KANORIA CHEMICALS & INDUSTRIES LIMITED

Registered Office
Park Plaza
71, Park Street
7th Floor
Kolkata-700 016
Tel :2249-9472/9473/9474
Fax :91-33-22499466
E-mail :calall@kanoriachem.com
Website :www.kanoriachem.com

KC-13/296

9th August, 2012

The Manager - Listing
The National Stock Exchange of India Limited,
"Exchange Plaza", 5th Floor,
Plot No. C/1, "G" Block,
Bandra- Kurla Complex,
Bandra (E),
Mumbai-400 051.

Symbol : KANORICHEM

Bombay Stock Exchange Ltd.
Corporate Relationship Department,
1st Floor, New Trading Ring,
Rotunda Building, P.J. Towers,
Dalal Street, Fort,
Mumbai - 400 001.

Security Code No. 506525

Dear Sir,

Sub : Proposed Buy Back by Kanoria Chemicals and Industries Limited ("Company')

We wish to inform you that at the Meeting of the Board of Directors of the Company held on Wednesday, the 8th August, 2012, the Board of Directors have approved the Buy-back of fully paid up Equity Shares of the Company of Rs. 5 each, at a price not exceeding Rs. 42 per Equity Share, payable in cash and not exceeding an aggregate amount of Rs. 50.4 crores, which is within 10% of the Paid Up Capital and Free Reserves of the Company as per Audited accounts for the financial year ended March 31 2012. The Buy-back shall be from the open market through Stock Exchange(s).

We are enclosing a certified copy of the resolution of the Board of Directors.

May we request you to take the same on your record and inform to your constituents accordingly.

Thanking you,

Yours sincerely,
For Kanoria Chemicals & Industries Limited

N. K. Sethia
Company Secretary

Encl : as above

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CERTIFIED TRUE COPY OF THE RESOLUTION PASSED IN THE MEETING OF THE BOARD OF DIRECTORS OF THE COMPANY ON 8th AUGUST, 2012 AT 'THE CHAMBERS', TAJ BENGAL HOTEL, 34-B, BELVEDERE RAOD, KOLKATA – 700 027

BUYBACK OF SHARES UPTO 10% OF PAID-UP CAPITAL AND FREE RESERVES

RESOLVED THAT pursuant to the provisions of Article 54 A of the Articles of Association of the Company and in accordance with the provisions of Sections 77A, 77AA and 77B and all other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "the Act") and the provisions contained in the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (hereinafter referred to as "the Buyback Regulations") [including any statutory modification(s) or re-enactment of the said Act or Rules framed thereunder from time to time or the Buyback Regulations, for the time being in force] and subject to such other regulations, approvals, permissions and sanctions as may be necessary from time to time from statutory authorities including but not limited to SEBI, Stock Exchanges, RBI etc. and further subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall be deemed to include a Committee thereof), consent of the Board be and is hereby accorded for the Company to buyback its fully paid-up equity shares of the face value of Rs. 5/-each at a maximum price not exceeding Rs. 42/- per equity share which *excludes* brokerage costs, SEBI turnover charges, taxes such as securities transaction tax, service tax and relevant stamp duty (collectively referred to as "Transaction Costs")and total amount of buyback not exceeding Rs. 50.4 Crores (which *exclude* Transaction Costs), which is within the 10% of the total issued, subscribed and paid up equity share capital and free reserves of the Company as on March 31, 2012 (the date of the latest audited accounts) (hereinafter referred to as "the Buyback") which is subject to a maximum of 25% of the total paid up equity capital of the Company in any financial year, at the maximum price of Rs. 42/- per equity share ("Maximum Offer Price") and for the maximum amount not exceeding Rs. 50.4 Crores ("Maximum Offer Size"), the maximum number of equity shares that can be bought back would be 1,20,00,000 equity shares, representing 21.32% of the issued subscribed and paid up equity share capital of the Company as on date. Should the average purchase price be lower than maximum price of Rs. 42/-, the number of equity shares that might be bought back would be more, assuming Buyback for the total amount of Rs, 50.4 Crores."

"RESOLVED FURTHER THAT it is hereby authorised that the Buyback be implemented within a period of twelve months from the date of passing of this resolution (or such extended period as may be permitted under the Act or the Buyback Regulations or by the appropriate authorities) from out of the Company's free reserves, by the methodology of open market purchases through the Stock Exchanges with electronic trading facility in such manner as may be prescribed by the Act and/or the Buyback Regulations and on such terms and conditions as the Board may from time to time in the absolute discretion of the Board deem fit as per prevailing laws."

"RESOLVED FURTHER THAT the Board in its absolute discretion may decide to close the Buyback of equity shares at such earlier date as may be determined by the Board, even if the

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maximum limit of buyback has or has not been reached, by giving an appropriate notice for such earlier date and as may be permitted under the applicable laws."

"RESOLVED FURTHER THAT, in accordance with section 77AA of the Companies Act, 1956 and other applicable laws, a sum equal to the nominal value of equity shares purchased, which will be determined at the closure of the Buyback be and is hereby authorized to be transferred to the Capital Redemption Reserve Account."

"RESOLVED FURTHER THAT nothing contained hereinabove shall confer any right on the part of any shareholder to offer and/or any obligation on the part of the Company or the Board to buyback any equity shares, and/or impair any power of the Company or the Board to terminate any process in relation to such Buyback, if so permissible by law."

"RESOLVED FURTHER THAT as required under the provisions of Regulation 15(c) of the Buyback Regulations, Axis Bank Limited be and is hereby appointed as the Merchant Banker for the Buyback."

"RESOLVED FURTHER THAT the Company shall obtain such approvals as may be required from time to time including from Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the Rules/Regulations framed thereunder if required for Buyback of equity shares from non resident shareholders and/or shareholders of foreign nationality."

'RESOLVED FURTHER THAT the confirmation is also hereby made by the Board:

1. that it has made necessary and full enquiry into the affairs and prospects of the Company and has formed the opinion:

a) that immediately following the date of convening of this meeting, there will be no grounds on which the Company could be found unable to pay its debts; and

b) as regards its prospects for the year immediately following the date of this meeting, that having regard to its intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will, in the view of the Board, be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of this meeting; and

2. that in forming its opinion for the above purposes, the Board has taken into account the liabilities as if the Company was being wound up under the provisions of the Companies Act, 1956 (including prospective and contingent liabilities)."

"RESOLVED FURTHER THAT as required under the proviso to Section 77(6) of the Act and the Buyback Regulations read with Schedules thereto, the Declaration of Solvency alongwith annexures thereof prepared in the prescribed form and placed before the Board and duly initialed by Shri H. K. Khaitan, Director for the purpose of identification, be and is hereby approved and Shri R. V. Kanoria, Managing Director and Shri J. P. Sonthalia, Director be and are hereby authorized to sign the same and it may be filed with the Registrar of Companies, Kolkatta and the Securities and Exchange Board of India, duly verified by an affidavit."

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"RESOLVED FURTHER THAT the confirmation is also hereby made by the Board:

1. that the Company shall not purchase equity shares under the Buyback from the Promoters or persons in control of the Company.
2. that the Company shall not buyback its equity shares from any person through negotiated deal whether on or off the Stock Exchanges or through spot transactions or through any private arrangement in the implementation of the Buyback.
3. that there are no defaults subsisting in the repayment of deposits, redemption of debentures or repayment of term loans to any financial institutions or banks.
4. that the debt equity ratio of the Company after the buyback will be well within the limit of 2:1 as prescribed under the Companies Act, 1956.
5. that the equity shares bought back will be compulsorily cancelled and will not be held on re-issuance
6. that the Company shall not issue any shares or other specified securities including by way of bonus till the date of closure of the Buyback is made under Buyback Regulations; Further, the Company shall not make further issue of the same Equity Shares (including allotment of further shares under clause (a) of sub-section (1) of section 81) within a period of six months except by way of bonus issue or in the discharge of subsisting obligations such as conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into equity shares
7. that the Company shall not withdraw the offer to Buyback after public announcement of the offer to Buyback is made
8. that there is no default in complying with provisions of Section 159, 207 and 210 of the Companies, Act,1956."

"RESOLVED FURTHER THAT Shri N. K. Sethia, Company Secretary, be and is hereby appointed as the Compliance Officer for the Buyback and is hereby authorised to file a certified copy of the above resolution with the stock exchanges, SEBI and such other authorities as may be necessary."

"RESOLVED FURTHER THAT a Committee called "Equity Share Buyback Committee" is constituted comprising of Shri R. V. Kanoria, Managing Director, Shri H. K. Khaitan, Shri B. D. Sureka and Shri J. P. Sonthalia, Directors, to do all such acts, deeds, matters and things and to authorize Directors/Officials of the Company to execute such documents as may be necessary with regard to the implementation of the Buyback including :-

1. the appointment of Brokers, Registrars, Depository Participants, Advertisement Agency, Investor Service Centers and other Advisors, Consultants or Representatives;
2. opening demat account for the buyback
3. the making of all applications to the appropriate authorities for their requisite approvals.
4. the initiating of all necessary actions for preparation and issue of Public Announcement.
5. finalising and signing of public announcement and any corrigendum/ amendment thereto.
6. The settling of all such questions or difficulties whatsoever which may arise in connection withthe Buyback so as to take all such steps and decisions ay may be necessary in this regard."

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"RESOLVED FURTHER THAT any two of the said Directors shall constitute a valid quorum for the conduct and proceedings of the meetings of the said Committee."

'RESOLVED FURTHER THAT after the due completion of Buyback process and all the necessary compliances in respect thereto, the said "Equity Share Buyback Committee" shall automatically stand dissolved."

"RESOLVED FURTHER THAT Shri R. V. Kanoria, Managing Director, Shri H. K. Khaitan, Shri B. D. Sureka and Shri J. P. Sonthalia, Directors and Shri N. K. Sethia, Company Secretary be and are hereby authorized to sign the Public Announcement and any corrigendum/amendment thereto."

"RESOLVED FURTHER THAT Shri R. V. Kanoria, Managing Director, Shri H. K. Khaitan, Shri B. D. Sureka and Shri J. P. Sonthalia, Directors be and are hereby authorized severally to delegate any power to any officer(s) of the Company to give effect to the aforesaid resolution."

'RESOLVED FURTHER THAT Shri R. V. Kanoria, Managing Director, Shri H. K. Khaitan, Shri B. D. Sureka and Shri J. P. Sonthalia, Directors, Shri N. K. Nolkha, Chief Financial Officer and Shri N. K. Sethia, Company Secretary be and are hereby authorized severally to take all the other steps as may be necessary to effectuate the above resolution."

Certified to be true

For KANORIA CHEMICALS & INDUSTRIES LTD.

Date: 8th August, 2012
Place: Kolkata

(N.K. Sethia)
Company Secretary