

Indokem Limited

(CIN: L31300MH1964PLC013088)

Registered Office:
"KHATAU HOUSE," Ground Floor
Mogul Lane, Mahim (West),
Mumbai - 400 016.

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E-mail : iklsecretarial@gmail.com
Website: www.indokem.co.in

Court Convened Meeting of the Equity Shareholders, Postal Ballot and E-Voting

Day : Friday
Date : 30th April, 2015
Time : 11.00 a.m.

Venue : Khatau House, Plot No. 410/411, Mogul Lane, Mahim (West), Mumbai - 400016

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IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 288 OF 2015

In the matter of Companies Act, 1956 (1 of 1956) or any corresponding provisions of the Companies Act, 2013;

AND

In the matter of Sections 391 to 394 read with Section 100 to 103 of the Companies Act, 1956 or any corresponding provisions of the Companies Act, 2013

AND

In the matter of Scheme of Amalgamation and Arrangement between Khatau Capacitors Private Limited and Indokem Exports Limited and Indokem Limited and their respective Shareholders

INDOKEM LIMITED, a company incorporated under the provisions of the Companies Act, 1956 having its registered office at Khatau House, Plot No. 410/411, Mogul Lane, Mahim (West), Mumbai - 400 016, Maharashtra }
} Applicant Company

NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS OF INDOKEM LIMITED

To

The Equity Shareholders of Indokem Limited, the Applicant Company

TAKE NOTICE that by an order made on the 20th day of March, 2015, in the above Company Summons for Direction, the High Court of Judicature at Bombay has directed that a meeting of the Equity Shareholders of Indokem Limited be convened and held at Khatau House, Plot No. 410/411, Mogul Lane, Mahim (West), Mumbai - 400016, Maharashtra on Thursday, the 30th day of April, 2015 at 11 a.m., for the purpose of considering, and if thought fit, approving with or without modification(s), the arrangement embodied in the proposed Scheme of Amalgamation and Arrangement between Khatau Capacitors Private Limited and Indokem Exports Limited and Indokem Limited and their respective Shareholders (hereinafter referred to as "the Scheme").

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 Khatau House, Plot No. 410/411, Mogul Lane, Mahim (West), Mumbai - 400016, Maharashtra on Thursday, the 30th day of April, 2015 at 11.00 a.m., at which place, day, date and time you are requested to attend.

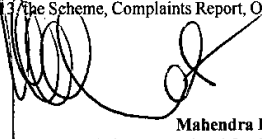
TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at the Registered Office of the Applicant Company at Khatau House, Plot No. 410/411, Mogul Lane, Mahim (West), Mumbai - 400016, Maharashtra, not later than 48 (forty eight) hours before the time fixed for the said meeting.

The Hon'ble High Court has appointed Mr. Mahendra K. Khatau, Chairman and Managing Director of the Applicant Company and failing him Mrs. Asha M. Khatau, Director of the Applicant Company and failing her Ms. Leelabai K. Khatau, Director of the Applicant Company, to be the Chairman of the aforesaid meeting.

The Explanatory Statement under Section 393 of the Companies Act, 1956 and Section 102 of the Companies Act, 2013, the Scheme, Complaints Report, Observation Letters issued by the Stock Exchange, Form of Proxy and Attendance Slip are enclosed.

Dated this 30th day of March, 2015

Place: Mumbai


sd/
Mahendra K. Khatau
Chairman appointed for the meeting

Registered Office:
Khatau House, Plot No. 410/411,
Mogul Lane, Mahim (West),
Mumbai - 400016,
Maharashtra.

NOTES:

1. Only registered equity shareholders of the Applicant Company may attend and vote (either in person or by proxy or by authorised representative under applicable provisions of the Companies Act) at the Equity Shareholders meeting. The authorized representative of a body corporate which is a registered Equity Shareholder of the Applicant Company may attend and vote at the Equity Shareholders meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate authorizing such representative to attend and vote at the Equity Shareholders' meeting is deposited at the registered office of the Applicant Company not later than 48 hours before the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Applicant Company. The form of proxy duly completed should, however, be deposited at the registered office of the Applicant Company not less than 48 hours before the scheduled time for commencement of the meeting.
3. A Member or his Proxy is requested to bring the copy of the notice at the meeting, and produce at the entrance of the meeting venue, the enclosed attendance slip duly completed and signed.
4. All documents referred to in the Notice and the Explanatory Statement annexed hereto, are open for inspection upto two days prior to the said meeting, at the Registered Office of the Applicant Company between 11.00 a.m. and 1.00 p.m. on all working days of the Applicant Company (except Saturdays, Sundays and Government Holidays).
5. Members are informed that in case of joint holders attending the meeting, only such joint holders whose name stands first in the Register of Members of the Applicant Company in respect of such joint holding will be entitled to vote.
6. Alteration, if any, made in the Form of Proxy should be initialed.

Enclosures: As Above

NOTICE OF POSTAL BALLOT AND E-VOTING TO PUBLIC SHAREHOLDERS

NOTICE PURSUANT TO SECTION 110 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES 2014 AND CIRCULAR NO. CIR/CFD/DIL/5/2013 DATED FEBRUARY 4, 2013 AND CIRCULAR NO. CIR/CFD/DIL/8/2013 DATED MAY 21, 2013 ISSUED BY SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI")

Dear Shareholders,

Notice is hereby given to you to consider, and, if thought fit, approve the arrangement embodied in the proposed Scheme of Amalgamation and Arrangement between Khatau Capacitors Private Limited ("Khatau Capacitors") and Indokem Exports Limited ("Indokem Exports") and Indokem Limited ("Indokem" or "the Applicant Company") and their respective shareholders (hereinafter referred to as "the Scheme"). Clause 5.16 of Securities and Exchange Board of India (SEBI) Circular No. CIT/CFD/DIL/5/2013 dated 4th February, 2013 and SEBI Circular No. CIR/CFD/DIL/8/2013 dated 21st May, 2013 ("SEBI Circular") requires the Scheme to be put for voting by public shareholders through postal ballot and e-voting. This notice is given accordingly in terms of such SEBI Circular for consideration of the following resolutions by postal ballot and e-voting pursuant to Section 110 and other applicable provisions of the Companies Act, 2013:

Proposed Resolutions

I. To consider and if thought fit to pass with or without modifications the following Resolution as an Ordinary Resolution

"RESOLVED THAT pursuant to the provisions of Sections 391 to 394 read with Sections 100 to 103 and other relevant provisions of the Companies Act, 1956 (or any corresponding provisions of the Companies Act, 2013 as may be notified), the enabling provisions in the Company's Memorandum and Articles of Association, and subject to the requisite approval of the Hon'ble High Court of Judicature at Bombay or such other competent authority, as the case may be, and all such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to by the Company, the Scheme of Amalgamation and Arrangement between Khatau Capacitors Private Limited ("Khatau Capacitors") and Indokem Exports Limited ("Indokem Exports") and Indokem Limited ("Indokem") and their respective shareholders (hereinafter referred to as the "Scheme") for the amalgamation of Khatau Capacitors and Indokem Exports with Indokem (as defined in Scheme) be and is hereby approved.

RESOLVED FURTHER THAT any of the Directors and / or the Company Secretary and / or Authorised Representative be and are/is hereby jointly and severally authorized by the Company to undertake such acts, deeds and matters, as they may in their absolute discretion deem necessary, proper or desirable and settle any question, difficulty or doubt that may arise in this regard, including but not limited to making requisite filings with authorities that may be required to give effect to the aforesaid resolution."

II. To consider and if thought fit to pass with or without modifications the following Resolution as a Special Resolution

"RESOLVED THAT pursuant to the provisions of Sections 100 to 103 and other applicable provisions, if any, of the Companies Act, 1956 or any corresponding provisions of the Companies Act, 2013 as may be notified and the Articles of Association of the Company and subject to the approval of the Scheme of Amalgamation and Arrangement between Khatau Capacitors Private Limited ("Khatau Capacitors") and Indokem Exports Limited ("Indokem Exports") and Indokem Limited ("Indokem") and their respective shareholders (hereinafter referred to as the "Scheme") by the Hon'ble High Court of Judicature at Bombay under Sections 391 to 394 read with Sections 100 to 103 and other relevant provisions of the Companies Act, 1956 or any corresponding provisions of the Companies Act, 2013 as may be notified, the equity shares held by Khatau Capacitors in Indokem as on the Effective Date (as defined in the Scheme), if any, shall be cancelled without further act or deed and consequently Indokem is not required to add words "And Reduced" as suffix to its name and Indokem shall carry on its old name. The reduction in the share capital of the Indokem shall be effected as an integral part of the Scheme, pursuant to and in accordance with the terms of the Scheme.

RESOLVED FURTHER THAT any of the Directors and / or the Company Secretary and / or Authorised Representative be and are/is hereby jointly and severally authorized by the Company to undertake such acts, deeds and matters, as they may in their absolute discretion deem necessary, proper or desirable and settle any question, difficulty or doubt that may arise in this regard, including but not limited to making requisite filings with the Registrar of Companies, that may be required to give effect to the aforesaid resolution."

Approval to the said Scheme is sought by this notice of postal ballot and e-voting in addition to approval to the said Scheme by the Equity Shareholders of INDOKEM LIMITED at their physical meeting to be held on Thursday, 30th April, 2015 in terms of an order dated 20th March, 2015 of the Hon'ble High Court at Bombay in Company Summons for Directions No. 228 of 2015 ("Court Convened Meeting"). The notice of the Court Convened Meeting with the documents accompanying the same, being copy of the said Scheme, statement under Section 393 of the Companies Act, 1956, observation letters of stock exchanges, complaints' report, proxy form and attendance slip are attached herewith. **The said statement under Section 393 of the Companies Act, 1956 sets out all material facts relating to the proposal for approval of the said Scheme. The same is annexed hereto as aforesaid and may also be treated as the explanatory statement to this notice of postal ballot and e-voting under the Companies Act, 2013. Sections 391 to 394A of the Companies Act, 1956 continue to be in force with certain other provisions of the said Act having been re-enacted by enforcement of various Sections of the Companies Act, 2013.**

It is clarified that votes may be cast by shareholders either by postal ballot or e-voting and casting of votes by postal ballot and e-voting does not disentitle them from attending the Court Convened Meeting. It is further clarified that votes through postal ballot cannot be permitted through a proxy.

The Postal Ballot Form is enclosed herewith ("Postal Ballot Form"). **The instructions for voting by way of Postal Ballot as well as e-voting are included in Annexure-A.** The Applicant Company has appointed Mrs. Samita Tanksale Practising Company Secretary (Membership No. CP.10763) as Scrutinizer for conducting the Postal Ballot / e-voting process in a fair and transparent manner.

In accordance with Clause 35B of the Equity Listing Agreement entered into by the Applicant Company with BSE Limited ("BSE") on which the equity shares of the Applicant Company are listed, and the provisions of Section 110 and other applicable provisions of the Companies Act 2013 and applicable rules read with SEBI Circular bearing No. CIR/CFD/DIL/5/2013 dated 4th February, 2013 and CIR/CFD/DIL/8/2013 21st May, 2013 respectively, the Applicant Company is pleased to provide electronic voting ("e-voting") facility as an alternative to its shareholders to enable them to cast their votes electronically.

The Applicant Company has engaged Central Depository Services (India) Limited ("CDSL") to provide e-voting facilities to the shareholders of the Applicant Company. If a Shareholder has voted through e-voting facility, he is not required to send the Postal Ballot Form. If a Shareholder votes through e-voting facility and also sends his vote through the Postal Ballot Form, the votes cast through postal ballot shall be considered by the Scrutinizer. The e-voting period commences on 27th April, 2015 (9.00 am) and ends on 29th April, 2015 (5.00 pm). During this period, shareholders of the Applicant Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 27th March, 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. In case you have any queries or issues regarding e-voting, please contact helpdesk.evoting@cdslindia.com.

Please refer to the instructions given for e-voting provided in Annexure-A for the purpose and the manner in which e-voting has to be carried out. Shareholders opting to vote through physical mode i.e. sending the Postal Ballot Form are requested to carefully read the instructions printed on the Postal Ballot Form sent herewith and return the form duly completed and signed in the attached self-addressed postage prepaid envelope so as to reach the Scrutinizer on or before the close of working hours i.e. 5.30 p.m. on Thursday, 30th April, 2015. The postage will be borne and paid for by the Applicant Company. Postal ballots received after this date will be treated as invalid. Alternatively, you may cast your votes by responding electronically (e-voting) in the manner described in the said instructions. The e-voting period commences on 27th April, 2015 (9.00 am) and ends on 29th April, 2015 (5.00 pm). Responses received after this date will be treated as invalid.

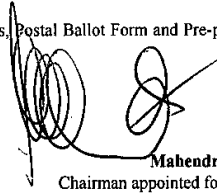
The Scrutinizer will submit his report to the Chairman of the Applicant Company, or in his absence to any other Director authorized by the Chairman, after completion

of the scrutiny. The results of the Postal Ballot and e-voting will be announced on 2nd May, 2015 and will be subsequently published in at least one English and one Marathi newspaper circulating in Mumbai. The result of the Postal Ballot will also be displayed at the Registered Office of the Applicant Company, website of the Applicant Company besides being communicated to BSE. The date of declaration of the result of the Postal Ballot shall be the date on which the resolution would be deemed to have been passed, if approved by requisite majority.

A copy of the said Scheme and Explanatory Statement under Section 393 of the Companies Act, 1956, e-voting details, Postal Ballot Form and Pre-paid envelope are enclosed.

Dated this 30th day of March, 2015

Place: Mumbai



sd/-

Mahendra K. Khatau
Chairman appointed for the meeting

Registered Office:

Khatau House, Plot No. 410/411,
Mogul Lane, Mahim (West),
Mumbai - 400016,
Maharashtra.

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 228 OF 2015**

In the matter of Companies Act, 1956 (1 of 1956) or any corresponding provisions of the Companies Act, 2013;

AND

In the matter of Sections 391 to 394 read with Section 100 to 103 of the Companies Act, 1956 or any corresponding provisions of the Companies Act, 2013

AND

In the matter of Scheme of Amalgamation and Arrangement between Khatau Capacitors Private Limited and Indokem Exports Limited and Indokem Limited and their respective Shareholders

INDOKEM LIMITED, a company incorporated under the provisions of the Companies Act, 1956 having its registered office at Khatau House, Plot No. 410/411, Mogul Lane, Mahim (West), Mumbai – 400 016, Maharashtra }
} Applicant Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956 READ WITH SECTIONS 102 AND 110 OF THE COMPANIES ACT, 2013

- Pursuant to the order dated 20th day of March, 2015, passed by the Hon'ble High Court of Judicature at Bombay in the Company Summons for Direction referred to hereinabove, a meeting of the Equity Shareholders of the Applicant Company is being convened for the purpose of considering and, if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme of Amalgamation and Arrangement between Khatau Capacitors Private Limited ("Khatau Capacitors") and Indokem Exports Limited ("Indokem Exports") and Indokem Limited ("Indokem" or "the Applicant Company") and their respective shareholders (hereinafter referred to as "the Scheme").
- In this statement, Indokem Limited is hereinafter referred to as "the Applicant Company" or "Indokem" and Khatau Capacitors Private Limited referred to as "Khatau Capacitors" and Indokem Exports Limited referred to as "Indokem Exports". The other definitions contained in the Scheme would also apply to this Explanatory Statement.
- A copy of the Scheme between Khatau Capacitors and Indokem Exports and Indokem setting out in detail the terms and conditions of the arrangement is attached to this Explanatory Statement.
- The Board of Directors of the Applicant Company had approved the Scheme on 14th August, 2014 subject to the approval of BSE Limited (hereinafter referred to as "BSE") and Securities and Exchange Board of India (hereinafter referred to as "SEBI"). Subsequently, BSE vide its letter dated 23rd January, 2015 accorded its approval to the Scheme.

5. BACKGROUND OF THE COMPANIES

Indokem Limited

- Indokem was incorporated as a private limited company under the name and style of Khatau Junker Private Limited on 22nd December, 1964. Thereafter, the Applicant Company converted into public company under the name and style of Khatau Junker Limited on 27th January, 1966. Erstwhile Indokem Limited merged into Khatau Junker Limited and name of Khatau Junker Limited was changed to Indokem Limited on 25th October, 1996.
- The Applicant Company deals in dyes, sizing chemicals and auxiliaries used in the textile industry. The equity shares of Indokem are listed on BSE Limited ('BSE').
- The registered office of the Applicant Company is situated at Khatau House, Plot No. 410/411, Mogul Lane, Mahim (West), Mumbai – 400 016, Maharashtra.
- The main object of the Applicant Company are set out in the Memorandum and Articles of Association. Main objects of the Applicant Company are as under:

"1. To carry on the business of manufacturers, importers and exporters of and sellers of and dealers in wires, conductors, copper, aluminum steel reinforced or otherwise, cables and wires (paper-insulated, thermoplastic-insulated or otherwise), mains, pipes, flexible cords (using rubber), polyvinyl chloride, paper or any other insulation and / or covering material and lines of all kinds, capacitors, accumulators, dynamos, lamps, exchanges, telephones, and other apparatus and equipments, articles and things, electricians electric and mechanical engineers and contractors and manufacturers and dealers in railway, tramway, electric, magnetic, galvanic, telegraphic, telephonic, power supply and other apparatus, machines, equipments, articles and things required for or capable of being used in connection with the generation, accumulation, storage, distribution supply and employment of electricity or other energy for signaling, lighting, heating, cooling, air-conditioning refrigeration sound and power or them compressed air, gas, steam, oil or any of them or otherwise."

- The Share Capital of the Applicant Company as on 30th June, 2014 is as under:

PARTICULARS	AMOUNT IN RS.
Authorised:	
2,53,00,000 Equity Shares of Rs. 10/- each	25,30,00,000
Total	25,30,00,000
Issued, Subscribed and Paid-up:	
2,44,97,188 Equity Shares of Rs. 10/- each fully paid-up	24,49,71,880
Total	24,49,71,880

Subsequent to 30th June, 2014, there has been no change in the issued, subscribed and paid-up capital of the Applicant Company.

Khatau Capacitors Private Limited

- 5.6. Khatau Capacitors was initially incorporated as a private limited company under the name and style of Shoshanaha Finance and Investments Private Limited on 6th June, 1991. Thereafter, its name changed to Shoshanaha Trading & Investments Private Limited on 13th November, 1999. On 26th May, 2003, its name changed to Khatau Capacitors Private Limited.
- 5.7. Khatau Capacitors is mainly engaged in the business of manufacturing and dealing in electrical capacitors.
- 5.8. The registered office of Khatau Capacitors is situated at Khatau House, Plot No. 410/411, Mogul Lane, Mahim (West), Mumbai- 400 016, Maharashtra.
- 5.9. The main objects of Khatau Capacitors as set out in the Memorandum and Articles of Association are as under:
1. To carry on the business of manufacturers, buyers, sellers, importers and exporters of and dealers in capacitors including condensers, accumulators furnaces, isolators, dynamos, lamps, electric motors, switch boards, panels and all other kind of apparatuses, machines, equipments, articles and things required for or capable of being used in connection with the generation, accumulation, storage, supply and distribution of electricity or any other form of energy and also in electrical, mechanical, chemical industrial and consumer goods, wires, conductors, coppers, aluminum, steel reinforced or otherwise, cables, mains, pipes, flexible cords, paper or any other insulation.
 2. To carry on the business of electrical engineers, electricians, electrical contractors, jobbers, erectors and to carry on contracts and jobs in connection with all types of capacitors and to provide all types of goods, systems and services in relation to the same."
- 5.10. The Share Capital of Khatau Capacitors as on 30th June, 2014 is as under:

PARTICULARS	AMOUNT IN RS.
Authorised:	
10,000 Equity Shares of Rs. 10/- each	100,000
Total	100,000
Issued, Subscribed and Paid-up:	
10,000 Equity Shares of Rs. 10/- each fully paid up	100,000
Total	100,000

Subsequent to 30th June, 2014, there has been no change in the issued, subscribed and paid-up capital of Khatau Capacitors.

Indokem Exports Limited

- 5.11. Indokem Exports was incorporated as a private limited company under the name and style of Indokem Exports Private Limited on 9th May, 1991. Thereafter, it was converted into public company under the name and style of Indokem Exports Limited on 19th March, 1993.
- 5.12. Indokem Exports is mainly engaged in the business of dealing in textiles dyes and chemicals.
- 5.13. The registered office of Indokem Exports is situated at Khatau House, Plot No. 410/411, Mogul Lane, Mahim (West), Mumbai - 400016, Maharashtra.
- 5.14. The main objects of Indokem Exports are set out in the Memorandum and Articles of Association are as under:
- "1. To carry on the business of exporters, importers, buyers, sellers, traders, distributors, dealers, wholesalers, retailers, indenters, marketers, re-exporters of all types of materials such as dyes, dyestuff, chemicals, chemical compounds and elements of any kind (solid, liquid or gaseous) of all types, organic, inorganic, chemical products, intermediaries, solvents, fermentation products, synthetic chemicals, catalysts, laminates, polyethylene, pesticides, fungicides, herbicides, colouring chemicals, pigments, varnishes, paints, industrial chemicals and dyes, lacqueres, synthetic detergents, synthetic dyes and chemicals, insecticides, all kinds of footwear, footwear components, all kinds of leather goods and its products, readymade garments, sportswear, apparels, of all kinds, types and varieties thereof, canvas products, sports equipments, rubber products, nylon products, cotton woolen, silk, synthetic leather textile and garments, apparel thereof, textile auxiliaries, household and consumer products, electric, electronic and electronic products and components, computers, computer soft and hardware components thereof, drugs, glassware, bulk drugs, laboratory equipments and in general export, import and trade in traditional and non-traditional items, and products of all kinds including industrial, agricultural, plantation, horticultural, products, all kinds of consumables, household commodities, cosmetics, medicines and hospital equipments, sports goods, machineries, equipments, steel and iron products, preservatives, paper and stationery, automobile parts, canned foods and its products, frozen food products, sea foods, of every kind and varieties, marine products, soft drinks, syrups, dry fruits, spices, all kind of plantation and agricultural produce and seeds, horticultural produce, garden produce, vegetables, dairy and poultry produce and fruits, flowers, all types of audio, visual and sound equipments and products, all kinds of acids, salts, fertilisers, all kinds of mining products such as iron, pig iron, manganese, bauxites, soapstones, marbles and its products, gems, jewels, precious stones, all kinds of varieties and types of traditional and non-traditional handicrafts and handmade products and to act as an export house."
- 5.15. The Share Capital of Indokem Exports as on 30th June, 2014 is as under:

PARTICULARS	AMOUNT IN RS.
Authorised:	
10,00,000 Equity Shares of Rs. 10/- each	1,00,00,000
Total	1,00,00,000
Issued, Subscribed and Paid-up:	
2,52,030 Equity Shares of Rs. 10/- each fully paid up	25,20,300
Total	25,20,300

Subsequent to 30th June, 2014, there has been no change in the issued, subscribed and paid-up capital of Khatau Capacitors.

6. RATIONALE FOR THE SCHEME:

- 6.1. Indokem Exports is engaged in similar business as that of the Applicant Company and cater to the same industry i.e. textile dyes and chemicals and is also involved in trade transactions with the Applicant Company. The management of both companies find it desirable and convenient to consolidate the two companies and believe that through the consolidation, the synergies that exist among the entities in terms of similar business line, processes and resources can be put to the best advantage for the stakeholders.

6.2. Khatau Capacitors is engaged in the business of manufacturing and dealing in electrical capacitors. Being a cheaper product when compared to other components, and with increasing need for energy efficiency, the demand for capacitors has risen rapidly over the past few years. The management of the Applicant Company believes that the capacitor business of Khatau Capacitors has good prospects and housing the same in Indokem would provide it the platform to grow to the next level as well as give the Applicant Company additional revenues to complement its existing business.

6.3. The management of the Applicant Company, Indokem Exports and Khatau Capacitors further construe that the amalgamation will result in a significant reduction in the multiplicity of legal and regulatory and other applicable compliances required at present to be carried out by the companies.

6.4. In consideration of the above mentioned business rationale and related benefits, this Scheme between Khatau Capacitors, Indokem Exports and Indokem is being proposed in accordance with the terms set out hereunder.

7. SALIENT FEATURES OF THE SCHEME ARE AS FOLLOWS:

a) The Scheme envisages merger of the Undertaking of Khatau Capacitors and Indokem Exports with the Applicant Company pursuant to Sections 391 to 394 read with Sections 100 to 103 and other relevant provisions of the Companies Act, 1956 (or corresponding provisions of the Companies Act, 2013 as may be notified) on a going concern basis in the manner provided for in the Scheme.

b) The Appointed Date of the Scheme is 1st April, 2014.

c) "Effective Date" means the date on which the certified true copies of the orders sanctioning this Scheme passed by the Hon'ble High Court of Bombay, or such other competent authority, as may be applicable, are filed with the Registrar of Companies, Maharashtra at Mumbai.

d) The Scheme provides that it shall be effective from the Appointed Date and shall be operative from the Effective Date.

e) Upon this Scheme coming into effect and with effect from the Appointed Date, the Undertaking of Khatau Capacitors and Indokem Exports shall stand merged and transferred to the Applicant Company and all the assets and liabilities, credits, debts, duties and obligations whatsoever concerning the Undertaking of Khatau Capacitors and Indokem Exports shall stand transferred to and vested in the Applicant Company as a going concern as provided under Clause 4 of the Scheme.

f) In consideration for the merger, the Applicant Company shall, without any further application, act, instrument or deed, issue to the equity shareholders of Indokem Exports, whose names are registered in its register of members on the Record Date, or his/her/its heirs, executors or, as the case may be, successors:

– 97 (Ninety Seven) 8% Non Cumulative Redeemable Preference Share of Indokem Limited of Rs.10/- each, fully paid for every 25 (Twenty Five) Equity Shares of Indokem Exports Limited of Rs.10/- each fully paid up held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in Indokem Exports on the Record Date

g) Further, the Applicant Company shall, without any further application, act, instrument or deed, issue to the equity shareholders of Khatau Capacitors, whose names are registered in its register of members on the Record Date, or his/her/its heirs, executors or, as the case may be, successors:

– 349 (three hundred forty nine) 8% Non Cumulative Redeemable Preference Share of Indokem Limited of Rs.10/- each, fully paid for every 2 (Two) Equity Shares of Khatau Capacitors of Rs.10/- each fully paid up held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in Khatau Capacitors on the Record Date;

h) The 8% Non Cumulative Redeemable Preference Shares of the Applicant Company will not be listed on BSE Limited or any other stock exchange.

i) Further, shareholding of Khatau Capacitors, if any, in the Applicant Company on the Effective Date shall be cancelled without any further act or deed, in accordance with provisions of Sections 100 to 103 of the Act and the order of the High Court sanctioning the Scheme shall be deemed to be also the order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either diminution of liability in respect of unpaid share capital or payment of paid up capital, and the provisions of Section 101 of the Act will not be applicable. Notwithstanding the reduction in the equity share capital of Applicant Company, the Applicant Company shall not be required to add "And Reduced" as suffix to its name and the Applicant Company shall carry on its old name.

j) On the Scheme becoming effective, the Applicant Company shall account for the amalgamation as per accounting treatment set out in Clause 13 of the Scheme, reproduced below:

"Upon the Scheme becoming effective, the Transferee Company shall account for the Amalgamation in its books of accounts with effect from the Appointed Date as per the "Purchase Method" as described in Accounting Standard – 14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India, such that:

- The Transferee Company shall record the assets and liabilities of the Transferor Companies vested in it pursuant to this Scheme, at the respective book values thereof as appearing in the books of the Transferor Companies on the Appointed Date.

- To the extent that there are inter-corporate loans, deposits or balances or other obligations (if any) inter se between the Transferor Companies or between the Transferor Companies and the Transferee Company, the obligation in respect thereof will come to an end and corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of any assets or liabilities as the case may be and there would be no accrual of interest or any other charges in respect of such inter-company loans, deposits or balances, with effect from the Appointed Date.

- Investment in the share capital of the Transferee Company, if any, held by the Transferor Companies and/or vice-versa, if any, and inter se investments of Transferor Companies, if any, shall stand cancelled and the same would be adjusted in the Capital Reserve Account.

- The Transferee Company shall credit to the Preference Share Capital Account in its books of account, the aggregate face value of Preference Shares, issued to the shareholders of Transferor Companies pursuant to Clause 12.1.1 of this Scheme.

- The difference in the value of the assets over the value of the liabilities of the Transferor Companies to be vested in the Transferee Company pursuant to this Scheme and issue of shares as per Clause 12.1.1 of this Scheme, shall be credited by Transferee Company to "Capital Reserve" or debited to "Goodwill", as the case may be.

- In case of any difference in accounting policy between the Transferor Companies and the Transferee Company, the impact of the same till the Appointed Date would be adjusted in accordance with Accounting Standard – 5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies" to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.

k) The Applicant Company, Khatau Capacitors and Indokem Exports, by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize including any committee or sub-committee thereof, may make and / or consent to any modifications / amendments to the Scheme or to any conditions or limitations that the High Court or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. The Applicant Company, Khatau Capacitors and Indokem Exports by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize including any committee or sub-committee thereof, shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive

or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and / or any matter concerned or connected therewith. In case, post approval of the Scheme by the High Court, there is any confusion in interpreting any clause of this Scheme, or otherwise, Board of Directors of the Applicant Company will have complete power to take the most sensible interpretation so as to render the Scheme operational.

- 1) The Scheme is and shall be conditional upon and subject to the following:
- The requisite consent, approval or permission of any statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme;
 - The Scheme being approved by respective requisite majorities in numbers and value of such classes of persons including the member and creditors of the companies as may be directed by the High Court and / or any other competent authority as may be applicable;
 - Approval and agreement by the public shareholders of the Applicant Company through resolution passed through postal ballot and e-voting (after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution), and that the votes cast by public shareholders in favor of the proposal are more than the number of votes cast by public shareholders against it in accordance with the SEBI Circular no. CIR/CFD/DIL/5/2013 issued on 4th February, 2013 and SEBI Circular no. CIR/CFD/DIL/8/2013 issued on 21st May, 2013 subject to modification, if any, in accordance with any subsequent circulars and amendment that may be issued by SEBI from time to time.
 - The Scheme being sanctioned by the High Court and / or any other competent authority, as may be applicable under Section 391 to 394 of the Act; and
 - Certified Copies of the Order of the High Court or such other competent authority, as may be applicable, sanctioning this Scheme being filed with the Registrar of Companies, Maharashtra at Mumbai.

Members are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof. The aforesaid are only the extracts containing salient features thereof.

8. The details of common Directors are as under:

Name of the Directors	Directorship		
	Indokem	Khatau Capacitors	Indokem Exports
Mr. Mahendra K. Khatau	Yes	-	Yes
Mrs. Asha M. Khatau	Yes	-	-
Ms. Leelabai K. Khatau	Yes	-	-
Mr. Rajagopalan Sessa	Yes	-	-
Mr. Kailash Pershad	Yes	-	-
Mr. Bhalchandra G. Sontakke	Yes	-	-
Ms. Priya M. Khatau	-	-	Yes
Mr. Manish M. Khatau	-	-	Yes
Mr. Prakash V. Shetty	-	Yes	-
Ms. Rupal B. Parikh	-	Yes	-

This is as on 20th March 2015

9. The details of shareholding of Directors and Key Managerial Personnel in Indokem, Khatau Capacitors and Indokem Exports is as under:

S. No.	Name of the Directors/ KMPs	SHARES HELD IN					
		Indokem		Khatau Capacitors		Indokem Exports	
		No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding
1	Mr. Mahendra K. Khatau	4,81,483	1.97%	-	-	2	0.00
2	Mrs. Asha M. Khatau	40,197	0.16%	-	-	2	0.00
3	Ms. Leelabai K. Khatau	80,883	0.33%	-	-	-	-
4	Mr. Rajagopalan Sessa	-	-	-	-	-	-
5	Mr. Kailash Pershad	-	-	-	-	-	-
6	Mr. Bhalchandra G. Sontakke	-	-	-	-	-	-
7	Ms. Priya M. Khatau	35,630	0.15%	-	-	3	0.00
8	Mr. Manish M. Khatau	32,400	0.13%	-	-	2	0.00
9	Mr. Prakash V. Shetty	-	-	-	-	-	-
10	Ms. Rupal B. Parikh	-	-	-	-	-	-
11	Mr. Mukund R. Nagpurkar	-	-	-	-	-	-
12	Ms. Sugandha Vaidya	-	-	-	-	-	-

This is as on 20th March 2015

10. The pre and post amalgamation (expected) Equity shareholding pattern of the Applicant Company is as under:

Sr. No	Category of the shareholder	Pre – Amalgamation		Post – Amalgamation	
		No. of Shares held	% Holding	No. of Shares held	% Holding
(A)	Shareholding of Promoter and Promoter Group				
1	Indian				
A	Individuals/ Hindu Undivided Family	7,35,736	3.003%	7,35,736	3.126%

B	Central Government/ State Government(s)	0	0	0	0
C	Bodies Corporate	1,67,41,901	68.342%	1,57,78,317	67.046%
D	Financial Institutions/ Banks	0	0	0	
E	Any Other (specify)	0	0	0	
2	Foreign	0	0	0	
	Total Promoter shareholding (A)	1,74,77,637	71.345%	1,65,14,053	70.172%
(B)	Public shareholding				
1	Institutions				
A	Mutual Funds/ UTI	35,650	0.146%	35,650	0.151%
B	Financial Institutions/ Banks	2,075	0.008%	2,075	0.009%
C	Central Government/ State Government(s)	15,950	0.065%	15,950	0.068%
D	Venture Capital Funds	9,025	0.037%	9,025	0.038%
E	Insurance Companies	5,100	0.021%	5,100	0.022%
F	Foreign Institutional Investors	0	0	0	0
G	Foreign Venture Capital Investors	0	0	0	0
H	Any Other (specify)	0	0	0	0
	Foreign Banks	0	0	0	0
	Sub-total (B)(1)	67,800	0.277%	67,800	0.288%
2	Non-institutions				
A	Bodies Corporate	3,24,338	1.324%	3,24,338	1.378%
B	Individuals				
	Individual shareholders holding nominal share capital up to Rs.1 lakh	49,28,032	20.117%	49,28,032	20.940%
	Individual shareholders holding nominal share capital in excess of Rs.1 lakh	16,78,388	6.851%	16,78,388	7.132%
C	Any Other (specify)				
	Foreign Companies	0	0	0	0
	Clearing Members	11,180	0.046%	11,180	0.048%
	TRUSTS	0	0	0	0
	NRI	9,813	0.040%	9,813	0.042%
	Directors / Relatives	0	0	0	0
	Sub-total (B)(2)	69,51,751	28.378%	69,51,751	29.540%
	Total Public shareholding (B)	70,19,551	28.655%	70,19,551	29.828%
	Total (A) + (B)	2,44,97,188	100.000%	2,35,33,604	100.00%
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0
	Grand Total (A) + (B) + (C)	2,44,97,188	100.000%	2,35,33,604	100.00%
	Total	2,44,97,188	100.000%	2,35,33,604	100.00%

This is as on 20th March 2015

The pre and post amalgamation (expected) 8% Non Cumulative Redeemable Preference shareholding pattern of the Applicant Company is as under:

Sr. No	Category of the shareholder	Pre - Amalgamation		Post - Amalgamation	
		No. of Shares held	% Holding	No. of Shares held	% Holding
(A)	Shareholding of Promoter and Promoter Group				
1	Indian				
a	Individuals/ Hindu Undivided Family	0	0	32	0
b	Central Government/ State Government(s)	0	0	0	0
c	Bodies Corporate	0	0	0	0
d	Financial Institutions/ Banks	0	0	0	0
e	Any Other (specify)	0	0	0	0
e-i		0	0	0	0
e-ii		0	0	0	0
	Sub Total (A) (1)	0	0	32	0

2	Foreign				
a	Individual NRI/ Foreign Individual	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 Specify	0	0	0	0
e-1		0	0	0	0
e-2		0	0	0	0
	Sub Total (A) (2)	0	0	0	0
	Total Promoter shareholding (A)	0	0	32	0
(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 Institutional Investors	0	0	0	0
g	Foreign Venture Capital Investors	0	0	0	0
h	Qualified Foreign Investors	0	0	0	0
i	Any Other (specify)	0	0	0	0
i-1		0	0		
i-2					
	Sub-total (B)(1)	0	0	0	0
2	Non-institutions				
a	Bodies Corporate	0	0	2070943	100
b	Individuals				
	Individual shareholders holding nominal share capital up to Rs.1 lakh	0	0	0	0
	Individual shareholders holding nominal share capital in excess of Rs.1 lakh	0	0	0	0
c	Qualified Foreign Investors	0	0	0	0
d	Any Other	0	0	0	0
	Foreign Companies	0	0	0	0
	Clearing Members	0	0	0	0
	TRUSTS	0	0	0	0
	NRI	0	0	0	0
	Directors / Relatives	0	0	0	0
	Sub-total (B)(2)	0	0	2070943	100
	Total Public shareholding (B)	0	0	2070943	100
	Total (A) + (B)	0	0	2070975	100
(C)	Shares held by Custodians and against which Depository Receipts have been Issued	0	0	0	0
	Grand Total (A) + (B) + (C)	0	0	2070975	100
	Total	0	0	2070975	100

This is as on 20th March 2015

- The Scheme was approved by the Audit Committee and the Board of Directors of the Applicant Company at their respective meetings on 14th August, 2014 and by the Board of Directors of Khatau Capacitors and Indokem Exports at their respective meetings on 14th August, 2014.
- The Applicant Company is a listed company while Khatau Capacitors and Indokem Exports are unlisted companies. The shares of the Applicant Company are listed on BSE Limited ("BSE"). The Applicant Company has duly filed the Scheme with BSE pursuant to the provisions of the Listing Agreement. BSE by its respective Observation Letter dated 23rd January, 2015 has given its 'no-objection' to the Scheme pursuant to the SEBI Circulars dated 4th February, 2013 and 21st May, 2013. The Applicant Company shall duly comply with the instructions provided in the Observation Letter of the BSE. Copy of the Observation Letter of BSE, copy of fairness opinion and copy of 'Nil' Complaints Report dated 30th October, 2014 filed by the Applicant Company with the BSE in terms of the said SEBI Circular dated 4th February, 2013 are enclosed herewith.
- The share entitlement ratio for the Scheme has been fixed on a fair and reasonable basis and on the basis of the Report of M/s. SSPA & Co. ('SSPA'). Further,

M/s. Fortress Capital Management Services Private Limited, independent Merchant Bankers, have by their Fairness Opinion also confirmed and concluded that such ratio is fair and reasonable.

14. On the Scheme becoming approved by the Equity Shareholders as per the requirements of Sections 391 to 394 of the Act, the Applicant Company, Khatau Capacitors and Indokem Exports will seek the sanction of the High Court of Judicature at Bombay to the Scheme. Upon this Scheme becoming effective and with effect from the Appointed Date, the Undertaking of Khatau Capacitors and Indokem Exports, as defined in Clause 1.12 of the Scheme, shall be transferred to the Applicant Company as a going concern.
15. The rights and interests of the creditors of the Applicant Company will not be prejudicially affected by the Scheme. There is no likelihood that any creditor of the Applicant Company would lose or be prejudiced as a result of the Scheme being passed since the Applicant Company, post the Scheme, will be able to meet its liabilities as they arise in the ordinary course of business.
16. The Scheme also provides for cancellation / reduction of the equity share capital of the Applicant Company to the extent held by Khatau Capacitors and such cancellation shall be effected as an integral part of the Scheme in accordance with the provisions of Sections 100 to 103 of the Companies Act, 1956 and the order of the jurisdictional High Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of the unpaid share capital or the return of paid-up share capital, and the provisions of Section 101 of the Companies Act, 1956 will not be applicable. The aforesaid reduction would require approval of the equity shareholders of the Applicant Company in a General Meeting by passing a Special Resolution in terms of Sections 100 to 103 and other applicable provisions of the Companies Act, 1956 and would have to be confirmed by the Hon'ble High Court of Judicature at Bombay.
17. No investigation proceedings have been instituted or are pending under Sections 235 to 251 of the Companies Act, 1956 (or any corresponding provisions of the Companies Act, 2013 as may be notified) in respect of the Applicant Company, Khatau Capacitors and Indokem Exports.
18. No winding up petitions are pending and / or admitted against the Applicant Company, Khatau Capacitors and Indokem Exports.
19. The Directors of the Applicant Company may be deemed to be concerned and / or interested in the Scheme to the extent of the shareholding of the respective Companies, Firms and/or Institutions of which they are Directors, Partners, Members or Trustees and which hold shares in the Applicant Company, Khatau Capacitors and Indokem Exports.
20. The Equity Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him, and such proxy need not be a member of the Applicant Company. The instrument appointing the proxy should however be deposited at the registered office of the Applicant Company not later than 48 (forty eight) hours prior to the scheduled time for commencement of the said meeting.
21. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified true copy of the Board Resolution and/ or Power of Attorney authorizing such person to attend and vote on their behalf at the Meeting. The Board Resolution and/ or Power of Attorney authorizing such person should however be deposited at the registered office of the Applicant Company not later than 48 (forty eight) hours prior to the scheduled time for commencement of the said meeting.
22. A copy of the Scheme of Amalgamation and Arrangement and this Explanatory Statement and Form of Proxy can also be obtained free of cost from the office of Hemant Sethi & Co., Advocates for the Applicant Company at 1602, Nav Parmanu Building, Behind Amar Cinema, Chembur, Mumbai - 400071 or from the Registered Office of the Applicant Company.
23. Copies of the following documents will be open for inspection at the Registered Office of the Applicant Company upto two days prior to the said meeting between 11.00 a.m. and 1.00 p.m. on all working days of the Applicant Company, except Saturdays, Sundays and Government Holidays.
 - i) Authenticated/Certified True copy of the order dated 20th March, 2015 passed by the High Court of Judicature at Bombay in Company Summons for Direction No. 228 of 2015 directing the convening of the meeting of the equity shareholders of the Applicant Company;
 - ii) Copy of the Scheme of Amalgamation and Arrangement;
 - iii) The Memorandum and Articles of Association of the Applicant Company, Khatau Capacitors and Indokem Exports;
 - iv) The Annual Report of the Applicant Company, Khatau Capacitors and Indokem Exports for the year ended 31st March, 2014;
 - v) Provisional (unaudited) Balance Sheet and Profit & Loss Account of the Applicant Company, Khatau Capacitors and Indokem Exports as on 30th November, 2014;
 - vi) Report issued by M/s. SSPA & Co. for recommendation of fair exchange ratio for proposed amalgamation of Khatau Capacitors and Indokem Exports into the Applicant Company;
 - vii) Fairness Opinion of M/s. Fortress Capital Management Services Pvt. Ltd. on such entitlement ratio; and
 - viii) Other documents submitted by the Applicant Company to the BSE and also displayed on the Applicant Company's website, in terms of the SEBI Circular dated 4th February, 2013, including Report of the Audit Committee of the Applicant Company.

This Statement may be treated as the statement under Section 393 of the Companies Act, 1956 read with Sections 102 of the Companies Act, 2013. A copy of the Scheme and this statement may also be obtained by Equity Shareholders of the Applicant Company from the registered office of the Applicant Company free of cost during ordinary business hours on all working days.


Sd/-
Mahendra K. Khatau
Chairman appointed for the Meeting

Dated this 30th day of March, 2015

Place: Mumbai

Registered Office:

Khatau House, Plot No. 410/411,
Mogul Lane, Mahim (West),
Mumbai - 400016,
Maharashtra.

SCHEME OF AMALGAMATION AND ARRANGEMENT

BETWEEN

KHATAU CAPACITORS PRIVATE LIMITED

AND

INDOKEM EXPORTS LIMITED

AND

INDOKEM LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS

SCHEME OF AMALGAMATION AND ARRANGEMENT

BETWEEN

KHATAU CAPACITORS PRIVATE LIMITED

AND

INDOKEM EXPORTS LIMITED

AND

INDOKEM LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS

**UNDER SECTIONS 391 TO 394 READ WITH SECTIONS 100 TO 103 AND OTHER
RELEVANT PROVISIONS OF THE COMPANIES ACT, 1956**

PREAMBLE

(A) DESCRIPTION OF COMPANIES:

Indokem Limited ('Indokem') was incorporated in India under the provisions of the Companies Act, 1956. Indokem is engaged in the business of processing and trading of textile dyes and chemicals. The Company deals in dyes, sizing chemicals and auxiliaries used in the textile industry. The equity shares of Indokem are listed on BSE Limited ('BSE').

Khatau Capacitors Private Limited ('Khatau Capacitors') was incorporated in India under the provisions of the Companies Act, 1956. Khatau Capacitors is engaged in the business of manufacturing and dealing in electrical capacitors. The Company owns 9,63,584 equity shares i.e. 3.93% of the shareholding in Indokem.

Indokem Exports Limited ('Indokem Exports') was incorporated in India under the provisions of the Companies Act, 1956. Indokem Exports is engaged in the business of dealing in textiles dyes and chemicals.

This Scheme of Amalgamation and Arrangement ("Scheme") is presented under Sections 391 to 394 read with Sections 100 to 103 and other relevant provisions of the Companies Act, 1956 for the amalgamation of Khatau Capacitors and Indokem Exports with Indokem.

(B) RATIONALE AND PURPOSE OF THE SCHEME:

Indokem Exports are engaged in similar business as that of Indokem and cater to the same industry i.e. textile dyes and chemicals. The aforesaid companies are also involved in trade transactions with Indokem. The management of Indokem Exports and Indokem find it desirable and convenient to consolidate the two companies and believe that through the consolidation, the synergies that exist among the entities in terms of similar business line, processes and resources can be put to the best advantage for the stakeholders.

Khatau Capacitors is engaged in the business of manufacturing and dealing in electrical capacitors. Being a cheaper product when compared to other components, and with increasing need for energy efficiency, the demand for capacitors has risen rapidly over the past few years. The management of Indokem believes that the capacitor business of Khatau Capacitors has good prospects and housing the same in Indokem would provide it the platform to grow to the next level as well as give Indokem additional revenues to complement its existing business.

The management of Indokem, Indokem Exports and Khatau Capacitors further construe that the amalgamation will result in a significant reduction in the multiplicity of legal and regulatory and other applicable compliances required at present to be carried out by the companies.

In consideration of the above mentioned business rationale and related benefits, this Scheme between Khatau Capacitors, Indokem Exports and Indokem is being proposed in accordance with the terms set out hereunder.

PART I - Definitions and Share Capital

PART II - Amalgamation of Khatau Capacitors and Indokem Exports with Indokem

PART III - General terms and conditions

1. DEFINITIONS

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning mentioned herein below:

- 1.1 **“Act” or “the Act”** means the Companies Act, 1956 and the Companies Act, 2013, as applicable, and rules and regulations made thereunder and shall include any statutory modifications, amendments or re-enactment thereof for the time being in force. It is being clarified that as on the date of approval of this Scheme by the Board of Directors of the Transferor Companies and the Transferee Company, Section 391 to 394 of the Companies Act, 1956 read with section 100 to 103 of the Companies Act, 1956 continue to be in force with the corresponding provisions of the Companies Act, 2013 not having been notified. Accordingly, reference in this Scheme to particular provisions of the Act are reference to the particular provisions of the Companies Act, 1956. Upon such provisions standing re-enacted by enforcement of provisions of the Companies Act, 2013, such reference shall, unless a different intention appears, be construed as reference to the provisions so re-enacted.
- 1.2 **“Appointed Date”** means April 1, 2014 or such other date as may be fixed or approved by the Hon’ble High Court of Bombay or National Company Law Tribunal or any other appropriate authority.
- 1.3 **“Board of Directors”** means the Board of Directors of Khatau Capacitors, Indokem Exports or Indokem, as the context may require and includes any committee thereof.
- 1.4 **“Effective Date”** means the date on which the certified true copies of the orders sanctioning this Scheme passed by the Hon’ble High Court of Bombay, or such other competent authority, as may be applicable, are filed with the Registrar of Companies, Maharashtra at Mumbai.
References in this Scheme to the date of **“coming into effect of this Scheme”** or **“upon the Scheme being effective”** shall mean the Effective Date.
- 1.5 **“High Court” or “Court”** means the Hon’ble High Court of Judicature at Bombay and shall include National Company Law Tribunal, if and when applicable.
- 1.6 **“Indokem” or “Transferee Company”** means Indokem Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Khatau House, Plot No. 410/411, Mogul Lane, Mahim (West), Mumbai, Maharashtra – 400 016, India, having Company Identification Number L31300MH1964PLC013088.
- 1.7 **“Indokem Exports” or “Transferor Company 1”** means Indokem Exports Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at Khatau House, Plot No. 410/411, Mogul Lane, Mahim (West), Mumbai, Maharashtra – 400 016, India, having Company Identification Number U51900MH1991PLC061587.
- 1.8 **“Khatau Capacitors” or “Transferor Company 2”** means Khatau Capacitors Private Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at Khatau House, Plot No. 410/411, Mogul Lane, Mahim (West), Mumbai, Maharashtra – 400 016, India, having Company Identification Number U65990MH1991PTC061972.
- 1.9 **“Preference Shares”** means Non-cumulative Redeemable Preference Shares, issued as per Terms annexed as Annexure 1 to the Scheme, carrying coupon rate of dividend of 8% to be allotted to the shareholders of the Transferor Companies as per Clause 12.1.1 of this Scheme and shall be redeemable by the Transferee Company within 3 years from the Effective Date unless a longer period is allowed by the express mutual consent of the holders of such Preference Shares and Transferee Company as may be allowed under the Act.
- 1.10 **“Record Date”** means such date to be fixed by the Board of Directors of the Transferee Company after the sanction of this Scheme by the High Court or such other competent authority as is empowered to sanction the Scheme, to determine the members of the Transferor Companies to whom Preference Shares of the Transferee Company will be allotted.
- 1.11 **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Amalgamation and Arrangement between Khatau Capacitors and Indokem Exports and Indokem and their respective shareholders, in its present form or with any modification(s) approved or imposed or directed by the High Court.
- 1.12 **“Undertaking”** in relation to the Transferor Companies, as the context may require, shall mean whole of the undertakings and business of the Transferor Companies as a going concern, including (without limitation):
 - (a) all the businesses, properties, assets and liabilities of whatsoever kind and wheresoever situated as on the Appointed Date;
 - (b) without prejudice to the generality of the foregoing clause, Undertaking shall include all rights, powers, authorities, privileges, liberties and all properties and assets whether movable or immovable, tangible or intangible, current or noncurrent, freehold or leasehold, real or corporeal, in possession or reversion, present or contingent of whatsoever nature and wheresoever situated including, without being limited to land, buildings, plant and machinery, all equipments, inventories, furniture and fixtures, capital work in progress, vehicles, computers, computer software, security deposits, reserves maintained in cash or otherwise, contingent rights or benefits, benefit of any deposits, financial assets, balances maintained with regulatory authorities and any other parties, bills, leases and hire purchase contracts, leasehold rights, sub-letting tenancy rights, with or without the consent of the landlord as may be required by law, assignments and grants in respect thereof, operating

agreements, investment of all kinds (including investment in shares, National Savings Certificate, scrips, stocks, bonds, debenture stock, units, mutual funds), sundry debtors, cash and bank balances, loans and advances, leasehold improvements, accrued interest, appliances, accessories, registrations, memberships, certifications, lease, claims, allotments, approvals, consents, letters of intent, registrations, licenses, contracts, agreements with any regulatory authority or otherwise, credits, titles, interest, import licenses, import quotas and other quota rights, right of user, municipal permissions or powers of every kind, nature and description whatsoever in connection and all other permissions, rights (including rights under any contracts, government contracts, memoranda of understanding, etc.), entitlements, copyrights, patents, logos, trademarks, trade names, domain names and other industrial designs, trade secrets, or intellectual property rights of any nature and all other interest, and advances and or moneys paid or received, all statutory licenses, and / or permissions to carry on the operations, deferred tax benefits and any other direct / indirect tax benefits, privileges, liberties, easements, advantages, benefits, exemptions, permissions, and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Transferor Companies, all other claims, rights and benefits, power and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests together with all present and future liabilities (including contingent liabilities), all the provisions including provision for tax, benefits of tax relief including the Income tax Act, 1961 such as credit for advance tax, taxes deducted at source, minimum alternate tax, unutilised deposits or credits, tax benefit on brought forward business losses and depreciation, benefits under the VAT / sales tax law, sales tax credit, unutilized deposits or credits, benefits of any unutilized MODVAT / CENVAT / service tax credits, etc. all deposits and balances with Government, Semi Government, Local and other authorities and bodies, customers and other persons, earnest moneys and / or security deposits paid or received, all necessary books, records, files, papers, records of standard operating procedures, computer programmes along with their licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form, all earnest monies and / or deposits, all permanent and / or temporary employees;

(c) All liabilities, actual and / or contingent, including, without being limited to, secured and unsecured debts, debentures, term loans, sundry creditors, trade payables advances / deposits from customer, deferred revenues, duties and obligation and provisions of every kind, nature and description of whatsoever and howsoever arising, raised, incurred or utilized; and

(d) All employees on the payroll of the Transferor Companies as on the Effective Date.

1.13 "Transferor Companies" means Khatau Capacitors and Indokem Exports.

1.14 In this Scheme, unless the context otherwise requires:

- (a) the words denoting the singular shall include the plural and vice versa;
- (b) headings and bold typefaces are only for convenience and shall be ignored for the purpose of interpretation;
- (c) references to the word "include" or "including" shall be construed without limitation;
- (d) a reference to an article, clause, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, clause, section, paragraph or schedule of this Scheme;
- (e) reference to a document includes an amendment or supplement to, or replacement or novation of, that document; and
- (f) word(s) and expression(s) which are used in this Scheme and not defined in part, shall, unless repugnant or contrary to the context or meaning hereof, and as the context may require, have the same meaning ascribed to them under the Act or the Securities Contracts (Regulations) Act, 1956 or Depositories Act, 1996 or the Securities and Exchange Board of India Act, 1992, the Rules and Regulations made thereunder, as amended from time to time, or other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

2. SHARE CAPITAL

2.1 The share capital structure of the Transferor Company 1 as on June 30, 2014 was as follows:

Particulars	Amount in Rs.
Authorised:	
10,00,000 Equity Shares of Rs. 10/- each	1,00,00,000
Total	1,00,00,000
Issued, Subscribed and Paid-up:	
2,52,030 Equity Shares of Rs. 10/- each fully paid up	25,20,300
Total	25,20,300

Between June 30, 2014 and on the date of filing of this Scheme with the High Court, there is no change in the issued, subscribed and paid up share capital of the Transferor Company 1. Out of the aforesaid issued, subscribed and paid-up equity capital, 50% is held by Transferor Company 2 and 16% is held by the Transferee Company.

2.2 The share capital structure of the Transferor Company 2 as on June 30, 2014 was as follows:

Particulars	Amount in Rs.
Authorised:	
10,000 Equity Shares of Rs. 10/- each	100,000
Total	100,000
Issued, Subscribed and Paid-up:	
10,000 Equity Shares of Rs. 10/- each fully paid up	100,000
Total	100,000

Between June 30, 2014 and on the date of filing of this Scheme with the High Court, there is no change in the issued, subscribed and paid up share capital of the Transferor Company 2.

2.3 The share capital structure of the Transferee Company as on June 30, 2014 was as follows:

Particulars	Amount in Rs.
Authorised:	
2,53,00,000 Equity Shares of Rs. 10/- each	25,30,00,000
Total	25,30,00,000
Issued, Subscribed and Paid-up:	
2,44,97,188 Equity Shares of Rs. 10/- each fully paid-up	24,49,71,880
Total	24,49,71,880

Between June 30, 2014 and on the date of filing of this Scheme with the High Court, there is no change in the issued, subscribed and paid up share capital of the Transferee Company. Out of the aforesaid issued, subscribed and paid-up equity capital, 3.93% is held by Transferor Company 2.

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or directed by the High Court or any other appropriate authority shall be effective from the Appointed Date, but shall be operative from the Effective Date.

PART II: AMALGAMATION OF KHATAU CAPACITORS AND INDOKEM EXPORTS WITH INDOKEM PREAMBLE

4. TRANSFER AND VESTING OF THE UNDERTAKING

4.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, and subject to the provisions of this Scheme in relation to the mode of transfer and vesting, the Undertaking shall, pursuant to the provisions of Section 394(2) and other applicable provisions of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and / or be deemed to have been and stand transferred to and vested in the Transferee Company so as to become Undertaking of the Transferee Company by virtue of and in the manner provided in this Scheme.

Further, the Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income-tax Act, 1961. If any term(s) or provision(s) of the Scheme is / are inconsistent with the provisions of Section 2(1B) of the Income-tax Act, 1961, the provisions of Section 2(1B) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(1B) of the Income-tax Act, 1961. Such modifications will, however, not affect the other clauses of the Scheme.

4.2 All assets, estate, rights, title, interest, etc. acquired by the Transferor Companies after the Appointed Date and prior to the Effective Date for operation of the Transferor Companies or pertaining to or relating to the Transferor Companies shall also stand transferred to and vested in the Transferee Company upon the coming into effect of this Scheme. The transfer and vesting of assets, estate, rights, title, interest, etc. will be treated as an acquisition of assets and liabilities i.e. acquisition of business of the Transferor Companies on and from the Appointed Date.

4.3 All assets of the Transferor Companies, that are movable in nature or incorporeal property or are otherwise capable of transfer by physical or constructive delivery, novation and / or endorsement and delivery or by operation of law, pursuant to order of the Court, shall be vested in the Transferee Company. Upon this Scheme becoming effective, the title of such property shall be deemed to have been mutated and recognised as that of the Transferee Company.

4.4 In respect of such of the assets of the Transferor Companies other than those referred to in Clause 4.3 above including investment in shares, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, deposits, if any, with Government, semi-Government, local and other authorities and bodies, shall, without any further act, instrument or deed, be and

stand transferred to and vested in the Transferee Company and / or be deemed to be transferred to and vested in the Transferee Company on the Appointed Date pursuant to the provisions of Section 394 of the Act upon effectiveness of the Scheme. The Transferee Company shall upon sanction of the Scheme be entitled to the delivery and possession of all documents of title of such movable property in this regard.

- 4.5 All immovable properties of the Transferor Companies, including land together with the buildings and structures standing thereon and rights and interests in immovable properties of the Transferor Companies, situated anywhere in India, whether freehold or leasehold or otherwise and all documents of title, rights and easements in relation thereto shall stand vested in and / or be deemed to have been vested in the Transferee Company, by operation of law pursuant to the sanctioning of the Scheme and upon the Scheme becoming effective. Such assets shall stand vested in the Transferee Company and shall be deemed to be and become the property as an integral part of the Transferee Company by operation of law. The Transferee Company shall upon the order of the High Court sanctioning the Scheme and upon this Scheme becoming effective, be always entitled to all the rights and privileges attached in relation to such immovable properties and shall be liable to pay appropriate rent, rates and taxes and fulfill all obligations in relation thereto or as applicable to such immovable properties. Upon this Scheme becoming effective, the title to such properties shall be deemed to have been mutated and recognised as that of the Transferee Company and the mere filing of the order of the High Court with the appropriate Registrar or Sub-Registrar or with the relevant Government agencies shall suffice as record of continuing titles with the Transferee Company and shall be constituted as a deemed mutation and substitution thereof. The mutation and / or substitution of the title to the immovable properties shall be made and duly recorded in the name of the Transferee Company by the appropriate government authorities and third parties pursuant to the sanction of the Scheme by the High Court and upon the Scheme becoming effective in accordance with the terms hereof without any further act or deed to be done or executed by the Transferor Companies and / or the Transferee Company. The Transferee Company shall, subsequent to the Scheme becoming effective, be entitled to the delivery and possession of all documents of title to such immovable property in this regard. It is hereby clarified that all the rights, title and interest of the Transferor Companies in any leasehold properties shall, pursuant to Section 394(2) of the Act and the provisions of this Scheme, without any further act, instrument or deed, be vested in or be deemed to have been vested in the Transferee Company.
- 4.6 Upon the Scheme coming into effect and with effect from the Appointed Date, all debts, liabilities (including contingent liabilities), duties and obligations of every kind, nature and description of the Transferor Companies shall, pursuant to the provisions of Section 394(2) and other applicable provisions of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and / or be deemed to have been and stand transferred to and vested in the Transferee Company, so as to become on and from the Appointed Date, the debts, liabilities (including contingent liabilities), duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Companies, and further that it shall not be necessary to obtain the consent of any person who is a party to contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this clause.
- 4.7 Any statutory licenses, authorizations, statutory rights, permissions, approvals, tax registrations and other registrations, service tax, provident fund, ESI, or other registrations, no objection certificates, or any consents to carry on the operations of the Transferor Companies shall stand transferred to and vested in the Transferee Company without any further act or deed and shall be appropriately mutated / facilitated by the statutory authorities concerned therewith in favour of the Transferee Company so as to empower and facilitate the continuation of the operations of the Transferee Company. In so far as the various incentives, service tax benefits, subsidies (including applications for subsidies), grants, memberships, special status, rights, and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by the Transferor Companies are concerned, the same shall, without any further act or deed, vest with and be available to the Transferee Company on the same terms and conditions as are available to the Transferor Companies.
- 4.8 All registrations, licenses, trademarks, copyrights, domain names, applications for copyrights, trade-names and trademarks, etc. pertaining to the Transferor Companies, if any, shall stand vested in the Transferee Company without any further act, instrument or deed (unless filed only for statistical record with any appropriate authority or Registrar), upon the sanction of the Scheme and upon this Scheme becoming effective.
- 4.9 All taxes (including but not limited to advance tax, tax deducted at source, minimum alternate tax credits, dividend distribution tax, securities transaction tax, taxes withheld / paid in a foreign country, value added tax, sales tax, service tax, excise, etc.) payable by or refundable to the Transferor Companies with effect from the Appointed Date, including all or any refunds or claims shall be treated as the tax liability or refunds / claims, etc. as the case may be, of the Transferee Company, and any tax incentives, advantages, privileges, exemptions, credits, holidays, remissions, reductions, benefit on brought forward business losses and depreciation, etc. as would have been available to the Transferor Companies, shall pursuant to this Scheme becoming effective, be available to the Transferee Company.
- 4.10 Any third party or authority required to give effect to any provisions of this Scheme, shall take on record the order of the High Court sanctioning the Scheme on its file and duly record the necessary substitution or endorsement in the name of the Transferee Company as successor in interest, pursuant to the sanction of this Scheme by the Court, and upon this Scheme becoming effective. For this purpose, the Transferee Company shall file certified copies of such High Court order and if required file appropriate applications or forms with relevant authorities concerned for statistical and information purposes only and there shall be no break in the validity and enforceability of approvals, consents, exemptions, registrations, no-objection certificates,

permits, quotas, rights, entitlements, licenses (including the licenses granted by any Governmental, statutory or regulatory bodies for the purpose of carrying on its business or in connection therewith), and certificates of every kind and description of whatsoever nature.

- 4.11 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, certificates, clearances, authorities, power of attorneys given by, issued to or in favour of the Transferor Companies in relation to Undertaking shall stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties there under, and the rights and benefits under the same shall be available to the Transferee Company.
- 4.12 The Transferee Company shall, at any time after this Scheme coming into effect, in accordance with the provisions hereof, if so required under any law or otherwise, execute appropriate deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to which the Transferor Companies have been a party, including any filings with the regulatory authorities, in order to give formal effect to the above provisions. The Transferee Company shall for this purpose, under the provisions hereof, be deemed to have been authorized to execute any such writings on behalf of the Transferor Companies and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Companies.
- 4.13 It is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contracts, deeds, bonds, agreements, Schemes, arrangements, or other instrument of whatsoever nature which the Transferor Companies owns or to which the Transferor Companies are party to and which cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Companies shall hold such assets, contracts, deeds, bonds, agreements, Schemes, arrangements, or other instrument of whatsoever nature in Trust for the benefit of the Transferee Company in terms of this Scheme, till such time as the transfer is affected.

5. LEGAL PROCEEDINGS

If any suit, appeal or other proceeding of whatsoever nature by or against the Transferor Companies are pending, the same shall not abate or be discontinued or be in any way prejudicially affected by reason of the transfer of Undertaking or anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced, as the case may be, by or against the Transferee Company in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the Transferor Companies, if this Scheme had not been made.

6. CONTRACTS, DEEDS, ETC.

- 6.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, understandings whether written or oral and other instruments, if any, of whatsoever nature to which the Transferor Companies are party or to the benefit of which the Transferor Companies may be eligible and which are subsisting or having effect on the Effective Date, shall without any further act, instrument or deed, be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company, as fully and effectively as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary or obligee thereto.
- 6.2 Without prejudice to other provisions of this Scheme and notwithstanding the fact that the vesting of the Undertaking occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any party, to any contract or arrangement to which the Transferor Companies are party, as may be necessary, to be executed in order to give formal effect to the above provisions. The Transferee Company shall be deemed to be authorised to execute any such writings on behalf of the Transferor Companies, and to carry out or perform all formalities or compliances required for the purposes referred to above on the part of the Transferor Companies.

7. EMPLOYEES

- 7.1 Upon the coming into effect of this Scheme:

- 7.1.1 All the employees of the Transferor Companies as on the Effective Date shall stand transferred to the Transferee Company without any interruption in service as a result of transfer of Undertaking of the Transferor Companies to the Transferee Company. The position, rank, and designation, terms and conditions (including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and any other retirement benefits) of the employees would be decided by the Board of Directors or any committee / sub-committee or person(s) so authorised by the Board of the Transferee Company.
- 7.1.2 The Transferee Company agrees that the services of all such employees (as mentioned in Clause 7.1.1 above) with the Transferor Companies prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and any other retirement benefits and accordingly, shall be reckoned therefore from the date of their respective appointment in the Transferor Companies. It is clarified that the services of the staff, workmen and employees of the Transferor Companies will be treated as having been continuous for the purpose of calculating statutory benefits, if any.

7.1.3 The existing provident fund, superannuation fund and gratuity fund, if any, of which the aforesaid employees of the Transferor Companies, being transferred under Clause 7.1.1 above to the Transferee Company, are members or beneficiaries along with all accumulated contributions therein till the Effective Date, shall, with the approval of the concerned authorities, be transferred to and continued without any break. Accordingly, the provident fund, superannuation fund and gratuity fund dues, if any, of the said employees of the Transferor Companies would be continued to be deposited in the transferred provident fund, superannuation fund and gratuity fund account as per the terms provided in the respective trust deeds, if any, by the Transferee Company. It is clarified that all the rights, duties, powers and obligations of the Transferor Companies in relation to such Fund or Funds, shall become those of the Transferee Company. In case, necessary approvals are not received by the Effective Date and there is a delay, all such amounts shall continue to be administered by the Transferee Company as trustee from the Effective Date till the date of actual transfer and, on receiving the approvals, all the accumulated amounts till such date, shall be transferred to the respective funds of the Transferee Company suo motu.

8. TAXATION MATTERS

- 8.1 It is expressly clarified that upon the Scheme becoming effective, all taxes payable by the Transferor Companies on and after the Appointed Date shall be treated as the tax liability of the Transferee Company. Similarly, all credits for taxes including but not limited to tax deduction at source, minimum alternate tax and advance tax of the Transferor Companies shall be treated as credits for taxes of the Transferee Company.
- 8.2 All taxes of any nature, duties, cess or any other like payment or deductions made by the Transferor Companies to any statutory authorities such as income tax, sales tax, service tax, CENVAT, excise duty etc. or any tax deduction or collection at source, relating to the period after the Appointed Date but up to the Effective Date shall be deemed to have been on account of or paid on behalf of the Transferee Company and the relevant authorities shall be bound to transfer to the account of and give credit for the same to the Transferee Company upon the sanction of the Scheme and upon relevant proof and documents being provided to the said authorities.
- 8.3 Upon this Scheme becoming effective, the Transferee Company is also expressly permitted to revise its income tax, withholding tax, service tax, sales tax, value added tax, excise duty and any other statutory returns and filings under the tax laws, notwithstanding that the period of filing / revising such return may have lapsed and period to claim refund / advance tax and withholding tax credit, etc. also elapsed pursuant to the provisions of this Scheme. The Transferee Company shall be entitled to refund and / or set-off all amounts paid by the Transferor Companies under income tax, value added tax, service tax, excise duty or any other tax etc. or any other disputed amount under appeal, if any, upon this Scheme becoming effective.

9. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the assets, liabilities and obligations of the Transferor Companies as per this Scheme and the continuance of the proceedings by or against the Transferee Company under Clause 4 and Clause 5 hereof shall not affect any transaction or proceedings already concluded by the Transferor Companies on or before the Effective Date, to that end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Companies as acts, deeds and things done and executed by and on behalf of the Transferee Company.

10. CONDUCT OF BUSINESS TILL EFFECTIVE DATE

- 10.1 With effect from the Appointed Date and up to and including the Effective Date, the Transferor Companies shall be deemed to have been carrying on all business on account of and in trust for the Transferee Company. All profits accruing to the Transferor Companies or losses including tax losses, arising or incurred by the Transferor Companies for the period commencing from the Appointed Date and up to and including the Effective Date shall, for all purposes, be treated as the profits or losses, as the case may be, of the Transferee Company.
- 10.2 The Transferor Companies hereby confirm that it has, and shall continue upto the Effective Date, to preserve and carry on the business with diligence, prudence and that it will not, without the prior consultation with the Transferee Company, alienate, charge or otherwise deal with or dispose off any Undertaking or any part thereof or recruit any new employees (in each case except in the ordinary course of business) or conclude settlements with unions or employees or undertake substantial expansion to the Undertaking, other than expansions which have already commenced prior to the Appointed Date.

11. ALTERATION TO MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION OF TRANSFEREE COMPANY

11.1 Consolidation of Authorised Share Capital of the Transferor Companies

- 11.1.1 The authorised share capital of the Transferor Company 1 as specified in Clause 2.1 of 10,00,000 equity shares of Rs. 10/- each and that of the Transferor Company 2 as specified in Clause 2.2 of 10,00,000 equity shares of Rs. 10/- each, shall stand transferred to and combined with the authorised share capital of the Transferee Company and shall be re-classified into equity share capital and preference share capital as stated in para 11.1.2 without any further act or deed. The filing fees and stamp duty already paid by the Transferor Companies on their authorised share capital shall be deemed to have been so paid

by the Transferee Company on the combined authorised share capital and accordingly the Transferee Company shall not be required to pay any fees / stamp duty on the authorised share capital so increased. Upon sanction of this Scheme and from the date of this Scheme becoming effective, the authorised share capital of the Transferee Company shall automatically stand increased without any further act, instrument or deed on the part of the Transferee Company including payment of stamp duty and payment of fees payable to the Registrar of Companies, by the authorised share capital of the Transferor Companies.

- 11.1.2 Clause V of the Memorandum of Association of the Transferee Company and clause 4 of Article of Association of the Transferee Company relating to authorised share capital shall respectively, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Section 16, 31, 94 (corresponding notified section 13, 14, 61 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder) and Section 394 of the Act and other applicable provisions of the Act, as the case may be and be replaced with the following clause:

Clause V of Memorandum of Association of the Transferee .

The Authorised Share capital of the company is Rs. 26,31,00,000/- (Rupees Twenty Six Crore Thirty One Lakh only) divided into 2,42,10,000 (Two Crores Forty Two Lacs Ten Thousand) Equity shares of Rs. 10/- (Rupees Ten) each and 21,00,000 (Twenty One Lacs) 8% Non-Cumulative Redeemable Preference Share of Rs. 10/- (Rupees Ten) each with power to the Company to increase or reduce the capital of the Company and to divide the equity and preference shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force or as provided by the Articles of Association of the Company.

Clause 4 of Articles of Association of the Transferee Company

The Authorised Share capital of the company is Rs. 26,31,00,000/- (Rupees Twenty Six Crore Thirty One Lakh only) divided into 2,42,10,000 (Two Crores Forty Two Lacs Ten Thousand) Equity shares of Rs. 10/- (Rupees Ten) each and 21,00,000 (Twenty One Lacs) 8% Non-Cumulative Redeemable Preference Share of Rs. 10/- (Rupees Ten) each with power to the Company to increase or reduce the capital of the Company and to divide the equity and preference shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be for the time being provided by the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force or as provided by the Articles of Association of the Company.

11.2 Amendment to the Object Clause of the Transferee Company

- 11.2.1 Upon the Scheme becoming effective, the following clause shall be inserted in the Objects clause of the Memorandum of Association of the Transferee Company after clause 1:

- "1A. To carry on the business of manufacturers, buyers, sellers, importers and exporters of and dealers in capacitors including condensers, accumulators furnaces, isolators, dynamos, lamps, electric motors, switch boards, panels and all other kind of apparatuses, machines, equipments, articles and things required for or capable of being used in connection with the generation, accumulation, storage, supply and distribution of electricity or any other form of energy and also in electrical, mechanical, chemical industrial and consumer goods, wires, conductors, coppers, aluminum, steel reinforced or otherwise, cables, mains, pipes, flexible cords, paper or any other insulation.
- 1B. To carry on the business of electrical engineers, electricians, electrical contractors, jobbers, erectors and to carry on contracts and jobs in connection with all types of capacitors and to provide all types of goods, systems and services in relation to the same.
- 1C. To carry on the business of exporters, importers, buyers, sellers, traders, distributors, dealers, wholesalers, retailers, indenters, marketers, re-exporters of all types of materials such as dyes, dyestuff, chemicals, chemical compounds and elements of any kind (solid, liquid or gaseous) of all types, organic, inorganic, chemical products, intermediaries, solvents, fermentation products, synthetic chemicals, catalysts, laminates, polyethylene, pesticides, fungicides, herbicides, colouring chemicals, pigments, varnishes, paints, industrial chemicals and dyes, lacqueres, synthetic detergents, synthetic dyes and chemicals, insecticides, all kinds of footwear, footwear components, all kinds of leather goods and its products, readymade garments, sportswear, apparels, of all kinds, types and varieties thereof, canvas products, sports equipments, rubber products, nylon products, cotton woolen, silk, synthetic leather textile and garments, apparel thereof, textile auxiliaries, household and consumer products, electric, electric and electronic products and components, computers, computer soft and hardware components thereof, drugs, glassware, bulk drugs, laboratory equipments and in general export, import and trade in traditional and non-traditional items, and products of all kinds including industrial, agricultural, plantation, horticultural, products, all kinds of consumables, household commodities, cosmetics, medicines and hospital equipments, sports goods, machineries, equipments, steel and iron products, preservatives, paper and stationery, automobile parts, canned foods and its products, frozen food products, sea foods, of every kind and varieties, marine products, soft drinks,

syrups, dry fruits, spices, all kind of plantation and agricultural produce and seeds, horticultural produce, garden produce, vegetables, dairy and poultry produce and fruits, flowers, all types of audio, visual and sound equipments and products, all kinds of acids, salts, fertilisers, all kinds of mining products such as iron, pig iron, manganese, bauxites, soapstones, marbles and its products, gems, jewels, precious stones, all kinds of varieties and types of traditional and non-traditional handicrafts and handmade products and to act as an export house."

- 11.2.2 Upon the Scheme becoming effective, it is clarified that under the accepted principle of a single window clearance while approving the Scheme as a whole, shareholders of the Transferee Company have also resolved and accorded the relevant consents and approvals as required under section 17, 31, 94 and all other applicable provisions of the Act (corresponding notified section 13, 14, 61 and all other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder) for amendments provided hereinabove in the Memorandum and Articles of Association. It is also clarified that there will be no need to pass a separate shareholders' resolution whatsoever as required under any provisions of the Act for the same. Pursuant to this Scheme, the Transferee Company shall file the requisite forms with the concerned Registrar of Companies, if required for amending the Memorandum and Articles of Association in accordance with this clause of the Scheme.

12. ISSUE OF SHARES AND REORGANIZATION OF SHARE CAPITAL

12.1 Share Swap Ratio

- 12.1.1 As per the share swap ratio recommended by the Valuer, SSPA & Co., Chartered Accountants, upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the Undertaking of Transferor Companies to Transferee Company, the shareholders of the Transferor Companies should be allotted shares of Transferee Company as per below details:

Transferee Company shall, without any further application, act, instrument or deed, issue to the equity shareholders of the Transferor Company 1, whose names are registered in its register of members on the Record Date, or his/her/its heirs, executors or, as the case may be, successors:

- 97 (Ninety Seven) 8% Non Cumulative Redeemable Preference Share of Indokem Limited of INR Rs.10/- each, fully paid for every 25 (Twenty Five) Equity Shares of Indokem Exports Limited of INR Rs.10/- each fully paid up held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in the Transferor Company 1 (Indokem Exports Limited) on the Record Date;

Transferee Company shall, without any further application, act, instrument or deed, issue to the equity shareholders of the Transferor Company 2, whose names are registered in its register of members on the Record Date, or his/her/its heirs, executors or, as the case may be, successors:

- 349 (three hundred forty nine) 8% Non Cumulative Redeemable Preference Share of Indokem Limited of INR Rs.10/- each, fully paid for every 2 (Two) Equity Shares of Khatau Capacitors Private Limited of INR Rs.10/- each fully paid up held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in the Transferor Company 2 (Khatau Capacitors Private Limited) on the Record Date; 12.1.2 The Preference Shares of the Transferee Company issued to the members of the Transferor Companies in terms of Clause 12.1.1 above shall be subject to the provisions of Articles of Association of the Transferee Company.

- 12.1.2 The Preference Shares of the Transferee Company issued to the members of the Transferor Companies in terms of Clause 12.1.1 above shall be subject to the provisions of Articles of Association of the Transferee Company.

- 12.2 Shareholding of the Transferor Company 2, if any, in the Transferee Company on the Effective Date shall be cancelled without any further act or deed, in accordance with provisions of Section 100 to 103 of the Act and the order of the High Court sanctioning the Scheme shall be deemed to be also the order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either diminution of liability in respect of unpaid share capital or payment of paid up capital, and the provisions of Section 101 of the Act will not be applicable. Notwithstanding the reduction in the equity share capital of the Transferee Company, the Transferee Company shall not be required to add "And Reduced" as suffix to its name and the Transferee Company shall carry on its old name.

- 12.3 No fractional shares shall be issued by the Transferee Company. The Board of Directors of the Transferee Company shall consolidate all fractional entitlements, if any, arising due to issuance of shares pursuant to amalgamation of the Transferor Companies and allot new Preference Shares, in lieu thereof, to director(s) or such other authorized representative(s) as the Board of Directors of the Transferee Company shall appoint in this behalf, who shall hold the Preference Shares, issued by the Transferee Company in trust on behalf of the members entitled to fractional entitlements with the express understanding that such director(s) or such other authorized representative(s) shall sell the same in the market at such time or times and at such price or prices and to such person or persons, as he / they may deem fit and pay to the Transferee Company, the net sale proceeds thereof, whereupon the Transferee Company shall distribute such net sale proceeds, subject to taxes, if any, to the said members in proportion to their respective fractional entitlements. The Board of Directors of the Transferee Company, if it deems necessary, in the interests of allottees, approve such other method in this behalf as it may, in its absolute discretion, deem fit.

12.4 The approval of this Scheme by the shareholders of the Transferee Company shall be deemed to be due compliance of the provisions of Section 81(1A) (corresponding notified section 62(1)(c) and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder) and other relevant and applicable provisions of the Act for the issue and allotment of Preference Shares by the Transferee Company to the shareholders of the Transferor Companies, as provided in this Scheme.

12.5 The Preference Shares to be issued as per Clause 12.1.1 shall be issued in dematerialized form to those equity shareholders who hold the shares of the Transferor Companies, provided all details relating to account with depository participant are available with the Transferee Company. Equity shareholders holding shares of the Transferor Companies in physical form shall be issued Preference Shares in the Transferee Company in physical or electronic form, at the option of such shareholders to be exercised by them on or before the Record Date, by giving a notice in writing to the Transferee Company. Such physical Preference Share certifications (if any), shall be sent by the Transferee Company to the equity shareholders of the Transferor Companies at their respective registered addresses as appearing in the register of members maintained by the Transferor Companies as of record date with respect to their shareholders (or in case of joint shareholders – to the address of that one of the joint shareholders whose name stands first in such register of members in respect of such joint shareholding) and the Transferee Company shall not be responsible for any loss in transit.

13. ACCOUNTING TREATMENT

Upon the Scheme becoming effective, the Transferee Company shall account for the Amalgamation in its books of accounts with effect from the Appointed Date as per the "Purchase Method" as described in Accounting Standard – 14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India, such that:

13.1. The Transferee Company shall record the assets and liabilities of the Transferor Companies vested in it pursuant to this Scheme, at the respective book values thereof as appearing in the books of the Transferor Companies on the Appointed Date.

13.2. To the extent that there are inter-corporate loans, deposits or balances or other obligations (if any) inter se between the Transferor Companies or between the Transferor Companies and the Transferee Company, the obligation in respect thereof will come to an end and corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of any assets or liabilities as the case may be and there would be no accrual of interest or any other charges in respect of such inter-company loans, deposits or balances, with effect from the Appointed Date.

13.3. Investment in the share capital of the Transferee Company, if any, held by the Transferor Companies and/or vice-versa, if any, and inter se investments of Transferor Companies, if any, shall stand cancelled and the same would be adjusted in the Capital Reserve Account.

13.4. The Transferee Company shall credit to the Preference Share Capital Account in its books of account, the aggregate face value of Preference Shares, issued to the shareholders of Transferor Companies pursuant to Clause 12.1.1 of this Scheme.

13.5. The difference in the value of the assets over the value of the liabilities of the Transferor Companies to be vested in the Transferee Company pursuant to this Scheme and issue of shares as per Clause 12.1.1 of this Scheme, shall be credited by Transferee Company to "Capital Reserve" or debited to "Goodwill", as the case may be.

13.6. In case of any difference in accounting policy between the Transferor Companies and the Transferee Company, the impact of the same till the Appointed Date would be adjusted in accordance with Accounting Standard – 5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies" to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.

14. DISSOLUTION OF THE TRANSFEROR COMPANY

Upon the Scheme being effective, the Transferor Companies shall stand dissolved without winding up pursuant to the provisions of Section 394 of the Act.

PART III: GENERAL TERMS AND CONDITIONS

15. APPLICATIONS TO HIGH COURT

The Transferor Companies and the Transferee Company shall, with all reasonable dispatch, make necessary applications / petitions to the High Court for sanctioning this Scheme and all matters ancillary or incidental thereto under Sections 391 to 394 of the Act and other applicable provisions of the Act.

16. MODIFICATIONS OR AMENDMENTS TO THE SCHEME

16.1 The Transferor Companies and the Transferee Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize including any committee or sub-committee thereof, may make and / or consent to any modifications / amendments to the Scheme or to any conditions or limitations that the High Court or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. The Transferor Companies and the Transferee Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize including any committee or sub-committee

thereof, shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and / or any matter concerned or connected therewith. In case, post approval of the Scheme by the High Court, there is any confusion in interpreting any clause of this Scheme, or otherwise, Board of Directors of the Transferee Company will have complete power to take the most sensible interpretation so as to render the Scheme operational.

16.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Board of Directors of the Transferee Company may give and are hereby authorised to determine and give all such directions as are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

17. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS

The Scheme is and shall be conditional upon and subject to the following:

17.1 The requisite consent, approval or permission of any statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme;

17.2 The Scheme being approved by respective requisite majorities in numbers and value of such classes of persons including the member and creditors of the companies as may be directed by the High Court and / or any other competent authority as may be applicable;

17.3 Approval and agreement by the public shareholders of the Transferee Company through resolution passed through postal ballot and e-voting (after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution), and that the votes cast by public shareholders in favor of the proposal are more than the number of votes cast by public shareholders against it in accordance with the SEBI Circular no. CIR/CFD/DIL/5/2013 issued on February 04, 2013 and SEBI Circular no. CIR/CFD/DIL/8/2013 issued on May 21, 2013 subject to modification, if any, in accordance with any subsequent circulars and amendment that may be issued by SEBI from time to time.

17.4 The Scheme being sanctioned by the High Court and / or any other competent authority, as may be applicable under Section 391 to 394 of the Act; and

17.5 Certified Copies of the Order of the High Court or such other competent authority, as may be applicable, sanctioning this Scheme being filed with the Registrar of Companies, Maharashtra at Mumbai.

18. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

In the event of any of the said sanctions and approvals referred to in Clause 17 above not being obtained and / or complied with and / or satisfied and / or this Scheme not being sanctioned by the High Court and / or order or orders not being passed as aforesaid, this Scheme shall stand revoked, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se between the Transferor Companies and the Transferee Company or their respective shareholders or creditors or employees or any other person and save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, each party shall bear its own costs unless otherwise mutually agreed.

19. COSTS

All costs, charges and expenses including stamp duty and registration fee of any deed, document, instrument or High Court's order, if any, including this Scheme or in relation to or in connection with negotiations leading upto the Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of arrangement in pursuance of this Scheme shall be borne and paid by the Transferee Company.

ANNEXURE

Terms of 8% Non-cumulative Redeemable Preference Shares of Rs. 10/- ("Preference Shares") each to be issued pursuant to the Scheme of Amalgamation and Arrangement

Face Value

The face value of the Preference Shares is Rs.10/- per share.

Preference Shareholders' Entitlement To Vote

Preference Shareholders shall be entitled to vote only on resolutions which directly affect the rights attached to the Preference Shares.

Dividend

The Preference Shares shall carry a fixed rate of dividend at 8% on the face value of the Preference Shares. The dividend shall be due annually.

Ranking

- a) The Preference Shares shall rank paripassu inter se without any preference or priority of one over the other or others of them.
- b) The Preference Shares shall rank senior to all other classes of Preference Shares (if any) currently existing or established hereafter, with respect to (a) dividend distributions and (b) repayment of capital and redemption premium upon a Liquidation Event with respect to the Company.

Redemption

The Preference Shares shall be redeemable within 3 years and such term may be altered at the mutual and express consent of Indokem Limited and the Preference shareholders. The Preference Shares shall anyways be redeemable within a maximum period of 20 years from the date of its issuance. The Preference Shares would be redeemed at face value. However, in case no dividend has been paid on such Preference Shares for its duration, the Preference Shares will be redeemed at a premium such that the Preference Shareholders earn a compounded rate of return of 8% over the period for which it has remained outstanding.

Transfer of Preference Shares

The Preference Shares shall be transferable and transmittable in the same manner and to the same extent and be subject to the same restrictions and limitations as in the case of the equity shares of the Company and as per the provisions of the Companies Act, 1956 and/or the Companies Act, 2013, as applicable, and the Articles of Association.

—XXXX—

The Company Secretary
Indokem Limited
Khatou House,
Mogul Lane,
Plot No 410 / 411,
Kandhlim - 400 016
Dear Sir / Madam,

Sub: Observation letter regarding the Scheme of Amalgamation & Arrangement between Indokem Ltd, Indokem Exports Ltd & Khatou Capacitors Private Ltd.

We are in receipt of Scheme of Amalgamation & Arrangement between Indokem Ltd, Indokem Exports Ltd & Khatou Capacitors Private Ltd.

As required under SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI vide its letter January 23, 2015 has inter alia given the following comment(s) on the draft scheme of arrangement:

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

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

- **To duly comply with various provisions of the circulars.**

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

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

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

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

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

Yours faithfully,


Nisha Pajari
Manager


Pooja Sanghvi
Asst. Manager

Indokem Limited

(CIN NO. : L31300MH1964PLCO13088)

Registered Office :
 'KHATAU HOUSE', Ground Floor,
 Poojil Lane, Mahim (West),
 Mumbai - 400 016.

Phone : 61236767
 Fax : 61236718
 Website : www.indokem.co.in

COMPLAINT REPORT AS SEBI CIRCULAR NO. CIR/CFD/DIL/5/2013 DATED FEBRUARY 4, 2013

Part A

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

Part B

Sr. No.	Name of complainant	Date of Complaint	Status (Resolved/pending)
NIL			

For **INDOKEM LIMITED**

[Signature]
 Chairman & Managing Director

FORTRESS

STRICTLY PRIVATE & CONFIDENTIAL

August 14, 2014

To,

The Board of Directors
Indokem Limited
Khatau House, Plot No 410 & 411,
Mogul Lane, Mahim,
Mumbai - 400 016

The Board of Directors
Indokem Exports Limited
Khatau House, Plot No 410/411,
Mogul Lane, Mahim,
Mumbai - 400 016

The Board of Directors
Khatau Capacitors Private Limited
Khatau House, Plot No 410/41,
Mogul Lane, Mahim,
Mumbai - 400 016

Sub: Fairness Opinion in connection with the proposed amalgamation of Indokem Exports Limited and Khatau Capacitors Private Limited with Indokem Limited under a Scheme of Amalgamation

Dear Sirs,

We refer to our discussion wherein the Management of Indokem Limited (hereinafter referred to as "Indokem"), has requested Fortress Capital Management Services Private Limited ("us") to give a fairness opinion on the on the valuation carried out by M/s SSPA & Co., Chartered Accountants ("Valuer") in connection with the proposed amalgamation of Khatau Capacitors Private Limited (hereinafter referred to as "Khatau Capacitors") and Indokem Exports Limited (hereinafter referred to as "Indokem Exports") (hereinafter collectively referred to as the "Companies") into Indokem Limited.

1. BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

1.1 Indokem Limited (hereinafter referred to as "Indokem") is engaged in the business of processing and trading of textile dyes and chemicals which are used in the textile



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FORTRESS

Industry. The equity shares of Indokem are listed on BSE Limited. Indokem holds ~16.67% of the equity capital of Indokem Exports.

- 1.2 Indokem Exports Limited (hereinafter referred to as "Indokem Exports"), is engaged in the business of manufacturing and dealing in textile dyes and chemicals.
- 1.3 Khatau Capacitors Private Limited (hereinafter referred to as "Khatau Capacitors") is engaged in the business of manufacturing and dealing in electrical capacitors. Khatau Capacitors holds ~50% of the equity share of Indokem Exports and ~3.93% in Indokem.
- 1.4 We have been informed that Management is considering a proposal for amalgamation of Indokem Exports and Khatau Capacitors with Indokem with effect from appointed date of April 1, 2014.
- 1.5 We have been informed by the Management that Indokem intends to discharge the consideration for amalgamation through issue of 8% Non-Cumulative Redeemable Preference Shares (hereinafter referred to as "NCRPS") of INR 10 each to Equity Shareholders of Khatau Capacitors and Indokem Exports.
- 1.6 In this regard SSPA & Co., Chartered Accountants ("Valuer"), was appointed by Indokem to issue a valuation report in connection with the proposed amalgamation.
- 1.7 Accordingly, Indokem has appointed us to give a fairness opinion on valuation report issued by Valuer and scheme of amalgamation in connection with the proposed amalgamation.
- 1.8 The information contained in our report herein is confidential. It is intended only for the sole use of captioned purpose including for obtaining the requisite statutory approvals.

2. SOURCES OF INFORMATION

For the purposes of this exercise, we have relied upon the following sources of information:

- (a) Management Certified Financial Statements of Khatau Capacitors and Indokem Exports for the financial year ended March 31, 2014.
- (b) Draft Scheme of Amalgamation and Arrangement.



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FORTRESS

- (c) Other relevant details regarding the Companies such as their history, their promoters, past and present activities, existing shareholding pattern and other relevant information and data including information in the public domain.
- (d) Valuation Report dated August 14, 2014 of the Valuer
- (e) Such other information and explanations as we required and which have been provided by the Management.

8. EXCLUSIONS AND LIMITATIONS

- 3.1 Our conclusion is based on the information furnished to us being complete and accurate in all material respects. We have relied upon the historical financials and the information and representations furnished to us without carrying out any audit or other tests to verify its accuracy with limited independent appraisal.
- 3.2 We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the companies.
- 3.3 Our work does not constitute verification of historical financials or including the working results of the Companies referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.
- 3.4 Our opinion is not intended to and does not constitute a recommendation to any shareholders as to how such shareholder should vote or act in connection with the Scheme or any matter related therein.
- 3.5 Our liability (statutory or otherwise) for any economic loss or damage arising out of the rendering this Opinion shall be limited to amount of fees received for rendering this Opinion as per our engagement with Indokem.
- 3.6 Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed amalgamation with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.
- 3.7 We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.
- 3.8 We do not express any opinion as to the price at which shares of the Resulting Company may trade at any time, including subsequent to the date of this opinion.



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FORTRESS

3.9 This certificate has been issued for the sole purpose to facilitate the Company to comply with clause 24(f) and 24(h) of the Listing Agreement and SEBI Circular No CIR/CFD/DIL/5/2013 dated 4 February 2013 and CIR/CFD/DIL/8/2013 dated 21 May 2013 and it shall not be valid for any other purpose.

4. VALUATION METHODOLOGY ADOPTED BY THE VALUER

The Valuer has adopted "Underlying Asset" approach to carry out valuation and determine share exchange ratio for issue of 8% Non-Cumulative Redeemable Preference Shares (hereinafter referred to as "NCRPS") of INR 10 each to equity shareholders of Indokem Exports and Khatau Capacitors.

5. CONCLUSION

5.1 We have reviewed the Scheme of Amalgamation and methodology adopted by Valuer along with the underlying assumptions for arriving at the exchange ratio for shares.

5.2 On the basis of the foregoing and based on the information and explanation provided to us, in our opinion, the proposed amalgamation and share exchange ratio of,

97 (Ninety Seven) 8% Non Cumulative Redeemable Preference Share of Indokem of INR 10 each fully paid up for every 25 (Twenty Five) Equity share of Indokem Exports of INR 10 each fully paid up

349 (Three hundred forty nine) 8% Non Cumulative Redeemable Preference Share of Indokem of INR 10 each fully paid up for every 2 (Two) Equity share of Khatau Capacitor of INR 10 each fully paid up

is fair and reasonable.

Thanking you,

Yours faithfully,
For Fortress Capital Management Services Pvt. Ltd.

Hiten M. Joshi
Authorized Signatory



Place: Mumbai

SEBI Registration No.: INM000011146

CERTIFIED TRUE-COPY

[Signature]
Chairman & Managing Director

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO. 288 OF 2015

In the matter of Companies Act, 1956 (1 of 1956) or any corresponding provisions of the Companies Act, 2013;

AND

In the matter of Sections 391 to 394 read with Section 100 to 103 of the Companies Act, 1956 or any corresponding provisions of the Companies Act, 2013

AND

In the matter of Scheme of Amalgamation and Arrangement between Khatau Capacitors Private Limited and Indokem Exports Limited and Indokem Limited and their respective Shareholders

INDOKEM LIMITED, a company incorporated under the provisions of the Companies Act, 1956 having its registered office at Khatau House, Plot No. 410/411, Mogul Lane, Mahim (West), Mumbai – 400 016, Maharashtra }
} Applicant Company

FORM OF PROXY

I/We, the undersigned Equity Shareholder(s) of Indokem Limited, the Applicant Company do hereby appoint of or failing him/her of as my/our proxy, to act for me/us at the meeting of the Equity Shareholders of the Applicant Company to be held at Khatau House, Plot No. 410/411, Mogul Lane, Mahim (West), Mumbai – 400016, Maharashtra, on Thursday, 30th day of April, 2015 at 11.00 AM for the purpose of considering and if thought fit, approving, with or without modification(s) the arrangement embodied in the proposed Scheme of Amalgamation and Arrangement between Khatau Capacitors Private Limited and Indokem Exports Limited and Indokem Limited and their respective Shareholders ('the proposed Scheme'), at such meeting and any adjournment/ adjournments thereof, to vote for me/us and in my/our name(s) (here if 'for' insert 'FOR'; if 'against' insert 'AGAINST', in the latter case, strike out the words "either with or without modification" after the word "Arrangement") the arrangement embodied in the proposed Scheme, either with or without modification(s), as my/our proxy may approve.

[Strike out what is not necessary]

Dated this ____ day of _____ 2015

Name of Equity Shareholder (s): _____

Address: _____

Registered Folio No.: _____ (For Physical holding)

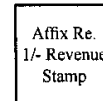
DPID & Client ID : _____ (For Demat holding)

No. of Shares : _____

Signature across the stamp

Notes:

- (1) Please affix Re. 1/- revenue stamp before putting signature.
- (2) THE FORM OF PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE APPLICANT COMPANY, KHATAU HOUSE, PLOT NO. 410/411, MOGUL LANE, MAHIM (WEST), MUMBAI – 400016, MAHARASHTRA, AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (3) THE PROXY NEED NOT BE A MEMBER OF THE APPLICANT COMPANY.
- (4) All alterations made in the Form of Proxy should be initialed.
- (5) In case of multiple proxies, the proxy later in time shall be valid and accepted.



INDOREM LIMITED

Registered Office: Khatau House, Plot No. 410/411, Mogul Lane, Mahim (West), Mumbai – 400016, Maharashtra.

ATTENDANCE SLIP

**PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.
NAME AND ADDRESS OF THE EQUITY SHAREHOLDER (in block letters):**

NAME AND ADDRESS OF THE PROXY (in block letters, to be filled in by the proxy attending instead of the Equity Shareholder):

I hereby record my presence at the meeting of the Equity Shareholders of the Applicant Company, convened pursuant to the Order dated 20th March, 2015 of the Hon'ble High Court of Judicature of Bombay at Khatau House, Plot No. 410/411, Mogul Lane, Mahim (West), Mumbai – 400016, Maharashtra on Thursday, 30th day of April, 2015 at 11.00 a.m.

Reg. Folio No.: _____ (for Physical holding)

DPID & Client ID: _____ (for Demat holding)

No. of Equity Shares: _____

Signature of the Equity Shareholder/Proxy

NOTE:

1. Interested joint members may obtain attendance slips from the Registered Office of the Applicant Company.
2. Members/joint members/proxies are requested to bring this slip with them. Duplicate slips will not be issued at the entrance of the venue of the meeting.
3. Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.
4. The proxy form must be deposited so as to reach the Registered Office of the Applicant Company not less than FORTY-EIGHT HOURS BEFORE THE TIME OF THE meeting.
5. Equity shareholders/Proxies are requested to bring with them a copy of the scheme of arrangement while attending the meeting.

Registered Post

If undelivered please return to:

Registered Office:

Khatau House, Plot No. 410/411,

Mogul Lane, Mahim (West),

Mumbai - 400016

ANNEXURE-A
INSTRUCTIONS FOR VOTING

Kindly note that each Equity Shareholder can opt for only one mode for voting i.e. either by Physical Ballot or by E-voting. If you opt for E-voting, then please do not vote by Physical Ballot and vice versa. In case Member(s) casting their vote via both modes i.e. Physical Ballot as well as E-voting, then voting done through physical postal ballot shall prevail and e-voting of that member shall be treated as invalid.

VOTING THROUGH POSTAL BALLOT

The detailed procedure is as under:

1. A Shareholder desiring to exercise vote by Postal Ballot may complete this Postal Ballot Form (no other form or photocopy thereof is permitted) and send it to the Scrutinizer, Mrs. Samita Tanksale, Practicing Company Secretary having Membership No. A26044; in the enclosed self-addressed business reply envelope. Postage will be borne and paid by the Applicant Company. However, envelopes containing Postal Ballot Form(s), if deposited in person or if sent by courier or registered/speed post at the expense of the Shareholder will also be accepted.
2. The self-addressed business reply envelope bears the name and postal address of the Scrutinizer appointed by the Board.
3. The Postal Ballot Form should be completed and signed by the Member. Any unsigned Postal Ballot Form will be rejected.
4. This Form should be completed and signed by the Shareholder (as per the specimen signature registered with the Applicant Company/ Depository Participants). In case of joint holding, this Form should be completed and signed by the first named Shareholder and in his absence, by the next named Shareholder. A member may sign the Postal Ballot Form through an Attorney; in such case certified true copy of the Power of Attorney should be attached to the Postal Ballot Form.
5. Duly completed Postal Ballot Form should reach the Scrutinizer not later than close of working hours i.e. 5.30 p.m. on Thursday, 30th April, 2015. All Postal Ballot Forms received after this date will be strictly treated as if the reply from such Shareholder has not been received.
6. There will be only one Postal Ballot Form for every Folio/Client ID irrespective of the number of joint Shareholder(s).
7. Assent or dissent to the proposed resolution may be recorded by placing a tick mark (v) in the appropriate column. Postal ballot form bearing (v) mark in both the column will render the form invalid.
8. In case of shares held by companies, trusts, societies etc. the duly completed Postal Ballot Form should be accompanied by a certified true copy of Board Resolution/Authority Letter.
9. A Shareholder may request for a duplicate Postal Ballot Form, if so required. However, the duly completed duplicate Postal Ballot Form should reach the Scrutinizer not later than the last date of receipt of Postal Ballot Form, i.e., close of working hours i.e. 5.30 p.m. on Thursday, 30th April, 2015.
10. Voting rights shall be reckoned on the paid up value of shares registered in the name of the Shareholders as on cut-off date i.e. 27th March, 2015.
11. Shareholders are requested not to send any other paper along with the Postal Ballot Form in the enclosed self-addressed business reply envelope, as all such envelopes will be sent to the Scrutinizer and any extrapaper found in such envelope would be destroyed by the Scrutinizer.
12. A Shareholder need not use all the votes nor does he need to cast all the votes in the same way.
13. The Scrutinizer's decision on the validity of a Postal Ballot will be final and binding.
14. Incomplete, unsigned or incorrect Postal Ballot Forms will be rejected.
15. The result of the Postal Ballot will also be posted on the website of the Applicant Company www.indokem.co.in and also in the newspaper(s) for the information of the Shareholders.
16. The Applicant Company is pleased to offer e-voting facility as an alternate, for all the Shareholders of the Company to enable them to cast their votes electronically instead of dispatching Postal Ballot Form. E-voting is optional.

VOTING THROUGH E-VOTING

The Company is pleased to offer E-voting facility as an alternate mode of voting, for its Equity Shareholders, to enable them to cast their votes electronically instead of dispatching Postal Ballot Form. The procedure and instructions for the same are as follows:

- (i) The voting period begins on 27th April, 2015 (9.00 am) and ends on 29th April, 2015 (5.00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 27th March, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none">• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.• In case the sequence number is less than 8.digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none">• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv)

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant "Indokem Limited" on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.