



PUNJAB CHEMICALS AND CROP PROTECTION LIMITED

Registered Office: S.C.O: 183, 1st Floor, Sector 26,
Madhya Marg, Chandigarh 160019.

NOTICE PURSUANT TO SECTION 192A OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PASSING OF THE RESOLUTION BY POSTAL BALLOT) RULES, 2011.

Dear Member(s),

Your Company is engaged in the business of manufacturing and trading of Agro Chemicals, Pharma Intermediates, Speciality Chemicals and other Organic & Inorganic Chemicals. The total business of the Company is being conducted under:

1. Agro Chemicals Division
2. Pharma Division
3. Industrial Chemicals Division
4. Agro-Formulation Division

The Board of Directors of the Company (hereinafter referred to as the '**Board**') have reviewed the entire business portfolio and have felt that the Agro Formulation Division and Pune Unit of Industrial Chemicals Division have been facing challenges due to shortage of working capital, lack of expansion opportunities and growth prospects. Moreover, the Board has also decided to put more focus on the core business of the Company and also to give utmost energy and deploy funds for the core business. Therefore, it has been considered and decided that the non-core assets and non profitable business may be disposed off. In view of this, the Board seeks your consent for the proposal to transfer / sell the businesses mentioned in the ordinary resolutions given below.

Therefore, **NOTICE** is hereby given pursuant to Section 192A (2) and other applicable provisions of the Companies Act, 1956 (hereinafter referred to as the '**Act**'), read together with the Companies (Passing of the Resolution by Postal Ballot) Rules 2011 (including any statutory modification or re-enactment thereof for the time being in force), for seeking the consent of the members of the Company under Section 293(1)(a) of the Act to sell, transfer, deliver or otherwise dispose off the following:

- (i) Agro Formulation Division of the Company;
- (ii) Pune Unit of the Industrial Chemicals Division of the Company including business conducted therein.

The Explanatory Statement pursuant to Section 173(2) of the Act, pertaining to the said resolutions setting out all the material facts and the reasons thereof along with the requisite Postal Ballot Form (hereinafter referred to as the '**Form**') and the self addressed postage prepaid envelope are enclosed for your consideration.

The Board has appointed Shri S K Sharma of M/s. SK Sharma & Associates, Company Secretaries of

Chandigarh, a Practicing Company Secretary, as Scrutinizer (hereinafter referred to as "**Scrutinizer**") for conducting the postal ballot process in a fair and transparent manner. The Scrutinizer's decision on the validity of Postal Ballot shall be final and binding.

You are requested to read carefully the instructions printed on the reverse of the Form, record your assent (for) or dissent (against) therein and return the same in original (photocopy not allowed), duly completed and signed, in the enclosed self addressed postage prepaid envelope so as to reach the Scrutinizer at the Registered Office of the Company, not later than the close of working hours i.e 5:30 p.m. on Monday, the 9th September, 2013 to be eligible for being considered, failing which it will be strictly treated as if no reply has been received from the member. Accordingly, Members are requested to send duly completed Forms well before the above said date providing sufficient time for postal transit.

The Scrutinizer will submit his final report on Thursday, the 12th September, 2013 to the Chairman or any person authorized by the Board of the Company after completion of the scrutiny of the Forms and the results will be announced on the same day as mentioned above at the Registered Office of your Company at 3.00 p.m. The said result will be displayed at the Registered Office of the Company and also intimated to the Stock Exchanges where the Company's shares are listed, as well as published in the newspapers and shall also be displayed on the Company's website i.e. www.punjabchemicals.com.

In the event, the proposed resolutions are assented to by a requisite majority of the members by means of Postal Ballot, these shall be deemed to have been duly passed at a general meeting convened in that behalf. Therefore, the Members, if they so wish, may remain present at the time of declaration of the result and the date of declaration of result shall be deemed to be the date of passing the said resolutions.

Item No. 1: Sale of Agro-Formulation Division of the Company.

To consider and, if thought fit, to pass, with or without modification (s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 293 (1) (a), 192 A and other applicable provisions, if any, of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Memorandum and Articles of

Association of the Company and any other law for the time being in force and subject to such other approvals, consents, permissions and sanctions as may be necessary from the concerned statutory authorities, regulatory bodies and lenders and subject further to such other term(s), condition(s), stipulation(s), alteration(s), amendment(s) or modification(s) as may be required, specified or suggested by any of such authorities, consent of the Company be and is hereby accorded to the Board of Directors of the Company (the '**Board**' which expression shall also include any Committee, which the Board may have constituted or hereinafter constitute to exercise its power including the power conferred by this resolution and with the power to delegate such authority to any person or persons) to sell, convey, transfer, deliver or otherwise dispose off Agro Formulation Business conducted by the Agro-Formulation Division of the Company including its manufacturing facilities at Nandesari, Vadodara; Lote Parshuram, Maharashtra; and Flat at Vadodara (hereinafter referred to as the '**Business Undertaking**') together with their assets, rights, title, interest, liabilities and obligations as a going concern on a slump sale basis to Coromandel Agrico Private Limited (hereinafter referred to as the '**Buyer**'), in accordance with the terms and conditions as provided in the Business Transfer Agreement (hereinafter referred to as '**BTA**') for an upfront consideration of Rs. 12.25 crores (Rupees Twelve Crores Twenty Five Lacs only) plus net working capital adjustment at the closing date, subject to other adjustments in accordance with the BTA entered into by the Company with the Buyer.

RESOLVED FURTHER THAT the Board of the Company be and are hereby authorized to do and perform all such acts, deeds, matters and things, as may be necessary, including finalizing and varying the terms and conditions to sell/ transfer the Business Undertaking and to finalize and execute, deliver and perform agreements (including but not limited to BTA), contracts, deeds, undertakings, and other documents, file applications and make representations in respect thereof and seek the requisite approvals from the relevant authorities, including lenders, and to take all necessary steps in the matter as it may in its absolute discretion deem necessary (including but not limited to change/ alter the Effective Date, appointment of consultants, solicitors or any other agencies), desirable or expedient to give effect to the above resolution, and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and are hereby authorized to delegate all or any of the powers herein conferred, to any Committee,

Director (s) or any other Officer (s)/ Authorized Representative (s) of the Company to give effect to the aforesaid resolution."

Item No. 2: Sale of Pune Unit of Industrial Chemicals Division of the Company including business conducted therein.

To consider and, if thought fit, to pass, with or without modification (s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 293 (1) (a) , 192 A and other applicable provisions, if any, of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and any other law for the time being in force and subject to the approvals, consents, permissions and sanctions as may be necessary from the concerned statutory authorities, regulatory bodies and lenders and subject further to such other term(s), condition(s), stipulation(s), alteration(s), amendment(s) or modification(s) as may be required, specified or suggested by any of such authorities, consent of the Company be and is hereby accorded to the Board of Directors of the Company (the '**Board**' which expression shall also include any Committee, which the Board may have constituted or hereinafter constitute to exercise its power including the power conferred by this resolution and with the power to delegate such authority to any person or persons) to sell, convey, transfer, deliver or otherwise dispose off Pune Unit of Industrial Chemicals Division of the Company situated at Site I & Site II, at HA Limited Compound, Pune, Maharashtra including the business conducted therein (hereinafter referred to as '**Pune Unit Facility**') alongwith or without rights of the Company, as may be feasible or possible, either on a going concern basis or in parts or otherwise, including assets, title, interest, liabilities and obligations, to such person (s) (hereinafter referred to as the '**Buyer**') as the Board may determine at such terms and conditions and consideration amount as may be deemed prudent, desirable, necessary, agreed or finalized by the Board of the Company.

RESOLVED FURTHER THAT the Board of the Company be and are hereby authorized to do and perform all such acts, deeds, matters and things, as may be necessary, including negotiating with the potential Buyers, finalizing and varying the terms and conditions to sell/ transfer the Pune Unit Facility and to finalize and execute, sign, deliver and perform agreements (including but not limited to Business Transfer Agreement), contracts, deeds, undertakings, and other documents, file applications and make representations in respect thereof and seek the requisite approvals from the relevant authorities, including lenders, and to take all necessary steps in the matter as it may in its absolute discretion deem necessary (including but not limited to change/ alter

the Effective Date, appointment of consultants, solicitors or any other agencies), desirable or expedient to give effect to the above resolution, and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and are hereby authorized to delegate all or any of the powers herein conferred, to any Committee, Director (s) or any other Officer (s)/ Authorized Representative (s) of the Company to give effect to the aforesaid resolution."

By order of the Board

For **Punjab Chemicals and Crop Protection Ltd.**

Place: Chandigarh Punit K Abrol
Date: 20th July, 2013 Sr. VP (Finance) & Secretary

Notes:

1. In terms of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, the assent or dissent of the members on the business set out in the Notice above are sought by way of Postal Ballot and not by electronic mode.
2. The resolutions, being ordinary resolutions, shall be declared to have been passed if the total eligible votes cast in favour of the resolution exceed the total eligible votes cast against the resolution.
3. An explanatory statement pursuant to Section 173(2) read with section 192A of the Companies Act, 1956 in respect of the business set out is annexed.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 1

As the Members are aware that due to mounting losses in operations, your Company has undergone a Corporate Debt Restructuring (CDR) and has also been referred to the Board for Industrial and Financial Reconstruction (BIFR), New Delhi as a 'potentially sick industrial company'. Therefore, to reduce the debt burden and to comply with one of the stipulation of the CDR approval, the Management of your Company reviewed the entire business portfolio of the Company and explored various avenues to dispose off non-core assets and non-profitable business to streamline the business and to focus on the core business of manufacturing of agrochemical technicals.

The Board of Directors of the Company (hereinafter

referred to as the '**Board**'), after thorough study of the business of the Company and its prospects, have found that Agro Formulation Division (hereinafter referred to as the "**Business Undertaking**") is a non-profitable business and has been facing challenges of limited expansion opportunities, growth prospects due to severe competition and shortage of working capital. The total revenue of this Business Undertaking in the Financial Year 2012-13 (consisting of 6 months) was Rs. 1182 lacs, merely 5.84% of the consolidated revenue of the Company with EBIDTA of Rs. (3) lacs, (0.20)% of the consolidated EBIDTA of the Company.

Moreover, the activities and development of this Business Undertaking requires substantial investment in terms of working capital, expertise and man power. Therefore, it was considered that the Company should focus on the core-business and sell / dispose-off the Business Undertaking including the business conducted therein.

'Business Undertaking' means and includes:

- a) Manufacturing Facility situated at Plot No. 94-B and Plot No. 96/A-1, Nandesari Industrial Area, Baroda and;
- b) Flat No. B-801,802 and 803 of Alkapuri Arcade, Baroda and;
- c) Manufacturing Facility at Plot No. D-3, Lote Parshuram Industrial Area, Dist. Ratnagiri, Maharashtra and Plot No. D-2, Lote Parshuram Industrial Area, Taluka Khed, Ratnagiri together with all rights, title, interest, assumed liabilities, acquired goodwill including intangible benefits relating solely to the Business Undertaking, marketing and trading reputation, trading style, internal processes, marketing and distribution territorial know-how, customer database, distribution network, contracts and commercial rights and other intangible benefits arising directly and solely from the Business Undertaking, including all trade names and trademarks.

Considering inter-alia the above, the Board of your Company in its meeting held on 18th July, 2013 has, subject to the approval of members and other requisite approvals, decided to sell, transfer, deliver or dispose off this Business Undertaking to **Coromandel Agrico Private Limited** (hereinafter referred to as the '**Buyer**') on a going concern basis by way of slump sale for an upfront consideration of Rs. 12.25 crores (Rupees Twelve Crores Twenty Five Lacs only) plus net working capital adjustment at the closing date, subject to other adjustments in accordance with the Business Transfer Agreement (BTA) entered into by the Company with the Buyer.

The Board of the Company is of the opinion that the cash inflow from the sale of this Business Undertaking will reduce the part of the debt and enable the Company to comply with one of the condition of the CDR approval.

The Company has accordingly entered into BTA with the Buyer on 18th July, 2013 for slump sale of Business Undertaking on a going concern basis. A copy of the said BTA is open for inspection at the Registered Office of the Company between 2.00 pm and 5.00 pm on all working days (except Saturdays, Sundays and Public Holidays) upto the date of announcement of result of Postal Ballot.

In terms of Section 293(1)(a) of the Companies Act, 1956, approval of the members is being sought to sell, transfer or dispose off the Business Undertaking of the Company through Postal Ballot by passing the Ordinary Resolution and authorize the Board to give effect to the resolution no. 1, as it may deem fit in the interest of the Company as set out in the Notice.

The resolution, if approved, will be taken as effectively passed on the date of declaration of results of Postal Ballot.

None of the Directors of the Company is in any way concerned or interested in the resolution, save and except to the extent of their shareholding in the Company.

The Board of the Company is of the opinion that the aforesaid resolution is in the best interest of the Company and hence recommends this Ordinary Resolution for the approval of the Members.

Item No. 2:

As stated in the explanatory statement of Item No.1, the Management while reviewing the entire business of the Company also observed that Pune Unit of Industrial Chemicals Division (hereinafter referred to as '**Pune Unit Facility**') which means and include manufacturing facility situated at Site I and II at H.A. Ltd. Compound, Pune (in the State of Maharashtra), set up on a land taken on rental basis for manufacturing of Phosphorous based chemicals) is contributing marginally to the business of the Company. During the Financial Year 2012-13, the total revenue generated by this division was Rs. 1226 lacs, merely 6.11% of the consolidated revenue of the Company with EBIDTA of Rs. 4 lacs, which is 0.27% of the consolidated EBIDTA of the Company. Moreover, the activities and future developments of the Pune Unit Facility require substantial investment with working capital and man power.

Therefore, it was decided by the Board of the Company in its meeting held on 18th July, 2013 to sell, transfer, convey, deliver or dispose off the Pune Unit Facility alongwith or without rights of the Company, as may be feasible or possible, either on a going concern basis or in parts or otherwise, including assets, title, interest, liabilities and obligations, to such person (s) (the 'Buyer') on such terms and conditions and consideration amount as may be decided by the Board.

The Board is of the opinion that the cash inflow from disinvestment of this Facility will help to reduce the part of debt and enable the Company to comply with one of the condition of CDR approval.

In terms of Section 293(1)(a) of the Companies Act, 1956, approval of the members is being sought to sell, transfer or dispose off the Pune Unit facility of the Company through Postal Ballot by passing the Ordinary Resolution and authorize the Board to give effect to the resolution no. 2, as it may deem fit in the interest of the Company as set out in the Notice.

The resolution, if approved, will be taken as effectively passed on the date of declaration of results of Postal Ballot.

None of the Directors of the Company is in any way concerned or interested in the resolution, save and except to the extent of their shareholding in the Company.

The Board of the Company is of the opinion that the aforesaid resolution is in the best interest of the Company and hence recommends this Ordinary Resolution for the approval of the Members.

By order of the Board
For Punjab Chemicals and Crop Protection Ltd.

Place: Chandigarh

Punit K Abrol

Date: 20th July, 2013 Sr. VP (Finance) & Secretary

Registered Office:

SCO: 183, 1st Floor,
Sector 26, Madhya Marg,
Chandigarh 160019.

Notes:

1. This Notice is being sent by post to all those members, whose names appear in the Register of Members/ Record of Depositories as on 19th July, 2013.
2. As required by Rule 3C of the Companies (passing of the resolution by Postal Ballot) Rules 2011, details of dispatch of Notice and Postal Ballot Paper to the members will be published in at least one (1) English and one (1) Vernacular language newspaper circulating in Chandigarh.
3. The members are requested to carefully read the instructions for voting by Postal Ballot which has been printed therein, before exercising their vote.
4. A copy of the said BTA is open for inspection at the Registered Office of the Company between 2.00 pm and 5.00 pm on all working days (except Saturdays, Sundays and Public Holidays) upto the date of announcement of result of Postal Ballot.