re-enactment thereof for the time being in force), Regulation 44 and other applicable provisions of the SEBI Listing Regulations, the SEBI Circular and under relevant provisions of the applicable laws.

It is clarified that votes may be cast by shareholders by postal ballot/e-voting and also at the Court Convened Meeting. Exercising their right to vote by postal ballot/e-voting does not disentitle a shareholder from exercising their right to vote at the Court Convened Meeting as provided in the notice of Court Convened Meeting and vice versa. Further, exercise of votes through postal ballot is not permitted through a proxy.

Kindly note that each equity shareholder can opt for only one mode of voting, i.e., either by Postal Ballot Form or e-voting. If you opt for e-voting, then do not vote by Postal Ballot and vice-versa. In case of shareholders exercising their right to vote via both modes, i.e. postal ballot as well as e-voting, then voting done through e-voting shall prevail and postal ballot of that shareholder shall be treated as invalid.

Notes:

1. Explanatory Statement for the proposed Resolution pursuant to Section 102 read with Section 110 of the Companies Act, 2013 along with applicable rules thereunder and provisions of Section 393 of the Companies Act, 1956 setting out material facts forms part of this Notice booklet.

2. The Notice of the Postal Ballot has been sent to the registered address of all the Shareholders whose names appear in the Register of Members / Beneficial Owners as per the details furnished by the Depositories as on Friday, December 2, 2016. The Shareholders who have registered their e-mail IDs for receipt of documents in electronic mode would also be sent the Notice of Postal Ballot by e-mail.
3. Voting rights shall be reckoned on the paid up value of the shares registered in the names of the Shareholders as on Friday, December 2, 2016 i.e. the cut-off date for dispatch of Postal Ballot Notice.
4. Shareholders can also download the Postal Ballot Form from the Company's website : www.chemfabalkalis.com or seek duplicate Postal Ballot Form from Cameo Corporate Services Limited, Subramanian Building, No 1, Club House Road, Chennai, Tamil Nadu, 600002, Registrar & Transfer Agents of the Company.
5. The voting period for postal ballot commences on Sunday, December 11, 2016 at 9.00 A.M and ends on Monday, January 9, 2017 at 5.00 P.M and e-voting period commences on Sunday, December 11, 2016 at 9.00 A.M and ends on Monday, January 9, 2017 at 5.00 P.M.
6. The e-voting module shall also be disabled by 5.00 P.M on Monday, January 9, 2017 for voting thereafter.
7. The Applicant Company has appointed Mr.S.A. Inbavadivu, Advocate in practice as Scrutinizer for conducting the postal ballot/e-voting process in a fair and transparent manner.
8. All the material documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection by the Shareholders at the Registered Office of the Applicant Company at TEAM House, GST Road, Vandalur, Chennai – 600048, Tamil Nadu, during office hours on all working days between 11.00 a.m. and 1.00 p.m. up to the last date for receipt of the postal ballot specified in the accompanying Notice.
9. Shareholders are also requested to carefully read the instructions printed behind the Postal Ballot Form before exercising their vote.

VOTING THROUGH POSTAL BALLOT

The detailed procedure is as under:

1. A Shareholder desiring to exercise vote by Postal Ballot may complete this Postal Ballot Form (no other form or photocopy thereof is permitted) and send it to the Scrutinizer, Unit: Chemfab Alkalis Limited, C/o. Cameo Corporate Services Limited, V Floor, Subramanian Building, No.1, Club House Road, Chennai 600 002, Tamil Nadu, in the enclosed self-addressed postage prepaid envelope affixed with requisite stamp by the Applicant Company. Thus postage has been borne and paid by the Applicant Company. However, envelopes containing Postal Ballot Form(s), if deposited in person or if sent by courier or registered/speed post at the expense of the Shareholder will also be accepted.
2. The Postal Ballot Form should be signed by the Member as per specimen signature registered with the Company. In case, shares are jointly held, this Form should be completed and signed (as per specimen signature registered with the Company) by the first named member and in his/her absence, by the next named member. Holders of Power of Attorney (POA) on behalf of member may vote on the Postal Ballot mentioning the registration no. of the POA or enclosing an attested copy of POA. Unsigned Postal Ballot Form will be rejected.
3. Duly completed Postal Ballot Form should reach the Scrutinizer not later than the close of working hours (5.00 pm) on Monday, January 9, 2017. Postal Ballot Forms received after that date will be strictly treated as

if reply from such member has not been received.

4. The voting rights shall be reckoned on the paid up value of shares registered in the name of the shareholders as on Friday, December 2, 2016 i.e. the cut-off date for dispatch of Postal Ballot Notice.
5. In case of shares held by companies, trusts, societies, etc., the duly completed Postal Ballot Form should be accompanied by a certified copy of the Board Resolution/ Authority and preferably with attested specimen signature(s) of the duly authorized signatory (ies) giving requisite authority to the person voting on the Postal Ballot Form.
6. Members are requested not to send any paper (other than the resolution/authority as mentioned under item Nos. 2 & 5 above) along with the Postal Ballot Form in the enclosed self-addressed postage pre-paid envelope as all such envelopes will be sent to the Scrutinizer and if any extraneous paper is found in such envelope the same would not be considered and would be destroyed by the Scrutinizer.
7. The exercise of vote by Postal Ballot is not permitted through proxy.
8. There will be only one Postal Ballot Form for every Registered Folio/client ID irrespective of the number of Joint Member(s).
9. Shareholder need not use all the votes nor does he need to cast all the votes in the same way.
10. The Scrutinizer's decision on the validity of a Postal Ballot shall be final.
11. A Postal Ballot Form shall be considered invalid if: a) A form other than one issued by the company has been used; (b) It has not been signed by or on behalf of the Member; (c) Signature on the Postal Ballot Form doesn't match the specimen signatures with the company; (d) It is not possible to determine without any doubt the assent or dissent of the Member; (e) Neither assent nor dissent is mentioned; (f) Any competent authority has given directions in writing to the company to freeze the Voting Rights of the Member; (g) The envelope containing the Postal Ballot Form is received after the last date of voting mentioned in the notice; (h) The Postal Ballot Form, signed in a representative capacity, is not accompanied by a certified copy of the relevant specific authority; (i) It is defaced or mutilated in such a way that its identity as a genuine form cannot be established; (j) Member has made any amendment to the Resolution or imposed any condition while exercising his vote.
12. The Scrutinizer shall submit his report to the Chairman of the Meeting or in his / her absence to any one of CFO or Company Secretary of the Company after completion of the scrutiny of the postal ballots including votes cast electronically. The result of the voting on the resolutions will be announced on or before Wednesday, January 11, 2017 and published in the newspapers and displayed at the Registered Office of the Company and also communicated to the stock exchanges and shall also be posted on the website of the Company www.chemfabalkalis.com.
13. The Members can opt for only one mode of voting, i.e., either by physical ballot or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through Postal Ballot Form will be treated as invalid.
14. The Applicant Company is pleased to offer e-voting facility as an alternate, for all the Shareholders of the Company to enable them to cast their votes electronically instead of dispatching Postal Ballot Form. E-voting is optional.

VOTING THROUGH E-VOTING

In compliance with provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Amendment Rules, 2015, the Applicant Company is pleased to offer E-Voting facility as an alternate mode of voting, for its Equity Shareholders, to enable them to cast their votes electronically. E-Voting is optional. For this purpose, necessary arrangements have been made with CDSL to facilitate e-Voting.

The instructions for e-Voting are as under:

- (i) The voting period begins on Sunday December 11, 2016 at 9.00 A.M and ends on Monday, January 9, 2017 at 5.00 P.M. 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 Friday, December 2, 2016 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.
- (iv) 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.
- (vi) 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.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Physical Members who have not updated their PAN with the Company are requested to use the lowest certificate number in the PAN field. In case the certificate number is less than 10 digits enter the applicable number of 0's before the number. Eg. If your certificate number is 1000 then enter 0000001000 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) 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.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to 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.
 - 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 linked in the login 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.
- (xx) In case you have any queries or issues regarding e-voting, you may refer to the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

For Chemfab Alkalies Limited

G. Somasundaram
Company Secretary

Dated this 24th day of November, 2016

Place: Chennai

Registered Office:

TEAM House, GST Road, Vandalur,
Chennai – 600048, Tamil Nadu

IN THE HIGH COURT OF MADRAS AT CHENNAI

ORIGINAL JURISDICTION

COMPANY APPLICATION NO. 1072 OF 2016

In the matter of Scheme of Amalgamation and Arrangement Sections 391 to 394 of the Companies Act, 1956;

AND

In the matter of Chemfab Alkalies Limited (CIN L24297TN1983PLC072409), a company incorporated under the Companies Act, 1956 and having its registered office at TEAM House, GST Road, Vandalur, Chennai – 600048, in the state of Tamil Nadu.

AND

In the matter of Scheme of Amalgamation and Arrangement between Chemfab Alkalies Limited and Teamec Chlorates Limited and their respective shareholders and creditors

Chemfab Alkalies Limited (CIN L24297TN1983PLC072409), A company incorporated under the Companies Act, 1956 and having its registered office at TEAM House, GST Road, Vandalur, Chennai – 600048, in the state of Tamil Nadu.

..... Applicant Transferor Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956 READ WITH SECTION 102 OF THE COMPANIES ACT, 2013 TO THE NOTICE OF THE COURT CONVENED MEETING AND THE NOTICE FOR POSTAL BALLOT AND E-VOTING IN THE MANNER SET OUT UNDER SEBI CIRCULAR NO. CIR/CFD/DIL/16/2015 DATED NOVEMBER 30, 2015 OF THE EQUITY SHAREHOLDERS OF THE APPLICANT COMPANY

1. This is a statement accompanying the Notice convening the meeting of the Equity Shareholders of the Applicant Company, pursuant to an Order dated 24th November, 2016 passed by the Hon'ble High Court of Madras in the Company Application No. 1072 of 2016, referred to hereinabove, to be held at the Registered Office of the Company at 'TEAM House', GST Road, Vandalur, Chennai – 600048 on Monday, January 9, 2017 at 10.00 A.M, for the purpose of considering and, if thought fit, approving with or without modification(s), the amalgamation embodied in the Scheme of Amalgamation and Arrangement between Chemfab Alkalies Limited (**"Applicant Company" or "CCAL" or "Transferor Company"**) with Teamec Chlorates Limited (**"TCL" or "Transferee Company"**) and their respective shareholders and creditors (**"Scheme"**). The other definitions contained in the Scheme shall also apply to this Explanatory Statement.
2. Additionally, in terms of Clause 9 of Annexure I of Securities and Exchange Board of India (SEBI) Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015, the said Scheme shall also be subject to the approval of Public Shareholders (i.e. Equity Shareholders other than those forming part of Promoter and Promoter Group) by passing an Ordinary Resolution through Postal Ballot / e-voting, as specified in the Notice of Postal Ballot forming part of this Notice.
3. A copy of the Scheme, setting out in detail, terms and conditions of the amalgamation, inter alia, providing for Amalgamation between CCAL and TCL, which has been duly approved by the Board of Directors of the Applicant Company at its meeting held on May 31, 2016, is attached to this Explanatory Statement.

3.1. Background of the Companies:

Chemfab Alkalies Limited

1. **Chemfab Alkalies Limited** (hereinafter referred to as **"CCAL" or "Transferor Company"**) is a company incorporated under the Companies Act, 1956 and having its registered office at Chennai, India, was established in the year 1983 and set up India's first Membrane Cell Caustic Soda Plant, state of the art, pollution free and energy conserving technology, and commenced its production from July, 1985. It became the trendsetter in the Chlor-Alkali Industry. CCAL started with 25 TPD capacity in 1985, expanded its capacity in two phases, one in the year 1988 and another in the year 1996 and today the present installed capacity is 120 tons of Caustic Soda production per day. CCAL produces Caustic Soda, Chlorine, Hydrogen, Sodium Hypo Chlorite and Hydrochloric Acid. The Plant is located at Puducherry. It is a public limited company listed in National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

CCAL is a professionally managed and technology driven Company. The success story in technological dynamism and successful implementation of the country's first Membrane Cell Plant by CCAL made the Government of India to take a policy decision that, expansion of existing and setting up of future caustic soda plants shall adopt Membrane Cell technology only. CCAL has made outstanding contribution in the field of Environmental protection and energy Conservation and won accreditation and awards from distinguished Institutions, Government of India and others, notably the "Greenest Plant", with No. 1 status from Centre for Science and Environment a non-government organization.

CCAL is the First Company in the country to manufacture Barium Sulphate from solid waste and holds a

patent for manufacture of the same. CCAL is first in the country to get ISO 14001 Certification for its Environmental Management system in the Chlor-Alkali Sector. It has also obtained OHSAS 18001 Certification from British Standards Institution, United Kingdom in the year 2002 for Occupational Health and Safety Assessment System.

CCAL has recently completed a Modernization programme, wherein some of the age old Machineries & Equipment were replaced with the latest and newer technologies, leading to operational efficiencies, especially in Power consumption, which is the main input cost. The Plant is now poised for scaling up the production levels, upon obtaining the necessary statutory approvals, which is expected in due course of time.

During the last few years, CCAL has maintained a healthy EBIDTA margin of about 30%, and PBT margin of about 15%. It is a profit making and dividend paying company, for the last several continuous years.

CCAL has now drawn up ambitious plans to foster in growth through both organic and inorganic means in the coming years.

2. The Authorized, Issued, Subscribed and Paid-up Share Capital of the Transferor Company as on 31st March 2016 is as under:

Chemfab Alkalies Limited (Transferor Company)

Share Capital	Amount in Rupees
<u>Authorized Share Capital</u>	
4,22,00,000 Equity shares of Rs. 5 each	21,10,00,000
4,000 11% Redeemable Cumulative Preference Shares of Rs.100 each	4,00,000
TOTAL	21,14,00,000
<u>Issued, subscribed and paid-up Share Capital</u>	
91,71,697 Equity shares of Rs. 5 each	4,58,58,485
TOTAL	4,58,58,485

Above mentioned shareholding was similar as on 1st April 2014 i.e. Appointed Date and there has been no change in the capital structure of the Transferor Company as on date since then.

3. The Transferor Company is a public listed company. The Equity shares of Transferor Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). It is mainly engaged in the business of producing Caustic Soda, Chlorine, Hydrogen, Sodium Hypo Chlorite and Hydrochloric Acid.
4. The main objects of Transferor Company as listed out in its Memorandum of Association are as under:
 1. To manufacture organic, inorganic and biochemical substances and formulations thereof of various descriptions and notations such as Alkalies, Acids, Bases, Solvents, Alcohols, Gases, Ethers, Aliphatic, Aromatics, Aldehydes Ketones, Amines and Alkaloids by employing one or more of the process of halogenation, hydrogenation, sulphonation, nitration, oxidation, reduction, esterification, calcination, polymerisation, electrolysis, extraction, separation, distillation, dehydration, evaporation, compression, condensation, crystallisation, ionisation, combustion, saponification, fermentation and biotechnology, genetic engineering, polymer engineering, Newer Separation processes, technologies for rural development, energy saving artifacts, devices, technology and instrument of relevance for protection of ecology and environment and any other continuous or units process for synthesis or isolation.
 2. To develop or acquire the technology, design, manufacture, construct, erect, operate and maintain the plant, machinery equipment and works capable of producing the aforesaid chemical substances.

3. To acquire store, stock, sell, supply, distribute, import, export, lease, rental and deal in any other manner all such aforesaid chemical substances, plants, machinery, equipment and works as well as the raw materials, derivatives, by products, components, parts and assemblies.
4. To establish well equipped laboratory and carry on analytical, experimental and other works including research, development and innovation work or undertaking in relation to the works and the general objects of the Company or otherwise.
5. To beget, convert purify sea Water/ground water / brackish water for potable domestic, community and industrial use and purposes by the process of desalination through Reverse Osmosis or other techniques and to deal sell trade on such water and also offering know-how for designing Desalination plants and fabricate, supply and erect such desalination plants, machineries and equipment.
6. To enter Life Science Business including in areas of Bio-Remediation, Rio separation Nano Membranes Nutraceuticals organic / phyto nutrients, herbal and botanical extracts and products and health care products and also to produce, trade, market, distribute, Import, Export, and undertake such other activities as are required in connection with the same.
7. To design, engineer, assemble and manufacture domestic and industrial water purifiers and filters.
8. To develop or acquire the technology for developing and manufacturing all kinds of membrane products, including, Ultrafilter membranes, micro filter membranes and hollow fibre membranes and to acquire, store, buy, sell, supply, distribute, import, export, lease and deal in any other manner in the parts components, raw-materials and other assemblies required for such activity.
9. To engage in trading activities mainly in and relating to Water purification/filters and the membrane products and systems.
10. To establish, conduct, manage and carry on business as proprietors or purchase, takeover, amalgamate, or otherwise acquire and to take on lease, rental for the purpose of manufacturing and sale of Purified Ozonated drinking Water and Mineral Water and to develop or acquire the technology / design for the purpose and to manufacture, Construct, erect, operate and maintain the plant, machinery, equipment and works, capable of purifying brackish water, desalination and sewerage/ water treatment and to lease, rental, process, buy, sell, manufacture, import, export, supply, distribute and deal in any other manner in the aforesaid products and areas of business.
11. To establish a well-equipped laboratory and to carry on analytical, experimental and other works including research work in the field of membrane and their applications, both Industrial and non- industrial, for identifying the market needs and for developing and patenting the matching membrane products and systems and to undertake continued research projects in the field of membranes for varied applications.
12. To manufacture and sell Ayurvedic drugs (including sashtra drugs) manufactured out of the compounds of Ayurvedic products including drugs for Internal and external applications of human beings and to develop or acquire the technology/design for the purpose and to manufacture, construct, erect, operate and maintain the plant, machinery, equipment and works and to lease, rental, process, buy, sell, manufacture, Import, export, supply, distribute and deal in any other manner in the aforesaid products and areas of business.
13. To establish, conduct, manage and carry on business as proprietors or purchase, takeover,

amalgamate, or otherwise acquire and to take on lease, rental for the purpose of management of hotels, motels, restaurants, taverns, refreshment and tea rooms cafe, milk ice creams and snack bars, wine, beer and spirit bars, boarding and lodging houses, shops and departmental stores for provisions, foods, or drinks, general goods and toilet requisites, handicrafts garments, books and stationery, medicines, eatables and common necessities.

14. To purchase, repack, sell, import, export and generally to deal in sugar, sugar candy, jaggery, sugar beet. Sugar cane, molasses, syrups, melada alcohol, spirits and all sugar products such as confectionery, glucose, sugar candy, canned fruit golden syrup and aerated waters, and/or by products such as bagasse boards, paper pulp, paper, beetyl alcohol acolone carbon dioxide, hydrogen, potash, can wax and fertilizers and food products generally and/or organic chemicals, inorganic chemicals and allied products.

Teamec Chlorates Limited

1. **Teamec Chlorates Limited** (hereinafter referred to as “TCL” or “Transferee Company”), a company incorporated under the Companies Act, 1956 and having its registered office at Chennai, India, was established in the year 2009 and set/put up a manufacturing facility at Ongole, Prakasam District, Andhra Pradesh to manufacture Sodium Chlorate, lye, Crystals and Hydrogen Gas. The plant was set up under Industrial Investment Promotion Policy (IIPC) 2010 – 15 of Andhra Pradesh State, India.

The present demand for Sodium Chlorate in India is around 115 TPD. It is primarily consumed in Paper and Pulp industry, with 90% share coming from this segment. The demand is linked to growth in Paper demand and is currently growing at around 6% p.a. By 2016-17 the demand is expected to grow to 125 TPD levels. TCL's installed capacity is 31.57 TPD. Hence, market for the product is quite favorable in terms of demand.

As of date, there is only one competitor for TCL with a capacity of 50 TPD. Including this, the capacity is only 81.57 TPD. The balance required are met with supplies, primarily from Canada, Europe and China. TCL proposes to increase the capacity by 15 TPD at the appropriate time and hence the total capacity in India will be only 96.57 TPD as against the total demand of 125 TPD, which is only 77%. Since, all the paper and pulp industries have to compulsorily use the elemental chlorine free bleach, the demand will be a sustaining one.

The above said plant was commercially commissioned in February, 2012. Being a new technology, it took time for the plant to stabilize. Since power is a major raw material and given the unfortunate power restrictions and power holidays (17 months) from April, 2012 to August, 2013, it hit the operations adversely. Since August 2013, Power supply has stabilized and TCL has ramped up production close to TCL's installed capacity from the month of August, 2013.

TCL has now set up a Hydrogen Bottling facility as the Hydrogen is already being generated in the manufacturing process and not being fully utilized as of now.

TCL along with the other manufacturers in the country, has moved the relevant authorities for imposition of anti-dumping duty (ADD), and the initiation process has already commenced. ADD is expected to be in place by the Second Quarter of this financial year after which it is expected that the realization will increase significantly.

2. The Authorized, Issued, Subscribed and Paid-up Share Capital of the Transferee Company as on 31st March 2016 is as under:

Teamec Chlorates Limited (Transferee Company)

Share Capital	Amount in Rupees
<u>Authorized Share Capital</u>	
74,00,000 Equity Shares of Rs. 10 each	7,40,00,000
2,60,000 11% Redeemable Preference Shares of Rs.100/- each	2,60,00,000
8,00,000 12% Redeemable Preference Shares of Rs.100/- each	8,00,00,000
TOTAL	18,00,00,000
<u>Issued, subscribed and paid-up Share Capital</u>	
72,80,804 Equity Shares of Rs. 10/- each	7,28,08,040
2,60,000 11% Redeemable Preference Shares of Rs.100/- each	2,60,00,000
TOTAL	9,88,08,040

Subsequent to the above date and till date of the Scheme being approved by the Board of Directors of the Transferee Company, 7,00,000 12% Redeemable Preference Shares Rs.100/- each were allotted to the Titanium Equipment and Anode Manufacturing Company Limited.

3. TCL, the Transferee Company is a public limited company. It is engaged in the business of manufacture of Sodium Chlorate, Iye, Crystals and Hydrogen Gas. Upon scheme being effective, it proposes to undertake the commercial activities of the Transferor Company.
4. The main objects of the Transferee Company are mentioned in the object clause of its Memorandum of Association.
 1. To manufacture Potassium Chlorate, Sodium Chlorate, Per Chlorate and all classes and kinds of chemicals allied thereto as compounds of Potassium and Sodium and such other Chemicals which are derivatives or by-products of the above.
 2. To manufacture organic, inorganic and biochemical substances of various descriptions and notations such as Alkalis, Acids, Bases, Solvents, Alcohols, Gases, Ethers, Aliphatic, Aromatics, Aldehydes, Ketones, Amines and Alkaloids by employing one or more processes of halogenation, hydrogenation, calcination, Polymerisation, Electrolysis, Extraction, Separation, Distillation, Dehydration, Evaporation, Compression, Condensation, Crystallisation, ionisation, Combustion, Saponification. Fermentation and any other continuous or unit process for synthesis or isolation.
 3. To acquire, store, stock, sell, supply, distribute, import, export lease, rental and deal in any other manner all such aforesaid Chemicals, substances, Plants, Machinery, equipment and works as well as the raw Materials, derivatives by products, components, parts and assemblies.
 4. To establish a well-equipped laboratory and carry on analytical, experimental and other works including research work or undertaking in relation to the work and the general objects of the Company or otherwise.

3.2. Background of the Scheme

The Scheme provides for, inter alia, for:

- a. Capital Reduction of TCL;
- b. The amalgamation of CCAL into TCL;

- c. Issuance of equity shares of TCL as consideration for amalgamation of CCAL into TCL to the shareholders of CCAL based on swap ratio determined by independent Chartered Accountants;
- d. Transfer of all assets and liabilities of CCAL into TCL;
- e. With effect from the Appointed Date, the name of TCL shall be changed to "Chemfab Alkalies Limited" or such other name as may be approved by the Registrar of Companies; and
- f. Dissolution of CCAL without winding up in accordance to Sections 391 to 394 of the Companies Act, 1956.

3.3. Rationale of the Scheme

(A) This Scheme (as defined hereinafter) envisages the amalgamation of CCAL into TCL, resulting in consolidation of CCAL and TCL into single company. CCAL and TCL are part of Dr. Rao's Group of companies ('the Group'). CCAL and TCL have a lot in common:

- a) Raw material for both are power and salt
- b) TCL customer base is complementary with that of CCAL
- c) CCAL has been a leader in its area of operation and now TCL also has added Hydrogen to its product line, which CCAL has been manufacturing and selling since its inception. Hence it will be more effective to have a common marketing set up, which will make it easier to enhance the customer base, by catering to the untapped markets in the vicinity of TCL.
- d) The Technology adopted at both CCAL and TCL, is Electrolysis process, and CCAL has been a pioneer in ushering in this technology, and hence operational parameters of the Plant could be well maintained in a more efficient manner, leading to overall sustained Plant efficiencies.
- e) CCAL is in the Chlor alkali business for the last three decades and has the requisite qualified and well trained man power for handling of any technical matters, which could also result in enhanced capacity utilization at TCL.
- f) The funding for the working capital and any long term requirements of TCL would be very cost effective, thereby helping in reducing the overall cost of the product.

Hence, a merger between the two entities is now being proposed, considering the above mentioned synergies. It is planned to merge CCAL into TCL, which will give the combined entity a broader base and the necessary impetus for targeting markets in newer areas and will lead to overall growth and higher profitability. Further, as a result of consolidation the following benefits will accrue to the Group:

- a) Consolidation of businesses of the Group in India to bring strengths that each company does not necessarily possess individually and provide synergy benefits;
- b) Increasing net worth of TCL, which will facilitate effective and fast mobilization of financial resources for meeting its increased capital expenditure.
- c) Reduction in number of companies and regulatory compliances thereof;
- d) Ease of management;
- e) Reduction of operating and administrative costs;
- f) Streamlining the holding structure.

The proposed amalgamation and vesting of CCAL into the Transferee Company, with effect from the Appointed Date is in the best interest of the shareholders, creditors, stakeholders and employees, as it would enable a focused business approach for the maximization of benefits to all the stakeholders and for the purpose of synergies of business.

3.4. Salient features of the Scheme

- a) The Scheme envisages the amalgamation of Transferor Company with Transferee Company pursuant to Sections 391 to 394 of the Companies Act, 1956 on a going concern basis in the manner provided for in the Scheme.
- b) The Scheme shall be effective from Appointed Date i.e. April 1, 2014 and would come into effect from the date on which certified copies of the orders passed by the Hon'ble High Court of Madras is filed with the Registrar of Companies, Chennai at Tamil Nadu.
- c) The Scheme provides for capital reduction of paid up capital of TCL
- d) With effect from the Appointed Date, the Transferor Company along with all of its assets and liabilities shall stand merged with the Transferee Company, as a going concern, pursuant to the provisions of Sections 391 to 394 of the Act, together with all the properties, assets, rights, liabilities, benefits and interest therein.
- e) Upon this Scheme becoming effective, the Transferee Company shall without any further act or deed, issue and allot to every member of the Transferor Company, Equity Shares in the Transferee Company, on a date to be fixed by the Board of Directors of the Transferee Company, in the following manner:

“10” Equity Share of Rs.10/- each in the Transferee Company credited as fully paid up (‘New Equity Shares of the Transferee Company in lieu of Transferor Company shares’) for every “7” Equity Shares of Rs. 5 each fully paid up and held by such member in the Transferor Company.”

- f) Upon sanction of the scheme, the authorized share capital of the Transferor Company shall be deemed to be added to the authorized share capital of Transferee Company. Consequent to scheme becoming effective, authorized Equity Share Capital of the Transferee Company shall stand increased by the authorised share capital of Transferor Company which is as under:
 - a. CCAL amounting to Rs. 21,14,00,000/- (Rupees Twenty One Crore Fourteen Lakh only) comprising of 4,22,00,000 Equity Shares of Rs. 5/- each and 4,000 11% Redeemable Cumulative Preference Shares of Rs. 100/- each; and
 - b. TCL shall reclassify 4,22,00,000 equity shares (as stated in Clause 8.1(a) of the Scheme) of Rs. 5/- each to 2,11,00,000 equity of Rs. 10/- each.

In effect, the Authorised Share Capital of the Transferee Company, consequent to the Scheme becoming effective, will be 2,85,00,000 Equity Shares of Rs. 10/- each amounting to Rs.28,50,00,000, 2,64,000 11% Redeemable Preference Shares of Rs.100/- each amounting to Rs. 2,64,00,000 and 8,00,000 12% Redeemable Preference Shares of Rs.100/- each amounting to Rs.8,00,00,000

- g) On and from the Effective Date, all employees of the Transferor Company in service on the Effective Date shall become the employees of the Transferee Company on such date without any break or interruption in service and on terms and conditions not less favorable than those on which they were engaged by the Transferor Company as on the Effective Date.
- h) During the period between the date of filing of the Scheme with the Competent Authority i.e.

High Court of Judicature at Madras under the Companies Act, 1956 or such other Tribunal (i.e) the National Company Law Tribunal ("NCLT") & the National Company Law Appellate Tribunal ("NCLAT") as constituted and authorized as per the provisions of the Companies Act, 2013 for approving any scheme of arrangement, compromise or reconstruction of companies under the relevant provisions of the Companies Act and the Effective Date Transferor Company shall be deemed to have been carrying on and shall carry on its business and activities for and on account of and in trust for the Transferee Company. Transferor Company hereby undertakes to hold its said assets with utmost prudence until the Effective Date.

- i) All suits, writ petition, appeal, revision or other proceedings of whatever nature by or against the Transferor Company be pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of all assets and liabilities of the Transferor Company or of anything contained in the Scheme, but the proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the Transferor Company as if the Scheme had not been made.
- j) With effect from the Appointed Date, the name of TCL shall be changed to "Chemfab Alkalies Limited" or such other name as may be approved by the Registrar of Companies.
- k) On the Scheme becoming effective, the Transferor Company shall be dissolved without winding up in accordance with the provisions of Sections 391 to 394 of the Act.
- l) The Scheme is conditional upon and subject to the approvals and / or sanctions laid down in Clause 19 of the Scheme.

Please note that the features set out above being only the salient features of the Scheme of Amalgamation and Arrangement; the Equity Shareholders are requested to read the entire text of the Scheme annexed hereto to get fully acquainted with the provisions thereof.

3.5. Board Meeting, Valuation Report and Fairness Opinion

- a) The Proposed Scheme of Amalgamation and Arrangement was approved by the Board of Directors of the Transferor Company at the meeting held on May 31, 2016 after considering the recommendations of the Audit Committee. The Company has obtained a Certificate dated May 31, 2016 issued by Independent Chartered Accountant Firm, Bansil Mehta & Co., recommending fair equity share exchange ratio for the purpose of proposed amalgamation of CCAL into TCL and a Fairness Opinion dated May 31, 2016 of an independent Merchant Banker, Vivro Financial Services Private Limited and
- b) In accordance with the Circular No. CIR/CFD/CMD/16/2015 issued by SEBI dated November 30, 2015, the Audit Committee of the Transferee Company had on May 31, 2016 recommended the proposed Scheme of Amalgamation and Arrangement for approval of the Board.

3.6. Capital Structure – Pre and Post Amalgamation

Pre and Post Amalgamation Capital Structure of Teamec Chlorates Limited is as follows:

	Particulars	Pre- Amalgamation		Post – Amalgamation	
		No. of shares	Amount (Rs. In Lacs)	No. of shares	Amount (Rs. In Lacs)
A	Authorized Share Capital				
	Equity Shares of Rs. 10/- each	74,00,000	7,40,00,000	2,85,00,000	28,50,00,000

	11% Redeemable Preference Shares of Rs.100/- each	2,60,000	2,60,00,000	2,64,000	2,64,00,000
	12% Redeemable Preference Shares of Rs.100/- each	8,00,000	8,00,00,000	8,00,000	8,00,00,000
	Total		18,00,00,000		39,14,00,000
B	Issued, Subscribed and Paid-up Share Capital				
	Equity Shares of Rs. 10/- each	72,80,804	7,28,08,040	1,38,30,504	13,83,05,040
	11% Redeemable Preference Shares of Rs.100/- each	2,60,000	2,60,00,000	2,60,000	2,60,00,000
	12% Redeemable Preference Shares of Rs.100/-	7,00,000	7,00,00,000	7,00,000	7,00,00,000
	Total		16,88,08,040		23,43,05,040

Pre-amalgamation capital structure of CCAL is mentioned in paragraph 3.1. On the Scheme becoming effective, CCAL shall be dissolved without being wound up and without any further act by the parties to this Scheme.

3.7. Pre and Post Amalgamation Shareholding Pattern

Pursuant to Listing Agreement entered into with stock exchanges, the Pre-Amalgamation and the Post- Amalgamation shareholding pattern of Teamec Chlorates Limited and Pre-Amalgamation shareholding of Chemfab Alkalies Limited is given below:

Code	Category of Shareholders	Transferee Company (TCL) Pre-Amalgamation		Transferee Company (TCL) Post-Amalgamation		Transferor Company (CCAL) Pre-Amalgamation	
		No of Shares	As % of total capital	No of Shares	As % of total capital	No of Shares	As % total capital
	Promoters – Preference Shares	960000	100.00	960000	100.00		
(A)	Shareholding of Promoter and Promoter Group						
(1)	Indian						
(a)	Individuals / HUF	4975794	68.34	2535294	18.33	1426400	15.55
(b)	Central/State Government						
(c)	Bodies Corporate	1000	0.01	1072183	7.75	750458	8.18
(d)	Financial Institutions/Banks						
(e)	Any Other (specify)						
	Sub Total (A)(1)	4976794	68.35	3607477	26.08	2176858	23.73
2	Foreign						
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)						
(b)	Bodies Corporate	2304000	31.64	6761069	48.89	4571468	49.84
(c)	Institutions						

(d)	Qualified Foreign Investor						
(e)	Any Other (specify)						
	Sub Total (A)(2)	2304000	31.64	6761069	48.89	4571468	49.84
	Total Shareholding of Promoter & Promoter Group (A) = (A)(1) + (A)(2)	7280794	99.99	10368546	74.97	6748326	73.58
(B)	Public Shareholding						
1	Institutions						
(a)	Mutual Funds/UTI			13000	0.09	9100	0.10
(b)	Financial Institutions/Banks			2380	0.02	1666	0.02
(c)	Central/State Government(s)						
(d)	Venture Capital Funds						
(e)	Insurance Companies						
(f)	Foreign Institutional Investor						
(g)	Foreign Venture Capital Investors						
(h)	Foreign Portfolio Investor						
(i)	Any Other(specify)						
	Sub-Total (B)(1)			15380	0.11	10766	0.12
(2)	Non Institutions						
(a)	Bodies Corporate			456439	3.30	319507	3.48
(b)	Individuals						
	i) Holding nominal share capital upto Rs. 2 Lakh	10	0.01	2188409	15.82	1531886	16.70
	ii) Holding nominal share capital in excess of Rs. 2 Lakh			342771	2.48	239940	2.62
(c)	Qualified Foreign Investor						
(d)	Any Other (specify)						
(d-i)	Trust			286	0.00	200	0.00
(d-ii)	HUF			75400	0.55	52780	0.58
(d-iii)	NRI (Non-Repat)/Foreign Nationals			173724	1.26	121607	1.33
(d-iv)	NRI			111399	0.81	77979	0.85

(d-v)	Other Directors						
(d-vi)	Clearing Members			98151	0.71	68706	0.75
(d-vii)	Market Maker						
	Sub-Total (B)(2)	10	0.01	3446579	24.92	2412605	26.30
	Total Public Shareholding (B) = (B)(1) + (B)(2)	10	0.01	3461959	25.03	2423371	26.42
	Total (A)+(B)	7280804	100.00	13830504	100.00	9171697	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued						
1	Promoter and Promoter Group	-	-	-	-	-	-
2	Public	-	-	-	-	-	-
	Sub-Total (C)	-	-	-	-	-	-
	Grand Total Equity = (A)+(B)+(C)	7280804	100.00	13830504	100.00	9171697	100.00
	Grand Total – Preference Capital	960000	100.00	960000	100.00	-	-

3.8. Extent of Shareholding of Directors and Key Managerial Personnel

- The Directors and Key Managerial Personnel (“KMP”) of the Transferor Company and the Transferee Company or their relatives may be deemed to be concerned and/or interested in the Scheme only to the extent of their shareholding in their respective companies, or to the extent the said Directors/KMP are the partners, directors, members of the companies, firms, association of persons, bodies corporate and/or beneficiary of trust that hold shares in any of the companies.
- Save as aforesaid, none of the directors, managing director or the manager or KMP of the Applicant Company or the Transferee Company has any material interest in the Scheme.
- It is hereby clarified that their interest in the company shall not be treated in any differential manner than the other shareholders and/or creditors.
- The shareholding of the present Directors and KMPs of the Transferor Company in the Transferee Company and Transferor Company is as under:

Sr. No.	Name of Director / KMP	Shares in CCAL	Shares in TCL
1	Mr.Suresh Krishnamurthi Rao	879804	1675610
2	Mr.C.S.Ramesh	40	5
3	Mr.T.Ramabadrar	100	0
4	Mr.G.Somasundaram	5	0

- e) The shareholding of the relatives of present Directors and KMPs of the Transferor Company in the Transferee Company and Transferor Company is as under:

Sr. No.	Name of Relatives of Directors / KMP	Shares in CCAL	Shares in TCL
1	Mrs.K.M.Padma	546556	3299184

- f) The shareholding of present Directors and KMPs of the Transferee Company in the Transferee Company and Transferor Company is as under:

Sr. No.	Name of Director / KMP	Shares in CCAL	Shares in TCL
1	Mr.P. Santhanam	15	5
2.	Mr. R. Mahendran	5	NIL

- g) The shareholding of the relatives of present Directors and KMPs of the Transferee Company in the Transferee Company and Transferor Company is as under:

Sr. No.	Name of Relatives of Directors / KMP	Shares in CCAL	Shares in TCL
	Nil		

- h) There is no outstanding of any loan secured / unsecured given by Directors of Transferor Company / Transferee Company to either of the Companies.

3.9. Approvals

- Pursuant to the Circular Number CIR/CFD/CMD/16/2015 dated November 30, 2015 issued by the Securities and Exchange Board of India ("SEBI Circular") read with Regulation 37 of SEBI Listing Regulations, the Transferee Company had filed necessary applications before the BSE Limited and National Stock Exchange of India Limited seeking their no-objection to the Scheme. It received Observation Letters dated September 2, 2016 from BSE Limited and September 7, 2016 from National Stock Exchange of India Limited conveying its no-objection to the Scheme. Copies of the aforesaid observation letters are enclosed herewith.
- As per the terms of Observation Letters, SEBI has given no adverse objection to the Scheme and has advised the Transferor Company to comply with the provisions of the SEBI Circular.
- As required by the SEBI Circular, the Transferor Company has filed the Complaints Report (indicating NIL complaint) with BSE Limited and with National Stock Exchange of India Limited on 28 July 2016. After filing of the Complaints Report, the Company has received No complaints. A copy of the aforementioned Complaints Report is enclosed herewith.
- Further in compliance to the SEBI Circular, the Public Shareholders are also entitled to Postal Ballot including e-voting for the approval sought to the proposed Scheme of Amalgamation. In terms of the SEBI Circular, the approval to the Scheme of Amalgamation under postal ballot including e-voting shall be deemed to have been approved provided that the Scheme is approved by a simple majority of the Public Shareholders participating through postal ballot including e-voting.

3.10. General

- Under Section 391 of the Companies Act, 1956, the proposed Scheme will have to be approved by a majority in number representing three-fourths in value of the members present and voting either in person or by proxy at the meeting. A proxy form is enclosed. It is hoped that in view of the importance of the business to be transacted, you will personally attend the meeting. The signing of the form or forms of Proxy will, however, not prevent you from attending and voting in person, if you desire.

- b) The Scheme is conditional and subject to being approved by shareholders of Transferor Company passed by way of postal ballot/e-voting in terms of Clause 9 of Annexure I of Circular Number CIR/CFD/CMD/16/2015 dated November 30,2015 issued by Securities and Exchange Board of India; provided that the said resolution shall be acted upon only if the votes cast by the public shareholders of Transferor Company in favour of the proposal are more than the number of votes cast by the public shareholders against it
- c) The Scheme is not prejudicial to the interests of the members of the Transferor Company. Pursuant to this Scheme becoming effective, the Transferor Company (i.e. CCAL) will stand dissolved without winding up.
- d) The financial position of the Transferee Company will not be adversely affected by this Scheme. Further, the rights and interests of the shareholders and creditors (secured and unsecured) of either of the companies will not be prejudicially affected by this Scheme as the Transferee Company, post this Scheme, will be able to meet its liabilities as they arise in the ordinary course of business.
- e) Further, the aggregate assets of CCAL and TCL are sufficient to meet the liabilities of the amalgamated company and the Scheme will not adversely affect the rights of any of the members including the creditors (secured and unsecured) of the amalgamated company, in any manner whatsoever and due provisions have been made for payment of all liabilities as and when the same fall due in the usual course. The Directors of the Applicant Company have no material interest in the Scheme except as mentioned in this Statement.
- f) There are no winding up proceedings pending against either of the Companies as of date.
- g) No investigation or proceedings have been instituted or are pending in relation to either of the Companies under Section 235 to 251 of the Companies Act, 1956 and corresponding provisions of Companies Act, 2013 notified thereto.
- h) In the event of any of the sanctions and approvals referred to in this Scheme not being obtained and/or this Scheme not being sanctioned by the Hon'ble High Court or such other competent authority and/or the order or orders not being passed as aforesaid before 31st December 2017, the Scheme shall stand revoked, cancelled and be of no effect.
- i) Inspection of the following documents may be had by the Equity Shareholders of both the Companies at the Registered Office of the Companies on any working day prior to the date of the meeting between 11.00 a.m. to 1.00 p.m.
 - i. Copy of the Order dated 24th November,2016 of the Hon'ble High Court of Madras passed in Company Applications directing the convening of the meetings of the Equity Shareholders of CCAL;
 - ii. Copy of the Company Applications No. 1072 of 2016
 - iii. Memorandum of Association and Articles of Association of CCAL and TCL;
 - iv. Audited Financial Statements of CCAL and TCL for last three financial years ended March 31, 2016, March 31, 2015 and March 31, 2014;
 - v. Register of Director's Shareholdings of CCAL and TCL;
 - vi. Copy of the Observation Letters dated September 2, 2016 received from BSE Limited and September 7, 2016 from National Stock Exchange of India Limited;
 - vii. Copy of the Complaints Report dated July 28, 2016 filed with BSE Limited and National Stock Exchange of India Limited;
 - viii. Report dated May 31, 2016 issued by Independent Chartered Accountant Firm, Banshi Mehta & Co.;
 - ix. Fairness Opinion dated May 31, 2016 issued by Vivro Financial Services Private Limited;

- x. Certificate dated June 9, 2016 issued by the Statutory Auditor R. Janakiraman & Co. indicating pre-merger and post-merger net worth of TCL.
- j) This statement may be treated as an Explanatory Statement pursuant to Section 393 of the Companies Act, 1956.
- k) A copy of this Scheme, Explanatory Statement, Form of Proxy and Attendance Slip may be obtained free of charge on any working day between 11.00 a.m. to 1.00 p.m. prior to the date of the meeting, from the Registered Office of the Applicant Company situated at TEAM House, GST Road, Vandalur, Chennai - 600048

Sd/-

Justice Mrs.Chitra Venkataraman
(Former Judge, High Court of Madras)
Chairman appointed for the meeting

Place: Chennai

Date: 24th November, 2016

SCHEME OF AMALGAMATION AND ARRANGEMENT OF CHEMFAB ALKALIS LIMITED WITH TEAMEC CHLORATES LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

- I) Chemfab Alkalies Limited ("CCAL" or "Transferor Company"), a company incorporated under the Companies Act, 1956 and having its registered office at Chennai, India, was established in the year 1983 and set up India's first Membrane Cell Caustic Soda Plant, state of the art, pollution free and energy conserving technology, and commenced its production from July, 1985. It became the trendsetter in the Chlor-Alkali Industry. CCAL started with 25 TPD capacity in 1985, expanded its capacity in two phases, one in the year 1988 and another in the year 1996 and today the present installed capacity is 120 tons of Caustic Soda production per day. CCAL produces Caustic Soda, Chlorine, Hydrogen, Sodium Hypo Chlorite and Hydrochloric Acid. The Plant is located at Puducherry. It is a public limited company listed in National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

CCAL is a professionally managed and technology driven Company. The success story in technological dynamism and successful implementation of the country's first Membrane Cell Plant by CCAL made the Government of India to take a policy decision that, expansion of existing and setting up of future caustic soda plants shall adopt Membrane Cell technology only. CCAL has made outstanding contribution in the field of Environmental protection and energy Conservation and won accreditation and awards from distinguished Institutions, Government of India and others, notably the "Greenest Plant", with No. 1 status from Centre for Science and Environment a non-government organization.

CCAL is the First Company in the country to manufacture Barium Sulphate from solid waste and holds a patent for manufacture of the same. CCAL is first in the country to get ISO 14001 Certification for its Environmental Management system in the Chlor-Alkali Sector. It has also obtained OHSAS 18001 Certification from British Standards Institution, United Kingdom in the year 2002 for Occupational Health and Safety Assessment System.

CCAL has recently completed a Modernization programme, wherein some of the age old Machineries & Equipment were replaced with the latest and newer technologies, leading to operational efficiencies, especially in Power consumption, which is the main input cost.

The Plant is now poised for scaling up the production levels, upon obtaining the necessary statutory approvals, which is expected in due course of time.

During the last few years, CCAL has maintained a healthy EBIDTA margin of about 30%, and PBT margin of about 15%. It is a profit making and dividend paying company, for the last several continuous years.

CCAL has now drawn up ambitious plans to foster in growth through both organic and inorganic means in the coming years.

- II) Teamec Chlorates Limited ("TCL" or "Transferee Company"), a company incorporated under the Companies Act, 1956 and having its registered office at Chennai, India, was established in the year 2009 and set / put up a manufacturing facility at Ongole, Prakasam District, Andhra Pradesh to manufacture Sodium Chlorate, Iye, Crystals and Hydrogen Gas. The plant was set up under Industrial Investment Promotion Policy (IIPC) 2010 – 15 of Andhra Pradesh State, India.

The present demand for Sodium Chlorate in India is around 115 TPD. It is primarily consumed in Paper and Pulp industry, with 90% share coming from this segment. The demand is linked to growth in Paper demand and is currently growing at around 6% p.a. By 2016-17 the demand is expected to grow to 125 TPD levels. TCL's installed capacity is 31.57 TPD. Hence, market for the product is quite favorable in terms of demand.

As of date, there is only one competitor for TCL with a capacity of 50 TPD. Including this, the capacity is only 81.57 TPD. The balance required are met with supplies, primarily from Canada, Europe and China. TCL proposes to increase the capacity by 15 TPD at the appropriate time and hence the total capacity in India will be only 96.57 TPD as against the total demand of 125 TPD, which is only 77%. Since, all the paper and pulp industries have to compulsorily use the elemental chlorine free bleach, the demand will be a sustaining one.

The above said plant was commercially commissioned in February, 2012. Being a new technology, it took time for the plant to stabilize. Since power is a major raw material and given the unfortunate power restrictions and power holidays (17 months) from April, 2012 to August, 2013, it hit the operations adversely. Since August 2013, Power supply has stabilized and TCL has ramped up production close to TCL's installed capacity from the month of August, 2013.

TCL has now set up a Hydrogen Bottling facility as the Hydrogen is already being generated in the manufacturing process and not being fully utilized as of now.

TCL along with the other manufacturer in the country, has moved the relevant authorities for imposition of anti-dumping duty (ADD), and the initiation process has already commenced. ADD is expected to be in place by the Second Quarter of this financial year after which it is expected that the realization will increase significantly.

Chemfab Alkalis Limited and Teamec Chlorates Limited are part of Dr. Rao's Group of companies ('the Group'). CCAL and TCL have a lot in common:

- 1) Raw material for both are power and salt
- 2) TCL customer base is complementary with that of CCAL
- 3) CCAL has been a leader in its area of operation and now TCL also has added Hydrogen to its product line, which CCAL has been manufacturing and selling since its inception. Hence it will be more effective to have a common marketing set up, which will make it easier to enhance the customer base, by catering to the un tapped markets in the vicinity of TCL.
- 4) The Technology adopted at both CCAL and TCL, is Electrolysis process, and CCAL has been a pioneer in ushering in this technology, and hence operational parameters of the Plant could be well maintained in a more efficient manner, leading to overall sustained Plant efficiencies.
- 5) CCAL is in the Chlor alkali business for the last three decades and has the requisite qualified and well trained man power for handling of any technical matters, which could also result in enhanced capacity utilization at TCL.
- 6) The funding for the working capital and any long term requirements of TCL would be very cost effective, thereby helping in reducing the overall cost of the product.

Hence, a merger between the two entities is now being proposed, considering the above mentioned synergies. It is planned to merge CCAL into TCL, which will give the combined entity a broader base and the necessary impetus for targeting markets in newer areas and will lead to overall growth and higher profitability. Further, as a result of consolidation the following benefits will accrue to the Group:

- a) Consolidation of businesses of the Group in India to bring strengths that each company does not necessarily possess individually and provide synergy benefits;
- b) Increasing net worth of TCL, which will facilitate effective and fast mobilization of financial resources for meeting its increased capital expenditure.
- c) Reduction in number of companies and regulatory compliances thereof;
- d) Ease of management;
- e) Reduction of operating and administrative costs;
- f) Streamlining the holding structure.

The proposed amalgamation and vesting of CCAL into the Transferee Company, with effect from the Appointed Date is in the best interest of the shareholders, creditors, stakeholders and employees, as it would enable a focused business approach for the maximization of benefits to all the stakeholders and for the purpose of synergies of business.

- III) This Scheme of Amalgamation and Arrangement (the “Scheme”) is presented under Sections 391 to 394 of the Companies Act, 1956 (“Act”) and other applicable provisions of the Act, for amalgamation of CCAL with TCL and their respective shareholders and creditors.

The Scheme is divided into following parts:

Part A: Deals with definitions and share capital;

Part B: Deals with capital reduction of TCL

Part C: Deals with amalgamation of CCAL with TCL;

Part D: Deals with the general clauses, terms and conditions.

- IV) This Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

PART A – INTRODUCTION AND DEFINITIONS

1 Definitions

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meaning:

- 1.1 **“Act” or “the Act”** means the Companies Act, 1956 and Companies Act, 2013 and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force.
- 1.2 **“Appointed Date”** means the 1st April 2014 or such other date as may be fixed or approved by the Competent Authority.

- 1.3 **“Board of Directors”** in relation to the Transferor Company and the Transferee Company, as the case may be, shall, unless it is repugnant to the context or otherwise, include a committee of directors or any person authorized by the board of directors or such committee of directors.
- 1.4 **“BSE Limited”** means Bombay Stock Exchange Limited, the designated stock exchange of the Transferor Company.
- 1.5 **“CCAL” or “Transferor Company”** means Chemfab Alkalies Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Team House, GST Salai, Vandalur, Chennai 600048.
- 1.6 **“Competent Authority”** means the High Court of Judicature at Madras under the Companies Act, 1956 or such other Tribunal (i.e) the National Company Law Tribunal (**“NCLT”**) & the National Company Law Appellate Tribunal (**“NCLAT”**) as constituted and authorized as per the provisions of the Companies Act, 2013 for approving any scheme of arrangement, compromise or reconstruction of companies under the relevant provisions of the Act.
- 1.7 **“Effective Date”** means the date on which the certified copies of the Order of Competent Authority, sanctioning the Scheme is filed with the Registrar of Companies, Chennai, Tamil Nadu.
- 1.8 **“IT Act”** means the Income-tax Act, 1961 and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force.
- 1.9 **“NSE”** means National Stock Exchange of India Limited.
- 1.10 **“Record Date”** means in respect of amalgamation, the date to be fixed by the Board of Directors of Transferee Company for the purpose of issue and allotment of equity shares of the Transferee Company to the equity shareholders of the Transferor Company.
- 1.11 **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Amalgamation and Arrangement in its present form as submitted to the Competent Authority or this Scheme with such modification(s), if any made, as per Clause 18 of the Scheme.
- 1.12 **“TCL” or “Transferee Company”** means Teamec Chlorates Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Team House, GST Salai, Vandalur, Chennai 600048.
- 1.13 Any references in the Scheme to “upon the Scheme becoming effective” or effectiveness of the Scheme” shall mean the Effective Date.
- 1.14 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

2 DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the Competent Authority or made as per Clause 18 of the Scheme, shall be effective from the Appointed Date but shall be operative from the Effective Date.

3 SHARE CAPITAL

3.1 The share capital of CCAL as at 31st March, 2016 is as under:

Particulars	Amount in Rupees
Authorised Capital	
4,22,00,000 Equity Shares of Rs. 5/- each	21,10,00,000
4,000 11% Redeemable Cumulative Preference Shares of Rs. 100/-each	4,00,000
Total	21,14,00,000
Issued, Subscribed and Paid-up	
91,71,697 Equity Shares of Rs. 5/- each	4,58,58,485
Total	4,58,58,485

Subsequent to the above date and till date of the Scheme being approved by the Board of Directors of the Transferor Company, there has been no change in the authorized, issued, subscribed and paid-up share capital of the Transferor Company. Shares of CCAL are listed on BSE and NSE.

3.2 The share capital of TCL as at 31st March, 2016 is as under:

Particulars	Amount in Rupees
Authorised Capital	
74,00,000 Equity Shares of Rs. 10/- each	7,40,00,000
2,60,000 11% Redeemable Preference Shares of Rs.100/- each	2,60,00,000
8,00,000 12% Redeemable Preference Shares of Rs.100/- each	8,00,00,000
Total	18,00,00,000
Issued, Subscribed and Paid-up	
72,80,804 Equity Shares of Rs. 10/- each	7,28,08,040
2,60,000 11% Redeemable Preference Shares of Rs.100/- each	2,60,00,000
Total	9,88,08,040

Subsequent to the above date and till date of the Scheme being approved by the Board of Directors of the Transferee Company, 7,00,000 12% Redeemable Preference Shares Rs.100/- each were allotted to the Applicant/s.

PART B – Capital Reduction of TCL

4. REDUCTION OF PAID UP CAPITAL OF TCL

- 4.1 Pursuant to the Scheme becoming effective and with effect from the Appointed Date, the paid up share capital of TCL of Rs. 7,28,08,040 divided into 72,80,804 equity shares of Rs. 10 each shall, without any application or deed, be reduced to Rs.72,80,804 divided into 72,80,804 equity shares of paid-up value of Re. 1 each to the holders of such paid up capital.
- 4.2 Simultaneously, 72,80,804 equity shares of the reduced face value of Re. 1 each shall stand consolidated into 7,28,080 equity shares of Rs. 10 each fully paid up. Thus, the reduced paid up capital of the Transferee Company will be Rs. 72,80,800 divided into 7,28,080 equity shares of Rs. 10 each.
- 4.3 The cancellation of the paid up capital as mentioned above shall be effected as an integral part of this Scheme without having to follow the process under Sections 100 to 103 of the Act separately and the order of the Madras High Court sanctioning the Scheme shall be deemed to be also the order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital and the provision of Section 101 of the Act will not be applicable.
- 4.4 The credit arising on cancellation of capital as per Clause 4.1 above shall be further adjusted against debit balance in profit and loss account. As on the Appointed Date, thereafter, the balance, if any, shall be adjusted against the balance in the Securities Premium Account to the extent possible.
- 4.5 The reduction of Securities Premium Account, if any, shall be effected as a part of the Scheme only as the same does not involve either diminution of liability in respect of unpaid capital or payment to any shareholder of any amount paid in respect of shares issued and the Order of the High Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction.
- 4.6 TCL will not be required to add the suffix “and Reduced” to their respective corporate name.

PART C – AMALGAMATION OF TRANSFEROR COMPANY WITH TRANSFeree COMPANY

5. TRANSFER AND VESTING

- 5.1 With effect from the Appointed Date, the entire business of Transferor Company including all its properties and assets (whether movable or immovable, tangible or intangible) of whatsoever nature such as licenses, agreements of whatever nature but not limited to shareholders agreements, share subscription agreements or any right devolving pursuant to such agreements (either entered into or vested in terms of any legal process) or holding of investments to appoint directors, etc, any agreement for commission, management fees, permits, quotas, approvals, lease, tenancy rights, permissions, incentives, Minimum Alternate Tax (“MAT”) Credit, if any, including but not limited to other licenses issued by any Government Authorities or statutory body, and all other rights, title, interest, contracts, consent, approvals or powers of every kind or nature and descriptions whatsoever shall under the provisions of Sections 391 to 394 of the Act and pursuant to the orders of the Competent Authority sanctioning this Scheme and without further act, instrument or deed, but subject to the charges affecting the same as on the Effective Date be transferred and / or deemed to be transferred to and Vested in Transferee Company so as to become the properties and assets of Transferee Company.

- 5.2 The transfer and vesting as aforesaid shall be subject to the existing charges / hypothecation / mortgages, if any, as may be subsisting and agreed to be created over or in respect of the said assets or any part thereof, provided however, any reference in any security documents or arrangements to which Transferor Company is a party wherein the assets of Transferor Company have been or are offered or agreed to be offered as security for any financial assistance or obligations shall be construed as reference only to the assets pertaining to Transferor Company and vested in Transferee Company by virtue of this Scheme to the end and intent that the charges shall not extend or deemed to extend to any assets of the Transferee Company. Provided that the Scheme shall not operate to enlarge the security for the said liabilities of the Transferor Company which shall vest in Transferee Company by virtue of the Scheme and Transferee Company shall not be obliged to create any further, or additional security thereof after the amalgamation has become effective or otherwise. The transfer / vesting of the assets of Transferor Company as aforesaid shall be subject to the existing charges / hypothecation / mortgages over or in respect of the assets or any part thereof of the Transferor Company.
- 5.3 All the moveable assets of the Transferor Company or assets otherwise capable of transfer by manual delivery or by endorsement and delivery, including cash in hand, shall be physically handed over by manual delivery or by endorsement and delivery, to the Transferee Company to the end and intent that the property therein passes to the Transferee Company on such manual delivery or endorsement and delivery, without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company accordingly.
- 5.4 In respect of movable assets, other than those specified in Clause 5.3 above, the same shall, without further act, instrument or deed, be transferred and / or deemed to be transferred to and vested in the Transferee Company pursuant to the provisions of Sections 391 to 394 of the Act and the Transferor Company shall give notice in such form as it deems fit to such persons, that pursuant to the Order of the Competent Authority, the said assets would be paid or made good to or held on account of, the Transferee Company, and the rights of the Transferor Company will vest with the Transferee Company upon this Scheme becoming effective.
- 5.5 The liabilities of the Transferor Company shall also, without any further act, instrument or deed be transferred to and vested in and assumed by and / or deemed to be transferred to and vested in and assumed by the Transferee Company pursuant to the provisions of Sections 391 to 394 of the Act, so as to become the liabilities of the Transferee Company and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities have arisen, in order to give effect to the provisions of this Clause.
- 5.6 The Transferee Company may at any time after the coming into effect of the Scheme in accordance with the provisions of the Scheme, if so required, under any law or otherwise, execute Deeds of Confirmation, in favour of the secured creditors of the Transferor Company or in favour of any other party to any contract or arrangement to which the Transferor Company is party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to implement or carry out all such formalities or compliance referred to above on the part of the Transferor Company to be carried out or performed.

- 5.7 With effect from the Appointed Date, all development rights, statutory licenses, permissions, approvals or consents to carry on the operations and business of Transferor Company shall stand vested in or transferred to the Transferee Company without any further act or deed and shall be appropriately mutated by the Statutory Authorities concerned in favour of the Transferee Company. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registrations or other licenses and consents shall vest in and become available to the Transferee Company pursuant to this Scheme. In so far as the various incentives, subsidies, rehabilitation Schemes, special status and other benefits or privileges enjoyed, granted by any Government body, authority or by any other person, or availed of by the Transferor Company, are concerned, the same shall vest with and be available to the Transferee Company on the same terms and conditions.
- 5.8 With effect from the Effective Date, the Transferee Company shall commence and carry on and shall be authorized to carry on the business which was carried on by the Transferor Company in addition to the business of the Transferee Company.
- 5.9 The Transferor Company and the Transferee Company are going concerns. The Scheme is not likely to impose any additional burden / hardship on the members of Transferor Company or the Transferee Company nor will it affect the interests of any of the classes of members / creditors of the Transferor Company and the Transferee Company.

6 CONSIDERATION

- 6.1 Upon this Scheme becoming effective, the Transferee Company shall without any further act or deed, issue and allot to every member of the Transferor Company, Equity Shares in the Transferee Company, on a date to be fixed by the Board of Directors of the Transferee Company, in the following manner:
- “10” Equity Share of Rs.10/- each in the Transferee Company credited as fully paid up (‘New Equity Shares of the Transferee Company in lieu of Transferor Company shares’) for every “7” Equity Shares of Rs. 5 each fully paid up and held by such member in the Transferor Company.
- 6.2 The equity shares to be issued to the shareholders of the Transferor Company under Clause 6.1 shall be subject to the Memorandum and Articles of Association of TCL and shall rank pari-passu with the existing equity shares of TCL in all respects including dividend.
- 6.3 Upon equity shares being issued and allotted by TCL to the shareholders of Transferor Company, in accordance with Clause 6.1, the share certificates in relation to the shares held by the said shareholders in Transferor Company shall be deemed to have been cancelled and extinguished and be of no effect on and from such issue and allotment.
- 6.4 TCL shall, if and to the extent required, apply for and obtain any approvals from the concerned regulatory authorities for the issue and allotment of equity shares to the members of Transferor Company under the Scheme.
- 6.5 The issue and allotment of equity shares to the shareholders of Transferor Company, as provided in this Scheme, shall be deemed to be made in compliance with the procedure laid down under Section 62 and any other provisions of the Act.

- 6.6 In respect of fractional entitlements, if any, by Transferee Company, to the equity shareholders of Transferor Company at the time of issue and allotment of Transferee Company's Equity Shares under Clause 6.1, the Board of Directors of Transferee Company shall consolidate all fractional entitlements, and allot Transferee Company's Equity Shares in lieu thereof to a Director or such other authorized representative(s) as the Board of Directors of Transferee Company shall appoint in this behalf, who shall hold the Transferee Company's Equity Shares issued in Transferee Company, in trust on behalf of the equity shareholders entitled to fractional entitlements with the express understanding that such director(s) or other authorized representatives shall sell the same in the market at such time or times and at such price or prices and to such person or persons, as it/he/they may deem fit, and pay to Transferee Company, the net sale proceeds thereof, whereupon Transferee Company shall distribute such net sale proceeds (after deduction of applicable taxes), to the equity shareholders in proportion to their respective fractional entitlements. The Board of Directors of Transferee Company, if it deems necessary, in the interests of allottees, approve such other method in this behalf as it may, in its absolute discretion, deem fit.
- 6.7 TCL shall, to the extent required, increase its Authorized Share Capital in order to issue Equity Shares under this Scheme. Further, the Transferee Company shall comply with the provisions of the Act to increase its Authorized Share Capital.
- 6.8 In discharge of consideration for the vesting of business of Transferor Company at fair value, the Transferee Company will issue 1,31,02,424 equity shares to the shareholders of respective Transferor Company as per clause 6.1 above.
- 6.9 In the event of there being any pending share transfers with respect to any application lost for transfer by any shareholder of the Transferor Company, the Board of Directors or any Committee thereof of the Transferor Company if in existence or failing which the Board of Directors or any Committee thereof of the Transferee Company shall be empowered in appropriate cases, even subsequent to the Record Date to effectuate such a transfer in the Transferor Company as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or the transferee of the share(s) in the Transferee Company and in relation to the new shares after the Scheme becomes effective.
- 6.10 The Transferee Company shall apply for listing of its equity shares on BSE Limited and NSE in terms of SEBI Circulars within 30 (thirty) days from the receipt of the order of the High Court and in compliance of the SEBI Circulars. The equity shares allotted by the Transferee Company pursuant to the Scheme shall remain frozen in the depositories system till listing or trading permission is given by the BSE Limited and/or NSE.
- 6.11 Unless otherwise determined by the Board of Directors of the Transferor Company and Transferee Company or by the BSE Limited or by the NSE Limited; whichever is earlier, allotment of shares under this Scheme shall be completed within 30 (thirty) days from the date of receipt of the order of the High Court.
- 6.12 There shall be no change in the shareholding pattern or Control of the Transferee Company between the Record date and the date of listing which may affect the basis on which the approval is received from BSE Limited and NSE.

6.13 The Scheme shall be presented before the public shareholders for voting through postal ballot and e-voting, after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution.

6.14 The Scheme shall be acted upon only if the votes cast by the public shareholders in favour are more than the number of votes cast by the public shareholders against it. The term “public” shall carry the same meaning as defined under Rule 2 of The Securities Contracts (Regulation) Rules, 1957.

7 ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFeree COMPANY

7.1 The Transferee Company shall account for amalgamation in accordance with the ‘Purchase Method of Accounting’ laid down by Accounting Standard 14 (Accounting for Amalgamation), issued by the Institute of Chartered Accountants of India read with section 133 of the Act.

7.2 With effect from the Appointed Date, all the assets including investments, and liabilities appearing in the books of accounts of the Transferor Company shall stand transferred to and vested in the Transferee Company pursuant to the Scheme and shall be recorded by the Transferee Company at their respective fair values.

7.3 Inter-company balances, if any, and investments shall stand cancelled.

7.4 The difference between the paid up value of shares allotted (as mentioned in clause 6.1 above), fair values of net assets (as mentioned in Clause 7.2 above) and the cancellation of inter-company balances and investments (as mentioned in Clause 7.3 above) shall be credited to Capital Reserve Account. In case of there being a deficit, the same shall be debited to Goodwill Account.

7.5 In case of any differences in accounting policy between the Transferor Company and the Transferee Company, the accounting policies followed by the Transferee Company will prevail and the difference till the Appointed Date will be quantified and adjusted in the Capital Reserve Account mentioned earlier to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.

8 COMBINATION OF AUTHORISED CAPITAL

8.1 Upon Scheme becoming effective, the authorised share capital of TCL shall stand increased without any further act, instrument or deed on the part of TCL including payment of stamp duty and fees payable to Registrar of Companies, by the authorised share capital of:

- a. CCAL amounting to Rs. 21,14,00,000/- (Rupees Twenty One Crore Fourteen Lakh only) comprising of 4,22,00,000 Equity Shares of Rs. 5/- each and 4,000 11% Redeemable Cumulative Preference Shares of Rs. 100/- each; and
- b. TCL shall reclassify 4,22,00,000 equity shares (as stated in Clause 8.1(a) above) of Rs. 5/- each to 2,11,00,000 equity of Rs. 10/- each.

and the Memorandum of Association and Articles of Association of TCL (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders of TCL to the Scheme shall be deemed to be sufficient for the

purposes of effecting this amendment, and no further resolution(s) under Section 61 the Act would be required to be separately passed, as the case may be and for this purpose the stamp duty and fees paid on the authorized capital of CCAL shall be utilized and applied to the increased authorized share capital of TCL and there would be no requirement for any further payment of stamp duty and / or fee by TCL for increase in the authorised share capital to that extent.

8.2 Consequent upon the Scheme becoming effective, the authorised share capital of TCL will be as under:

Particulars	Rupees
Authorised Capital	
2,85,00,000 Equity Shares of Rs. 10/- each	28,50,00,000
2,64,000 11% Redeemable Cumulative Preference Shares of Rs. 100/- each	2,64,00,000
8,00,000 12% Redeemable Preference Shares of Rs.100/- each	8,00,00,000
Total	39,14,00,000

It is clarified that the approval of the members of TCL to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum and Articles of Association of TCL under Section 13 and 14 of the Act.

9 TAXES

- 9.1 Upon the coming into effect of the Scheme, benefits of all taxes paid including but not limited to Minimum Alternate Tax paid under Section 115JA/115JB of the IT Act, advance taxes and tax deducted at source, right to carry forward and set off unabsorbed losses and depreciation, unutilized Minimum Alternate Tax credit under the provisions of the IT Act, by the respective Transferor Company from the Appointed Date, regardless of the period to which they relate, shall be deemed to have been paid for and on behalf of and to the credit of the Transferee Company as effectively as if the Transferee Company had paid the same and shall be deemed to be the rights/claims of the Transferee Company. All un-availed credits, set offs, claims for refunds under any State VAT Acts, CST Acts, Central Excise and Service Tax provisions or any other State or Central statutes regardless of the period to which they may relate, shall stand transferred to the benefit of and shall be available in the hands of the Transferee Company without restrictions under the respective provisions.
- 9.2 The Transferee Company shall be entitled to file / revise its income tax returns, service tax returns, Value Added Tax returns, Central Sales Tax returns, tax deducted at source certificates, tax deducted at source returns and other statutory returns and filings, if required under the Tax Laws.
- 9.3 This Scheme has been drawn up to comply and come within the definition and conditions relating to "Amalgamation" as specified under Section 2(1B) and Section 47 of the IT Act. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Sections of the IT Act, at a later date, including resulting from an amendment of law or for any other reason whatsoever, the Scheme shall stand modified / amended to the extent determined necessary to comply with and come within the definition and conditions relating to "Amalgamation" as defined in the IT Act. In such an event the clauses which are inconsistent shall be modified or if the need arises be

deemed to be deleted and such modification / deemed deletion shall however not affect the other parts of the Scheme.

10. CHANGE OF NAME

- 10.1 With effect from the Appointed Date, the name of TCL shall be changed to “Chemfab Alkalis Limited” or such other name as may be approved by the Registrar of Companies.
- 10.2 It is hereby clarified that the consent of the shareholders of TCL to this Scheme shall be deemed to be sufficient for the purposes of effecting the aforementioned amendment and that no further resolution under Section 13 or any other applicable provisions of the Act, would be required to be separately passed, nor any additional fees (including fees and charges to the relevant Registrar of Companies) or stamp duty, shall be payable by TCL.

11 DISSOLUTION OF THE TRANSFEROR COMPANY

On the Scheme becoming effective, the Transferor Company shall stand dissolved without being wound-up.

PART D – GENERAL TERMS AND CONDITIONS

12 CONDUCT OF BUSINESS OF TRANSFEROR COMPANY TILL EFFECTIVE DATE

During the period between the date of filing of the Scheme with the Competent Authority and the Effective Date:

- 12.1 The Transferor Company shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets pertaining to the business and undertaking of the Transferor Company for and on account of and in trust for the Transferee Company. The Transferor Company hereby undertakes to hold its said assets with utmost prudence until the Effective Date.
- 12.2 The Transferor Company shall carry on its business and activities with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of the Transferee Company alienate, charge, mortgage, encumber or otherwise deal with or dispose of the business or part thereof of the Transferor Company.
- 12.3 All the profits or income accruing or arising to the Transferor Company or expenditure or losses arising or incurred or suffered by the Transferor Company pertaining to the business of the Transferor Company shall for all purposes be treated and be deemed to be and accrue as the income or profits or losses or expenditure as the case may be of the Transferee Company.
- 12.4 The Transferor Company shall not vary the terms and conditions of employment of any of the employees except in the ordinary course of business or without the prior consent of the Transferee Company or pursuant to any pre-existing obligation undertaken by the Transferor Company as the case may be, prior to the Appointed Date.
- 12.5 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central / State Government, and all other agencies, departments and authorities concerned as are

necessary under any law or rules, for such consents, approvals and sanctions, which the Transferee Company, may require pursuant to this Scheme.

- 12.6 The Transferor Company shall not, without the prior written consent of the Board of Directors of the Transferee Company, undertake any new business or a substantial expansion of their existing business.
- 12.7 The Transferor Company shall not make any change in their capital structure (paid-up capital), other than changes pursuant to any prior commitments, obligations or arrangements or acts and deeds already made except by mutual consent of the Board of Directors of the Transferee Company.

13 EMPLOYEES

- 13.1 On the Scheme becoming effective all the employees of the Transferor Company shall become the employees of the Transferee Company, without any break or interruption in their services, on same terms and conditions on which they are engaged as on the Effective Date. The Transferee Company further agrees that for the purpose of payment of any retirement benefit / compensation, such immediate uninterrupted past services with the Transferor Company, shall also be taken into account. Transferee Company undertakes to continue to abide by the terms of agreement / settlement entered into by the Transferor Company, with employees' union / employee or associations of the Transferor Company.
- 13.2 The accounts / funds of the employees whose services are transferred under Clause 13.1 above, relating to superannuation, provident fund and gratuity fund shall be identified, determined and transferred to the respective Trusts / Funds of the Transferee Company and such employees shall be deemed to have become members of such Trusts / Funds of the Transferee Company.

14 LEGAL PROCEEDINGS

- 14.1 If any suit, appeal or other proceeding of whatever nature by or against the Transferor Company is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Transferee Company, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made.
- 14.2 In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against the Transferor Company, the Transferee Company shall be made party thereto, and any payment and expenses made thereto shall be the liability of the Transferee Company. On and from the Effective Date, the Transferee Company may initiate and/or continue any Proceedings which were earlier in the name of the Transferor Company.

15 CONTRACTS, DEEDS, ETC.

- 15.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, Letters of Intent, undertaking, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to the Transferor Company, to which the Transferor Company is a party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of

the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto.

- 15.2 The Transferee Company shall enter into and / or issue and / or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or notations, to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. The Transferee Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.

16 SAVING OF CONCLUDED TRANSACTIONS

The transfer of properties and liabilities under Clause 5 above and the continuance of proceedings by or against the Transferor Company under Clause 14 above shall not affect any transaction or proceedings already concluded by the Transferor Company on and after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of the Transferee Company.

17 APPLICATION TO COMPETENT AUTHORITY

The Transferor Company and the Transferee Company shall with all reasonable dispatch make all necessary applications under Sections 391 to 394 of the Act and other applicable provisions of the Act to the Competent Authority for seeking approval of the Scheme.

18 MODIFICATION OR AMENDMENTS TO THE SCHEME

Subject to approval of the Competent Authority, the Transferor Company and the Transferee Company by their respective Boards of Directors ('the Board', which term shall include Committee thereof), may assent to / make and / or consent to any modifications / amendments to the Scheme or to any conditions or limitations that the Competent Authority and / or any other Authority under law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate as a result of subsequent events or otherwise by them (i.e. the Board). The Transferor Company and the Transferee Company by their respective Board are authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying the Scheme into effect, whether by reason of any directive or Orders of any other authorities or otherwise howsoever, arising out of or under or by virtue of the Scheme and / or any matter concerned or connected therewith.

19 CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

- 19.1 This Scheme comprises of reduction of capital of TCL as stated in Part B and amalgamation of CCAL with TCL as stated in Part C. Part B and Part C are interconnected and shall be given effect to as per

the chronology in which it has been provided for in the Scheme. The Scheme shall be effective upon sanction of the Madras High Court.

- 19.2 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and / or creditors of the Transferor Company and the Transferee Company as may be directed by the Competent Authority.
- 19.3 The approval of the public shareholders of the Transferor Company shall be obtained through postal ballot and e-voting. The Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it as required under the SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 issue by SEBI.
- 19.4 The Scheme being approved by the BSE Limited and NSE under Regulation 37 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 19.5 The sanction of the Competent Authority under Sections 391 to 394 of the Act in favour of the Transferor Company and the Transferee Company under the said provisions and to the necessary Order under Section 394 of the said Act being obtained.
- 19.6 Certified or authenticated copy of the Order of the Competent Authority sanctioning the Scheme being filed with the Registrar of Companies at Chennai, Tamil Nadu by the Transferor Company and the Transferee Company, as may be applicable.

20 EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in the preceding Clause not being obtained the Scheme not being sanctioned by the Competent Authority or such other competent authority and / or the Order not being passed as aforesaid before 31st December 2017 or within such further period or periods as may be agreed upon between the Transferor Company and the Transferee Company by their Board of Directors (and which the Board of Directors of the Companies are hereby empowered and authorised to agree to and extend the Scheme from time to time without any limitation) failing which this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and / or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

21 COSTS, CHARGES & EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of the Transferor Company and the Transferee Company arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by the Transferee Company.

May 31, 2016

To,
The Board of Directors,
ChemFab Alkalies Limited
"TEAM House", GST Salai
Vandalur
Chennai - 600 048

**Sub: Fairness Opinion on the report of Bansil S. Mehta & Co., Chartered Accountants, Mumbai
with respect to the proposed Amalgamation of ChemFab Alkalies Limited and Teamec
Chlorates Limited.**

Dear Sirs,

We, Vivro Financial Services Private Limited ('Vivro', 'we', 'us', 'our'), refer to our engagement letter dated May 28, 2016 whereby ChemFab Alkalies Limited (hereinafter referred to as 'CAL' the Company, 'You', 'Your') has appointed us as an Independent Merchant Banker for furnishing a "Fairness Opinion" on the valuation carried out by Bansil S. Mehta & Co., Chartered Accountants, ("Valuer"), vide its Valuation Report dated May 31, 2016 pursuant to the proposed Scheme of Amalgamation of ChemFab Alkalies Limited with Teamec Chlorates Limited pursuant to section 391-394 of the Companies Act, 1956.

1. SOURCE OF INFORMATION

We have relied on the following information made available to us by the management of both the Companies for purpose of this opinion:

1. Memorandum and Articles of Association of CAL and TCL;
2. Audited Financial Statements of CAL and TCL for the Financial Year ended on March 31, 2015, March 31, 2014 and March 31, 2013;
3. Provisional Financial Statements of TCL and CAL for the year ended March 31, 2016;
4. Valuation Report prepared by Bansil S. Mehta & Co., Chartered Accountants, dated May 31, 2016 for the purpose of ascertaining share exchange ratio for the proposed Scheme of Amalgamation of CAL and TCL. The Valuation date considered in the report is March 31, 2016;
5. Draft Scheme of Arrangement in nature of Amalgamation between CAL and TCL;
6. Shareholding Pattern of both the Companies as on March 31, 2016 as well as the proposed shareholding pattern after considering the effect of the proposed scheme of amalgamation;

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CIN - U67120GJ1996PTC029182, Merchant Banker Sebi. Reg. No. INM000010122, AMBI Reg. No. AMBI/086

For Chemfab Alkalies Limited,

[Signature]
Company Secretary

7. Financial Projections of CAL from March 31, 2017 to March 31, 2023 duly certified by the Management of CAL;
8. Financial Projections of TCL from March 31, 2017 to March 31, 2021 duly certified by the Management of TCL;
9. Details of Market Price and trading volume of Equity Shares of CAL on BSE and NSE;
10. Such other information and explanations as required and which have been provided by the management of the Companies, which were considered relevant for purpose of carrying out this assignment.

2. DISCLAIMER

This Fairness Opinion Report is prepared by Vivro Financial Services Private Limited under an engagement from CAL on the basis of information, documents, papers, and explanations given by the management, officers and staff of CAL and TCL to Vivro.

In preparing the Fairness Opinion Report, Vivro has relied upon and assumed, without independent verification, the truthfulness, accuracy and completeness of the information and financial data provided by the Companies. Vivro has therefore relied upon all specific information as received and declines any responsibility should the results presented be affected by the lack of completeness or truthfulness of such information.

Vivro has also considered the proposed Scheme of amalgamation as furnished. It is assumed that the proposed Scheme will be consummated in accordance with the expected terms.

Vivro shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly on account of the use of or reliance on the information set out herein in this report.

Vivro has not provided any accounting, tax or legal advice to any Company involved in the transaction. Fairness Opinion Report should not be construed as investment advice or any form of recommendation either for making or divesting investment in any of the companies involved in the transaction.

This Opinion is furnished on a strictly confidential basis. Neither this Opinion nor the information contained herein may be reproduced or passed to any person or used for any purpose other than stated above or as may be required under applicable laws and regulation.

The fee for our services is not contingent upon the results of the proposed amalgamation. This opinion is subject to Laws of India.

This Report is necessarily based on various factors and conditions as of the date hereof, and the written and oral information made available to us until May 31, 2016. It is understood that subsequent developments may affect the conclusions of the Report and of the Opinion and that, in addition, Vivro has no obligation to update, revise, or reaffirm the Opinion.

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3. LIMITATIONS

Our report is subject to the scope limitations detailed hereinafter. The report should be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

In course of the present exercise, we were provided with both written and verbal information, including financial data. Our report is based on the information furnished to us being complete and accurate in all material respects. We have relied upon the historical financial statements and the information and representations furnished to us without carrying out any audit or other tests to verify the accuracy with limited independent appraisal. Also, we have been given to understand by the managements of the companies that they have not omitted any relevant facts and material factors. Accordingly, we do not express any opinion in any form of assurance regarding its accuracy and completeness. We assume no responsibility whatsoever for any errors in the above information furnished by the companies and their impact on the present exercise. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the companies.

Our work does not constitute an audit or certification or due diligence of the past financials of CAL and TCL used in the study and we have relied upon the information provided to us by the management of both the Companies as regards such working results.

We express no opinion whatsoever and make no recommendation at all to the companies underlying decision to effect the proposed Scheme or as to how the holders of equity shares or secured or unsecured creditors of the Companies should vote at their respective meetings held in connection with the proposed Scheme. We accept no responsibility as to the prices at which the equity shares of CAL will trade following the announcement of the proposed Scheme or as to the financial performance of CAL following the consummation of the proposed Scheme.

Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed merger with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon, in their respective jurisdiction.

No investigation of the companies claim to the title of assets or property owned by the companies has been made for the purpose of the fairness opinion. With regard to the companies claim we have relied solely on representation, whether verbal or otherwise made, by the management to us for the purpose of this report.

Our analysis and results are also specific to the date of this report. An exercise of this nature involves consideration of various factors. This report is issued on the understanding that the companies have drawn our attention to all the matters, which they are aware of considering the financial position of the Companies, their businesses, and any other matter, which may have an impact on our opinion for the proposed amalgamation, including any significant changes that have taken place or are likely to take place in the financial position of the Companies or their businesses subsequent to the proposed Appointed Date of the proposed Scheme. We have no responsibility to update this report for events and circumstances occurring after the date of this report. We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.

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4. BACKGROUND OF COMPANIES

CHEMFAB ALKALIS LIMITED -Transferor Company

ChemFab Alakalis Limited is a public limited company incorporated on 16th June, 1983 under the Companies Act, 1956 having its registered office situated at "TEAM House", GST Salai, Vandalur, Chennai - 600 048.

CAL produces Caustic Soda, Chlorine, Hydrogen, Sodium Hypo Chlorite, and Hydrochloric Acid. CAL has two divisions located at Pondicherry i.e. the Salt Division and Chlor-Alkali Division.

The Equity Shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited. The Equity Shares of the Company are infrequently traded on the Stock Exchange.

Financial Performance of the Company:

INR in Lacs

Particulars	2015-16 (Provisional)	2014-15(A)	2013-14(A)	2012-13(A)
Total Revenue	10430.97	11,535.08	11,739.59	11,956.44
Profit Before Tax	1337.28	1,586.19	2,475.22	3,483.02
Profit After Tax	866.06	1,022.70	1,644.75	2,348.24
Shareholders' Funds	13685.52	12,957.20	12,111.72	10,601.10

Board of Directors of CAL:

Sr. No.	Names of Directors	Designation
1.	Mr. Suresh Krishnamurthi Rao	Chairman
2.	Mr. C S Ramesh	Director
3.	Mr. T Ramabadrán	Independent Director
4.	Mr. N Ganga Ram	Independent Director
5.	Mrs. Sujatha Jayarajan	Independent Director
6.	Mr. V M Srinivasan	Chief Executive Officer
7.	Mr. Nitin S Cowlagi	Chief Financial Officer
8.	Mr. G Somasundaram	Company Secretary

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Shareholding Pattern of CAL:

Share Capital	Particulars	Amount (In INR)
Authorised Capital	422,00,000 Equity Shares of Rs. 5/- each	21,10,00,000
	4,000 11% Redeemable Cumulative Preference Shares of Rs 100/-each	4,00,000
Issued, Subscribed & Fully Paid-up	91,71,697 Equity Shares of Rs. 5/- each	458,58,485

Sr. No.	Particulars	No. of Shares	% of shareholding
1.	Promoter and Promoter Group	68,78,326	75%
2.	Public Shareholders	22,93,371	25%
Total		91,71,697	100%

TEAMEC CHLORATES LIMITED -Transferee Company

TCL is a Public Company incorporated on 6th May, 2009 under the Companies Act, 1956. It is an unlisted public limited company having its registered office at "TEAM House", GST Salai, Vandalur, Chennai - 600 048.

TCL has put up a manufacturing facility at Andhra Pradesh, India to manufacture Sodium Chlorate, Iye, Crystals and Hydrogen Gas. It is promoted as an Associate of Dr. Rao Holdings Pte Ltd., Singapore and it belongs to Chemfab - Team Group of Companies.

Financial Performance of the Company:**INR in Lacs**

Particulars	2015-16 (Unaudited)	2014-15(A)	2013-14(A)	2012-13(A)
Total Revenue	3,785.45	3,296.13	2,406.40	983.71
Net Profit	44.22	(746.80)	(1,044.55)	(1,371.59)
Shareholders' Funds	(746.90)	(1,919.41)	(1,172.61)	(128.06)

Board of Directors of TCL:

Sr. No.	Names of Directors	Designation
1.	Mr. M Krishna Swami	Director
2.	Mr. K Gopalan	Director
3.	Mr. P Santhanam	Director
4.	Mr. R Mahendran	Director

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Shareholding Pattern of TCL:

Share Capital	Particulars	Amount (In Rs.)
Authorised	74,00,000 Equity Shares of Rs. 10/- each.	7,40,00,000
	10,60,000 Preference Shares of Rs. 100 each	10,60,00,000
Issued, Subscribed & Fully Paid-up	72,80,804 Equity Shares of Rs. 10/- each.	7,28,08,040
	2,60,000 Preference Shares of Rs 100 each	2,60,00,000

It is noted that under the draft scheme of amalgamation of CAL into TCL, as provided to us by the Management, there is a proposal that the issued subscribed & fully paid-up Share Capital of TCL amounting to Rs. 7,28,08,040 divided into 72,80,804 equity shares of Rs. 10 each shall, be reduced to Rs. 72,80,804 divided into 72,80,804 equity shares of paid-up value Re. 1 per share.

Simultaneously, 72,80,804 equity shares of the reduced face value of Re. 1 each shall stand consolidated into 7,28,080 equity shares of Rs. 10 each fully paid. Thus, the reduced paid up capital of the Transferee Company will be Rs. 72,80,804 divided into 7,28,080 equity shares of Rs. 10 each.

In order to arrive at the exchange ratio, the valuer has considered the foregoing reduction of capital of TCL and accordingly considered the number of shares as 7,28,080 of face and paid-up value of Rs. 10 each.

The Equity Shares of TCL are not listed on any stock exchange. As per the Draft Scheme of Amalgamation, as provided to us by the management, TCL shall apply for listing of its equity shares on BSE Limited and NSE in terms of SEBI Circulars within 30 (thirty) days from the receipt of the order of the High Court and in compliance of the SEBI Circulars. The equity shares allotted by the Transferee Company pursuant to the Scheme shall remain frozen in the depositories system till listing or trading permission is given by the BSE Limited and/or NSE.

5. SCOPE AND PURPOSE OF THIS REPORT

We understand that the Board of Directors of CAL and TCL have considered and proposed a Scheme of Amalgamation of TCL with CAL, pursuant to the provisions of section 391 to 394 and other relevant provisions of the Companies Act, 1956 and the applicable provisions of the Companies Act, 2013.

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In order to comply with the requirements of the regulations, the Company has appointed Bansi S. Mehta & Co., Chartered Accountants, Mumbai as the Valuer.

In this connection, the Management has engaged Vivro to submit a report on the Fairness of the Report provided by the Valuer. Our scope of work only includes forming an opinion on the fairness of the recommendation given by the Valuer on the exchange ratio arrived at for the purpose of the proposed Scheme of Arrangement and not on the fairness or economic rationale of the amalgamation per se.

This report is subject to the scope, assumptions, limitations and disclaimers detailed above. As such the report is to be ready in totality, not in parts and in conjunction with the relevant documents referred to herein. This report has been issued only for the purpose of facilitating the Amalgamation and should not be used for any other purpose.

6. VALUER'S RECOMMENDATION

After using several commonly used and accepted methods of determining the value of equity shares of a company, it has been recommended by the Valuer that the fair exchange ratio for the merger of CAL with TCL shall be as follows:

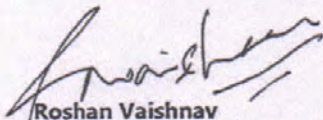
"For every 7 (Seven) Equity shares of face and paid up value of Rs 5/- (Five) held in CAL, 10 (Ten) Equity shares of face and paid up value of Rs. 10/- (Ten) in TCL to be issued to the equity shareholders of CAL"

7. OUR OPINION ON THE VALUER REPORT

The fairness opinion has been prepared based on the Valuer's report and our analysis of the various factors relevant to the Companies, having regard to the information submitted, management representations, key underlying assumptions and limitations.

In view of the above and on consideration of all relevant factors and circumstances, we believe that the Valuer's recommendation that for every 7 (Seven) Equity shares of face and paid up value of Rs 5/- (Five) held in CAL, 10 (Ten) Equity shares of face and paid up value of Rs. 10/- (Ten) in TCL be issued to the equity shareholders of CAL, is Fair.

For, Vivro Financial Services Private Limited


Roshan Vaishnav
(Director)

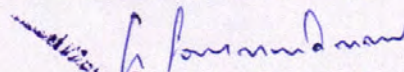
Date: May, 31st 2016
Place: Ahmedabad



Vivro Financial Services Private Limited

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For Chemfab Alkalies Limited,


Company Secretary



CCAL
CHEMFAB ALKALIS LIMITED

CAL / SECL / 2015-16

July 28, 2016

The Manager,
Listing Department
The Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001.

Dear Sir/ Madam,

Sub: Submission of Complaints Report - Reg.

Ref: Scheme of Amalgamation and Arrangement between Chemfab Alkalis Limited ("Transferor Company" or "CCAL") with Teamec Chlorates Limited ("Transferee Company" or "TCL") and their respective shareholders and creditors ("hereinafter referred to as "the Scheme")

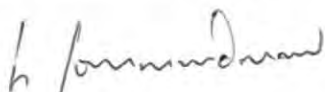
With reference to our application for Scheme of Amalgamation and Arrangement, we enclose the Complaints report as per the format prescribed under SEBI Circular No.CIR/CFD/CMD/16/2015 dated November 30,2015.

Kindly acknowledge the receipt.

Thanking You,

Yours faithfully,

For **CHEMFAB ALKALIS LIMITED**



G Somasundaram

Company Secretary

Encl: a/a.



Regn. No. OHS 66228 / EMS 71746
An OHSAS 18001 and ISO 14001 Certified Company

CIN No.: L24297TN1983PLC072409
Member - Dr. Rao's Group of Companies

Regd. Off: 'TEAM House', GST Road, Vandalur, Chennai - 600 048, India.

Ph : + 91 44 22750323 / 66799595, Fax: + 91 44 22750771, E-mail: chemfabalkalis@draaholdings.com

Plant : "Gnanananda Place", Kalapet, Puducherry - 605 014, India Ph : +91 413 2655111, Fax: +91 413 2655125, www.chemfabalkalis.com

Complaints Report (as per Format)

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	N.A
5.	Number of complaints pending	N.A

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
		N.A	

For Chemfab Alkalies Limited,

[Signature]
Company Secretary



CCAL
CHEMFAB ALKALIS LIMITED

CAL / SECL / 2016-17

July 28, 2016

The Manager,
Listing Department
National Stock Exchange of India Limited
“Exchange Plaza”
Bandra - Kurla Complex, Bandra (E)
Mumbai - 400 051.

Dear Sir/ Madam,

Sub: Submission of Complaints Report - Reg.

Ref: Scheme of Amalgamation and Arrangement between Chemfab Alkalies Limited (“Transferor Company” or “CCAL”) with Teamec Chlorates Limited (“Transferee Company” or “TCL”) and their respective shareholders and creditors (“hereinafter referred to as “the Scheme”)

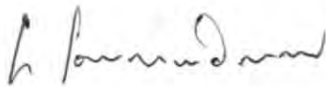
With reference to our application for Scheme of Amalgamation and Arrangement, we enclose the Complaints report as per the format prescribed under SEBI Circular No.CIR/CFD/CMD/16/2015 dated November 30,2015.

Kindly acknowledge the receipt.

Thanking You,

Yours faithfully,

For **CHEMFAB ALKALIS LIMITED**



G Somasundaram
Company Secretary

Encl: a/a.



Regn. No. OHS 66228 / EMS 71746
An OHSAS 18001 and ISO 14001 Certified Company

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Complaints Report (as per Format)

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	N.A
5.	Number of complaints pending	N.A

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
		N.A	

For Chemfab Alkalies Limited,

[Signature]
Company Secretary



DCS/AMAL/KS/24(F)/522/2016-17
September 2, 2016

The Company Secretary
Chemfab Alkalies Ltd.
'Team House', G.S.T. Salai,
Vandalur, Chennai, Tamil Nadu, 600048



Sub: Observation letter regarding the Draft Scheme of Arrangement involving Amalgamation of Chemfab Alkalies Limited with Teamec Chlorates Limited.

We are in receipt of Draft Scheme of Arrangement involving Amalgamation of Chemfab Alkalies Limited with Teamec Chlorates Limited.

As required under SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015; SEBI vide its letter dated September 02, 2016 has inter alia given the following comment(s) on the draft scheme of arrangement:

- **"Company shall duly comply with various provisions of the Circulars."**

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble High Court.

However, the listing of equity shares of Teamec Chlorates Limited on the BSE Limited, shall be subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 and compliance with the requirements of SEBI circular. No. CIR/CFD/CMD/16/2015 dated November 30, 2015. Further, Teamec Chlorates Limited shall comply with SEBI Act, Rules, Regulations, directions of the SEBI and any other statutory authority and Rules, Byelaws, and Regulations of the Exchange.

The Company shall fulfill the Exchange's criteria for listing the securities of such company and also comply with other applicable statutory requirements. However, the listing of shares of Teamec Chlorates Limited is at the discretion of the Exchange. In addition to the above, the listing of Teamec Chlorates Limited pursuant to the Scheme of Arrangement shall be subject to SEBI approval and the Company satisfying the following conditions:

1. To submit the Information Memorandum containing all the information about Teamec Chlorates Limited in line with the disclosure requirements applicable for public issues with BSE, for making the same available to the public through the website of the Exchange. Further, the company is also advised to make the same available to the public through its website.
2. To publish an advertisement in the newspapers containing all the information Teamec Chlorates Limited in line with the details required as per the aforesaid SEBI circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as BSE.

3. To disclose all the material information about Teamec Chlorates Limited on a continuous basis so as to make the same public, in addition to the requirements if any, specified in Listing Agreement for disclosures about the subsidiaries.
4. The following provisions shall be incorporated in the scheme:
 - i. "The shares allotted pursuant to the Scheme shall remain frozen in the depository system till listing/trading permission is given by the designated stock exchange."
 - ii. "There shall be no change in the shareholding pattern of Teamec Chlorates Limited between the record date and the listing which may affect the status of this approval."

Further you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also in your application for approval of the scheme of arrangement.

Further, pursuant to the above SEBI circulars, upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

- a. Copy of the High Court approved Scheme;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- d. Copy of the observation letter issued by all the Stock Exchanges where Company is listed.
- e. Status of compliance with the Observation Letter/s of the stock exchanges;
- f. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- g. Complaints Report as per Annexure II of this Circular.
- h. Any other document/disclosure as informed by the Exchange.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,


Nitin Pujari
Manager

Ref: NSE/LIST/86185

September 07, 2016

The Company Secretary
Chemfab Alkalies Limited
"Team House", GST Salai,
Vandalur,
Chennai- 600048.

Kind Attn.: Mr. G. Somasundaram

Dear Sir,

Sub: Observation letter for draft Scheme of Amalgamation and Arrangement between Chemfab Alkalies Limited ("Transferor Company" or "CCAL") with Teamec Chlorates Limited ("Transferee Company" or "TCL") and their respective Shareholders and Creditors (hereinafter referred to as "the Scheme").

This has reference to draft Scheme of Amalgamation and Arrangement between Chemfab Alkalies Limited ("Transferor Company" or "CCAL") with Teamec Chlorates Limited ("Transferee Company" or "TCL") and their respective Shareholders and Creditors (hereinafter referred to as "the Scheme") submitted to NSE vide your letter dated June 27, 2016.

Based on our letter reference no. NSE/LIST/82798 submitted to SEBI and pursuant to SEBI Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015, SEBI has vide letter dated September 02, 2016, has given following comments on the draft Scheme of Arrangement:

"The Company shall duly comply with various provisions of the Circular."

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of regulation 11 of SEBI (LODR) Regulation, 2015, we hereby convey our "No-objection" in terms of regulation 94 of SEBI (LODR) Regulation, 2015, so as to enable the Company to file the draft scheme with the Hon'ble High Court.

However, the listing of equity shares of Teamec Chlorates Limited on the National Stock Exchange India Limited shall be subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957. Further, Teamec Chlorates Limited shall comply with SEBI Act, Rules, Regulations, directions of the SEBI and any other statutory authorities and Rules, Byelaws and Regulations of the Exchange.

The Company should also fulfill the Exchange's criteria for listing such Company and also comply with other applicable statutory requirements. However, the listing of shares of Teamec Chlorates Limited is at the discretion of the Exchange.

The listing of Teamec Chlorates Limited, pursuant to the Composite Scheme of Arrangement shall be subject to SEBI approval & Company satisfying the following conditions:



1. To submit the Information Memorandum containing all the information about Teamec Chlorates Limited and its group Companies in line with the disclosure requirements applicable for public issues with NSE for making the same available to the public through website of the Company.
2. To publish an advertisement in the newspapers containing all the information about Teamec Chlorates Limited in line with the details required as per SEBI Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as NSE.
3. To disclose all the material information about Teamec Chlorates Limited to NSE on the continuous basis so as to make the same public, in addition to the requirements, if any, specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for disclosures about the subsidiaries.
4. The following provision shall be incorporated in the Scheme:
 - (a) "The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange."
 - (b) "There shall be no change in the shareholding pattern or control in Teamec Chlorates Limited between the record date and the listing which may affect the status of this approval."

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from September 07, 2016, within which the Scheme shall be submitted to the Hon'ble High Court. Further pursuant to the above cited SEBI circulars upon sanction of the Scheme by the Hon'ble High Court, you shall submit to NSE the following:

- a. Copy of Scheme as approved by the High Court;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme.
- d. Status of compliance with the Observation Letter/s of the stock exchanges
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per SEBI Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015.

Yours faithfully,

For National Stock Exchange of India Limited

Kamlesh Patel
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL
http://www.nseindia.com/corporates/content/further_issues.htm

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CIN: L24297TN1983PLC072409

Registered Office: TEAM House, GST Road, Vandalur, Chennai – 600048, India

Ph. No.: 044-22750323 / 4; Fax : 044-22750860

chemfabalkalis@draoholdings.com

Website: www.chemfabalkalis.com

ATTENDANCE SLIP

Regd. Folio No. / DPID-Client ID No.	
Shareholder's Name:	
Address of Shareholder's:	
In case of Proxy or Authorized Representative	
Name of Proxy or Authorized Representative:	
Address of Proxy or Authorized Representative:	
No. of shares held	

I/We hereby record my/our presence at the Court Convened Meeting of the Equity Shareholders of Chemfab Alkalis Limited, convened pursuant to an Order dated 24th November, 2016 of the Hon'ble High Court of Madras, at 'TEAM House', GST Road, Vandalur, Chennai – 600048 on Monday, January 9, 2017 at 10 A.M.

Signature of Shareholder / Proxy / Authorized Representative

Notes:

- Equity Shareholders / Proxyholder(s) attending the Meeting are requested to complete and to bring the Attendance Slip and hand it over at the entrance of the Meeting Hall.
- Please do not bring with you any person who is not a member of the Company at the meeting.

THE ROAD MAP OF VENUE OF THE MEETING



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CIN: L24297TN1983PLC072409

Registered Office: TEAM House, GST Road, Vandalur, Chennai – 600048, India

Ph. No.: 044-22750323 / 4; **Fax :** 044-22750860

Email id: chemfabalkalis@drroaholdings.com

Website: www.chemfabalkalis.com

IN THE HIGH COURT OF MADRAS AT CHENNAI

ORIGINAL JURISDICTION

COMPANY APPLICATION NO. 1072 OF 2016

In the matter of Scheme of Amalgamation and Arrangement under Sections 391 to 394 of the Companies Act, 1956;

AND

Chemfab Alkalis Limited (CIN L24297TN1983PLC072409), a company incorporated under the Companies Act, 1956 and having its registered office at TEAM House, GST Road, Vandalur, Chennai – 600048, in the state of Tamil Nadu.

AND

In the matter of Scheme of Amalgamation and Arrangement between Chemfab Alkalis Limited and Teamec Chlorates Limited and their respective shareholders and creditors

Chemfab Alkalis Limited (CIN L24297TN1983PLC072409), a company incorporated under the Companies Act, 1956 and having its registered office at TEAM House, GST Road, Vandalur, Chennai – 600048, in the state of Tamil Nadu..

..... Applicant Transferor Company

PROXY FORM

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

CIN: L24297TN1983PLC072409

Name of the Company: CHEMFAB ALKALIS LIMITED

Registered Office: TEAM House, GST Road, Vandalur, Chennai – 600048, Tamil Nadu

Name of the member(s)
Registered address
Email ID
Folio No. / Client ID
DP ID

I / We, being the member(s) of Equity Shares of Chemfab Alkalys Limited,
hereby appoint

1. Name : E-mail ID:

.....

Address:.....

.....

Signature :..... or
failing him/her.....

2. Name : E-mail ID:

.....

Address:.....

.....

Signature :..... or
failing him/her.....

3. Name : E-mail ID:

.....

Address:.....

.....

Signature :..... or
failing him/her.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Court Convened Meeting of the Equity Shareholders of the Company, to be held at TEAM House', GST Road, Vandalur, Chennai – 600048 on Monday, January 9, 2017 at 10.00 A.M , for the purpose of considering and if thought fit, approving, with or without modification(s), the proposed Scheme of Amalgamation and Arrangement of Chemfab Alkalys Limited into Teamec Chlorates Limited and their respective shareholders and creditors under sections 391 to 394 of the Companies Act,1956 at such meeting and any adjournment or adjournments thereof, to vote for me/us and in



my/our name(s) _____ (here, if for, insert 'FOR', or if against, insert 'AGAINST' and in the latter case strike out the words 'EITHER WITH OR WITHOUT MODIFICATIONS' after the word resolution) the said amalgamation embodied in the Scheme and the resolution, either with or without modification(s)*, as my/our proxy may approve.

*strike out whatever is not applicable

Signed this day of 2016/2017

Signature of shareholder(s) :

Signature of proxy holder:.....

Affix Re.1
Revenue
Stamp

Notes:

- a) This form of proxy in order to be effective should be duly completed and deposited at the registered office of the company at TEAM House, GST Road, Vandalur, Chennai - 600048, not less than 48 hours before commencement of the Meeting.
- b) A proxy need not be a member of the company
- c) All alterations made in the form of proxy should be initialed.
- d) For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of Court Convened Meeting of Equity Shareholders.
- e) A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.



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CIN: L24297TN1983PLC072409

Registered Office: TEAM House, GST Road, Vandalur, Chennai – 600048, India

Ph. No.: 044-22750323 / 4; Fax : 044-22750860

Email id: chemfabalkalis@drroaholdings.com

Website: www.chemfabalkalis.com

POSTAL BALLOT FORM

(please read carefully the instructions printed overleaf before exercising the vote)

Serial No.....

1.	Name(s) of First Named Member(s) (in block letters)	:	
2.	Registered address of the Member	:	
3.	Name of the Joint Member(s), if any	:	
4.	I. Registered Folio No.	:	
	II. DP ID No. / Client ID No. (Applicable to investors holding shares in dematerialized form)	:	
5.	I / We hereby exercise my/our vote in respect of the Resolutions to be passed through Postal Ballot for the business stated in the Notice of the Company dated 24 th November, 2016 by recording my/our assent or dissent to the said Resolution by placing the tick ("✓") mark at the appropriate box below:		

Item No.	Description of the Resolution	No. of Shares	I / We assent to the Resolution (FOR)	I / We dissent to the Resolution (AGAINST)
1.	To approve the Scheme of Amalgamation and Arrangement of Chemfab Alkalis Limited with Teamec Chlorates Limited and their respective Shareholders and Creditors, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 and corresponding provisions of the Companies Act, 2013.			

Place:

Date:

(Signature of Member / Beneficial Owner)

Note: Last date for receipt of Postal Ballot Forms by the Scrutinizer is 9th January, 2017 upto 5.00 P.M.

INSTRUCTIONS

1. The relative explanatory statement pursuant to Section 102(2) of the Companies Act, 2013 setting out material facts is annexed hereto.
2. Pursuant to the provisions of Section 110 of the Companies Act, 2013 read with rule 22 of the Companies (Management and Administration) Rules, 2014, the assent or dissent of the Members in respect of the Resolution contained in the Postal Ballot Notice dated 24th November, 2016 is being determined through Postal Ballot including facility of E-Voting through CDSL platform.
3. The Board has appointed Mr S.A. Inbavadivu, Advocate in Practice as the Scrutinizer for the purpose of conducting business through Postal Ballot.
4. A member desiring to exercise vote by Postal Ballot may complete this Postal Ballot Form and send it directly to the Scrutinizer in the attached preprinted self-addressed envelope. No postage is required to be paid by the Shareholder as the prepaid self-addressed postal envelope is enclosed. Envelope containing Postal Ballots Forms, if deposited with the Company in person or, if sent by courier/ registered post at the expense of the registered Shareholder, shall also be accepted by the Company.
5. Assent or dissent to the proposed resolution may be recorded by placing a tick mark ("√") in the appropriate column. Postal Ballot Form bearing tick mark ("√") in both the column will render the form invalid.
6. Any incomplete, unsigned, incorrectly completed, incorrectly ticked, defaced, torn, mutilated, over-written, wrongly signed Postal Ballot Form will be rejected. The Postal Ballot shall not be exercised by a proxy.
7. Duly completed Postal Ballot Form should reach the Scrutinizer not later than the close of working hours of 5.00 P.M. on 9th January, 2017. Postal Ballot Forms received after that date will be strictly treated as if reply from such member has not been received.
8. This form should be completed and signed by the member as per the specimen signatures registered with the Company. In case of joint holdings, this form should be completed and signed (as per the Specimen Signature registered with the Company) by first named Shareholder and in his absence, by the next named joint holder. In case the Form is signed by persons other than individual members, this form should be signed by an authorized signatory whose signature is already registered with the Company/Depository Participant.
9. In case of shares held by Companies, Trust, Societies etc., duly completed Postal Ballot Form should also be accompanied by a certified copy of the Board Resolution/Other Authority together with the attested specimen signatures of the duly authorized person exercising the voting by Postal Ballot.
10. If any extraneous paper is found in such envelop the same would not be considered by the Scrutinizer and would be destroyed.
11. There will be one Postal Ballot Form for every Folio/Client ID irrespective of the number of joint holders.
12. The Scrutinizer's decision on the validity of the Postal Ballot shall be final.
13. The Scrutinizer shall submit his report to the Chairman of the Company or in his absence to the Executive Director or in his absence to any one of Chief Financial Officer or Company Secretary of the Company after completion of the scrutiny of the postal ballots including votes casted electronically. The result of the voting on the resolutions will be announced on or before 11th January, 2017 and published in the newspapers and displayed at the Registered Office of the Company and also communicated to the stock exchanges and

shall also be posted on the website of the Company at www.chemfabalkalis.com.

E-VOTING – The Company is pleased to provide e-voting facility as an alternative for members of the Company to enable them to cast their vote electronically instead of through physical postal ballot. In case a member has voted through e-voting facility, he/she need not send the physical postal ballot form. In case a member votes through e-voting facility as well as sends his/her vote through physical vote, the votes cast through e-voting shall only be considered and the voting through physical postal ballot shall not be considered by the scrutinizer. Members are requested to refer to the Postal Ballot Notice and Explanatory Statement along with notes for detailed instructions with respect to electronic voting.

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