



PONDY OXIDES AND CHEMICALS LIMITED

NOTICE TO THE SHAREHOLDERS

**COURT CONVENED MEETING OF
THE EQUITY SHAREHOLDERS OF
PONDY OXIDES AND CHEMICALS LIMITED**

ON FRIDAY, SEPTEMBER 12, 2014



PONDY OXIDES AND CHEMICALS LIMITED

CIN: L24294TN1995PLC030586

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**COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF
PONDY OXIDES AND CHEMICALS LIMITED**

DAY : FRIDAY
DATE : SEPTEMBER 12, 2014
TIME : 10:15 A.M.
VENUE : KASTURI SRINIVASAN HALL (MINI HALL), MUSIC ACADEMY, 306 TTK ROAD,
CHENNAI-600 014

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FORM NO: 36
IN THE HIGH COURT OF JUDICATURE AT MADRAS
[Ordinary Original Civil Jurisdiction]
COMPANY APPLICATION NO. 697 OF 2014

In the matter of the Companies Act, 1956 (1 of 1956)

And

In the matter of Sections 391 to 394 read with Sections 100 to 104 of the Companies Act, 1956

And

In the matter of Scheme of Arrangement (Demerger) between Pandy Oxides and Chemicals Limited and POCL Enterprises Limited

Pandy Oxides and Chemicals Limited,
a Company incorporated under the Companies Act, 1956, having its Registered Office at KRM Centre, 4th Floor, #2, Harrington Road, Chetpet, Chennai- 600031 represented by its General Manager (Finance) & Company Secretary, Mr.K.Kumaravel

...Applicant/
Demerged Company

NOTICE CONVENING THE MEETING OF EQUITY SHAREHOLDERS

To,
All Equity Shareholders,
Pandy Oxides and Chemicals Limited

TAKE NOTICE that by an Order made on the 8th day of July, 2014 the Hon'ble High Court of Judicature at Madras has directed that a meeting of Equity Shareholders of the Applicant Company be convened and held at Kasturi Srinivasan Hall (mini hall), Music Academy, 306 TTK Road, Chennai-600 014 India on Friday, 12th September, 2014 at 10.15 A.M. for the purpose of considering, and if thought fit, approving, with or without modification, the arrangement embodied in the Scheme of Arrangement (Demerger) between Pandy Oxides and Chemicals Limited and POCL Enterprises Limited.

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a Meeting of the Equity Shareholders of the Applicant Company will be convened and held at Kasturi Srinivasan Hall (mini hall), Music Academy, 306 TTK Road, Chennai-600 014 India on Friday, 12th September, 2014 at 10.15 A.M. at which place, day, date and time you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy, provided that the proxy in the prescribed form, duly signed by you or your authorized representative, is deposited at the Registered Office of the Applicant Company at KRM Centre, 4th Floor, #2, Harrington Road, Chetpet, Chennai- 600031 not later than 48 hours before the meeting.

The quorum for the meeting shall be 30 (Thirty) members present in person or by proxy.

The Hon'ble High Court has appointed Dr. Padam. C. Bansal, Chairman of the Applicant Company, to be the Chairman of the said meeting. A copy of the said Scheme of Arrangement (Demerger), the explanatory statement under Section 393 of the Companies Act, 1956 and a form of proxy is enclosed.

Dated at Chennai this 21st day of July, 2014.

Dr. Padam. C. Bansal

Chairman appointed for the meeting

Regd Office:
KRM Centre, 4th Floor, #2,
Harrington Road, Chetpet,
Chennai - 600031

IN THE HIGH COURT OF JUDICATURE AT MADRAS

[Ordinary Original Civil Jurisdiction]

COMPANY APPLICATION NO. 697 OF 2014

In the matter of the Companies Act, 1956 (1 of 1956)

And

In the matter of Sections 391 to 394 read with Sections 100 to 104 of the Companies Act, 1956

And

In the matter of Scheme of Arrangement (Demerger) between Pandy Oxides and Chemicals Limited and POCL Enterprises Limited

Pandy Oxides and Chemicals Limited,
a Company incorporated under the Companies Act, 1956, having its Registered Office at KRM Centre, 4th Floor, #2, Harrington Road, Chetpet, Chennai- 600031 represented by its General Manager (Finance) & Company Secretary, Mr.K.Kumaravel

...Applicant/
Demerged Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. By an order dated 8th July, 2014 in the Company Application No. 697 of 2014, the Hon'ble High Court of Judicature at Madras has directed that a meeting of Equity Shareholders of Pandy Oxides and Chemicals Limited ("**Applicant Company**" or "**Company**") be held on Kasturi Srinivasan Hall (Mini Hall), Music Academy, 306 TTK,Road, Chennai-600 014, India on Friday, 12th September, 2014 at 10.15 A.M for the purpose of considering, and if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Arrangement (Demerger) between Pandy Oxides and Chemicals Limited and POCL Enterprises Limited and their respective shareholders ("**Scheme**" or "**Scheme of Arrangement**").
2. This statement explaining the terms of the Scheme of Arrangement is being furnished as required under section 393(1)(a) of the Companies Act, 1956 ("**Act**").

PARTICULARS OF THE APPLICANT/DEMERGED COMPANY

3. The Applicant Company, Pandy Oxides and Chemicals Limited, is a public limited listed company incorporated on 21st March 1995 under the Companies Act, 1956 in the State of Tamil Nadu. The equity shares of the Applicant Company are listed on the Bombay Stock Exchange Limited ("**BSE**") and the Madras Stock Exchange Limited ("**MSE**"). The Applicant Company is admitted to trading on National Stock Exchange of India Limited ("**NSE**") under permitted category through the Madras Stock Exchange Limited ("**MSE**"). Presently, the Registered Office of the Applicant Company is situated at KRM Centre, 4th Floor, #2, Harrington Road, Chetpet, Chennai – 600031.

4. The Authorized, Issued, Subscribed and Paid Up share capital of the Demerged Company as on 31st March 2013 is as follows:

Particulars	Rupees
Authorised Share Capital	
1,24,00,000 Equity shares of Rs.10/- each	12,40,00,000
TOTAL	12,40,00,000
Issued, subscribed and paid-up Share Capital	
1,11,51,985 Equity shares of Rs.10/- each fully paid up	11,15,19,850
TOTAL	11,15,19,850

Subsequent to March 31st 2013, there has been no change in the Authorized, Issued, Subscribed and Paid-up Capital of the Applicant Company.

5. The Applicant Company commenced its business activities soon after its incorporation and is presently engaged in the businesses of Metallic Oxides Business ("**Demerged Undertaking 1**" or "**Metallic Oxides Division**"), Plastic Additives Business ("**Demerged Undertaking 2**" or "**Plastic Additives Division**"), Zinc Refining Business ("**Demerged Undertaking 3**" or "**Zinc Refining Division**"), Unwrought Lead Business ("**Demerged Undertaking 4**" or "**Lead Refining Division**") and the Lead Smelting (Primary and Secondary)/High Purity Lead/ Specialized Alloys/ Master Lead Alloys/ Compound Business ("**Remaining Business**") (hereinafter referred to as the "**Businesses of the Demerged Company**").
6. The Remaining Business being other than the Demerged Undertakings 1 to 4 shall continue to belong to, be vested in and be managed by the Applicant Company.

PARTICULARS OF THE RESULTING COMPANY

7. The Resulting Company, POCL Enterprises Limited, was incorporated under the Companies Act, 1956 on the 20th day of May 1988 in the State of Tamil Nadu. The Registered Office of the Resulting Company is situated at KRM Centre, 4th Floor, #2, Harrington Road, Chetpet, Chennai - 600031.
8. The Authorized, Issued, Subscribed and Paid Up share capital of the Resulting Company as on 31st March 2013 is as follows:

Particulars	Rupees
Authorised Share Capital	
17,00,000 Equity shares of Rs.10/- each	1,70,00,000
TOTAL	1,70,00,000
Issued, subscribed and paid-up Share Capital	
7,81,465 Equity shares of Rs.10/- each fully paid up	78,14,650
TOTAL	78,14,650

The entire equity share capital of the Resulting Company is held by Pandy Oxides and Chemicals Limited, (hereinafter referred to as the "**Demerged Company**"), therefore, by virtue of the shareholding pattern, the Demerged Company is the Holding Company and the Resulting Company is the wholly-owned subsidiary

9. The Resulting Company is engaged in the business of,
- (i) Import, export, buy, sell, supply, distribute, store, stock, maintain and or otherwise handle and deal in all kinds, finished or unfinished, of products, goods or commodities, parts, ingredients, metals, chemicals, raw materials, accessories, plant and machinery, food and allied products or any other Goods by whatever name called
 - (j) To carry on the business of manufacturing, distributing, buying, selling supplying, converting, importing, exporting, storing, stocking, treating, refining, repairing, maintaining, charging, re-charging, re-storing, re-conditioning, Zinc Metal, Lead Metal, Zinc Ingots, Zinc Dross, Zinc Oxide, Lead Sub Oxide, Lead Oxide, Litharge, Red Lead, Zinc Lead Salt and Oxide, Salts and Oxides of other metals including PVC Stabilizers and all types of batteries.

RATIONALE AND BENEFITS OF THE SCHEME OF ARRANGEMENT (DEMERGER)

10. The rationale and benefits of the Scheme of Arrangement (Demerger) are as follows:
- a) The businesses of the Applicant Company is presently structured and carried on by way of separate undertakings for Metallic Oxides Division, Plastic Additives Division, Zinc Refining Division, Lead Refining Division, and Lead Smelting / Compound Division.
 - b) The considerations, factors and financials applicable to the businesses comprised in different undertakings, including growth trajectories, maturity age and requirement of funds, are different in nature in comparison to the business in other divisions of the Applicant Company.
 - c) As part of an overall business reorganization plan and in order to provide for the optimum running, growth and development of the divisions and interests of the Applicant Company it is necessary to segregate and realign the same appropriately. In these circumstances it is considered desirable and expedient to restructure the businesses of the Demerged Company by demerging, transferring and vesting the Metallic Oxides Division, Plastic Additives Division, Zinc Refining Division, Lead Refining Division (hereinafter jointly referred to as "**Demerged Undertakings**") of the Applicant Company into the Resulting Company in the manner and on the terms and conditions stated in the Scheme of Arrangement.
 - d) In order to ensure accelerated growth and improved profitability, it would be advantageous for the Demerged Company, to focus more on the individual products and to give value addition to the shareholders by demerging the verticals representing the Demerged Undertakings and retaining the verticals representing the Remaining Business to have a positive impact on the company's growth plan to excel in the non-ferrous fields and create a stronger foot hold in the market space by further increase in its presence as a focused player in the non-ferrous metals industry. The re-organisation, essentially to ensure better operational management and focus on accelerated growth, will ensure higher returns to the shareholders, creditors, employees and is also in general public interest.
 - e) The Scheme will enable the businesses comprised in the Demerged Undertaking and Remaining Undertaking to be pursued and carried on more conveniently and advantageously with greater focus and attention through two separate entities/companies, i.e. Applicant Company and Resulting Company, each having their own management team and administrative set up. The same will facilitate the business considerations and factors applicable to the said businesses to be addressed more effectively and adequately by the respective companies.
 - f) In case of any potential financial investor or other strategic partner interested in supporting and taking a stake in the business comprised in the Demerged Undertaking may not be interested in the Remaining Undertaking and vice versa by reason of the difference and divergence in the nature and financials of such businesses. The Scheme will enable independent
-

evaluation of the said respective businesses through two separate companies and participation therein of suitable investors and strategic partners. The same will enable running and operation of the said businesses and growth and development plans thereof to be funded independently and unlock and enhance shareholders value.

- g) The Scheme will have beneficial results for the said Companies, their shareholders and all concerned. The Scheme is proposed accordingly.

APPROVAL OF THE BOARD OF DIRECTORS OF THE APPLICANT AND RESULTING COMPANY

11. In accordance with the Circular No. CIR/CFD/DIL/5/2013 issued by the Securities and Exchange Board of India ("SEBI") on February 4, 2013 as amended vide Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, the Audit Committee of the Board of Directors of the Pandy Oxides and Chemicals Limited had on December 18, 2013 and March 20, 2014 recommended the proposed Scheme of Arrangement (Demerger) for approval of the Board of Directors of the Company
12. The Board of Directors of the Applicant and Resulting Company has, at its meeting held on 18th December, 2013 and 20th March 2014 approved and adopted a Scheme of Arrangement (Demerger) by virtue of which the Demerged Undertaking 1 to Demerged Undertaking 4 of the Applicant Company is proposed to be demerged, transferred and vested to the Resulting Company as a going concern.

SALIENT FEATURES OF THE SCHEME OF ARRANGEMENT (DEMERGER)

APPOINTED DATE FOR THE SCHEME OF ARRANGEMENT (DEMERGER)

13. The Appointed Date upon which the Scheme of Arrangement (Demerger) would be operative from 1st April 2013 or any other date as modified by the Court.

EFFECTIVE DATE OF THE SCHEME OF ARRANGEMENT (DEMERGER)

14. Under the Scheme of Arrangement (Demerger), the Effective Date shall be the date on which the certified copies of the Order(s) of the Court sanctioning the Scheme of Arrangement (Demerger) are filed with the Registrar of Companies, Tamilnadu, Chennai, by the Demerged Company and the Resulting Company

UNDERTAKINGS TRANSFERRED FROM THE DEMERGED COMPANY TO THE RESULTING COMPANY

15. Under the Scheme of Arrangement (Demerger), the Metallic Oxides Business ("**Demerged Undertaking 1**" or "**Metallic Oxides Division**"), Plastic Additives Business ("**Demerged Undertaking 2**" or "**Plastic Additives Division**"), Zinc Refining Business ("**Demerged Undertaking 3**" or "**Zinc Refining Division**"), Unwrought Lead Business ("**Demerged Undertaking 4**" or "**Lead Refining Division**") are proposed to be transferred, demerged and vested with the Resulting Company. The definitions of Demerged Undertaking 1 to 4 has been provided under Clause 2.1 (f), (g), (h), (i) of the Scheme of Arrangement (Demerger).

REMAINING UNDERTAKING OF THE DEMERGED COMPANY

16. The Remaining Undertaking shall mean all the business, undertakings and divisions of the Demerged Company other than the Demerged Undertakings transferred to, and vested in, the Resulting Company pursuant to the Scheme. The Remaining Undertaking and all the assets, liabilities and obligations pertaining thereto shall continue to belong to, be vested in and be managed by the Demerged Company.

TRANSFER OF ASSETS AND LIABILITIES OF THE DEMERGED UNDERTAKINGS

17. With effect from the Appointed Date and upon the Scheme becoming effective, the Demerged Undertakings of the Demerged Company comprising all assets and liabilities of the Demerged

Undertakings of whatsoever nature and wheresoever situated, shall, under the provisions of Section 391 read with Section 394 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be transferred to the Resulting Company as a going concern in accordance with Section 2(19AA) of the Income Tax Act, 1961, so as to become, as and from the Appointed Date, the assets and liabilities of the Resulting Company and there shall be vested in the Resulting Company all the rights, titles, interests or obligations of the said Demerged Undertakings therein and shall be free from all encumbrances.

TRANSFER OF UNDERTAKINGS AT BOOK VALUE

18. Under the Scheme of Arrangement (Demerger), all the assets, properties and liabilities of the Demerged Undertakings shall be transferred to the Resulting Company at the values appearing in the books of the Demerged Company at the close of business as on the day immediately preceding the Appointed Date.

CONDUCT OF BUSINESS TILL EFFECTIVE DATE

19. With effect from the Appointed Date and upto and including the Effective Date:
- (a) The Demerged Company shall carry on and be deemed to have carried on its business and activities relating to the Demerged Undertakings and shall stand possessed of all its assets and properties referred to above, in trust for the Resulting Company and shall account for the same to the Resulting Company. The Demerged Company shall hold the said assets pertaining to the Demerged Undertakings with utmost prudence until the Effective Date.
 - (b) Any income or profit accruing or arising to the Demerged Company and all costs, charges, expenses and losses or taxes (including but not limited to advance tax, tax deducted at source, Minimum Alternate Tax credit, taxes withheld/paid in a foreign country etc.) incurred by the Demerged Company relating to the Demerged Undertakings shall for all purposes be treated as the income, profits, costs, charges, expenses and losses or taxes, as the case may be, of the Resulting Company and shall be available to the Resulting Company for being disposed off in any manner as it thinks fit.
 - (c) Any liability in connection with the demerged undertaking that is discharged by the demerged company between the appointed date and effective date shall be deemed to be settled by the demerged company on account of resulting company and the resulting company shall treat the same as payables to demerged company in the books of account.
 - (d) Pending sanction of the Scheme, the Demerged Company shall not make any change in its capital structure either by any increase, (by issue of equity shares on a rights basis, bonus shares, convertible debentures or otherwise) decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner which may, in any way, affect the Share Entitlement Ratio (as provided for in Clauses 3.27 of the Scheme), except by mutual consent of the respective Boards of Directors of the Demerged Company and the Resulting Company or as may be expressly permitted under the Scheme or as may be required to give effect to the Scheme.

CONTRACTS, DEEDS, BONDS, INSTRUMENTS AND LEGAL PROCEEDINGS

20. With effect from the Appointed Date and upon the Scheme becoming effective, all contracts, deeds, bonds, agreements, insurance policies and other instruments, if any, of whatsoever nature in relation to the Demerged Undertakings of the Demerged Company, or to the benefit of which the Demerged Undertakings of the Demerged Company may be eligible, and subsisting or having effect on the Effective Date shall be in full force and effect against or in favour of the Resulting Company, as the

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

21. With effect from the Appointed Date and upon the Scheme becoming effective, the Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company in respect of the Demerged Undertakings and pending on the Effective Date, transferred in its name and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. The Resulting Company also undertakes to deal with all legal or other proceedings which may be initiated by or against the Demerged Company or the Resulting Company after the Effective Date relating to the Demerged Undertakings in respect of the period upto the Effective Date, in its own name and account and to the exclusion of the Demerged Company, and further undertakes to indemnify, defend and hold harmless the Demerged Company against any and all liabilities, losses, damages, demands, claims including third-party claims, actions, judgments or causes of action, assessments, interest, fines and penalties, which the Demerged Company may be liable for or called upon to pay or secure in respect of any liability or obligation relating to the Demerged Undertakings for the period upto the Effective Date, and any reasonable costs or expenses (including, without limitation, amounts paid in settlement, court costs and all reasonable attorneys' fees and out of pocket expenses) incurred by the Demerged Company in respect of such proceedings started by or against it relating to the period upto the Effective Date upon submission of necessary evidence by the Demerged Company to the Resulting Company for making such payment.

CONSIDERATION

22. Upon the Scheme becoming fully effective, in consideration of the demerger, transfer and vesting of the Demerged Undertakings (as defined under Clause 2.1 (f) to (i) of the Scheme) of the Applicant Company in the Resulting Company, the Resulting Company shall without any further act or deed, issue and allot 1 (One) Equity Share of Rs.10/- each, to the shareholders of the Applicant Company, credited as fully paid-up of the Resulting Company for every 2 (Two) Equity Shares of Rs.10/- each fully paid-up held by the shareholders in the Applicant Company, as on the Record Date (hereinafter referred to as the "**Share Entitlement Ratio**"). The Equity Shares so issued and allotted, shall rank *pari passu* in all respects with the existing Equity Shares of the Resulting Company. For the purposes of clarity and for the benefit of the public shareholders, the pre and post allotment scenario of the Share Entitlement Ratio pursuant to the Scheme is explained in detail under **Schedule I** of the Scheme.
23. The allotment of shares as per the Share Entitlement Ratio shall not affect the consequent capital reduction in the Applicant Company pursuant to the accounting treatment provided under Clause 3.38 of the Scheme. For the purposes of implementing the Share Entitlement Ratio, the equity shares held by the shareholders of the Applicant Company shall be either debited from their respective Dematerialized Account ("**Demat Account**") or in case such equity shares are held in the physical form, the same shall be cancelled and reduced for which fresh physical share certificates shall be issued to the shareholders of the Applicant Company.

ACCOUNTING TREATMENT TO BE ADOPTED BY THE APPLICANT COMPANY

24. Upon the Scheme coming into effect the accounting treatment as adopted by the Applicant Company is as follows:
 - The Applicant Company shall upon the Scheme becoming effective, record the deletion of the assets and liabilities of the Demerged Undertakings transferred to and vested in the Resulting Company pursuant to this Scheme at their respective book values as appearing in its books as at the close of business of a day immediately preceding the Appointed Date.

- The difference between the value of assets and value of liabilities transferred pursuant to the Scheme shall be first appropriated from the share capital of the Applicant Company to the extent of Rs. 5,57,59,920/- and the balance from reserves. The issued, subscribed and paid-up share capital of the Applicant Company shall stand re-organised and reduced from the present sum of Rs.11,15,19,850/- divided into 1,11,51,985 Equity Shares of Rs.10/- each to Rs.5,57,59,930 divided into 55,75,993 Equity Shares of Rs 10/- each.
- The reduction in the issued, subscribed and paid-up share capital of the Demerged Company as above, shall be effected as an integral part of the Scheme itself and shall be deemed to be in accordance with the provisions of Sections 78, read with 100 to 104 of the Act as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital. The order of the Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction without imposing a condition on the Demerged Company or the Resulting Company to add to its name the words, "and reduced". The provisions of Section 101 of the Act shall not be applicable.

ACCOUNTING TREATMENT TO BE ADOPTED BY THE RESULTING COMPANY

25. Upon the Scheme coming into effect the accounting treatment as adopted by the Resulting Company is as follows:
- The Resulting Company shall upon the Scheme becoming effective, record the assets and liabilities of the Demerged Undertakings of the Demerged Company transferred to and vested in it pursuant to the Scheme at their respective book values as appearing in the books of the Demerged Company as at the close of business of a day immediately preceding the Appointed Date.
 - The excess / shortfall in the book value of the assets over the value of the liabilities of the Demerged Undertakings of the Demerged Company transferred to and vested in the Resulting Company pursuant to this Scheme, shall after adjusting the aggregate face value of the shares issued by the Resulting Company to the members of the Demerged Company pursuant to this Scheme, be accounted for and adjusted in the books of the Resulting Company in its Capital Reserve/Goodwill Account, as the case may be.

REDUCTION OF THE SHARE CAPITAL OF THE RESULTING COMPANY

26. Upon the Scheme coming into effect and post the allotment of equity shares to the shareholders of the Applicant Company, the shares held by the Applicant Company in the Resulting Company to the extent of 7,81,465 shares of Rs.10/- each shall stand reduced and cancelled. The reduction and cancellation of the equity share capital of the Resulting Company held by the Demerged Company as stated above shall be deemed to be in accordance with the provisions of Sections 100 to 104 of the Act and no separate process or procedure is required to be complied for the reduction of capital by the Resulting Company. The order of this Hon'ble High Court, Madras sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction without imposing a condition on the Company to add to its name the words, "and reduced". The provisions of Section 101 of the Act shall not be applicable.

LISTING OF EQUITY SHARES OF RESULTING COMPANY

27. In compliance with the Companies Act and in accordance with all the law, bye-laws, regulations, rules issued by the Securities Exchange Board of India ("SEBI"), the equity shares of the Resulting Company issued pursuant to Clause 3.27 of the Scheme shall be listed on the BSE, MSE and NSE (Under permitted Category) which shall be subject to the payment of appropriate fee and approval of the respective stock exchanges and their recognition by SEBI.

CONDITIONS PRIOR TO LISTING OF SHARES OF THE RESULTING COMPANY

28. The Resulting Company shall not make any change in its capital structure either by any increase, (by issue of equity shares on a rights basis, bonus shares, convertible debentures or otherwise) decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner till the listing of the equity shares of the Resulting Company on the Stock Exchanges.
29. The shares allotted by the Resulting Company pursuant to Clause 3.27 or any other applicable Clauses of the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the stock exchanges.

PROMOTERS OF THE RESULTING COMPANY

30. Upon the Scheme coming into effect, the promoters of the Demerged Company shall be the promoters of the Resulting Company. Provided that in the event any of the promoters not being declared as such by SEBI in accordance with SEBI's Rules and Regulations that he or she does not any longer continue to be part of the promoter group, then such person shall not be deemed as a promoter of either the demerged company or the resulting company. In any event, the promoter status as mentioned above shall be effective only on such event happening after the Effective Date.

OTHER INFORMATION

31. The Directors of the Applicant Company have no interest in the Scheme except as shareholders in general, the extent of which will appear from the Register of Directors' Shareholding maintained by the Applicant Company. The details of Directors and Key Managerial Personnel of the Demerged and Resulting Company along with their shareholding as on 11th July, 2014 is provided below:

Demerged Company:

Name of Director / Key Managerial Personnel	Designation	Equity Shares held
Dr. Padam Chandra Bansal	Chairman / Non-Executive Director	425626
Mr. Anil Kumar Bansal	Managing Director	720196
Mr. Sunil Kumar Bansal	Whole Time Director	479747
Mr. Rajendra Prasad Bansal	Whole Time Director	575616
Mr. Devakar Bansal	Whole Time Director	484833
Mr. Ashish Bansal	Whole Time Director	778127
Mr. Y V Raman	Whole Time Director	1129
Mr. Anil Kumar Sachdev	Independent Director	3630
Mr. D P Venkataraman	Independent Director	—
Mr. Harish Kumar Lohia	Independent Director	17390
Mr. P N Sridharan	Independent Director	—
Mr. K Kumaravel	Company Secretary	2090
Mr. Aashish Jain	Chief Financial Officer	—

Resulting Company:

Name of Director / Key Managerial Personnel	Designation	Equity Shares held
Mr. Rajendra Prasad Bansal	Managing Director	800 Equity Shares for which Beneficial interest is held by Pandy Oxides and Chemicals Limited
Mr. Anil Kumar Bansal	Non-Executive Director	100 Equity Shares for which Beneficial interest is held by Pandy Oxides and Chemicals Limited
Mr. Sunil Kumar Bansal	Non-Executive Director	100 Equity Shares for which Beneficial interest is held by Pandy Oxides and Chemicals Limited
Mr. Ashish Bansal	Non-Executive Director	—
Mr. Anil Kumar Sachdev	Non-Executive Director	—
Mr. K Kumaravel	Non-Executive Director	600 Equity Shares for which Beneficial interest is held by Pandy Oxides and Chemicals Limited

None of the Directors, Managers and Key Managerial Personnel of the Company have any material interest in the Scheme, save and except to the extent of their shareholding in the respective companies. Their interest shall not in any way be treated differently than other share holders.

32. The pre and post demerger Capital Structure of Demerged and Resulting Company is and will be as follows:

Demerged Company

Particulars	Pre Demerger	Post Demerger
Authorised Share Capital		
1,24,00,000 Equity Shares of Rs. 10/- each	12,40,00,000	12,40,00,000
Issued, Subscribed and Paid Up Capital		
1,11,51,985 Equity Shares of Rs.10/- each fully paid up	11,15,19,850	
55,75,993 Equity Shares of Rs. 10/- each fully paid up		5,57,59,930

Resulting Company

Particulars	Pre Demerger	Post Demerger
Authorised Share Capital		
17,00,000 Equity Shares of Rs. 10/- each	1,70,00,000	6,00,00,000
60,00,000 Equity Shares of Rs. 10/- each		
Issued, Subscribed and Paid Up Capital		
7,81,465 Equity Shares of Rs.10/- each fully paid up	78,14,650	
55,75,992 Equity Shares of Rs. 10/- each fully paid up		5,57,59,920

33. The Pre and Post Demerger Shareholding pattern of Demerged Company and Resulting Company is as under:

Demerged Company

Category Code	Category of Shareholder	Pre Demerger		Post Demerger	
		Total Number of shares	As a percentage of Total Shares	Total Number of shares	As a percentage of Total Shares
(A)	Shareholding of Promoter and Promoter Group				
(1)	Indian				
a.	Individual/Hindu undivided Family	5181690	46.4643	2590845	46.4643
b.	Central Government/State Government	0	0	0	0
c.	Bodies Corporate	190615	1.7092	95308	1.7092
d.	Financial Institutions/Banks	0	0	0	0
e.	Any Other	0	0	0	0
	Sub-Total (A)(1)	5372305	48.1735	2686153	48.1735
(2)	Foreign				
a.	Individual (Non-Residents Individuals/Foreign Individuals)	0	0	0	0
b.	Bodies Corporate	0	0	0	0
c.	Institutions	0	0	0	0
d.	Qualified Foreign Investor	0	0	0	0
e.	Any Other				
	Directors/Relative NRI	425626	3.8166	212813	3.8166
	Sub-Total (A)(2)	425626	3.8166	212813	3.8166
	Total Shareholding of Promoter and Promoter Group(A)= (A)(1) + (A)(2)	5797931	51.9901	2898966	51.9901
(B)	Public Shareholding				
(1)	Institutions				
a.	Mutual Funds/UTI	0	0	0	0
b.	Financial Institutions/ Banks	0	0	0	0
c.	Central Government/State Government (s)	0	0	0	0
d.	Venture Capital Funds	0	0	0	0
e.	Insurance Companies	0	0	0	0
f.	Foreign Institutions Investors	0	0	0	0
g.	Foreign Venture Capital Investors	0	0	0	0

Category Code	Category of Shareholder	Pre Demerger		Post Demerger	
		Total Number of shares	As a percentage of Total Shares	Total Number of shares	As a percentage of Total Shares
h.	Qualified Foreign Investor	0	0	0	0
i.	Any Other (Specify)	0	0	0	0
	Sub-Total (B)(1)	0	0	0	0
(2)	Non-Institutions				
a.	Bodies Corporate	698808	6.2662	349404	6.2662
b.	Individuals-				
	i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	2951296	26.4643	1475648	26.4643
	ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	1415921	12.6966	707960	12.6966
c.	Qualified Foreign Investor	0	0	0	0
d.	Any Other (Specify)				
	Clearing Members	10059	0.0902	5030	0.0902
	Directors and their Relatives	6897	0.0618	3448	0.0618
	Hindu Undivided Family	219398	1.9673	109699	1.9673
	Non- Resident Indians	51675	0.4634	25838	0.4634
	Sub-Total (B)(2)	5354054	48.0098	2677027	48.0098
	Total Public Shareholding (B)= (B)(1) + (B)(2)	5354054	48.0098	2677027	48.0098
	Total (A)+(B)	11151985	100.00	5575993	100.00
(C)	Shares held by Custodian and against which Depository Receipts have been issued				
(1)	Promoter and Promoter Group	0	0	0	0
(2)	Public	0	0	0	0
	Total Custodian holding (C)	0	0	0	0
	Grand Total (A)+(B)+(C)	11151985	100.00	5575993	100.00

Resulting Company

Category Code	Category of Shareholder	Pre Demerger		Post Demerger	
		Total Number of shares	As a percentage of Total Shares	Total Number of shares	As a percentage of Total Shares
(A)	Shareholding of Promoter and Promoter Group				
(1)	Indian				
a.	Individual/Hindu undivided Family	0	0	2590845	46.4643
b.	Central Government/State Government	0	0	0	0
c.	Bodies Corporate	781465	100.00	95308	1.7092
d.	Financial Institutions/Banks	0	0	0	0
e.	Any Other	0	0	0	0
	Sub-Total (A)(1)	781465	100.00	2686153	48.1735
(2)	Foreign				
a.	Individual (Non-Residents Individuals/Foreign Individuals)	0	0	0	0
b.	Bodies Corporate	0	0	0	0
c.	Institutions	0	0	0	0
d.	Qualified Foreign Investor	0	0	0	0
e.	Any Other				
	Directors/Relative NRI	0	0	212813	3.8166
	Sub-Total (A)(2)			212813	3.8166
	Total Shareholding of Promoter and Promoter Group(A)= (A)(1) + (A)(2)	781465	100.00	2898966	51.9901
(B)	Public Shareholding				
(1)	Institutions				
a.	Mutual Funds/UTI	0	0	0	0
b.	Financial Institutions/ Banks	0	0	0	0
c.	Central Government/State Government (s)	0	0	0	0
d.	Venture Capital Funds	0	0	0	0
e.	Insurance Companies	0	0	0	0
f.	Foreign Institutions Investors	0	0	0	0
g.	Foreign Venture Capital Investors	0	0	0	0

Category Code	Category of Shareholder	Pre Demerger		Post Demerger	
		Total Number of shares	As a percentage of Total Shares	Total Number of shares	As a percentage of Total Shares
h.	Qualified Foreign Investor	0	0	0	0
i.	Any Other (Specify)	0	0	0	0
	Sub-Total (B)(1)	0	0	0	0
(2)	Non-Institutions				
a.	Bodies Corporate	0	0	349404	6.2662
b.	Individuals-				
	i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	0	0	1475648	26.4643
	ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	0	0	707960	12.6966
c.	Qualified Foreign Investor	0	0	0	0
d.	Any Other (Specify)				
	Clearing Members	0	0	5029	0.0902
	Directors and their Relatives	0	0	3448	0.0618
	Hindu Undivided Family	0	0	109699	1.9673
	Non- Resident Indians	0	0	25838	0.4634
	Sub-Total (B)(2)	0	0	2677027	48.0098
	Total Public Shareholding (B)= (B)(1) + (B)(2)	0	0	2677027	48.0098
	Total (A)+(B)	781465	100.00	5575992	100.00
(C)	Shares held by Custodian and against which Depository Receipts have been issued				
(1)	Promoter and Promoter Group	0	0	0	0
(2)	Public	0	0	0	0
	Total Custodian holding (C)	0	0	0	0
	Grand Total (A)+(B)+(C)	781465	100.00	5575992	100.00

34. The shareholding of the relatives* of the Directors and Key Managerial Personnel as on 11th July, 2014 is as follows:

Demerged Company

S No	Name of the Shareholder	Number of shares held
1.	Mrs. Manju Bansal	585101
2.	Mrs. Megha Bansal	3281
3.	Mr. Punit Choudhri	3900
4.	Mrs. Charu Bansal	5525
5.	Mrs. Shashi Gupta	8616
6.	Mrs. Neelam Bansal	619698
7.	Mr. Harsh Bansal	25025
8.	Mrs. Saroj Bansal	203149
9.	Mr. Pawan Kumar Bansal	246581
10.	Mrs. Sushma Gupta	2726
11.	Mr. Deepak Gupta	1000
12.	Mrs. Ritu Kamal Singhal	9090
13.	Mrs. Vandana Bansal	454786
14.	Mr. Sagar Bansal	25
15.	Mr. Arvind Kumar Sachdev	3630
16.	Mr. Jagdish Chander Sachdev	1573
17.	Mrs. Neerja Sachdev	3630
18.	Mr. Prem Sachdev	1573
19.	Dr.C.L.Lohia	449
20.	Mr. Girish Kumar Lohia	300
21.	Mrs. Namratha Lohia	1739
22.	Mr. Utsav Lohia	3025
23.	Mrs. Ambujam Venkataraman	333
24.	Mr. Balaji Venkataraman	1245
25.	Mr. Madhu Varshitt	121
26.	Mrs. R.Janaki	1315
27.	Mr. Vishwak Prakkruth Y S	121
28.	Mr. Y. Ramakrishnan	500
29.	Mrs. K. Mahalakshmi	31573

* Relative" means Relative as defined in Section 2(77) of Companies Act, 2013 read with Companies (Specification of Definition Details) Rules, 2014.

Resulting Company

No relative of Director is holding shares in the resulting company other than as nominee of the Demerged Company to satisfy the mandatory requirement of minimum number of shareholders in POCL Enterprises Limited.

35. The Applicant Company has applied to the BSE and MSE in accordance with Clause 24(f) of the Listing Agreement for their approval to the Scheme. The BSE & MSE have given its no objection to the Scheme on 11th June, 2014 and 16th June 2014 respectively.
36. The Applicant Company states in accordance to the Securities and Exchange Board of India ("SEBI") Circular No. CIR/CFD/DIL/5/2013 dated 4th February, 2013 ("Circular 1") and Circular No. CIR/CFD/DIL/8/2013 dated 21st May, 2013 ("Circular 2") (hereinafter referred to as ("Circular 1") and ("Circular 2")) is also jointly and collectively referred to as "Circulars") the Applicant Company is exempted from following the procedure of postal ballot and e-voting as contemplated under Circular - 2 issued by the SEBI. The Applicant Company states that the conditions stated under clause 5.16 (a) (i),(ii) (iii) of the SEBI Circulars are not applicable in present Scheme of Arrangement (Demerger). However, to enable wider and effective participation from the public shareholders, the Applicant Company would comply with the process of postal ballot and e-voting.
37. As required by the SEBI Circulars, the Applicant Company has filed the Complaints Report (Indicating NIL Complaints) with BSE and MSE on May 27, 2014.
38. 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 Equity Shareholders present and voting either in person or by proxy at the meeting. A proxy form is also enclosed to this explanatory statement. 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 so desire.
39. The Resolution proposed to be considered in the above meeting, is given hereunder:
"RESOLVED THAT subject to the approval of the Hon'ble High Court of Judicature at Madras under Section 391 to 394 read with Sections 100 to 104 and other applicable provisions, if any of the Companies Act, 1956, the Scheme of Arrangement (Demerger) between Pandy Oxides and Chemicals Limited and POCL Enterprises Limited, and their respective shareholders as placed before the meeting and initialled by the Chairman for the purpose of identification, be and is hereby approved.
FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to make and / or consent to any modifications, alterations or amendments in the scheme, which may be deemed to be necessary by them or which are desired, directed or imposed by the Hon'ble High Court of Judicature at Madras or any other authority and to take all such steps as may be necessary and desirable to implement the Scheme and to give effect to this resolution."
40. No investigation proceedings have been instituted or are pending under Sections 235 to 251 of the Companies Act, 1956 or under the Companies Act, 2013 in respect of the Applicant Company.
41. The Scheme of Arrangement (Demerger) does not in any way violate or override or circumscribe the provisions of the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts and the provisions of the Listing Agreement or the requirements of the Stock Exchanges where the equity shares of the Applicant Company are listed. The proposed Scheme of Arrangement (Demerger) under Section 391 to 394 read with Sections 100 to 104 of the Companies Act, 1956 is enclosed.

42. The following documents will be open for inspection at the Registered Office of the Applicant Company between 10.00 a.m. and 12.00 Noon on any working day except Saturday upto the date of the meeting:
- i. The Memorandum and Articles of Association of Applicant Company and Resulting Company.
 - ii. The Audited Financial Statements of the Applicant Company and Resulting Company for the year ended 31st March 2011, 31st March 2012 & 31st March 2013.
 - iii. Copy of the Board resolution dated 18th December, 2013 and 20th March 2014, passed by Applicant and Resulting Company approving the Scheme of Arrangement (Demerger).
 - iv. No-Objection Certificate issued by the Bombay Stock Exchange and Madras Stock Exchange.
 - v. The Valuation Report prescribing the Share Entitlement Ratio prepared by M/s. Nalam & Associates, Chartered Accountants, Hyderabad dated December 3, 2013.
 - vi. Fairness Opinion Report prepared by M/s. Quintessence Enterprises Private Limited, Category -I. Merchant Banker dated December 5, 2013.
 - vii. Report of the Audit Committee recommending the Draft Scheme of Demerger to the Board dated 18th December, 2013 and 20th March, 2014.
 - viii. Complaints Report for the period 30th December, 2013 to 26th May, 2014 submitted by the Company to the Bombay Stock Exchange of India Limited and the Madras Stock Exchange Limited
 - ix. The Addendum to the explanatory statement as prescribed by the Securities and Exchange Board of India.
 - x. Proposed Scheme of Arrangement (Demerger).
 - xi. Register of Directors' Shareholdings of the Applicant Company.
 - xii. Certified copy of the Order dated 8th July, 2014 passed by the Hon'ble High Court of Judicature at Madras in Company Application No. 697 of 2013.

Dated at Chennai this 21st day of July, 2014.

Sd/-
Dr. Padam.C.Bansal
Chairman appointed for the meeting

SCHEME OF ARRANGEMENT (DEMERGER)

BETWEEN

PONDY OXIDES AND CHEMICALS LIMITED

("Demerged or Transferor Company")

AND

POCL ENTERPRISES LIMITED

("Resulting or Transferee Company")

AND

THEIR RESPECTIVE SHAREHOLDERS

(Under the provisions of Section 391 to 394 read with section 100 to 104 of the Companies Act, 1956)

I. PREAMBLE

- 1.1 Pondy Oxides and Chemicals Limited (hereinafter referred to as "**Demerged Company or Transferor Company**"), having its registered office at KRM Centre, 4th Floor, #2, Harrington Road, Chetpet, Chennai 600031 was incorporated on the 21st day of March, 1995 in the State of Tamil Nadu. The Demerged Company is engaged in the businesses of Metallic Oxides Business ("**Demerged Undertaking 1**" or "**Metallic Oxides Division**"), Plastic Additives Business ("**Demerged Undertaking 2**" or "**Plastic Additives Division**"), Zinc Refining Business ("**Demerged Undertaking 3**" or "**Zinc Refining Division**"), Unwrought Lead Business ("**Demerged Undertaking 4**" or "**Lead Refining Division**") and the Lead Smelting (Primary and Secondary)/High Purity Lead/ Specialised Alloys/ Master Lead Alloys/ Compound Business ("**Remaining Business**") (hereinafter referred to as the "**Businesses of the Demerged Company**"). The equity shares of the Demerged Company is listed on the Bombay Stock Exchange of India Limited ("BSE") and the Madras Stock Exchange Limited ("**MSE**") and admitted to trading on National Stock Exchange of India Limited ("NSE") under permitted category by virtue of its listing on Madras Stock Exchange Limited ("MSE").
- 1.2 POCL Enterprises Limited (hereinafter referred to as "**Resulting Company or Transferee Company**"), having its registered office at KRM Centre, 4th Floor, #2, Harrington Road, Chetpet, Chennai 600031 was incorporated on the 20th day of May 1988 in the State of Tamil Nadu. The Resulting Company is engaged in the business of (i) import, export, buy, sell, supply, distribute, store, stock, maintain and or otherwise handle and deal in all kinds, finished or unfinished, of products, goods or commodities, parts, ingredients, metals, chemicals, raw materials, accessories, plant and machinery, food and allied products or any other Goods by whatever name called (ii) To carry on the business of manufacturing, distributing, buying, selling supplying, converting, importing, exporting, storing, stocking, treating, refining, repairing, maintaining, charging, re-charging, re-storing, re-conditioning, Zinc Metal, Lead Metal, Zinc Ingots, Zinc Dross, Zinc Oxide, Lead Sub Oxide, Lead Oxide, Litharge, Red Lead, Zinc Lead Salt and Oxide, Salts and Oxides of other metals including PVC Stabilizers and all types of batteries, including storage batteries, dry batteries, button batteries, solar power batteries or other- batteries, their components, parts, ingredients, substances, systems, consumables, accessories or fittings and to do all acts and things necessary for the attainment of foregoing objects (hereinafter referred to as the "**Business of the Resulting Company**"). The Resulting Company is an unlisted public company and the entire issued, subscribed and paid up equity share capital is held by the Demerged Company. By virtue of the shareholding pattern, the Resulting Company is a wholly-owned subsidiary of the Demerged Company.
- 1.3 The businesses of the Demerged Company are presently structured and carried on by way of separate undertakings for Metallic Oxides Division, Plastic Additives Division, Zinc Refining Division, Lead Refining Division, and Lead Smelting/ Compound Division.

- 1.4 The considerations, factors and financials applicable to the businesses comprised in different undertakings, including growth trajectories, maturity age and requirement of funds, are different in nature in comparison to the business in other divisions of the Demerged Company.
- 1.5 As part of an overall business reorganization plan and in order to provide for the optimum running, growth and development of the divisions and interests of the Demerged Company it is necessary to segregate and realign the same appropriately. In these circumstances it is considered desirable and expedient to restructure the businesses of the Demerged Company by demerging, transferring and vesting the Metallic Oxides Division, Plastic Additives Division, Zinc Refining Division, Lead Refining Division (hereinafter jointly referred to as "**Demerged Undertakings**") of the Demerged Company into the Resulting Company in the manner and on the terms conditions stated in this Scheme of Arrangement.
- 1.6 In order to ensure accelerated growth and improved profitability, it would be advantageous for the Demerged Company, to focus more on the individual products and to give value addition to the shareholders by demerging the verticals representing the Demerged Undertakings and retaining the verticals representing the Remaining Business to have a positive impact on the company's growth plan to excel in the non-ferrous fields and create a stronger foot hold in the market space by further increase in its presence as a focused player in the non-ferrous metals industry. The re-organisation, essentially to ensure better operational management and focus on accelerated growth, will ensure higher returns to the shareholders, creditors, employees and is also in general public interest.
- 1.7 The Scheme will enable the businesses comprised in the Demerged Undertaking and Remaining Undertaking to be pursued and carried on more conveniently and advantageously with greater focus and attention through two separate entities/companies, i.e. Demerged Company and Resulting Company, each having their own management team and administrative set up. The same will facilitate the business considerations and factors applicable to the said businesses to be addressed more effectively and adequately by the respective companies.
- 1.8 Further, in case of any potential financial investor or other strategic partner interested in supporting and taking a stake in the business comprised in the Demerged Undertaking may not be interested in the Remaining Undertaking and vice versa by reason of the difference and divergence in the nature and financials of such businesses. The Scheme will enable independent evaluation of the said respective businesses through two separate companies and participation therein of suitable investors and strategic partners. The same will enable running and operation of the said businesses and growth and development plans thereof to be funded independently and unlock and enhance shareholders value.
- 1.9 The Scheme will have beneficial results for the said Companies, their shareholders and all concerned. The Scheme is proposed accordingly.

Part 2

2.1 DEFINITIONS

- (a) "**Act**" means the Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force.
- (b) "**Appointed Date**" means the date from which this Scheme shall become operative viz., 1st April 2013 or any other date as modified by the Court, then the same shall be the Appointed Date.
- (c) "**Book Value(s)**" means the value(s) of the assets and the liabilities of the Demerged Undertaking as appearing in the books of accounts of the Demerged Company at the close of the business as on the day immediately preceding the appointed date and excluding any value arising out of revaluation.

- (d) **“Court”** means the Hon’ble High Court of Judicature at Madras or such other Court / Tribunal empowered to sanction the Scheme as per the provisions of the Act.
- (e) **“Demerged Company or Transferor Company”** means Pandy Oxides and Chemicals Limited, a public listed company having its registered office at KRM Centre, 4th Floor, #2 Harrington Road, Chetpet, Chennai 600031.
- (f) **“Demerged Undertaking 1” or the “Metallic Oxides Division”** means the Metallic Oxides Business of the Demerged Company more particularly listed down under Schedule **“A” & “B”** which would be transferred on a going concern basis to the Resulting Company on and from the Appointed Date and subject to any changes, modifications and alterations from time to time as on the Appointed Date to the Effective Date and shall include—
- i) All the assets and liabilities forming part of the Demerged Undertaking 1;
 - ii) All debts, liabilities, duties and obligations including reserves, if any, appertaining or allocated to the Demerged Undertaking 1;
 - iii) Without prejudice to the generality of sub-clauses (i) and (ii) above, the Demerged Undertaking 1 of the Demerged Company shall include all assets and properties, whether movable or immovable, real or personal, fixed assets, in possession or reversion, corporeal or incorporeal, tangible or intangible, present assets including stock, investments, claims, powers, authorities, allotments, approvals, registrations, contracts, engagements, arrangements, and any other approvals/documents/application in relation to the operations of the Demerged Undertaking 1 rights, titles, interests, benefits, advantages, lease-hold rights, tenancy rights, permits, authorisations, quota rights, including reserves, provisions, funds, equipment and installations and utilities, electricity, water and other service connections, records, files, employees, benefits of agreements, contracts and arrangements, powers, authorities, balances with all regulatory authorities, liberties, advantages, easements and all the right, title, interest, goodwill, reserves, provisions, advances, receivables, funds, cash, bank balances, accounts, earnest moneys/ security deposits and all other rights, claims and powers, of whatsoever nature and where so ever situated belonging to or in the possession of or granted in favour of or enjoyed by the Demerged Undertaking 1 of the Demerged Company, as on the commencement of the Appointed Date and all earnest money and/or deposits including security deposits paid by the Demerged Company in relation to the Demerged Undertaking 1 as on the commencement of the Appointed Date and all other rights, benefits available under any rules, regulations, statutes including direct and indirect tax laws and particularly VAT/CST benefits, Service Tax, Cenvat benefits, import and export benefits and excise/custom duty benefits of the Demerged Company in relation to the Demerged Undertaking 1 and in each case, as on the Appointed Date and as modified and altered from time to time to the Effective Date.
- (g) **“Demerged Undertaking 2” or the “Plastic Additive Division”** means the Plastic Additives Business of the Demerged Company more particularly listed down under Schedule **“C” & “D”** which would be transferred on a going concern basis to the Resulting Company on and from the Appointed Date and subject to any changes, modifications and alterations from time to time as on the Appointed Date to the Effective Date and shall include—
- i) All the assets and liabilities forming part of the Demerged Undertaking 2;
 - ii) All debts, liabilities, duties and obligations including reserves, if any, appertaining or allocated to the Demerged Undertaking 2;
 - iii) Without prejudice to the generality of sub-clauses (i) and (ii) above, the Demerged Undertaking 2 of the Demerged Company shall include all assets and properties, whether

movable or immovable, real or personal, fixed assets, in possession or reversion, corporeal or incorporeal, tangible or intangible, present assets including stock, investments, claims, powers, authorities, allotments, approvals, registrations, contracts, engagements, arrangements, and any other approvals/documents/application in relation to the operations of the Demerged Undertaking 2 rights, titles, interests, benefits, advantages, lease-hold rights, tenancy rights, permits, authorisations, quota rights, including reserves, provisions, funds, equipment and installations and utilities, electricity, water and other service connections, records, files, employees, benefits of agreements, contracts and arrangements, powers, authorities, balances with all regulatory authorities, liberties, advantages, easements and all the right, title, interest, goodwill, reserves, provisions, advances, receivables, funds, cash, bank balances, accounts, earnest moneys/ security deposits and all other rights, claims and powers, of whatsoever nature and where so ever situated belonging to or in the possession of or granted in favour of or enjoyed by the Demerged Undertaking 2 of the Demerged Company, as on the commencement of the Appointed Date and all earnest money and/or deposits including security deposits paid by the Demerged Company in relation to the Demerged Undertaking 2 as on the commencement of the Appointed Date and all other rights, benefits available under any rules, regulations, statutes including direct and indirect tax laws and particularly VAT/CST benefits, Service Tax, Cenvat benefits, import and export benefits and excise/custom duty benefits of the Demerged Company in relation to the Demerged Undertaking 2 and in each case, as on the Appointed Date and as modified and altered from time to time to the Effective Date.

- (h) **“Demerged Undertaking 3” or the “Zinc Refining Division”** means the Zinc Refining Business of the Demerged Company more particularly listed down under Schedule **“E” & “F”** which would be transferred on a going concern basis to the Resulting Company on and from the Appointed Date and subject to any changes, modifications and alterations from time to time as on the Appointed Date to the Effective Date and shall include—
- i) All the assets and liabilities forming part of the Demerged Undertaking 3 ;
 - ii) All debts, liabilities, duties and obligations including reserves, if any, appertaining or allocated to the Demerged Undertaking 3;
 - iii) Without prejudice to the generality of sub-clauses (i) and (ii) above, the Demerged Undertaking 3 of the Demerged Company shall include all assets and properties, whether movable or immovable, real or personal, fixed assets, in possession or reversion, corporeal or incorporeal, tangible or intangible, present assets including stock, investments, claims, powers, authorities, allotments, approvals, registrations, contracts, engagements, arrangements, and any other approvals/documents/application in relation to the operations of the Demerged Undertaking 3 rights, titles, interests, benefits, advantages, lease-hold rights, tenancy rights, permits, authorisations, quota rights, including reserves, provisions, funds, equipment and installations and utilities, electricity, water and other service connections, records, files, employees, benefits of agreements, contracts and arrangements, powers, authorities, balances with all regulatory authorities, liberties, advantages, easements and all the right, title, interest, goodwill, reserves, provisions, advances, receivables, funds, cash, bank balances, accounts, earnest moneys/ security deposits and all other rights, claims and powers, of whatsoever nature and where so ever situated belonging to or in the possession of or granted in favour of or enjoyed by the Demerged Undertaking 3 of the Demerged Company, as on the commencement of the Appointed Date and all earnest money and/or deposits including security deposits paid by the Demerged Company in relation to the Demerged Undertaking 3 as on the commencement of the Appointed Date and all other rights, benefits available under any rules, regulations, statutes including direct and

indirect tax laws and particularly VAT/CST benefits, Service Tax, Cenvat benefits, import and export benefits and excise/custom duty benefits of the Demerged Company in relation to the Demerged Undertaking 3 and in each case, as on the Appointed Date and as modified and altered from time to time to the Effective Date.

- (i) **“Demerged Undertaking 4” or the “Lead Refining Division”** means the Unwrought Lead Business of the Demerged Company more particularly listed down under Schedule “G” & “H” which would be transferred on a going concern basis to the Resulting Company on and from the Appointed Date and subject to any changes, modifications and alterations from time to time as on the Appointed Date to the Effective Date and shall include—
- i) All the assets and liabilities forming part of the Demerged Undertaking 4;
 - ii) All debts, liabilities, duties and obligations including reserves, if any, appertaining or allocated to the Demerged Undertaking 4;
 - iii) Without prejudice to the generality of sub-clauses (i) and (ii) above, the Demerged Undertaking 4 of the Demerged Company shall include all assets and properties, whether movable or immovable, real or personal, fixed assets, in possession or reversion, corporeal or incorporeal, tangible or intangible, present assets including stock, investments, claims, powers, authorities, allotments, approvals, registrations, contracts, engagements, arrangements, and any other approvals/documents/application in relation to the operations of the Demerged Undertaking 4 rights, titles, interests, benefits, advantages, lease-hold rights, tenancy rights, permits, authorisations, quota rights, including reserves, provisions, funds, equipment and installations and utilities, electricity, water and other service connections, records, files, employees, benefits of agreements, contracts and arrangements, powers, authorities, balances with all regulatory authorities, liberties, advantages, easements and all the right, title, interest, goodwill, reserves, provisions, advances, receivables, funds, cash, bank balances, accounts, earnest moneys/ security deposits and all other rights, claims and powers, of whatsoever nature and where so ever situated belonging to or in the possession of or granted in favour of or enjoyed by the Demerged Undertaking 4 of the Demerged Company, as on the commencement of the Appointed Date and all earnest money and/or deposits including security deposits paid by the Demerged Company in relation to the Demerged Undertaking 4 as on the commencement of the Appointed Date and all other rights, benefits available under any rules, regulations, statutes including direct and indirect tax laws and particularly VAT/CST benefits, Service Tax, Cenvat benefits, import and export benefits and excise/custom duty benefits of the Demerged Company in relation to the Demerged Undertaking 3 and in each case, as on the Appointed Date and as modified and altered from time to time to the Effective Date.
- (j) **“Demerged Undertakings”** means and includes Demerged Undertaking 1, Demerged Undertaking 2, Demerged Undertaking 3 and Demerged Undertaking 4.
- (k) **“Effective Date”** means the later of the dates on which the certified copies of the Order(s) of the Court sanctioning this Scheme of Arrangement (Demerger) are filed with the Registrar of Companies, Tamilnadu, Chennai, by the Demerged Company and the Resulting Company. References in this Scheme to ‘upon the Scheme becoming effective’ or ‘effectiveness of the Scheme’ shall mean the ‘Effective Date’.
- (l) **“Record Date for Demerged Company”** shall mean the date or dates to be fixed by the Board of Directors of the Demerged Company for the purposes of taking the Scheme on record and to complete all compliances/formalities with respect to the Scheme.

- (m) **"Record Date for Resulting Company"** shall mean the date or dates to be fixed by the Board of Directors of the Resulting Company for the purpose of issue and allotment of Equity Shares under this Scheme.
- (n) **"Remaining Undertaking"** means all the business, undertakings and divisions of the Demerged Company other than the Demerged Undertakings transferred to, and vested in, the Resulting Company pursuant to this Scheme.
- (o) **"Resulting Company or Transferee Company"** means POCL Enterprises Limited, a public unlisted company having its registered office at KRM Centre, 4th Floor, #2, Harrington Road, Chetpet, Chennai 600031.
- (p) **"Scheme of Arrangement (Demerger)"** or **"Scheme of Demerger"** or **"this Scheme"** or **"the Scheme"** means this Scheme of Arrangement (Demerger) in its present form or with any modification(s) approved or imposed or directed by the Court.
- (q) All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act and other applicable laws, rules and regulations, as the case may be, including any statutory modification or re-enactment thereof from time to time.

2.2 SHARE CAPITAL

- (1) The Authorised, Issued and Subscribed share capital of the Demerged Company as on 31st March 2013 is as follows:

Particulars	Rupees
Authorized Share Capital	
1,24,00,000 Equity shares of Rs.10/- each	12,40,00,000
TOTAL	12,40,00,000
Issued, subscribed and paid-up Share Capital	
1,11,51,985 Equity shares of Rs.10/- each fully paid up	11,15,19,850
TOTAL	11,15,19,850

Subsequent to March 31st 2013, there has been no change in the Authorised, Issued, Subscribed and Paid-up Capital of the Demerged Company. The equity shares of the Demerged Company are listed on the BSE and MSE. The Company is admitted to trading on National Stock Exchange of India Limited ("NSE") under permitted category through Madras Stock Exchange Limited ("MSE").

- (2) The Authorised, Issued and Subscribed share capital of the Resulting Company as on 31st March 2013 is as follows:

Particulars	Rupees
Authorized Share Capital	
17,00,000 Equity shares of Rs.10/- each	1,70,00,000
TOTAL	1,70,00,000
Issued, subscribed and paid-up Share Capital	
7,81,465 Equity shares of Rs.10/- each fully paid up	78,14,650
TOTAL	78,14,650

Subsequent to March 31st 2013, there has been no change in the Authorised, Issued, Subscribed and Paid-up Capital of the Resulting Company. The entire equity share capital of the Resulting Company is held by the Demerged Company, therefore, by virtue of the shareholding pattern, the Demerged Company is the Holding Company and the Resulting Company is the wholly-owned subsidiary

PART 3

3. DEMERGER AND VESTING OF DEMERGED UNDERTAKINGS OF THE DEMERGED COMPANY IN THE RESULTING COMPANY

Transfer and vesting of Demerged Undertakings

- 3.1. With effect from the Appointed Date and upon the Scheme becoming effective, the Demerged Undertakings of the Demerged Company comprising all assets and liabilities of the Demerged Undertakings of whatsoever nature and wheresoever situated, shall, under the provisions of Section 391 read with Section 394 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be transferred to the Resulting Company as a going concern in accordance with Section 2(19AA) of the Income Tax Act, 1961, so as to become, as and from the Appointed Date, the assets and liabilities of the Resulting Company and there shall be vested in the Resulting Company all the rights, titles, interests or obligations of the said Demerged Undertakings therein and shall be free from all encumbrances.
- 3.2. With effect from the Appointed Date and upon the Scheme becoming effective, all the assets relating to the Demerged Undertakings of the Demerged Company as are immovable or movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery, shall be so transferred, delivered or endorsed and delivered, as the case may be, by the Demerged Company, and shall upon transfer become the property and an integral part of the Resulting Company. In respect of such of the said assets other than those referred to hereinabove, the same shall, without any further act, instrument or deed, be transferred to, and vested in, and/or be deemed to be transferred to and vested in, the Resulting Company.
- 3.3. Upon the scheme coming into effect, all the trade receivables due from third parties belonging and relating to the Demerged Undertakings transferred pursuant to the Scheme shall vest with the Resulting Company without any further act or deed. It is further clarified that upon the Scheme coming into effect, the Demerged Company shall intimate to all such third parties from whom the trade receivables are due in such form as it may deem fit and proper stating that all the rights and obligations with respect to the said trade receivables shall vest with and be payable to the Resulting Company. Any payments received by the Demerged Company with respect to any of the trade receivables before the Scheme coming into effect shall be for and behalf of the Resulting Company.
- 3.4. For the purpose of giving effect to the order passed under Sections 391 to 394 in respect of this Scheme, the Resulting Company shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the title and appurtenant legal right(s) upon the vesting of such assets of Demerged Undertaking in the Resulting Company.
- 3.5. For avoidance of doubt, upon the Scheme becoming effective, all the rights, title, interest and claims of the Demerged Company in any leasehold properties, including all the leases, of the Demerged Company in relation to the Demerged Undertakings shall, pursuant to Section 394(2) of the Act, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company. The Demerged Company shall, wherever necessary, execute all necessary documents at its cost, to effect and evidence such transfer and vesting of assets, rights, licences etc., covered in this Scheme, more particularly under clauses 3.1 to 3.4 hereof, and

make necessary applications to the authorities concerned independently and/or jointly with the Resulting Company for such transfer and vesting.

Transfer of Debts & Liabilities

- 3.6 (a) With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities, contingent liabilities (including tax liabilities), duties and obligations of every kind, nature and description relating to the Demerged Undertakings of the Demerged Company shall, without any further act or deed, be transferred to, or be deemed to be transferred to the Resulting Company, so as to become as and from the Appointed Date, the debts, liabilities, contingent liabilities (including tax liabilities), duties and obligations of the Resulting Company and the Resulting Company undertakes to meet, discharge and satisfy the same. In respect of general or multipurpose borrowings, debts, liabilities, if any, be transferred to or be deemed to be transferred to the Resulting Company in the proportion of the value of assets transferred. It is hereby clarified 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 debts, liabilities, contingent liabilities (including tax liabilities), duties and obligations have arisen, in order to give effect to the provisions of this sub-clause.
- (b) Where any of the liabilities and obligations attributed to the Demerged Undertakings of the Demerged Company on the Appointed Date has been discharged by the Demerged Company on behalf of the Demerged Undertakings after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of the Resulting Company.
- (c) All liabilities and obligations attributed to the Demerged Undertakings of the Demerged Company, including its unsecured loans, taken over by the Resulting Company, may be discharged by the Resulting Company by way of one time settlement or in any other manner as the Resulting Company may deem fit.
- 3.7. Upon the scheme coming into effect, all the trade payables to third parties belonging and relating to the Demerged Undertakings transferred pursuant to the Scheme shall become the obligation and duty of the Resulting Company without any further act or deed. It is further clarified that upon the Scheme coming into effect, the Demerged Company shall intimate to all such third parties to whom the trade payables are due in such form as it may deem fit and proper stating that all the rights and obligations with respect to the said trade payables shall vest with and be payable by the Resulting Company. Any payments made by the Demerged Company with respect to any of the trade payables before the Scheme coming into effect shall be for and behalf of the Resulting Company.
- 3.8. All loans raised and used, and liabilities incurred, by the Demerged Company after the Appointed Date, but prior to the Effective Date, for the operations of the Demerged Undertakings shall be discharged by the Resulting Company.
- 3.9. The transfer and vesting of the Demerged Undertakings as aforesaid, shall be subject to the existing securities, charges, hypothecation and mortgages, if any, subsisting in relation to any loans or borrowings of the Demerged Undertakings, *provided however*, any reference in any security documents or arrangements, to which the Demerged Company is a party, wherein the assets of the Demerged Undertakings 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 the Demerged Undertakings as are vested in the Resulting Company by virtue of this Scheme, to the end and intent that such security, charge, hypothecation and mortgage shall not extend or be deemed to extend, to any of the other assets of the Demerged Company or any of the assets of the Resulting Company, *provided further* that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the assets or any part thereof of the Resulting Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges,

hypothecation or mortgages shall not extend or be deemed to extend, to any of the assets of the Demerged Undertakings vested in the Resulting Company, *provided always* that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by the Demerged Company in relation to the Demerged Undertakings which shall vest in the Resulting Company by virtue of the vesting of the Demerged Undertakings with the Resulting Company and the Resulting Company shall not be obliged to create any further or additional security therefore after the Scheme has become operative.

- 3.10. To the extent there are inter-corporate transactions or balances between the Demerged Company and the Resulting Company, inter se, with respect to the Demerged Undertakings, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of both the Companies for the reduction of any assets or liabilities, as the case may be. The financial transactions between the Demerged Company and the Resulting Company to be settled separately.

Transfer at Book Values

- 3.11. All the assets, properties and liabilities of the Demerged Undertakings shall be transferred to the Resulting Company at the values appearing in the books of the Demerged Company at the close of business as on the day immediately preceding the Appointed Date.

Contracts, Deeds, Bonds and Other Instruments

- 3.12. With effect from the Appointed Date and upon the Scheme becoming effective, all contracts, deeds, bonds, agreements, insurance policies and other instruments, if any, of whatsoever nature in relation to the Demerged Undertakings of the Demerged Company, or to the benefit of which the Demerged Undertakings of the Demerged Company may be eligible, and subsisting or having effect on the Effective Date shall be in full force and effect against or in favour of the Resulting Company, as the case may be, and may be enforced by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party thereto.
- 3.13. With effect from the Appointed Date and upon the Scheme becoming effective, all permits, quotas, rights, entitlements, licences (including advance authorisation licences for imports and export issued by Joint Director General of Foreign Trade), registrations, privileges, powers, facilities, subsidies, rehabilitation schemes, special status and other benefits or privileges (granted by any Government body, local authority or by any other person) of every kind and description of whatsoever nature in relation to the Demerged Undertakings of the Demerged Company, or to the benefit of which the Demerged Undertakings of the Demerged Company may be eligible, or having effect immediately before the Effective Date, shall be and remain in full force and effect in favour of or against the Resulting Company, as the case may be, and may be enforced fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a beneficiary or obligee thereto.
- 3.14. With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licences, permissions or approvals or consents required to carry on the operations of the Demerged Undertakings of the Demerged Company shall stand vested in or transferred to the Resulting Company without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Resulting Company. The benefit of all such statutory and regulatory permissions, licences, approvals and consents including statutory licences, approvals, permissions or approvals or consents required to carry on the operations of the Demerged Undertakings of the Demerged Company shall vest in and become available to the Resulting Company upon the Scheme becoming effective.
- 3.15. The Resulting Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite agreement, confirmations or novations to which the Demerged Company

will, if necessary, also be a party in order to give formal effect to the provisions of this Scheme, if it is so required or if it becomes necessary.

Continuation of Legal Proceedings

3.16. With effect from the Appointed Date and upon the Scheme becoming effective, the Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company in respect of the Demerged Undertakings and pending on the Effective Date, transferred in its name and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. The Resulting Company also undertakes to deal with all legal or other proceedings which may be initiated by or against the Demerged Company or the Resulting Company after the Effective Date relating to the Demerged Undertakings in respect of the period upto the Effective Date, in its own name and account and to the exclusion of the Demerged Company, and further undertakes to indemnify, defend and hold harmless the Demerged Company against any and all liabilities, losses, damages, demands, claims including third-party claims, actions, judgments or causes of action, assessments, interest, fines and penalties, which the Demerged Company may be liable for or called upon to pay or secure in respect of any liability or obligation relating to the Demerged Undertakings for the period upto the Effective Date, and any reasonable costs or expenses (including, without limitation, amounts paid in settlement, court costs and all reasonable attorneys' fees and out of pocket expenses) incurred by the Demerged Company in respect of such proceedings started by or against it relating to the period upto the Effective Date upon submission of necessary evidence by the Demerged Company to the Resulting Company for making such payment.

Staff, Workmen, Factory Employees, Head Office Employees¹ of Demerged Undertakings

3.17. Upon the Scheme becoming effective, all the staff, workmen, factory employees, if any, engaged in the Demerged Undertakings of the Demerged Company immediately before Effective Date shall become the staff, workmen and employees of the Resulting Company on the basis that:

- (a) their service shall have been continuous and shall not have been interrupted by reason of the demerger;
- (b) the terms and conditions of service applicable to the said staff, workmen or employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately before the transfer; and
- (c) It is expressly provided that as far as Provident Fund, Gratuity Fund, Super Annuation Fund or any other Special Fund created or existing for the benefit of the staff, workmen and the employees of the Demerged Undertakings of the Demerged Company are concerned, upon the Scheme becoming effective, the Resulting Company shall stand substituted for the Demerged Company for all purposes whatsoever related to the administration or operation of such Funds or in relation to the obligation to make contributions to the said Funds in accordance with the provisions of such Funds as per the terms provided in the respective Trust Deeds. It is the aim and intent that all the rights, duties, powers and obligations of the Demerged Company in relation to such funds shall become those of the Resulting Company and all the rights, duties and benefits of the employees employed in the Demerged Undertakings of the Demerged Company under such Funds and Trusts shall be protected. It is clarified that the services of the employees of the Demerged Undertakings of the Demerged Company will also be treated as having been continuous for the purpose of the aforesaid Funds.

3.18. As stated under clause 3.17, under the Scheme, all the Head Office Employees shall become the Head Office Employees of the Demerged Company. However, it is hereby clarified for the purposes of ensuring that the business operations of both the Companies function and continue under a

¹ "Head Office Employees" mean the employees on the role of the Registered Office of the Demerged Company.

convenient manner post the Scheme coming into effect, the Board of Directors of the Demerged Company and Resulting Company shall exercise their discretion in segregating and deciding the Head Office Employees being transferred to the Resulting Company pursuant to the Scheme of Arrangement (Demerger).

General Terms & Conditions

- 3.19. Any issue as to whether any asset or liability pertains to the Demerged Undertakings or not shall be decided by the Board of Directors of the Demerged Company and the Resulting Company, either by themselves or through a Committee appointed by them in this behalf, on the basis of such evidence as they may deem relevant (including the books and records of the Demerged Company).
- 3.20. The Demerged Company and the Resulting Company are expressly permitted to make and/or revise their income tax returns and related TDS certificates and the right to claim refund, advance tax credits, Fringe Benefit Tax Credits, indirect tax credits and benefits etc. on the Scheme becoming effective as on the Appointed Date and their right to make such revisions in the Income Tax Returns and related Tax Deducted at Source Certificates and the right to claim refunds, advance tax credits, Fringe Benefit tax credits, indirect tax credits etc., pursuant to the sanction of this Scheme and the Scheme becoming effective is expressly granted.
- 3.21. Where the Demerged Company is entitled to various benefits under incentive schemes and policies in relation to the Demerged Undertakings and pursuant to this Scheme it is declared that the benefits under all of such schemes and policies shall be transferred to and vest in the Resulting Company and all benefits, entitlements and incentives of any nature whatsoever, including sales tax concessions and incentives, shall be claimed by the Resulting Company and these shall relate back to the Appointed Date as if the Resulting Company was originally entitled to all benefits under such incentive scheme and/or policies, subject to continued compliance by the Resulting Company of all the terms and conditions subject to which the benefits under the incentive schemes were made available to the Demerged Company.
- 3.22. Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, holidays, incentives, concessions and other authorizations in relation to the Demerged Undertakings of the Demerged Company, shall stand transferred by the order of the Court to the Resulting Company, the Resulting Company shall file the relevant intimations, for the record of the statutory authorities who shall take them on file, pursuant to the vesting orders of the Court.
- 3.23. For the purpose of giving effect to the vesting order passed under Sections 391 and 394 of the Act in respect of this Scheme, the Resulting Company shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the title and appurtenant legal right(s) upon the vesting of such assets of the Demerged Undertakings of the Demerged Company in the Resulting Company in accordance with the provisions of Sections 391 and 394 of the Act. Upon the Scheme becoming effective and with effect from the Appointed Date, the filing of certified copies of the order of Court sanctioning this Scheme shall constitute a creation / modification of charge in the name of the Resulting Company in accordance with the provisions of Section 127 of the Act and satisfaction of charge in respect of the Demerged Company in accordance with Section 138 of the Act, if there are any existing charges attaching to the Demerged Undertakings.
- 3.24. It is hereby further expressly clarified that upon the Scheme coming into effect, any charge, security, mortgage, encumbrances or hypothecation which existed over the assets of the Demerged Undertakings proposed to be transferred and vested with the Resulting Company prior to the Scheme, such charge, mortgage, security, hypothecation shall continue to exist and remain over such assets in the Resulting Company upon transfer, demerger and vesting. With respect to any charge, security, mortgage, encumbrances or hypothecation which existed or created over the assets of the Remaining

Business such charge, mortgage, security, and hypothecation shall continue to remain over such assets in the Demerged Company.

- 3.25. The Demerged Company has obtained a Key Men Insurance Policy of Rs.50,00,000/- Lakhs for the Managing Directors ("MD") and the Whole Time Directors ("WTD") of the Demerged Company in the year 2001. Upon the scheme coming into effect and until the date of maturity (i.e June, 2016), the amounts shall be held in trust by the Demerged Company. On maturity, the amounts shall be distributed as mutually agreed by the Board of Directors of the Demerged and Resulting Company.

Conduct of Business till Effective Date

- 3.26. With effect from the Appointed Date and upto and including the Effective Date:

- (e) The Demerged Company shall carry on and be deemed to have carried on its business and activities relating to the Demerged Undertakings and shall stand possessed of all its assets and properties referred to above, in trust for the Resulting Company and shall account for the same to the Resulting Company. The Demerged Company shall hold the said assets pertaining to the Demerged Undertakings with utmost prudence until the Effective Date.
- (f) Any income or profit accruing or arising to the Demerged Company and all costs, charges, expenses and losses or taxes (including but not limited to advance tax, tax deducted at source, Minimum Alternate Tax credit, taxes withheld/paid in a foreign country etc.) incurred by the Demerged Company relating to the Demerged Undertakings shall for all purposes be treated as the income, profits, costs, charges, expenses and losses or taxes, as the case may be, of the Resulting Company and shall be available to the Resulting Company for being disposed off in any manner as it thinks fit.
- (c) Any liability in connection with the demerged undertaking that is discharged by the demerged company between the appointed date and effective date shall be deemed to be settled by the demerged company on account of resulting company and the resulting company shall treat the same as payables to demerged company in the books of account.
- (d) Pending sanction of the Scheme, the Demerged Company shall not make any change in its capital structure either by any increase, (by issue of equity shares on a rights basis, bonus shares, convertible debentures or otherwise) decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner which may, in any way, affect the Share Entitlement Ratio (as provided for in Clauses 3.27 hereunder), except by mutual consent of the respective Boards of Directors of the Demerged Company and the Resulting Company or as may be expressly permitted under this Scheme or as may be required to give effect to the Scheme.

Consideration

- 3.27. Upon the Scheme becoming effective, in consideration of the demerger and transfer and vesting of all assets and liabilities, duties, rights and obligations relating to the Demerged Undertakings of the Demerged Company in terms of Part 3 of the Scheme, the Resulting Company shall without any further act or deed, issue and allot 1 (One) Equity Share of Rs.10/- each, to the shareholders of the Demerged company, credited as fully paid-up of the Resulting Company for every 2 (Two) Equity Shares of Rs.10/- each fully paid-up held by the shareholders in the Demerged Company, as on the Record Date (hereinafter referred to as the "**Share Entitlement Ratio**"). For the purposes of clarity and for the benefit of the public shareholders, the pre and post allotment scenario of the Share Entitlement Ratio pursuant to the Scheme is explained in detail under **Schedule I**.

- 3.28. The allotment of shares as per the Share Entitlement Ratio shall not affect the consequent capital reduction in the Demerged Company pursuant to the accounting treatment provided under Clause 3.38 of this scheme. It is hereby further clarified that for the purposes of implementing the Share Entitlement Ratio, the equity shares held by the shareholders of the Demerged Company shall be either debited from their respective Dematerialized Account ("**Demat Account**") or in case such equity shares are held in the physical form, the same shall be cancelled and reduced for which fresh physical share certificates shall be issued to the shareholders of the Demerged Company.
- 3.29. In case any member's holding in the Demerged Company is such that the members becomes entitled to a fraction of a share in the Resulting Company, the Resulting Company shall consolidate such fractional shares of all the members and thereupon issue and allot shares in lieu thereof to a Director or an Officer of the Resulting Company on the understanding that such Director or Officer to whom such shares are allotted shall sell the same and shall distribute the net sale proceeds (after deduction of the expenses incurred) to the members in proportion to their fractional entitlements.
- 3.30. In compliance with the Companies Act, 1956 and in accordance with all the law, bye-laws, regulations, rules issued by the Securities Exchange Board of India ("**SEBI**"), the equity shares of the Resulting Company issued pursuant to clause 3.27 of the Scheme shall be listed on the BSE, NSE² and MSE which shall be subject to the payment of appropriate fee and approval of the respective stock exchanges.
- 3.31. The issue and allotment of Equity Shares in the Resulting Company to the members of the Transferor Company as provided in this Scheme shall be deemed to have been carried out in compliance with the procedure laid down under Section 81(1A) and other applicable provisions, if any, of the Act and the Transferee Company shall not be required to obtain any further approvals in this regard.
- 3.32. existing Equity Shares of the Resulting Company provided however that the shares so allotted shall not rank *pari passu* for dividend prior to their allotment. Fractions, if any, arising out of such allotment shall be rounded off to the next whole number.
- 3.33. Upon the Scheme coming into effect and post the allotment of equity shares to the shareholders of the Demerged Company, the shares held by the Demerged Company in the Resulting Company to the extent of 7,81,465 shares of Rs.10/- each shall stand reduced and cancelled.
- 3.34. The reduction and cancellation of the equity share capital of the Resulting Company held by the Demerged Company as stated above shall be deemed to be in accordance with the provisions of Sections 100 to 104 of the Act and no separate process or procedure is required to be complied for the reduction of capital by the Resulting Company. The order of the Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction without imposing a condition on the Company to add to its name the words, "and reduced". The provisions of Section 101 of the Act shall not be applicable

Promoters of the Demerged and Resulting Company

- 3.35. Upon the Scheme coming into effect, the promoters of the Demerged Company and the Resulting Company for all regulatory, statutory and other legal purposes including for the purposes of the Companies Act, 1956, or any other laws, rules, regulations, guidelines laid down by the Securities and Exchange Board of India ("**SEBI**") shall be as provided under **Schedule J** of the Scheme. The promoters of the Demerged Company shall be the promoters of the Resulting Company. Provided that in the event any of the promoters not being declared as such by SEBI in accordance with SEBI's Rules and Regulations that he or she does not any longer continue to be part of the promoter group, then such person shall not be deemed as a promoter of either the demerged company or the resulting company. In any event, the promoter status as mentioned above shall be effective only on such event happening after the Effective Date.

² Trading under permitted category through the MSE.

Accounting Treatment

Treatment in the books of Demerged Company

- 3.36. The Demerged Company shall upon the Scheme becoming effective, record the deletion of the assets and liabilities of the Demerged Undertakings transferred to and vested in the Resulting Company pursuant to this Scheme at their respective book values as appearing in its books as at the close of business of a day immediately preceding the Appointed Date.
- 3.37. The difference between the value of assets and value of liabilities transferred pursuant to the Scheme shall be first appropriated from the share capital of the Demerged Company to the extent of Rs. 5,57,59,920/- and the balance from reserves. The issued, subscribed and paid-up share capital of the Demerged Company shall stand re-organised and reduced from the present sum of 11,15,19,850/- divided into 1,11,51,985 Equity Shares of Rs.10/- each to 5,57,59,930 divided into 55,75,993 Equity Shares of Rs 10/- each.
- 3.38. The reduction in the issued, subscribed and paid-up share capital of the Demerged Company as above, shall be effected as an integral part of the Scheme itself and shall be deemed to be in accordance with the provisions of Sections 78, read with 100 to 104 of the Act as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital. The order of the Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction without imposing a condition on the Demerged Company or the Resulting Company to add to its name the words, "and reduced". The provisions of Section 101 of the Act shall not be applicable.

Treatment in the books of Resulting Company

- 3.39. The Resulting Company shall upon the Scheme becoming effective, record the assets and liabilities of the Demerged Undertakings of the Demerged Company transferred to and vested in it pursuant to this Scheme at their respective book values as appearing in the books of the Demerged Company as at the close of business of a day immediately preceding the Appointed Date.
- 3.40. The excess / shortfall in the book value of the assets over the value of the liabilities of the Demerged Undertakings of the Demerged Company transferred to and vested in the Resulting Company pursuant to this Scheme, shall after adjusting the aggregate face value of the shares issued by the Resulting Company to the members of the Demerged Company pursuant to this Scheme, be accounted for and adjusted in the books of the Resulting Company in its Capital Reserve/Goodwill Account, as the case may be.

Remaining Undertaking

- 3.41. The Remaining Undertaking shall continue with the Demerged Company.
- 3.42. The Remaining Undertaking and all the assets, liabilities and obligations pertaining thereto shall continue to belong to, be vested in and be managed by the Demerged Company.
- 3.43. All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case, relating to the Remaining Undertaking, including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Undertaking, shall be continued and enforced by or against the Demerged Company after the Effective Date.
- 3.44. If any proceedings are made against the Resulting Company in respect of the outstanding matters referred to above, the Resulting Company shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the Demerged Company

shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof.

3.45. With effect from the Appointed Date and up to and including the Effective Date:

- a. the Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Undertaking for and on its own behalf;
- b. all profits accruing to the Demerged Company thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Undertaking shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company.

Resulting / Transferee Company

3.46 The Resulting Company shall not make any change in its capital structure either by any increase, (by issue of equity shares on a rights basis, bonus shares, convertible debentures or otherwise) decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner till the listing of the equity shares of the Resulting Company on the Stock Exchanges.

3.47 The shares allotted by the Resulting Company pursuant to Clause 3.27 or any other applicable Clauses of this Scheme shall remain frozen in the depositories system till listing/trading permission is given by the stock exchanges.

PART 4

Application to Court

4.1. The Demerged Company and the Resulting Company shall, with all reasonable despatch, make and pursue applications to the Court for necessary orders or directions for holding meetings of the members of the Demerged Company and the Resulting Company for approving this Scheme under Section 391 of the Act or for dispensing the holding of such meetings, and orders under Section 394 of the Act for sanctioning this Scheme of Demerger and for carrying this Scheme into effect.

Modifications / Amendments to the Scheme

4.2. The Demerged Company (by its Directors) and the Resulting Company (by its Directors) –

- (i) may assent to any modification or amendment to the Scheme which the Court and / or any other authorities under law may deem fit to direct or impose; and / or
- (ii) may assent to any terms and / or conditions which the Court and / or any other authorities under law may deem fit to direct or impose; and / or
- (iii) may give such directions and / or may assent to any modification or amendment which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and / or carrying out the Scheme;
- (iv) may do all acts, deeds and things as may be necessary, desirable or expedient for giving effect to the Scheme, and the aforesaid modifications, amendments and terms and conditions; and / or
- (v) may also in their full and absolute discretions, withdraw or abandon the Scheme at any stage of the proceedings.

4.3. For the purpose of giving effect to the Scheme after it is sanctioned by the Court, the Directors of the Demerged Company and the Resulting Company are authorised to identify / allocate / apportion the assets and liabilities covered under the Scheme. The Directors of the Demerged and the Resulting Company shall extend their full co-operation for the implementation of the Scheme after it is sanctioned by the Court.

- 4.4. If any part or clause of this Scheme hereof is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Parties that such part or clause, as the case may be, shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part or clause shall cause this Scheme to become materially adverse to any Party, in which case the Parties shall attempt to bring about a modification in the Scheme, as will best preserve for the Parties the benefits and obligations of the Scheme, including but not limited to such part or clause.

Operative Date of the Scheme

- 4.5. The Scheme shall be operative with effect from the Appointed Date but shall be effective from the Effective Date.

Scheme Conditional on Approvals / Sanctions

- 4.6. This Scheme is conditional and is subject to –

- a) The sanction or approval under any law of the Central Government, State Government, or any other agency, department or authorities concerned being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required.
- b) The Scheme being agreed to by the respective requisite majorities of the members of the Demerged Company and the Resulting Company, if a meeting of Shareholders is convened by the Court or when the consent of the shareholders and creditors is obtained by virtue of consent affidavits and no-objection certificates.
- c) The approval of the Scheme of Arrangement (Demerger) shall also be done through postal ballot and e-voting as prescribed in the Securities & Exchange Board of India (“SEBI”) circular³ dated 4th February, 2013. In the event of this condition being waived or exempted in accordance with procedure provided under the SEBI circular dated 21st May 2013, no process of postal ballot and e-voting would be required to be complied with by the Demerged Company⁴.
- d) The sanction of the Court under Sections 391 to 394 and other applicable provisions of the Act being obtained by the Demerged Company and the Resulting Company, as the case may be.
- e) Such other sanctions and approvals as may be required by law and all necessary certified copies of the orders referred to in the Scheme being filed with the Registrar of Companies, Tamil Nadu, Chennai.

Effect of Non-Receipt of Approvals / Sanctions

- 4.7. In the event of the Scheme not being sanctioned by the Court and/or the order or orders not being passed as aforesaid, the Scheme shall become null and void and in that event, no rights and liabilities shall, inter se, accrue between the parties in terms of the Scheme, 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. Each party shall bear and pay its respective costs, charges and expenses for and/or in connection with the Scheme.

Expenses Connected with the Scheme

- 4.8. All costs, charges and expenses of the Companies in relation to or in connection with negotiations leading up to the Scheme and of carrying out and completing the terms and provisions of this Scheme and in relation to or in connection with the Scheme and incidental to the completion of this scheme shall be borne and paid by the Demerged Company and the Resulting Company equally. However Stamp Duty, Statutory fees, duties, taxes etc after the scheme comes into effect will be paid on actual basis by the Demerged Company and the Resulting Company respectively.

³ CIR/CFD/DIL/5/2013

⁴ CIR/CFD/DIL/8/2013

SCHEDULE - A

Summary of Assets and Liabilities of the Demerged Undertaking 1 being transferred from the Demerged Company into the Resulting Company as on opening hours of 1st April, 2013.

PARTICULARS	(In Rupees)
	AMOUNT
EQUITIES AND LIABILITIES	
Non-Current Liabilities	
a) Long Term Borrowing	72,37,868
b) Deferred Tax Liabilities (net)	—
c) Other Long Term Liabilities	—
d) Long Term Provisions	18,96,486
Current Liabilities	
a) Short Term Borrowings	12,43,29,401
b) Trade Payables	19,13,243
c) Other Current Liabilities	72,97,248
d) Short Term Provisions	8,59,214
Total	14,35,33,460
ASSETS	
Non-Current Assets	
a) Fixed Assets	
(i) Tangible Assets	1,72,85,754
(ii) Intangible Assets	—
(iii) Capital Work-in-progress	1,99,360
(iv) Intangible assets under development	—
b) Non-Current Investments	—
c) Deferred Tax Assets (net)	—
d) Long Term Loans and Advances	10,26,296
e) Other Non-Current Assets	—
Current Assets	
a) Current Investments	—
b) Inventories	4,15,79,764
c) Trade Receivables	9,06,38,586
d) Cash and cash Equivalent	2,41,78,444
e) Short Term Loans and Advances	3,00,07,399
f) Other Current Assets	76,69,483
Total	21,25,85,086

SCHEDULE- B

Schedule of the factory premises forming part of the Demerged Undertaking 1 proposed to be transferred, vested and demerged into the Resulting Company

1. Metallic Oxides Division:

Behind A-73 & 74, PIPDIC Industrial Estate, Mettupalayam, Pondicherry- 605 110 Main factory shed, Godown and Toilet with AC Sheet roofing and office building, Laboratory with RCC roof with ground and first floor and power room and time office with RCC roofing with ground floor only, totally measuring 1008 Sqr. Mtr., along with manufacturing equipment and accessories standing on the land behind plots nos. A-73 & A-74 in the PIPDIC's Industrial Estate at Mettupalayam Registered under Sale Document No. 2025 of 1993 dated 09.07.1993 within the village limits of Mettupalayam commune Panchayat of Ougarat Sub- Registration District of Pondicherry. The Industrial Estate comprising in R.S.Nos.111/1, 111/2, 114/1, 114/2, 114/4, 114/5, 114/6, 114/7, 118/1, 118/3, 118/4, 119/1, 119/3, 116/1, 116/3, 116/4, 116/5, 116/6, 116/7, 114/3, 114/8, 119/4, 118/2, 119/2, 106, 107, 141, 58/1, 58/2, 58/3, 58/4, 58/5, 58/6, 58/7, 58/8, 58/9, 59/1, 59/2, 61/1, 61/2, 61/3, 61/4, 61/5, 61/6, 61/7, 115/1, 115/2, 115/3, 115/4, 115/5, 117/1, 117/2, 117/3, 117/4, 117/5, 51/1, 51/2, 51/3, 52/1, 52/2, 52/3, 53/1, 53/3, 54/1, 54/6, 54/2, 54/7, 54/3, 54/4, 54/5, 54/8, 54/9, 63/1, 62/2, 62/4, 62/3, 62/5, 63/2, 63/3, 63/4, 63/5, 62/1, 63/6, 64/1, 64/2, 64/3 and 65, land measuring 1008 Sq.mtrs standing behind in Plot Nos. A-73 & A-74 and bounded on the :

North By : Vacant Land;

South By : Road ;

East By : Vacant Land ; and

West By : Plot No. A-73 and A-74

2. Land measuring 2,100 sq.mt in the service area behind Plot A-73 & 74 in Mettupalayam Industrial Estate, Pondicherry- 605010 Registered under Lease Deed No. 2026 of 1993 dated 09.07.1993
3. Land measuring 4,508 sq.mt in the service area eastern side of behind Plot A-73 & 74 in Mettupalayam Industrial Estate, Pondicherry- 605010 Registered under Lease Deed No. 2773 of 1993 dated 17.09.1993 out of which 1354.38 sq.mt taken back by PIPDIC for Road Broadening.
4. Land measuring 1355 sq.mt in the service area behind Plot A-73 to A-78 in Mettupalayam Industrial Estate, Pondicherry- 605009 Registered under Lease Deed No. 7486 of 2006 dated 28.08.2006
5. Land measuring 2180.68 sq.mt (adjacent to the land allotted to M/s. Pandy Oxides and Chemicals Limited) in R.S.No 61/1 pt. & 61/6 pt & 62/5 pt at PIPDIC's Industrial Estate, mettupalayam, Pondicherry- 605 009 Registered under Lease Deed No. 375 of 2007 dated 23.01.2007

SCHEDULE - C

Summary of Assets and Liabilities of the Demerged Undertaking 2 being transferred from the Demerged Company into the Resulting Company as on opening hours of 1st April, 2013.

PARTICULARS	(In Rupees)
	AMOUNT
EQUITIES AND LIABILITIES	
Non-Current Liabilities	
a) Long Term Borrowing	74,11,130
b) Deferred Tax Liabilities (net)	—
c) Other Long Term Liabilities	—
d) Long Term Provisions	9,04,219
Current Liabilities	
a) Short Term Borrowings	17,30,52,037
b) Trade Payables	1,63,83,120
c) Other Current Liabilities	73,19,427
d) Short Term Provisions	5,98,481
Total	20,56,68,414
ASSETS	
Non-Current Assets	
a) Fixed Assets	
(i) Tangible Assets	79,42,233
(ii) Intangible Assets	—
(iii) Capital Work-in-progress	5,68,059
(iv) Intangible assets under development	—
b) Non-Current Investments	—
c) Deferred Tax Assets (net)	—
d) Long Term Loans and Advances	18,835
e) Other Non-Current Assets	—
Current Assets	
a) Current Investments	—
b) Inventories	5,07,51,547
c) Trade Receivables	10,18,79,276
d) Cash and cash Equivalent	2,39,97,119
e) Short Term Loans and Advances	87,24,689
f) Other Current Assets	34,61,481
Total	19,73,43,239

SCHEDULE- D

Schedule of the factory premises forming part of the Demerged Undertaking 2 proposed to be transferred, vested and demerged into the Resulting Company

Plastic Additives Division:

Sembiapalayam, Korkadu Post, Pondicherry- 605 110

PART I

LAND:

The property situated within the Registration District of Pondicherry, Sub Registration District of Bahour, Nattapakkam Commune, No.63, Embalam Madura, Sembiyampalayam Village, Registered under Sale Deed No. 2404 of 1998 dated 26.05.1998 bearing R.S.No.95/1, Corresponding Card No.91 pt, Covering an extent of 21 Kuzhies 15/16 and bounded on the:

North By : Natesa Mudaliar's Land ;

South By : Embalam Road ;

East By : Lakshmana Reddiar's Land

West By : Chandra Ammal Land.

The property situated within the Registration District of Pondicherry, Sub Registration District of Bahour, Nattapakkam Commune, No.63, Embalam Madura, Sembiyampalayam Village, Registered under Sale Deed No. 2404 of 1998 dated 26.05.1998 bearing R.S.No.95/2, Corresponding Card No.92 and 93 Covering an extent of 58 Kuzhies 14/16 and R.S.No.51/2, Corresponding Card No.271, covering an extent of 24 ares 5 centiars equal into 45 Kuzhi 11 veesams and bounded on the :

North By : Sundaraja Mudaliar's Land ;

South By : Originally Kamalammal land and now belongs to the purchaser

East By : Lakshmanasamy Reddiar's Land ; and

West By : Lakshmanasamy Reddiar's Land.

BUILDING:

The Main Factory building, godown building and boiler shed with AC sheet roofing measuring 644.51 Sqr. Mtr standing on the above land.

PART II

Pondicherry Registration District, Bahour, Sub-Registration District, Nattapakkam commune Panchayat, Village No. 63, Embalam Madura, Sembiyampalayam Village, Registered under Sale Deed No: 1966 of 2002 dated 19.11.2002 Dry Land, in an extent of 13 Ares 50 Centiars, (Corresponding to 25 Kuzhies, 5 Veesams), in New Survey No. 95/3, Casastre No. 91 pt., and Patta No. 574,

Boundaries: Situated to the North and West of the land of Lakshmana Reddiar, to the South of Road to Embalam and to the East of Chemical Mill.

SCHEDULE - E

Summary of Assets and Liabilities of the Demerged Undertaking 3 being transferred from the Demerged Company into the Resulting Company as on opening hours of 1st April, 2013.

PARTICULARS	(In Rupees)
	AMOUNT
EQUITIES AND LIABILITIES	
Non-Current Liabilities	
a) Long Term Borrowing	19,53,564
b) Deferred Tax Liabilities (net)	—
c) Other Long Term Liabilities	—
d) Long Term Provisions	1,27,467
Current Liabilities	
a) Short Term Borrowings	3,49,59,848
b) Trade Payables	1,08,662
c) Other Current Liabilities	15,44,925
d) Short Term Provisions	1,67,795
Total	3,88,62,261
ASSETS	
Non-Current Assets	
a) Fixed Assets	
(i) Tangible Assets	1,22,77,752
(ii) Intangible Assets	—
(iii) Capital Work-in-progress	8,26,780
(iv) Intangible assets under development	—
b) Non-Current Investments	—
c) Deferred Tax Assets (net)	—
d) Long Term Loans and Advances	—
e) Other Non-Current Assets	14,750
	—
Current Assets	
a) Current Investments	—
b) Inventories	—
c) Trade Receivables	1,37,20,052
d) Cash and cash Equivalent	2,22,99,662
e) Short Term Loans and Advances	62,37,340
f) Other Current Assets	1,59,53,527
	5,01,715
Total	7,18,31,578

SCHEDULE- F

Schedule of the factory premises forming part of the Demerged Undertaking 3 proposed to be transferred, vested and demerged into the Resulting Company

Zinc Refining Division:

G-47, SIDCO Industrial Estate, Kakkalur, Thiruvallur, Tamil Nadu- 602 003

All that piece and parcel of land measuring 1.00 Acres Known as Developed Plot No. G47 in the SIDCO Industrial Estate at Kakalur, and building constructed and machineries installed thereon Comprised in Survey Nos. 500 Part and 501 Part of Thaneerkulam Village in Thiruvallur Taluk & District and bounded on the :

North by – Developed Plot No. G 48.

South by – Developed Plot No. G 46.

East by - Developed Plot No. G 38.

West by - 12 M wide SIDCO BT Road.

Within the Registration District of Kancheepuram and Sub-Registration District of Thiruvallur.

SCHEDULE - G

Summary of Assets and Liabilities of the Demerged Undertaking 4 being transferred from the Demerged Company into the Resulting Company as on opening hours of 1st April, 2013.

PARTICULARS	(In Rupees)
	AMOUNT
EQUITIES AND LIABILITIES	
Non-Current Liabilities	
a) Long Term Borrowing	1,99,14,555
b) Deferred Tax Liabilities (net)	—
c) Other Long Term Liabilities	—
d) Long Term Provisions	1,82,931
Current Liabilities	
a) Short Term Borrowings	3,03,12,720
b) Trade Payables	87,252
c) Other Current Liabilities	30,20,883
d) Short Term Provisions	1,62,789
Total	5,36,81,130
ASSETS	
Non-Current Assets	
a) Fixed Assets	
(i) Tangible Assets	1,16,07,361
(ii) Intangible Assets	—
(iii) Capital Work-in-progress	—
(iv) Intangible assets under development	—
b) Non-Current Investments	22,94,117
c) Deferred Tax Assets (net)	—
d) Long Term Loans and Advances	5,86,910
e) Other Non-Current Assets	—
Current Assets	
a) Current Investments	—
b) Inventories	2,04,98,863
c) Trade Receivables	1,39,07,460
d) Cash and cash Equivalent	61,05,858
e) Short Term Loans and Advances	2,07,81,892
f) Other Current Assets	4,79,474
Total	7,62,61,935

SCHEDULE- H

Schedule of the factory premises forming part of the Demerged Undertaking 4 proposed to be transferred, vested and demerged into the Resulting Company

Unwrought Lead Business

B 19 & 20 SIDCO Industrial Estate, Maraimalai Nagar, Kancheepuram Dist., Tamilnadu- 603 209

1. Land no. B/19 at Industrial Estate, Maraimalai Nagar, Chengalput Taluk and Kancheepuram District, measuring 11250 sq.ft and building constructed and machineries installed thereon in survey no. 360 of Ninnagarai Village bounded on North by B 18 Shed, East by A 27 Shed, South by B 20 Shed and West by Road
2. Land no. B/20 at Industrial Estate, Maraimalai Nagar, Chengalput Taluk and Kancheepuram District, measuring 11250 sq.ft and building constructed and machineries installed thereon in survey no. 360 of Ninnagarai Village bounded on North by Shed No. 19, East by Plot No.29 , South by Shed No. 21 and West by Road.

SCHEDULE - I

[Detailed mechanics on the Consideration allotment pursuant to the Scheme of Arrangement (Demerger)]

Pursuant to and as stated under clause 3.27 of the Scheme, the Resulting Company shall allot 1 (One) Equity Share of Rs. 10/- each credited as fully paid up for every 2 (Two) Equity Shares of Rs. 10/- each held by the shareholders of the Demerged Company.

For the purposes of clarification and benefit of public shareholders, the value addition to the shareholders pre and post the allotment of consideration under clause 3.27 is provided below:

Pre-Demerger Position

Mr. M Sankara Reddy (DPID: 12010900, Client ID: 893051) is one of the Shareholder holding 10,000 Equity Shares in Demerged Company.

1. Face Value per shares of demerged Company: Rs. 10/- each (As on March 31, 2013)
2. Total Face Value of the Share held: 10,000 Shares at Rs. 10/- each = Rs. 1,00,000/-
3. Book Value per share of Demerged Company = Rs. 33.12 (As on March 31, 2013)
4. Total Book Value of the Shares held: 10,000 Shares at Rs. 33.12 = Rs. 3,31,200 (**Say A**)

Post Demerger Position:

Against the original holding of 10,000 shares, Mr. Sankara Reddy will get 5,000 Shares in Resulting Company allotted in the ratio of 0.50:1 in accordance with Clause 3.27 of this Scheme. In consideration of this, 5,000 shares held by him in Demerged Company will be cancelled out of his original holding of 10,000 shares as per Clause 3.38 of this Scheme. In other words, Mr. Sankara Reddy will have 5,000 shares in Demerged Company and 5,000 shares in Resulting Company, after the Scheme is implemented.

1. Total face Value of Shares held:
 - 5,000 shares of Demerged Company at Rs.10/- each = Rs. 50,000
 - 5,000 shares of Resulting Company at Rs.10/- each = Rs. 50,000
2. Book Value of the share of Demerged Company after demerger = Rs. 43.99 (As on March 31, 2013)
Book Value of the share of Resulting Company after demerger = Rs. 24.19 (As on March 31, 2013)
3. Total Book Value of the Shares held:
 - 5,000 shares of Demerged Company at Rs.43.99/- each = Rs. 2,19,950/-
 - 5,000 shares of Resulting Company at Rs.24.19/- each = Rs. 1,20,950/-

Total Book Value of the Shares held (**Say B**): Rs. 3,40,900/-

Note: On the Post demerger position, book value of shares is slightly more than the pre-demerger for every shareholder. (**B-A**)

Schedule J

List of Promoters of the Demerged and Resulting Company upon the Scheme coming into effect is provided below:

Names of Existing Promoters	Demerged Company - Promoters ⁵	Resulting Company – Promoters
Mr. Padam C Bansal	Mr. Padam C Bansal	Mr. Padam C Bansal
Mr. Anil Kumar Bansal	Mr. Anil Kumar Bansal	Mr. Anil Kumar Bansal
Mr. R P Bansal	Mr. R P Bansal	Mr. R P Bansal
Mr. Sunil Kumar Bansal	Mr. Sunil Kumar Bansal	Mr. Sunil Kumar Bansal
Mr. Devakar Bansal	Mr. Devakar Bansal	Mr. Devakar Bansal
Mr. Ashish Bansal	Mr. Ashish Bansal	Mr. Ashish Bansal
Mr. Pawan Kumar Bansal	Mr. Pawan Kumar Bansal	Mr. Pawan Kumar Bansal
Mrs. Manju Bansal	Mrs. Manju Bansal	Mrs. Manju Bansal
Mrs. Saroj Bansal	Mrs. Saroj Bansal	Mrs. Saroj Bansal
Mrs. Megha bansal	Mrs. Megha bansal	Mrs. Megha bansal
Mrs. Charu Bansal	Mrs. Charu Bansal	Mrs. Charu Bansal
Mr. Harsh Bansal	Mr. Harsh Bansal	Mr. Harsh Bansal
Mr. Saagar Bansal	Mr. Saagar Bansal	Mr. Saagar Bansal
Mrs. Vandana Bansal	Mrs. Vandana Bansal	Mrs. Vandana Bansal
Mrs. Neelam Bansal	Mrs. Neelam Bansal	Mrs. Neelam Bansal
M/s Ardee Industries P Ltd	M/s Ardee Industries P Ltd	M/s Ardee Industries P Ltd

⁵ For the purposes of disclosure it is expressly hereby clarified that there are no new promoters in the Demerged Company.

CIN NO:U67120MH2005PLC155188

DCS/AMAL/BS/24(f)/077/2014-15

June 11, 2014

The Company Secretary
Pondy Oxides & Chemicals Ltd
KRM Centre, 4th Floor, No 2,
Harrington Road, Chelpet,
Chennai 600031

Dear Sir / Madam,

Sub: Observation letter regarding the Scheme of Arrangement Involving demerger of Metallic Oxides Division (MOD), Plastic Additives Division (PAD), Zinc Refining Division (ZRD and Lead Refining Division (LRD) of Pondy Oxides and Chemicals Ltd (POCL) into POCL Enterprises Limited (PEL)

We are in receipt of draft Scheme of Arrangement involving demerger of Metallic Oxides Division (MOD), Plastic Additives Division (PAD), Zinc Refining Division (ZRD and Lead Refining Division (LRD) of Pondy Oxides and Chemicals Ltd (POCL) into POCL Enterprises Limited (PEL)

The Exchange has noted the confirmation given by the Company stating that the scheme does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions of the Listing Agreement or the requirements of BSE Limited (BSE).

As required under SEBI Circular No.CIR/CFD/DIL/5/2013 dated May 02, 2014 & SEBI Circular No.CIR/CFD/DIL/8/2013 dated May 20, 2013; SEBI has vide its letter dated June 10, 2014 given the following comment(s) on the draft scheme of arrangement:

- *The company to ensure that following information submitted by POCL after filing the scheme with the stock exchange shall be displayed from the date of receipt of this letter on the websites of the listed company.*
 - i) *Revised Shareholding pattern of POCL and PEL submitted vide letter dated March 20, 2014.*
 - ii) *Modified draft scheme of Arrangement submitted by the company,*
- *The company shall duly comply with various provisions of the Circulars.*

Accordingly, we hereby convey Exchange's 'No-objection' with limited reference to those matters having bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable you to file the scheme with the Hon'ble High Court.

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 mention the same in your application for approval of the scheme of arrangement submitted to the Hon'ble High Court.

The Exchange reserves its right to withdraw its No-objection/approval 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.

Yours faithfully,


Nitin Pujari
Manager


Bhuvana Sriram
Dy. Manager

MADRAS STOCK EXCHANGE LTD.

Phone : 25228951 / 52 / 53 / 57 / 4393
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E-mail Id : info@mseindia.in
Website : www.mseindia.in



Exchange Building :
Post Box No. 183
New No. 30, Second Line Beach,
Chennai - 600 001.
CIN : U67110TN1957PLC058053

MSE/LD/PSK/738/206/14
16th June 2014

The GM - Finance and Company Secretary,
Pondy Oxides & Chemicals Limited,
KRM Centre, 4th Floor,
2, Harrington Road,
Chetpet,
CHENNAI-600 031 .

Dear Sir,

Sub: Application under clause-24(f) of the Listing Agreement to the proposed Scheme of Arrangement involving de-merger of Metallic Oxides Division, Plastic Additives Division, Zinc Refining Division and Lead Refining Division of Pondy Oxides & Chemicals Limited (POCL) into POCL Enterprises Limited (PEL)

Please refer to your letter dated 28th November 2013 along with the draft scheme of arrangement involving de-merger of Metallic Oxides Division, Plastic Additives Division, Zinc Refining Division and Lead Refining Division of Pondy Oxides & Chemicals Limited into POCL Enterprises Limited

The Exchange noted the confirmation given by the company that the scheme of arrangement does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the Rules, Regulations and Guidelines made under these Acts and the provisions as explained in clause-24(g) of the listing Agreement or the requirements of the Exchange.

SEBI, vide its letter dated 10.06.2014, given the following comments on the draft scheme of arrangement:

1. The company and the Stock Exchange shall display the following additional information on the websites of the stock exchange and company:
 - a) revised shareholding pattern of POCL and PEL submitted by company vide letter dated 20.03.2014;
 - b) modified draft scheme of arrangement;
2. The company shall duly comply with various provisions of the circulars.

MADRAS STOCK EXCHANGE LTD.

Phone : 25228951 / 52 / 53 / 57 / 4393
Fax : 044-25244897
E-mail Id : info@mseindia.in
Website : www.mseindia.in



Exchange Building :
Post Box No. 183
New No. 30, Second Line Beach,
Chennai - 600 001.
CIN : U67110TN1957PLC058053

You are requested to submit the soft copy of the revised shareholding patterns of POCL and PEL as also the revised scheme of arrangement for displaying the same on the website of the stock exchange.

Accordingly, we hereby convey our 'no-objection' with limited reference to those matters having a bearing on listing/delisting/continuous listing requirements within the provisions of the Listing Agreement, so as to enable you to file the Scheme with the Hon'ble High Court.

You are advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also mention the same in your application for approval of the scheme of arrangement submitted to the Hon'ble High Court.

The Exchange reserves its right to withdraw its no-objection / approval at any later 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, etc.

Thanking you,

Yours faithfully,

P. SAMPATHKUMAR
ASST. GENERAL MANAGER- LISTING & HR



PONDY OXIDES & CHEMICALS LIMITED **POCL**[®]

COMPLAINTS REPORT (From December 30, 2013 to May 26, 2014)

Part A

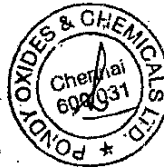
Sr. No.	Particulars	Number
1.	Number of complaints received directly	NIL
2.	Number of complaints forwarded by Stock Exchange	NIL
3.	Total Number of complaints/comments received (1+2)	NIL
4.	Number of complaints resolved	NA
5.	Number of complaints pending	NA

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	NA	NA	NA
2.	NA	NA	NA
3.	NA	NA	NA

For Pondy Oxides and Chemicals Limited

K Kumaravel
GM Finance and Company Secretary



KRM Centre, 4th Floor, # 2, Harrington Road, Chetpet, Chennai - 600 031. India.
Ph. : +91 - 44 - 4296 5454, Fax: +91 - 44 - 4296 5455
e-mail : info@pocl.co.in Web: www.pocl.co.in

QUINTESSENCE ENTERPRISES PRIVATE LIMITED

Adm. Off.: 8-2-603/B/33/A/9, B - 201, Zahera Nagar, Road No. 10, Banjara Hills,
Hyderabad - 500 034. Tele/Fax: +91-40-65528262

FAIRNESS OPINION ON THE SCHEME OF ARRANGEMENT (DEMERGER)

BETWEEN

PONDY OXIDES AND CHEMICALS LIMITED

("Demerged or Transferor Company")

AND

POCL ENTERPRISES LIMITED

("Resulting or Transferee Company")

AND

THEIR RESPECTIVE SHAREHOLDERS

(Under the provisions of Section 391 to 394 of the Companies Act, 1956)

1. The Board of Directors
Pondy Oxides and Chemicals Limited (POCL)
KRM Centre, 4th Floor, #2, Harrington Road,
Chetpet, Chennai 600031
2. The Board of Directors
POCL Enterprises Limited (PEL)
KRM Centre, 4th Floor, #2, Harrington Road,
Chetpet, Chennai 600031

Dear Sirs,

We, Quintessence Enterprises Pvt. Ltd., (*QEPL*), refer to our offer letter dated 23rd September, 2013 which has been duly accepted by you, whereby you have appointed us as an Independent Merchant Banker for furnishing a 'Fairness Opinion' on the valuation carried out by the Valuer, M/s Nalam & Associates, Chartered Accountants vide report dated 3rd December, 2013, pursuant to Clause 24 (f) of listing Agreement.



Fairness Opinion on valuation of POCL & PEL

Page | 1

Reg: office: 'NANDANAM' 8-2-603/1/VP, Plot No. 8A, Road No. 10, Banjara Hills,
Hyderabad - 500034

The methodology used and the valuation arrived at based on the Valuation Report furnished by M/s Nalam & Associates, Chartered Accountants, Hyderabad - 500 034, for the proposed demerger of Metallic Oxides Business ("**Demerged Undertaking 1**") Plastic Additives Business ("**Demerged Undertaking 2**") Zinc Refining Business ("**Demerged Undertaking 3**") Unwrought Lead Business ("**Demerged Undertaking 4**") is Fair.

We enclose herewith a Valuation Report by M/s Nalam & Associates Chartered Accountants. We hereby give our consent to present and disclose the Fairness Opinion in the general meeting of the shareholders of POCL and PEL pursuant to Clause 24 (f) of Listing Agreement, to the Bombay Stock Exchange of India Limited (*BSE*) and the Madras Stock Exchange Limited ("*MSE*") and the Hon'ble High Court of Judicature at Madras and such other authorities in connection with the proposed purpose.

We highly appreciate the co-operation and support received by us from your representatives during preparation of the said Fairness Opinion Report

Thanking you,

Yours faithfully,

For and on behalf of
Quintessence Enterprises Private Limited

Lavanya Chandra
Lavanya Chandra
Executive Director



05/12/2013
Hyderabad

QUINTESSENCE ENTERPRISES PRIVATE LIMITED

Adm. Off.: 8-2-603/B/33/A/9, B - 201, Zabara Nagar, Road No. 10, Banjara Hills,
Hyderabad - 500 034. Tele/Fax: +91-40-65528262

**FAIRNESS OPINION ON THE
SCHEME OF ARRANGEMENT (DEMERGER)**

BETWEEN

PONDY OXIDES AND CHEMICALS LIMITED

("Demerged or Transferor Company")

AND

POCL ENTERPRISES LIMITED

("Resulting or Transferee Company")

AND

THEIR RESPECTIVE SHAREHOLDERS

(Under the provisions of Section 391 to 394 of the Companies Act, 1956)

1. PURPOSE:

Pondy Oxides and Chemicals Limited (POCL) has proposed that its undertakings comprising Metallic Oxides Business ("**Demerged Undertaking 1**") Plastic Additives Business ("**Demerged Undertaking 2**") Zinc Refining Business ("**Demerged Undertaking 3**") Unwrought Lead Business ("**Demerged Undertaking 4**") be segregated and demerged, pursuant to a Scheme of Arrangement (Demerger) under Sections 391 to 394 of the Companies Act, 1956 and transferred to its subsidiary POCL Enterprises Limited (PEL), for achieving better focus in these areas. POCL will continue to focus on its remaining businesses.

The purpose of the Fairness Opinion on the Scheme is to determine whether value at which and the number of shares to be allotted by POCL Enterprises Limited to the shareholders of POCL in the event of proposed demerger is fair.

The Company has to submit this Fairness Opinion to the Bombay Stock Exchange of India Limited ('BSE') and the Madras Stock Exchange Limited ("MSE") in accordance with clause 24 (f) of the listing agreement to obtain the no-objection certificate to go ahead with the scheme.

Fairness Opinion on valuation of POCL & PEL

Reg: office: 'NANDANAM' 8-2-603/1/VP, Plot No. 8A, Road No. 10, Banjara Hills,
Hyderabad - 500034



Page | 3

2. THE SCHEME

This Scheme of Arrangement (Demerger) provides for:

The transfer by proposed demerger of Metallic Oxides Business ("Demerged Undertaking 1") Plastic Additives Business ("Demerged Undertaking 2") Zinc Refining Business ("Demerged Undertaking 3") Unwrought Lead Business ("Demerged Undertaking 4")

The consequent issue of equity shares by the Resulting Companies to the shareholders of the Demerged Company pursuant to sections 391 and 394 and other relevant provisions of the Act in the manner provided for in the Scheme and various other matters consequential or otherwise integrally connected herewith.

The issued, subscribed and paid-up share capital of the Demerged Company POCL shall stand re-organised and reduced from the present sum of Rs.11,15,19,850/- divided into 1,11,51,985 Equity Shares of Rs.10/- each to 5,57,59,930 divided into Rs. 55,75,993 Equity Shares of Rs.10/- each (Post Share Capital) The Scheme has been drawn up to comply with the conditions as specified below:

- (i) All the assets and properties of the Demerged Undertaking being transferred by the Demerged Company immediately before the demerger become the properties of the Resulting Company by virtue of the demerger.
- (ii) All the liabilities relating to the Demerged Undertakings being transferred by the Demerged Company, immediately before the demerger become the liabilities of the Resulting Company by virtue of demerger.
- (iii) The properties and the liabilities, if any, relating to the Demerged Undertakings being transferred by Demerged company are transferred to the Resulting Company at the values appearing in the books of account of the Demerged Company immediately before the demerger.
- (iv) Resulting Company will issue Equity Shares to the shareholders of the Demerged Company in consideration of the demerger on a proportionate basis.
- (v) All the shareholders of the Demerged company shall become the shareholders of the Resulting Companies by virtue of the demerger, and
- (vi) The transfer of the Demerged Undertakings will be on a going concern basis.



3. **MERCHANT BANKER – QUINTESSENCE ENTERPRISE PVT LTD (QEPL)**

QEPL formed in 1999, is a Category – I, Merchant Banking company, based in Hyderabad, Andhra Pradesh, having its registered office at 'NANDANAM' 8-2-603/1/VP, Plot No. 8A, Road No. 10, Banjara Hills, Hyderabad – 500034, and Administrative office at 8-2-603/B/33/A/9, B - 201, Zahera Nagar, Road No. 10, Banjara Hills, Hyderabad - 500034. It is SEBI registered with Registration Code INM000011997 valid till 31/07/2017, as Category I Merchant Banker.

4. **BACKGROUND**

PONDY OXIDES AND CHEMICALS LIMITED (DEMERGED COMPANY)

Pondy Oxides and Chemicals Limited, POCL having its Registered Office at KRM Centre, 4th Floor, #2, Harrington Road, Chetpet, Chennai – 600031 was incorporated on the 21st day of March, 1995 in the State of Tamil Nadu.

The Demerged Company is engaged in the businesses of

- Metallic Oxides Business (“Demerged Undertaking 1”)
- Plastic Additives Business (“Demerged Undertaking 2”)
- Zinc Refining Business (“Demerged Undertaking 3”)
- Unwrought Lead Business (“Demerged Undertaking 4”) and
- Lead Smelting (Primary and Secondary)/High Purity Lead/Specialised Alloys/ Master Lead Alloys/Compound Business (“Remaining Business”) (hereinafter referred to as the “Businesses of the Demerged Company”).

The above Demerged Undertakings 1, 2, 3 and 4 are collectively referred to as **Demerged Undertakings**.

The equity shares of the Demerged Company are listed on the Bombay Stock Exchange of India Limited (“BSE”) and the Madras Stock Exchange Limited (“MSE”) and admitted to trading on National Stock Exchange of India Limited (“NSE”) under permitted category by virtue of its listing on Madras Stock Exchange Limited (“MSE”).

The management of POCL in collaboration with the management of POCL Enterprises limited has proposed to demerge the above mentioned 1, 2, 3 and 4, Demerged Undertakings into POCL Enterprises Limited with effect from the April 1, 2013 (hereinafter called the “Appointed Date”) in the manner and on the terms and conditions stated in the Scheme of Arrangement.



POCL ENTERPRISE LIMITED (RESULTING COMPANY)

POCL Enterprises Limited, having its Registered Office at KRM Centre, 4th Floor, #2, Harrington Road, Chetpet, Chennai- 600 031 was incorporated on the 20th day of May 1988 in the State of Tamil Nadu.

The Resulting Company PEL is engaged in the business of

(i) import, export, buy, sell, supply, distribute, store, stock, maintain and or otherwise handle and deal in all kinds, finished or unfinished, of products, goods or commodities, parts, ingredients, metals, chemicals, raw materials, accessories, plant and machinery, food and allied products or any other Goods by whatever name called

(ii) To carry on the business of manufacturing, distributing, buying, selling supplying, converting, importing, exporting, storing, stocking, treating, refining, repairing, maintaining, charging, re-charging, re-storing, re-conditioning, Zinc Metal, Lead Metal, Zinc Ingots, Zinc Dross, Zinc Oxide, Lead Sub Oxide, Lead Oxide, Litharge, Red Lead, Zinc Lead Salt and Oxide, Salts and Oxides of other metals including PVC Stabilizers and all types of batteries, including storage batteries, dry batteries, button batteries, solar power batteries or other- batteries, their components, parts, ingredients, substances, systems, consumables, accessories or fittings and to do all acts and things necessary for the attainment of foregoing objects (hereinafter referred to as the "Business of the Resulting Company").

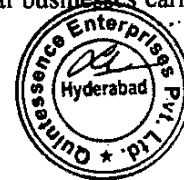
The Resulting Company is an unlisted public company and the entire issued, subscribed and paid up equity share capital is held by the Demerged Company.

5. SOURCES OF INFORMATION

- A copy of the Memorandum and Articles of Association of the companies
- Audited financial statements of the year 2013, of the companies
- Shareholding pattern before and after the Scheme
- A certified copy of the Scheme
- A certified copy of the Board Resolution
- A Valuation Report by M/s Nalam & Associates, Chartered Accountants, Ground floor, Block II, Cyber Pearl, Hitech City, Hyderabad-500 081

6. VALUATION METHODOLOGY APPLIED

We have received a Valuation certificate from the Valuers, M/s Nalam & Associates, Chartered Accountants. According to them each of the several businesses carried on by



POCL, have significant potential for growth. The nature of risk and competition involved in each of these businesses is distinct from others and consequently each business or undertaking is capable of attracting a different set of investors, strategic partners, lenders and other stakeholders. There are also differences in the manner in which each of these businesses are required to be managed. In order to enable distinct focus of potential investors to invest in some of the key businesses and to lend greater focus to the operation of each of its diverse businesses, POCL proposes to reorganize and segregate, by way of a demerger, its business and undertakings engaged in:

- Metallic Oxides Business ("Demerged Undertaking 1")**
- Plastic Additives Business ("Demerged Undertaking 2")**
- Zinc Refining Business ("Demerged Undertaking 3")**
- Unwrought Lead Business ("Demerged Undertaking 4")**

Demerger of the above from the Demerged Company to the Resulting Company will facilitate the Resulting Company to participate more vigorously and profitably in an increasingly competitive and liberalized market, and result in simplification of group structure and cost efficiency of respective companies and greater revenue inflow would be to the benefit of all the shareholders and creditors of the respective companies.

Valuation methods

The following are the generally available valuation methods:

- Net Assets Value ("NAV") Method;
- Market Value Method; and
- Yield Method
- Discounted Free Cash Flow Method

Since the nature of business and market conditions vary from company to company and from business to business, different methods of valuation are evaluated and which is relevant to the context of the company and its business is chosen for valuation. Sometimes a combination of the above method is also adopted.

Though the Transferor Company is a listed entity but the Transferee Company being an unlisted company, the Market Value Method is not considered as appropriate. The discounted free cash flow of the companies cannot be predicted accurately or with reasonable accuracy, hence the same is not considered. Further the Transferee Company does not have any dividend track record and therefore considering the value under yield method does not arise. Considering the shareholders value in the business of the companies, Net Assets Value Method is considered more appropriate and the same is used for fair valuation of the undertakings.

Hence the shareholders of demerged Company will get equity shares of resulting company based on the net assets value of assets transferred to the resulting company.



As per the scheme of arrangement, the Net Assets Value of Resulting Company or Transferee Company as on March 31, 2013 based on the net assets before the restructuring is given in Appendix - I

Net Asset Value Method

The Net Assets of the company are determined and then the figure is divided by the number of equity shares issued and paid-up to arrive at the intrinsic value per share.

The Net Worth of Resulting company as on the appointed date i.e., 1st April, 2013, has been arrived at as Rs.18,585,658 on the basis of the book value of assets and liabilities as per the audited balances sheet as on 31st March, 2013.

The value of each equity share has been worked out at Rs. 23.78 per share by dividing the net worth with the 781,465 fully paid up equity shares of Rs.10/-, each as on 1st April, 2013.

Hence, fair value of the PEL as on 01/04/2013 is Rs 23.78 per share which appears to be fair and justified.

Thus PEL will allot 0.50 share of face value of Rs. 10/-, each for every one share of face value of Rs. 10/- each held in POCL the Demerged Company. The said ratio of 0.50:1 has been recommended as per Appendix - I

7. OPINION ON VALUATION REPORT

As Merchant Bankers furnishing an opinion about the fairness of the valuation done by the valuer, based on the information, material, data made available to us including valuation report and workings to the best of our knowledge and belief, the methodology applied and the valuation arrived at by M/s Nalam & Associates, Chartered Accountants is Fair.

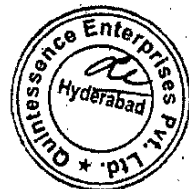
8. LIMITATIONS OF THE FAIRNESS OPINION ON THE VALUATION

The assignment did not include the following:

- An audit of the financial statements of the company
- Carrying out a market survey / financial feasibility for the Business
- Financial and Legal due diligence



- Our fairness opinion is based on the information made available to us by the management of POCL. Any subsequent changes to the financial and other information provided to us, may affect the result of value analysis set out in this report.
- This report forms a fairness opinion on the valuation done by the valuer, M/s Nalam & Associates, Chartered Accountants, to arrive at the valuation for the proposed Scheme of Arrangement, and thus constitutes a limited Fairness Opinion report from QEPL.
- Our fairness opinion includes review of audited financial statements of POCL and PEL, based on the information as mentioned by us in our report giving sources of information.
- We have reviewed the information made available to us for over all consistency and have not carried out any detailed tests in the nature of audit to establish the accuracy of such statements and information. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of the company.
- Our Fairness Opinion should not be construed as investment advice, specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.
- The information contained in this report is selective and is subject to updates, expansions, revisions and amendment, it does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent
- In rendering this Opinion, QEPL has not provided legal, regulatory, tax, accounting or actuarial advice and accordingly QEPL does not assume any responsibility in respect thereof. Further QEPL has assumed that the Scheme of Arrangement (Demerger) will be implemented on the terms and conditions as set out in the draft Scheme of Arrangement (Demerger), without any material changes to or waiver of its terms and conditions.
- We hereby declare that we do not have any direct or indirect interest in the Company / assets valued.



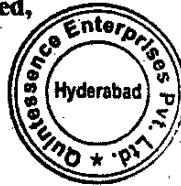
This report is issued on the understanding that it is solely for the use of the persons to whom it is addressed and for the purpose described above. We will not accept any liability or responsibility to any person other than those to whom it is addressed. The report must not be made available or copied in whole or in part to any other person without our express written permission.

It may further be noted that in no circumstances shall the liability of Quintessence Enterprises Private Limited (QEPL), its directors or employees related to the service provided in connection with this value analysis, exceed the amount paid to us as our fees for this opinion.

For Quintessence Enterprises Private Limited,

Lavanya Chandra

Lavanya Chandra
Executive Director



05/12/2013
Hyderabad

APPENDIX-I

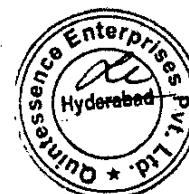
**"Net Assets Value of Equity Share of POCL Enterprises Limited (PEL) as on
31st March, 2013 (Pre Demerger)"**

S.No	Particulars	Amount/INR	Amount/INR
1	Tangible Assets	1,569,649	
2	Non - Current Investments	277,613	
3	Long - term loans and advances	159,740	
4	Inventories	43,954,309	
5	Trade Receivables	9,121,823	
6	Cash and Cash Equivalents	14,414,906	
7	Short - Term Loans and advances	16,156,041	
8	Other current assets	2,479,568	
	Total Assets (A)		88,133,649
1	Short Term Borrowings	28,868,343	
2	Trade Payable	34,308,789	
3	Other Current Liabilities	3,895,638	
4	Short - Term Provisions	2,459,557	
5	Deferred Tax Liability (Net)	15,664	
	Total Liabilities (B)		69,547,991
C	Net Assets of PEL (A-B)	Rs.	18,585,658
D	No of Equity Shares of PEL		781,465
E	Value per Equity Share of PEL (C/D)	Rs.	23.78



**Determination of Share Entitlement Ratio for issue of Equity Shares of POCL Enterprises Limited (PEL)
towards consideration for Demerged Undertakings**

S.No	Particulars	Amount/INR	Amount/INR
1	Tangible Assets	49,113,100	
2	Capital Work - In-Progress	1,594,199	
3	Non- Current Investments	2,294,117	
4	Long -term loans and advances	1,646,791	
5	Inventories	126,550,226	
6	Trade Receivables	228,724,984	
7	Cash and Cash Equivalents	60,518,761	
8	Short - Term Loans and advances	75,467,507	
9	Other current assets	12,112,153	
	Total Assets (A)		558,021,838
1	Long Term Borrowings	36,517,118	
2	Long - Term Provisions	3,111,103	
3	Short Term Borrowings	362,654,006	
4	Trade Payable	18,492,277	
5	Other Current Liabilities	19,182,482	
6	Short - Term Provisions	1,788,279	
	Total Liabilities (B)		441,745,265
C	Net Assets Value of Demerged Undertakings (A-B) Rs.		116,276,573
D	Value per Equity Share of PEL [As per Appendix I (E)] Rs.		23.78
E	Number of equity shares (C/D)		4,889,679
F	Number of existing Equity Shares of POCL		11,151,985
G	Ratio for issue of PEL Shares (E/F) [Entitlement Ratio]		0.44:1 OR 0.50:1



IN THE HIGH COURT OF JUDICATURE AT MADRAS

[Ordinary Original Civil Jurisdiction]

COMPANY APPLICATION NO. 697 OF 2014

In the matter of the Companies Act, 1956 (1 of 1956)

And

In the matter of Sections 391 to 394 read with Sections 100 to 104 of the Companies Act, 1956

And

In the matter of Scheme of Arrangement (Demerger) between Pondy Oxides and Chemicals Limited and POCL Enterprises Limited

Pondy Oxides and Chemicals Limited,
a Company incorporated under the Companies
Act, 1956, having its Registered Office at
KRM Centre, 4th Floor, #2, Harrington Road,
Chetpet, Chennai- 600031 represented by
its General Manager (Finance) & Company Secretary,
Mr.K.Kumaravel

...Applicant/
Demerged Company

FORM OF PROXY

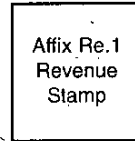
I/We, the undersigned Equity Shareholder(s) of Pondy Oxides and Chemicals Limited hereby appoint
_____ of _____ and failing him/her
_____ of _____ as my/our proxy to act for me / us on my
/our behalf at the Court Convened Meeting of the Equity Shareholders of Pondy Oxides and Chemicals
Limited to be held Kasturi Srinivasan Hall (mini hall), Music Academy, 306 TTK Road, Chennai-600 014
India for the purpose of considering and if thought fit, approving with or without modification(s), the
arrangement embodied in the Scheme of Arrangement (Demerger) between Pondy Oxides and Chemicals
Limited and POCL Enterprises Limited at such meeting and at any adjournment or adjournments thereof to
vote for me/us and in my/our name _____, (here, if 'for', insert 'for', if 'against' insert 'against',
and in the latter case, strike out the words below after "Scheme of Arrangement (Demerger) (" the said
arrangement embodied in the Scheme of Arrangement (Demerger) and the resolution, either with or without
modification, as my/our proxy may approve.

[Strike out what is not necessary]

Dated this _____ day of _____ 2014

Name : _____
Address : _____

Folio No./Client Id : _____
D.P. Id : _____
No. of Shares : _____



SIGNATURE

- Note:** 1. All alterations made in the Form of Proxy should be initialed.
2. Proxy, in order to be effective, to be deposited at the registered office of the Company at KRM Centre, 4th Floor, #2, Harrington Road, Chetpet, Chennai- 600031.

Pondy Oxides and Chemicals Limited

Regd. Office: KRM Centre, 4th Floor, #2, Harrington Road, Chetpet, Chennai- 600031

ATTENDANCE SLIP

I/We hereby record my/our presence at the Court Convened Meeting of the Equity Shareholders of the Company held at Kasturi Srinivasan Hall (mini hall), Music Academy, 306 TTK Road, Chennai-600 014 India, on 12th Day of September 2014 at 10:15 a.m

NAME (S) OF THE SHAREHOLDERS (S) / PROXY (IN BLOCK LETTERS)	
FOLIO NO/ CLIENT ID No.	
DP ID No.	
NO. OF SHARES HELD	
SIGNATURE OF THE SHAREHOLDER(S) / PROXY	

Note: Shareholder/Proxyholder, as the case may be, is requested to sign and hand over this slip at the entrance of the meeting venue.