



## INFORMATION MEMORANDUM

# CHEMFAB ALKALIS LIMITED

(Formerly known as TEAMEC CHLORATES LIMITED)

Our Company was incorporated as a public limited company with the name Teamec Chlorates Limited (Now known as Chemfab Alkalis Limited after effecting Name Change w.e.f.,21.07.2017) and received the certificate of incorporation dated May 6, 2009 under the Companies Act, 1956.

Our Company obtained the Certificate of Commencement of Business on May 9, 2009 from the Registrar of Companies, Tamilnadu, Chennai, Andaman and Nicobar Islands.

The Name of the Company was changed as per the Scheme of Amalgamation approved by the NCLT Order dated 30.03.2017 from “Teamec Chlorates Limited” to “Chemfab Alkalis Limited” w.e.f., 21.07.2017 vide the Certificated issued by the Registrar of Companies, Chennai dated 21.07.2017.

For further details please see section titled “History and Certain Corporate Matters” on page 9.

**Registered Office: Team House, GST Salai, Vandalur, Chennai – 600 048**

Tel: +91 [44 22750323]; Fax: +91 [44 22750323]

Email: [chemfabalkalis@draaholdings.com]

Website: [www.chemfabalkalis.com]

Contact Person: Mr. G Somasundaram, [Company Secretary]

Our Promoters: Mr Suresh Krishnamurthi Rao, Mrs K M Padma, Titanium Equipment and Anode Manufacturing Company Limited, Dr Rao Holdings Pte. Ltd., Mr J Venkataraman and Mr N Ramachandran.

**INFORMATION MEMORANDUM FOR LISTING OF [13830504\*] EQUITY SHARES OF 10/- EACH BY THE COMPANY PURSUANT TO THE SCHEME OF ARRANGEMENT**

**NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM**

### GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest in the equity shares of Teamec Chlorates Limited (Now known as Chemfab Alkalis Limited after effecting Name Change w.e.f.,21.07.2017) unless they can afford to take the risk of losing part or all of their investment. Investors are advised to read the Risk Factors on page 8 of this Information Memorandum carefully before taking an investment decision in the shares of Teamec Chlorates Limited (Now known as Chemfab Alkalis Limited after effecting Name Change w.e.f.,21.07.2017). For taking an investment decision, investors must rely on their own examination of the Company including the risks involved

#### ISSUER'S ABSOLUTE RESPONSIBILITY

Teamec Chlorates Limited (**Now known as Chemfab Alkalis Limited after effecting Name Change w.e.f.,21.07.2017**) having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to Teamec Chlorates Limited(**Now known as Chemfab Alkalis Limited after effecting Name Change w.e.f.,21.07.2017**) , which is material in the context of the issue of shares pursuant to the scheme, that the information contained in this Information Memorandum are true and correct in all material aspects and are not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

#### LISTING

The Equity Shares of Teamec Chlorates Limited (**Now known as Chemfab Alkalis Limited after effecting Name Change w.e.f.,21.07.2017**) are proposed to be listed on the National Stock Exchange of India Limited (NSE) and the BSE Limited (BSE). BSE has been appointed as the designated stock exchange. The Company has submitted this Information Memorandum with BSE and NSE. The Information Memorandum would also be made available on the websites of BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://www.nseindia.com))

#### REGISTRAR AND TRANSFER AGENT

**Cameo Corporate Services Limited having its Office at "Subramanian Building", V Floor, 1, Club House Road, Chennai 600 002.**

Tel: +91 [44 28460390 (5 Lines\*); Fax: +91 [44 28460129\*]

**Email: [cameo@cameoindia.com \*] Website: [\*www.cameoindia.com]**

**Contact Person: Mr. Narasimhan, Deputy Manager\***

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## I. GENERAL

### DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Information Memorandum and references to any statute or regulations or policies shall include amendments thereto or reenactment thereof, from time to time:

Term	Description
TCL or “Company” or “ Our Company” or “we” or “us” or “Our” or “Transferee Company”	Teamec Chlorates Limited ( <b>Now known as Chemfab Alkalis Limited after effecting Name Change w.e.f.,21.07.2017</b> ), a Public Limited Company having its Registered Office at Team House, GST Salai, Vandalur, Chennai – 600 048
CAL or “Transferor Company”	Chemfab Alkalis Limited, a Public Limited Company having its registered office at Team House, GST Salai, Vandalur, Chennai – 600 048

### Conventional and General Terms

Term	Description
Act / Companies Act	The Companies Act, 2013 as modified and amended and/or such other provisions of the Companies Act, 1956, to the extent applicable.
Articles /Articles of Association	Articles of Association of the Company
Appointed Date	April 1, 2014
Auditors	The Statutory Auditors of TCL are Deloitte Haskins and Sells LLP
Board of Directors / Board	The Board of Directors of the Company
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
Designated Stock Exchange	The designated stock exchange shall be BSE
Equity Share(s) or Share(s)	Equity Share of the Company having a face value of ` Rs.10 unless otherwise mentioned specified in the context thereof
HUF	Hindu Undivided Family
Information Memorandum	This document filed with the Stock Exchanges is known as and referred to as IM the Information Memorandum.
I. T. Act	The Income Tax Act, 1961, as amended from time to time, except as stated Otherwise

Memorandum/ Memorandum of Association	Memorandum of Association of the Company
NSDL	National Securities Depository Ltd.
NSE	National Stock Exchange of India Limited
Promoters	Mr Suresh Krishnamurthi Rao Mrs K M Padma Titanium Equipment and Anode Manufacturing Co. Ltd. Dr. Rao Holdings Pte. Ltd. Mr J Venkataraman Mr N Ramachandran
Record date	[26.05. 2017
Registrar and Transfer Agents	[*] <b>Cameo Corporate Services Limited</b>
Scheme of Amalgamation or “The Scheme”	Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956 and Sections 230 to 232 and other applicable provisions under the Companies Act, 2013
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time Time
SEBI (ICDR) Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time amended from time to time
SEBI Listing Regulations	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time
SICA	Sick Industrial Companies (Special Provisions) Act, 1995.
Stock Exchanges	Shall refer to the NSE and BSE where equity shares of the TCL are proposed to be listed be listed.

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in “**Main Provisions of Articles of Association of the Company**”, shall have the meanings given to such terms in that section.

## **CERTAIN CONVENTIONS, USE OF MARKET DATA**

Unless stated otherwise, the financial data in this Information Memorandum is derived from our financial statements prepared in accordance with Indian GAAP. Our last financial year commenced on April 1, 2016 and ended on March 31, 2017. In this Information Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

All references to “India” contained in this Information Memorandum are to the Republic of India. All references to “Rupees” or “paisa” are to Indian Rupees, the official currency of the Republic of India.

For additional definitions, please see the section titled “Definitions, Abbreviations and Industry Related Terms” of this Information Memorandum.

Unless stated otherwise, industry data used throughout this Information Memorandum has been obtained from the published data and industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Information Memorandum is reliable, it has not been independently verified.

The information included in this Information Memorandum about various other Companies is based on their respective Annual Reports and information made available by the respective companies.

## **FORWARD LOOKING STATEMENTS**

We have included statements in this Information Memorandum, that contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions that are “forward-looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results and property valuations to differ materially from those contemplated by the relevant statement.

Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India and other countries;
- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- Changes in the value of the Rupee and other currency changes;
- Changes in Indian or international interest rates;
- Changes in laws and regulations in India;

- Changes in political conditions in India; and
- Changes in the foreign exchange control regulations in India.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” on page 8 of this Information Memorandum. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Industry” and “Business”.

We do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.



## II. RISK FACTORS

*An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Information Memorandum, including the risks and uncertainties described below. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.*

### 1. Risk (internal and external) envisaged by the management

The performance and profitability of our products depend on the power cost as they directly affect the overall costs and realizations

Competition from International and other Indian manufacturers which can put price pressure and impact the company's overall business

Any economic downturn / recession or unforeseen events like floods can dampen business.

### 2. Proposal to address the risks

The Company is continuously working towards building a cost competitive manufacturing set-up, so as to ensure that for all possible risks as can be envisaged, ways and means to mitigate the same are being continuously pursued.

Sourcing of Power through open access; feasibility of setting up a Power Plant and adoption of newer technologies, so as to reduce the consumption of power, are some of the steps being pursued on a continuous basis, so as to ensure the overall Power cost does not increase significantly.

The Marketing strategies are so adopted so as to ensure we get the maximum realization for our products. The focus on our prime market area, so that we are more competitive , considering the logistics involved, adopting a dynamic pricing policy and bifurcating the orders into long and short term contracts, depending upon market conditions so as to ensure we do not miss out on opportunities for getting higher realization are some of the steps adopted for ensuring the realization are not compromised at any time.

Continuous and preventive maintenance of the Plant are done regularly and it is ensured that the safety and running of the Plant are carried out in the most efficient manner, without any loss of production on account of down time.

### III. SUMMARY

#### GENERAL INFORMATION

Our Company was incorporated on May 6, 2009 under the Companies Act, 1956 as a public limited company under the name and style of Teamec Chlorates Limited (**Now known as Chemfab Alkalis Limited after effecting Name Change w.e.f.,21.07.2017**) . The certificate of commencement of business was issued to the Company on May 9, 2009 by the Registrar of Companies, Tamilnadu, Chennai, Andaman and Nicobar Islands.

The Registered Office of the Company is situated at Team House, GST Salai, Vandalur, Chennai – 600 048. Since incorporation the Company is under jurisdiction of the Registrar of Companies, Tamilnadu, Chennai, Andaman and Nicobar Islands.

**The Name of the Company was changed as per the Scheme of Amalgamation approved by the NCLT Order dated 30.03.2017 from “Teamec Chlorates Limited” to “Chemfab Alkalis Limited” w.e.f., 21.07.2017 vide the Certificated issued by the Registrar of Companies, Chennai dated 21.07.2017**

**Corporate Identity Number:** U24290TN2009PLC071563

Registered & Corporate Office:

Registered Office:

Team House, GST Salai, Vandalur,  
Chennai-600 048.

Tel: +91 [44 22750323]

Fax: +91 [44 22750323]

Email: [chemfabalkalis@draaholdings.com]

Website: [www.chemfabalkalis.com](http://www.chemfabalkalis.com)

#### Factories:

1. Chlor Alkali Factory  
“Gnanananda Place”, Kalapet, Puducherry 605014.  
Tel: +91 [413 2655111]  
Fax: +91 [413 2655125]  
Email: [chemfabalkalis@draaholdings.com]  
Website: [URL:www.chemfabalkalis.com](http://www.chemfabalkalis.com)
2. Sodium Chlorate Factory  
Plot No.558 & 559  
APIIC Growth Centre Gundlapalli (Village)  
Maddipau (Mandal) Prakasam (Dist.)-523211  
Andhra Pradesh  
Tel: +91 [8593 202352 / 356]  
Fax: +91 [44 22750771\*]  
Email: [chemfabalkalis@draaholdings.com]

3. Salt Division  
 Kanthadu Village,  
 Tindivanam Taluk, Villupuram District  
 Mariyur Salai, Sayalkudi, Ramnad District

**Board of Directors:**

The Board of Directors as on the date of filing of the Information Memorandum

Name	Designation
Mr. Cittur Sundar Rao Ramesh	Additional Director
Mr. Suresh Krishnamurthi Rao	Additional Director
Mrs. Drushti Rahul Desai	Additional Director
Mrs. Sujatha Jayarajan	Additional Director
Mr. Tyagarajan Ramabadran	Additional Director
Mr. Janakiraman Ananthanarayanan	Additional Director
Mr. R Mahendran	Director

**Address of the Registrar of Companies:** ROC – Chennai , 2nd FLOOR, SHASTRI BHAWAN, 26, HADDOWS ROAD, CHENNAI - 600006

**Authority of Listing**

The Hon'ble National Company Law Tribunal, Division Bench, Chennai, vide its order dated March 30, 2017, has approved the Scheme of Arrangement and Amalgamation inter-alia providing for the amalgamation of Chemfab Alkalis Limited with Teamec Chlorates Limited (**Now known as Chemfab Alkalis Limited after effecting Name Change w.e.f.,21.07.2017**). For more details relating to the scheme of amalgamation, please refer to the Section titled "**Scheme of Amalgamation**" on page 37. In accordance with the Scheme for Amalgamation, all property, rights and powers of the Transferor Company and all liabilities and duties of CCAL stands transferred to and vested into TCL, w.e.f. April 1, 2014 (the Appointed Date under the Scheme) pursuant to Section 232 of the Companies Act, 2013.

In accordance with the said scheme, the Equity shares of the Company issued pursuant to the Scheme shall be listed and admitted to trading on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). Such listing and admission for trading is not automatic and will be subject to fulfillment by the Company of listing criteria of NSE and BSE in this regard and also subject to such other terms and conditions as may be prescribed by NSE and BSE at the time of the application by the Company seeking listing.

## **Eligibility Criterion**

There being no initial public offering or rights issue, the eligibility criteria of SEBI (ICDR) Regulations 2009 are not applicable. However, SEBI vide its Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended, has, subject to certain conditions, permitted an unlisted company to seek relaxation from the strict enforcement of clause (b) to sub-rule (2) of Rule 19 of the Securities Contracts (Regulation) Rules, 1957 under sub-rule (7) of Rule 19 of the said Rules. The Company has submitted this Information Memorandum, containing information about itself, making disclosure in line with the disclosure requirement for public issues, as applicable to NSE and BSE for making this Information Memorandum available to public through their websites viz. [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com). The Company has made this Information Memorandum available on its website viz. [www.Chemfabalkalis.com](http://www.Chemfabalkalis.com) [\*] The Company will publish an advertisement in the news papers containing all details in line with the requirements as per the above mentioned circular. The advertisement will draw specific reference to the availability of this Information Memorandum on its website.

## **Prohibition by SEBI**

The Company, its Directors, its promoters, other Companies promoted by the promoters and companies with which the Company's Directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

## **General Disclaimer from the Company**

The Company accepts no responsibility for the statement made otherwise than in this Information Memorandum or in the advertisements to be published in terms of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended, or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

## **AUDITORS**

M/s Deloitte Haskins and Sells LLP

Chartered Accountants

ASV N Ramana Tower, # 52, Venkatanarayana Road, T. Nagar, Chennai - 600 017

Contact Person: Mr. Sriraman Parthasarathy, Partner

(Partner) Membership no: 206834

Firm Registration Number: 008072S

## **BANKERS TO THE COMPANY**

State Bank of India, Industrial Finance Branch, Anna Salai, Chennai - 600 002

Contact Person: Mr. [ Mrs A.K.Geethanjali, AGM]

Ph +91 9884931755

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**KEY MANAGERIAL PERSONNEL****CHIEF EXECUTIVE OFFICER**

Mr. V M Srinivasan

**CHIEF FINANCIAL OFFICER**

Mr. Nitin S Cowlagi

**COMPLIANCE OFFICER**

Mr. G Somasundaram

Address "TEAM House", GST Salai, Vandalur, Chennai - 600 048

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Email: [chemfabalkalis@draaholdings.com](mailto:chemfabalkalis@draaholdings.com)

**REGISTRAR & TRANSFER AGENTS**

**Name** M/s Cameo Corporate Services Ltd.

**Address** Subramanian Building, 1 Club House Road, Chennai - 600 002

Phone No: +91-44-2846 0390 / 2846 0395

Fax: +91-44-2846 0129

E-mail: [cameo@cameoindia.com](mailto:cameo@cameoindia.com)

Website: [www.cameoonline.net](http://www.cameoonline.net)

**Contact Person: Mr. [Narasimhan]**

## INDUSTRY OVERVIEW

Chlor-Alkali is the basic Heavy Chemical Industry, manufacturing Caustic Soda, with Chlorine, Hydrogen, Sodium Hypo Chlorate and Hydro Chloric Acid as by-products. Overall, the Financial Year 2016-17 was a challenging year for the Industry, even though the international caustic prices hardened, the demonetization had its effect on the business. . During the year, the global Caustic lye prices averaged during between USD 400 – 420 per MT CIF. Imports during the year were lower compared to previous year. Chlorine realization also was subdued due to supply demand imbalance. Capacity utilization of the Industry for the year improved but remained around 82 %. The growth of the industry, is as per the GDP growth, and normally demand rises at about 6 to 7 % every year.

Salt and Power are the two major inputs required for the manufacture of CSL, CL2 and other products.

Sodium Chlorate - The product is an import-substitute, with a huge market potential in India, catering mainly to Paper and Pulp Industries. Pulp mills convert Sodium Chlorate crystals into chlorine di-oxide, an environment friendly (chlorine free) bleaching agent. TCL Sodium Chlorate is available as a clear solution and dry white crystals.

The product has a good demand. The demand for Sodium Chlorate in India is around 115 TPD. It is primarily consumed in Paper and Pulp industry with 90% share coming from this segment. The demand is linked to growth in Paper demand and is currently growing at around 6% p.a. By 2017-18 the demand is expected to grow to 125 TPD levels. Since, all the paper and pulp industries have to compulsorily use the elemental chlorine free bleach, the demand will be sustaining one. We are also in the process of getting the Anti Dumping duty levy for this product, and the realization would improve after its levy.

## BUSINESS OVERVIEW

Teamec Chlorates Limited (**Now known as Chemfab Alkalis Limited after effecting Name Change w.e.f.,21.07.2017**), a Company incorporated under the Companies Act, 1956, having its registered office at Chennai, India, has put up a manufacturing facility at Andhra Pradesh, India to manufacture Sodium Chlorate, lye, Crystals and Hydrogen Gas. It is promoted as an Associate of Dr. Rao Holdings Pte Ltd., Singapore and it belongs to Chemfab – Team Group of Companies. The plant is put up under Industrial Investment Promotion Policy (IIPC) 2010 – 15 of Andhra Pradesh State, India. Teamec Chlorates Limited (TCL) (**Now known as Chemfab Alkalis Limited after effecting Name Change w.e.f.,21.07.2017**) is located at AP Industrial Infrastructure Corporation (APIIC) Growth Centre, Ongole, Andhra Pradesh.

TCL is the first producer of sodium chlorate crystals in India of this capacity (32 tonnes per day of Crystals). The product is an import-substitute, with a huge market potential in India, catering mainly to Paper and Pulp Industries. There has been tremendous demand for Sodium Chlorate used in bleach and paper Industry, in India and Abroad. The plant is fully automated with all the latest-state-of-the-art electronics Control room. The concept, feasibility study, know-how, technology, basic engineering, training, and supply of major equipment, were imported from Canada/ USA. The Plant was commissioned during February 2012.

### Group Affiliation:

TCL was promoted by Dr C H Krishnamurthi Rao, a first-generation technocrat turned entrepreneur, who successfully brought in various innovative technologies in India and Singapore and carved out a niche for himself, in the chemical engineering industry in general and chlor-alkali industry in particular, which resulted in huge saving in power, conservation of environment, besides substantial savings to the exchequer.

### Chemfab – Team Group:

Titanium Equipment and Anode Manufacturing Company Limited (TEAM), is the flag-ship Company of Chemfab- TEAM Group. It was established in the year 1975 under the Indian Companies Act as a Public Limited Company by our Founder Chairman (Late) Dr. C.H. Krishnamurthi Rao. The Industrial license was obtained within a record time of eleven months and the commercial production commenced on 07.07.1977. At that time, TEAM was the only Company exclusively devoted to the manufacture of chemical and equipment out of exotic metals. TEAM was the first and the only Company to get an industrial license with 100% imported raw material without imposing any export obligation. Chemfab Alkalis Limited (CCAL) was established by TEAM in the year 1983 - India's first Membrane Cell Caustic Soda Plant, state-of--the-art pollution free and energy conserving, technology, and commenced production from July, 1985. CCAL, became the trendsetter in the Chlor-Alkali Industry. The Company started with 25 TPD capacity in 1985, expanded its capacity in two phases in 1988 and 1996 and today the present installed capacity is 125 tons of Caustic Soda production per day. CCAL produces Caustic Soda, Chlorine, Hydrogen, Sodium Hypo Chlorite, and Hydro Chloric Acid. It is a public limited

company listed in National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE).

**Product – Transferee Company:**

**Sodium Chlorate** - The product is an import-substitute, with a huge market potential in India, catering mainly to Paper and Pulp Industries. Pulp mills convert Sodium Chlorate crystals into chlorine di-oxide, an environment friendly (chlorine free) bleaching agent. TCL Sodium Chlorate is available as a clear solution and dry white crystals.

**Hydrogen** is produced along with Sodium Chlorate in the process. This, instead of being vented out into air, is gain-fully utilised for Hot Water Generator, Chiller plant VAM and Hot air Generator.

**Product – Transferor Company:**

CCAL produces Caustic Soda Lye, Liquid Chlorine, Hydrochloric Acid, Hydrogen Gas, and Sodium Hypochlorite.

Caustic Soda Lye

CCAL produces two grades of Caustic Soda Lye 1) 33% 2) 48%.

48% Caustic Soda is produced by evaporating the 33% Caustic, which is the product directly produced from electrolyzers. CCAL uses hydrogen as a fuel for evaporation – cleanest fuel in the universe, whose combustion product is water. The evaporator water is condensed and this saves water to the tune of one lakh litres/day.

Liquid Chlorine

The chlorine generated from electrolysis is cooled, filtered, chilled, dried, compressed and liquefied. The liquid chlorine is taken to chlorine storage tank. The storage tanks have redundant safety features. It is filled in ton containers and despatched to customers.

Hydrogen

The hydrogen gas from the electrolysis is cooled, filtered and compressed to 150 bar pressure in manifold trucks.

Hydrochloric Acid

The hydrogen burns with chlorine to form hydrochloric acid, which is absorbed in pure Demineralised Water to get high quality Hydrochloric Acid.

Sodium Hypochlorite

The unused chlorine from all areas is taken to a double tower hypo scrubbing system and neutralised with Caustic Soda. The product formed thus is Sodium Hypochlorite, which is a good bleaching agent. The chlorine sensors installed on stack of hypo and HCL to continuously monitor the levels of chlorine and will automatically trigger an alarm, if set point is exceeded.



## Process – Transferee Company

**Sodium chlorate** is produced from electrolysis of sodium chloride solution. This solution is passed between two electrodes producing the chemical intermediates which react under favourable conditions to form sodium chlorate solution. Brine electrolysis is basic principle of other electrochemical process such as chlorine and caustic soda production. The final product is determined by the cell design, process design and operating conditions. Electrolysis of aqueous sodium chloride to produce sodium chlorate is the result of complex electro chemical and chemical reaction depended upon temperature, pH and concentrations. In the sodium chlorate process gaseous chlorine, hydrogen and sodium hydroxide are formed. The sodium hydroxide reacts with chlorine to form sodium hypochlorite which further reacts to form sodium chlorate solution. This solution is put to crystallizer to produce sodium chlorate crystals. The crystallizer is of draft tube type working under vacuum. The crystal formed is continuously tapped and further processed.

**Hydrogen** is a co- product in the electrochemical reaction of aqueous brine in the production of sodium chlorate. Since the hydrogen gas contains some chlorine, it is essential that it is treated before its application. The chlorine present in the hydrogen is treated in the hydrogen treatment section namely primary and secondary hydrogen scrubbers. The H<sub>2</sub> gas is passed through the packed column in the scrubbers and comes into contact with weak caustic solution and producing hypo chlorite and it is taken back to the system. Hydrogen after getting scrubbed passes through the hydrogen wash tower where it is cooled by direct contact of condensate water and hydrogen free of chlorine is generated. We have also set up a new Hydrogen purification plant with which we are able to purify the H<sub>2</sub> and bottle the same. We are marketing the same to various customers since the product has very good market potential.

## Process – Transferor Company:

Ultra purified salt solution is electrolysed to produce Caustic Soda, Chlorine and Hydrogen. When pure brine is fed to Anode compartment, electrolysis takes place. The sodium ions passes through membranes to the Cathode side forming Sodium Hydroxide (NaOH) and Hydrogen. The chlorine comes out of Anode compartment as gas.

The raw material used is salt. CCAL has gone for a backward integration - producing salt at Kanthadu / Chunampet. CCAL is also in the process of setting up one more salt field at Ramnad district.

The salt is dissolved in depleted brine coming out of the electrolyzers, make up water and recovered effluent to produce raw brine. Since salt has impurities, chemicals are used to precipitate the impurities of Calcium and Magnesium in the Reactor and it is allowed to settle in a Clarifier.

The conventional method of purifying the brine after Clarifier is to use Precoat filter after a primary filtration by Anthracite Filter. Precoat filter uses Alpha Cellulose as a filter aid. Every one kg of precoat requires 4 kg of wood. CCAL has deployed an environmental friendly ultra filtration system, which completely eliminates Alpha Cellulose to filter the brine – an environmental upgradation avoiding felling of trees. This is an innovation

developed by Membrane Technologies Limited and tied up with DuPont for marketing the product globally.

The purified brine is taken to secondary brine for removing the dissolved solids, which are present and to get quality of brine with hardness of < 20 ppb, which will be suitable for membrane electrolyzers.

#### **Technology – Transferee Company:**

The concept, feasibility study, know-how, technology, basic engineering, training, and supply of major equipment viz. electrolyzers are from Aker Kvaerner Chemetics, Canada, who are World leaders in the design and supply of Sodium Chlorate plants. Aker Chemetics, Canada (Manufacturer of Electrolyser) has granted a fully paid-up perpetual non-exclusive license to use the electrolytic chemical processing technology for the detailed design, construction, operation and maintenance of the licensed equipment. Aker Chemetics has also provided the basic process engineering services to produce a Process Design Package to facilitate details design, equipment specification and equipment selection. The Dryer and Crystalliser equipment are from Whiting Equipment Canada Inc who is a diversified designer and manufacturer of Heavy Industrial Equipment, of international repute. The other major equipment like Secondary brine tower, bagging machine are imported from USA/ Canada.

The process manual provided by them has all the safe and efficient production procedures. The Plant is totally automated and operations are controlled through DCS.

The quality control procedure is also as per the manual supplied by Aker Chemetics which is recognised internationally. The quality of product matches with BIS standards and also international quality.

#### **Technology – Transferor Company:**

Caustic Soda and chlorine are produced by the electrolysis of brine (common salt solution). Three types of technologies are used by Companies in this industry - diaphragm cell, mercury cell, and membrane cell. Mercury cell technology was the most commonly used with as much as 78% of the total production of caustic soda in India was produced with this technology.

Membrane cell technology is a more efficient technique for producing caustic soda which reduces power consumption significantly with no pollution. Chemfab Alkalis introduced this technology in India in 1985.

The Company which was the first to set up a membrane cell plant with technology from Chlorine Engineers Corporation Ltd., Japan, was able to successfully indigenise the know-how through its R & D efforts.

The ion exchange membrane cell plant of CCAL became a trend setter and the Government has since taken a policy decision to allow only membrane cell plants for the expansion of existing plants as well as for new projects.

The Company has excellent in-house training facilities and a well equipped analytical laboratory which provides a fine training ground for expertise in operation and maintenance of membrane Cell Process Plants.

**Electrolysers:** CCAL has the unique distinction of adopting both Monopolar and Bi-Polar streams of Electrolysers in a single facility. Further CCAL has commissioned new BiTAC Electrolyser from CEC Japan in August 2014 as a part of its revamping exercise to replace the age old equipments and machineries with the latest state-of-art technology thereby saving on power.

**Control Room:** Open architecture controls are available. Not only the parameters are monitored, but also the performance is analysed and the reports automatically get generated

**Utilities:** CCAL has unique DM water production plant using EDI (Electro Deionisation) technology where no chemical is used for regeneration.

## MAIN OBJECTS OF THE COMPANY

1. To manufacture Potassium Chlorate, Sodium Chlorate, Per chlorate and all classes and kinds of chemicals allied thereto as compounds of Potassium and Sodium and such other chemicals which are derivatives or by-products of the above.
2. **\*To manufacture organic, inorganic and biochemical substances and formulations thereof of various descriptions and notations such as Alkalis, Acids, Bases, Solvents, Alcohols, Gases, Ethers, Aliphatics, Aromatics, Aldehydes Ketones, Amines and Alkaloids by employing one or more of the process of halogenation, hydrogenation, sulphonation, nitration, oxidation, reduction, esterification, calcination, polymersation, electrolysis, extraction, separation, distillation, dehydration, evaporation, compression, condensation, crystalisation, ionisation, combustion, soproanificatfon, fermentation and biotechnology, genetic engineering, polymer engineering, Newer Separation processes, technologies for rural development, energy saving artefacts, devices, technology and instrument of relevance for protection of ecology and environment and any other continuous or units process for synthesis or isolation.**
3. **\*To develop or acquire the technology, design, manufacture, construct, erect, operate and maintain the plant, machinery equipment and works capable of producing the aforesaid chemical substances**
4. \*To acquire, store, stock, sell, supply, distribute, import, export lease, rental and deal in any other manner all such aforesaid Chemicals, substances, Plants, Machinery, equipment and works as well as the raw materials, derivatives by products, components, parts and assemblies.
5. \*To beget, **convert purify sea Water/ground water / brackish water for potable domestic, community and industrial use and purposes by the process of desalination through Reverse Osmosis or other techniques and to deal , sell and trade on such water and also offering know-how for designing Desalination plants and fabricate, supply and erect such desalination plants, machineries and equipment.**
6. **\*To enter Life Science Business including in areas of Bio-Remediation, Bio separation Nano Membranes Nutraceuticals organic / phyto nutrients, herbal and botanical extracts and products and health care products and also to produce, trade, market, distribute. Import Export, and undertake such other activities as are required in connection with the same.**

7. \*To establish a well-equipped laboratory and carry on analytical, experimental and other works including research work or undertaking in relation to the work and the general objects of the Company or otherwise.
8. \*To design , engineer, assemble, and manufacture domestic and industrial water purifiers and filters.
9. \* to develop or acquire the technology for developing and manufacturing all kinds of membrane products, including ultra filter membranes, micro filter membranes and hollow fibre membranes and to acquire, store, buy, sell, supply, distribute, import, export, lease and deal in any other manner in the parts, components, raw materials and other assemblies required for such activity.
10. \*To engage in trading activities, mainly in and relating to water purification / filters and the membrane products and systems.
11. \*To establish, conduct, manage and carry on business as proprietors or purchase, takeover, amalgamate or otherwise acquire and to take on lease, rental for the purpose of manufacturing and sale of purifies ozonated drinking water and mineral water and to develop or acquire the technology, design for the purpose and to manufacture, construct, erect, operate and maintain the plant, machinery, equipment and works, capable of purifying brackish water, desalination and sewerage / water treatment and to lease, rental, process, buy, sell, manufacture, import, export, supply, distribute and deal in any other manner in the aforesaid products and areas of business.
12. \*To establish a well establish a well equipped laboratory and carry on analytical, experimental and other works including research work in the field of membranes and their applications, both industrial and non industrial for identifying the market needs and for developing and patenting the matching membrane products and systems and to undertake contract research products in the field of membranes for varied applications or undertaking in relation to the work and the general objects of the Company or otherwise.
13. \*To manufacture and sell ayurvedic drugs (including sashira drugs, manufactured out of the compounds of ayurvedic products including drugs for internal and external applications of human beings and to develop or acquire the technology / design for the purpose and to manufacture, construct, erect, operate and maintain the plant, machinery, equipment and works and to lease, rental, process, buy, sell, manufacture import, export, supply, distribute and deal in any other manner in the aforesaid products and areas of business.
14. \*To establish, conduct, manage and carry on business as proprietors or purchase, takeover, amalgamate or otherwise acquire and to take on lease, rental for the purpose management of hotels, motels, restaurants, taverns,

refreshments and tea rooms, cafes, milk, ice cream and snack bars, wine, beer and spirit bars, boarding and lodging houses, shops and departmental stores for provisions, foods or drinks, general goods and toilet requisites, handicrafts, garments, books and stationery, medicines, eatables and common necessities.

15. \* To purchase, repack, sell, import, export and generally to deal in sugar, sugar candy, jaggery, sugar beet, sugar cane, molasses, syrups, melada alcohol, spirits and all sugar products viz., confectionery, glucose, sugar candy, canned fruit golden syrup and aerated waters and / or by-products viz., bagasse, boards, paper pulp, paper, beetyl alcohol, acetone, carbon di-oxide, hydrogen, potash, can wax and fertilizers and food products generally and / or organic chemicals, inorganic chemicals and allied products.

(\* 2 to 15 inserted vide Scheme of Amalgamation and Arrangement approved by the Hon'ble National Company Law Tribunal, Chennai Bench vide its order dated 30<sup>th</sup> March 2017.)

## OUR PROMOTERS AND THE MANAGEMENT OF THE COMPANY

### Promoters

#### Individual Promoter

Photo of the Promoters	Brief details of Promoters vz., name, age, qualification, experience
<p>Mr Suresh Krishnamurthi Rao</p> 	<p>Mr. Suresh Krishnamurthi Rao, aged 45 years, a Graduate in Management, has over 21 years of experience of being a Senior Management Team Member. Presently he is on the Board of Chemfab Alkalis Limited, Titanium Equipment and Anode Manufacturing Company Limited and Dr Rao Holdings Pte Ltd. The Companies that he is heading now, have pioneered many technologies in India, which had their positive impact on energy conservation, environmental protection, potable water and Membrane Technology.</p>
<p>Mrs K M Padma</p>	<p>Wife of the founder Chairman Dr CH. Krishnamurthi Rao</p>
<p>Titanium Equipment and Anode Manufacturing Company Limited</p>	<p>An Unlisted, closely held Public Limited Company, incorporated under the Companies Act, 1956 having its Regd. Office at "TEAM House", GST Road, Vandalur, Chennai 600048, manufacturing Titanium Equipment and Anode</p>
<p>Dr Rao Holdings Pte. Ltd.</p>	<p>A Company incorporated under the laws of Singapore which subscribed to the Memorandum and Articles of Association of the Company.</p>
<p>Mr J Venkataraman</p>	<p>One of the Promoters, who held a degree in engineering and was a technocrat instrumental in setting up the Chlor Alkali plant and growth of the Company who demised in November, 2016.</p>
<p>Mr N Ramachandran</p>	<p>A Graduate, who was employed in Titanium Equipment and Anode Manufacturing Company Limited and subscribed to the Memorandum of Association of the Company.</p>

## Board of Directors of the Company

Name & DIN of The Director	Address	Designation	Date of Appointment	Directorship in other Companies /Bodies Corporate
Mr. Cittur Sundar Rao Ramesh 00019178	New.No.14, Old No. 41, 1 <sup>st</sup> Avenue 2-A, Abinaya Apts, Sastrinagar, Adyar Chennai 600020	Additional Director	26/04/2017	1. Teamco Hitech Engineering Limited 2. Titanium Equipment & Anode Manufacturing Company Limited 3. Team UPD Limited
Mr. Suresh Krishnamurthi Rao 00127809	33, Maharaja Surya Rao Road Alwarpet Chennai 600018	Additional Director	26/04/2017	1. Titanium Equipment & Anode Manufacturing Company Limited 2. Team UPD Limited 3. Teamco Hitech Engineering Limited
Mrs. Drushti Rahul Desai 00294249	4-C/5 Sonawala Bldg Tardeo Mumbai 400007	Additional Director	26/04/2017	1. Kewal Kiran Clothing Limited 2. Narmada Gelatines Limited 3. Mpil Corporation Ltd 4. Mt Educare Ltd 5. Kruti Finance And Holdings Pvt Ltd 6. Globallogic Technologies Limited 7. Globallogic India Limited
Mrs. Sujatha Jayarajan 00633989	Flat No. 2 B, Srinidhi Apartments T- 37 A and B, 16th Cross, Besant nagar, Chennai 600090	Additional Director	26/04/2017	1. Thejo Engineering Limited
Mr. Tyagarajan Ramabadran 00701503	2b, Krystal Apartments , 9A, Hal 3 <sup>rd</sup> Stage Bangalore 560075	Additional Director	26/04/2017	1. Pharmed Medicare Private Limited
Mr. Janakiraman Ananthanarayanan 01831854	3.1, Phoenix Towers, Next To Big Bazaar, Lower Parel Mumbai 400013	Additional Director	26/04/2017	1. Thirumalai Chemicals Limited 2. Cheminvest Pte. Ltd., Singapore 3. Tarderiv International Pte. Ltd., Singapore
Mr. R Mahendran 07451058	Fourth Cross Street, Sbi Colony, Manakulavinayagar Nagar, Nellithoppe Pondicherry 605005	Director	14/03/2016	Nil



## **Brief Profile of Directors:**

### **1. Mr. Cittur Sundar Rao Ramesh**

Mr. C. S. Ramesh, aged 71 years, is a Member of the Institute of Chartered Accountants of India with 50 years of experience in the areas of Finance, Taxation, Auditing and Management. Presently he is on the Board of Chemfab Alkalis Limited.

### **2. Mr. Suresh Krishnamurthi Rao**

Mr. Suresh Krishnamurthi Rao, aged 45 years, a Graduate in Management, has over 21 years of experience of being a Senior Management Team Member. Presently he is on the Board of Chemfab Alkalis Limited, Titanium Equipment and Anode Manufacturing Company Limited and Dr Rao Holdings Pte Ltd. The Companies that he is heading now, have pioneered many technologies in India, which had their positive impact on energy conservation, environmental protection, potable water and Membrane Technology.

### **3. Mrs. Drushti Rahul Desai**

Mrs. Drushti R. Desai, aged 44 years is a Commerce graduate from Sydenham College of Commerce and Economics, Bombay University. She is a Chartered Accountant with all India rank. Currently, partner with M/s. Bansi S. Mehta & Co., a leading firm of Chartered Accountants in Mumbai. She is a council member at the Western India Regional Council of the Institute of the Chartered Accountants' of India. She has rich experience in valuations and corporate restructuring with specialization in the areas of Business Valuations, valuation of intangibles, advisory in the field of mergers, acquisitions, spin-offs, restructuring and family settlements.

### **4. Mrs. Sujatha Jayarajan**

Mrs. Sujatha Jayarajan aged 62 years is a Post Graduate in English.. She has over 36 years of experience in the financial sector covering banking and NBFCs/IT and Electronics, in public and private sectors. She has specialization in credit assessment and management, project analysis and overall office administration. Skilled in working to schedules and maximizing productivity through detailed analysis and process improvements. Her Core Strength areas include financial modelling, analytical skills, superior research skills, complex problem solving, Statement analysis and Variance analysis.

### **5. Mr. Tyagarajan Ramabadran**

Mr. T. Ramabadhran, aged 78 years has wide experience in the Engineering and Pharmaceutical Industry and is a Fellow of the Indian Institute of Engineering & Life Member of the Indian Pharmaceutical Association. He is an Independent Consultant in the Development & Application of Biological Enzymes for use in the treatment of highly polluted liquid effluents. He has held top Management positions in various organisations. He was a Director of Kutch Alumina Coke and Power Limited,

President of Biochem Synergy Limited and working in various capacities in Smith Kline Beecham Pharmaceuticals Limited. Presently he is on the Board of Chemfab Alkalis Limited and Pharmed Medicare Private Limited.

#### **6. Mr. Janakiraman Ananthanarayanan**

Mr A Janakiraman, 72 years, is a B.Sc., (Chemistry), B.Tech (Chem-Engg.), I.I.T and has wide experience in the area of Petrochemicals. At present, he is the Non Executive Director in Tarderive International Pvt. Ltd., Chem Invest Pte. Ltd., and Thirumalai Chemicals Ltd. He retired as President- New Business (Petroleum) Reliance Industries Ltd., in January, 2010. He has worked in various capacities with Indian Oil Corporation, Herdilla Chemicals Ltd., Herdilla Polymers Ltd., Pasumai Irrigations Ltd. and Chemplast Sanmar Ltd.

#### **7. Mr. R. Mahendran**

Mr R Mahendran is a former employee of the Company worked in the position of General Manager – Operations. He is qualified as Engineer and after his retirement from the services of the Company was appointed as Non Executive Director liable to retire by rotation.

### **Corporate Governance**

Our Company is in full compliance with the provisions relating to Corporate Governance as contained in SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The Company firmly believes that good corporate governance practices ensure efficient conduct of the affairs of the Company while upholding the core values of transparency, integrity, honesty and accountability and help the Company in its goal to maximise value for all its stakeholders. It is a system by which business corporations are directed and controlled.

Our Company is committed to the adoption of and adherence to the Corporate Governance practices at all times and continuously benchmarks itself against each such practice in the industry. Our Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust and the Company always seeks to ensure that its performance goals are met with integrity. The Company works with the mission to attain global eminence through quality leadership and vision to raise the bar in line with the global practices, create customer value and enhance shareholder value. Our Company complies with the Corporate Governance Code enshrined in Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Board of Directors**

#### **Composition of Board**

The Board of Directors comprises of 4] Independent Directors and 3 Non-Executive Non-Independent Directors. The composition of the Board is in conformity with the

provisions relating to Corporate Governance as contained in SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (SEBI Listing Regulations) and the provisions of the Companies Act, 2013. Further, in compliance with the Companies Act and the SEBI Listing Regulations, we have women directors on our Board. The Board of Directors comprises of:

<b>Name</b>	<b>Category</b>	<b>Terms of Office</b>
Mr. Cittur Sundar Rao Ramesh	<b>Non Executive Director</b>	<b>Liable to retire by rotation</b>
Mr. Suresh Krishnamurthi Rao	<b>Non Executive Director</b>	<b>Liable to retire by rotation</b>
Mrs. Drushti Rahul Desai	<b>Independent Director</b>	<b>To hold office for a period of 5 years from the date of appointment i.e., 26.04.2017</b>
Mrs. Sujatha Jayarajan	<b>Independent Director</b>	<b>To hold office for a period of 5 years from the date of appointment i.e., 26.04.2017</b>
Mr. Tyagarajan Ramabadran	<b>Independent Director</b>	<b>To hold office for a period of 5 years from the date of appointment i.e., 26.04.2017</b>
Mr. Janakiraman Ananthanarayanan	<b>Independent Director</b>	<b>To hold office for a period of 5 years from the date of appointment i.e., 26.04.2017</b>
Mr. R. Mahendran	<b>Non Executive Director</b>	<b>Liable to retire by rotation</b>

**Our company has constituted the following Committees of the Board:**

- a. Audit Committee
- b. Nomination and Remuneration Committee
- c. Stakeholders Relationship Committee
- d. Corporate Social Responsibility Committee

#### **Audit Committee**

The Audit Committee of our Board has been constituted in accordance with the applicable provisions of the Companies Act and SEBI Listing Regulations.

The Audit Committee comprises of:

<b>Member of the Audit Committee</b>	<b>Designation</b>
Mr T Ramabadran	Chairman
Mr A Janakiraman	Member
Mrs Sujatha Jayarajan	Member
Mr C S Ramesh	Member
Mrs Drushti Desai	Member
Mr R Mahendran	Member

## Terms of reference of Audit Committee

The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and SEBI Listing Regulations and its terms of reference include the following:

- 1) Overview of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
- 2) Providing recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the Company;
- 3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 4) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board of Directors for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013, as amended;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions; and
  - g. Modified opinion(s) in the draft audit report.
- 5) Reviewing, with the management, the quarterly financial statements before submission to the Board of Director for approval;
- 6) Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- 7) Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;

- 8) Approval or any subsequent modifications of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered by the Company subject to such conditions as may be prescribed;
- 9) Scrutiny of inter-corporate loans and investments;
- 10) Valuation of undertakings or assets of the Company, wherever it is necessary;
- 11) Evaluation of internal financial controls and risk management systems;
- 12) Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
- 13) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- 14) Discussing with internal auditors on any significant findings and follow up there on;
- 15) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board of Director;
- 16) Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post- audit discussion to ascertain any area of concern;
- 17) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
- 18) Reviewing the functioning of the whistle blower/vigil mechanism;
- 19) Approving the appointment of the chief financial officer after assessing the qualifications, experience and background, etc. of the candidate; and
- 20) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**The powers of the Audit Committee shall include the following:**

1. To investigate any activity within its terms of reference;
2. To seek information from any employee;
3. To obtain outside legal or other professional advice and have full access to information contained in the records of the Company; and

4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

**The audit committee shall mandatorily review the following information:**

1. Management's discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the chief internal auditor; and
6. Statement of deviations, if any:
  - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s); and
  - b. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice.

**Nomination & Remuneration Committee:**

The Nomination & Remuneration Committee comprises of:

<b>Member of the Nomination &amp; Remuneration Committee</b>	<b>Category</b>
Mr. T Ramabadrán	Chairman
Mr. A Janakiraman	Member
Mr. C S Ramesh	Member
Mrs Drushti Desai	Member

The terms of reference, role and scope of the Nomination and Remuneration Committee are in line with those prescribed by section 178 of the Companies Act, 2013 and SEBI Listing Regulations. The role and scope of the Committee includes, inter alia, to identify persons who are qualified to become directors and who may be appointed in senior management, formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

The terms of reference of the Nomination & Remuneration Committee shall be as under:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

2. Formulation of criteria for evaluation of the performance of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

### **Stakeholders' Relationship Committee**

The Stakeholders' Relationship Committee comprises of:

<b>Member of the Stakeholders' Relationship Committee</b>	<b>Category</b>
Mrs Drushti Desai	Chairman
Mr. Suresh Krishnamurthi Rao	Member
Mr. C S Ramesh	Member
Mr. T Ramabadran	Member

The scope and function of the Stakeholders Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations. The terms of reference of the Stakeholders' Relationship Committee shall, inter alia, include:

1. Review the process and mechanism of redressal of investor grievance and suggest measures of improving the system of redressal of investor grievances.
2. Consider and approve all requests from shareholders regarding transfer & transmission of shares, issue of duplicate share certificate, consolidation of shares, demat, remat, split & folio consolidation etc.
3. Review and resolve the pending investors complaints, if any, relating to transfer of shares, non-receipt of share certificate(s), non-receipt of interest dividend warrants, non-receipt of annual report and any other grievance/complaints with Company or any officer of the Company arising out in discharge of his duties.
4. Oversee the performance of the Registrar & Share Transfer Agent and also review and take note of complaints directly received and resolve them.

### **Corporate Social Responsibility Committee**

The Corporate Social Responsibility Committee comprises of:

<b>Member of the Corporate Social Responsibility Committee</b>	<b>Category</b>
Mr. C S Ramesh	Chairman
Mr. A Janakiraman	Member
Mrs.Sujatha Jayarajan	Member

Mr T Ramabadran	Member
Mr R Mahendran	Member

The terms of reference of the Corporate Social Responsibility Committee shall, inter alia, include:

1. The committee shall formulate and recommend to the Board a CSR policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
2. The Committee shall recommend the amount of expenditure to be incurred on the above CSR activities; and Monitor the said CSR policy from time to time.

### Key Management Personnel

Presently, the Company has the following Key Management Personnel other than Board of Directors:

Name	Designation	Qualification	Area of expertise	Associated with the Company since
Mr Nitin S Cowlagi	Chief Financial Officer	B.com	Finance, Taxation and Accounting	26.04.2017
Mr V M Srinivasan	Chief Executive Officer	B.sc, MBA	Management and Marketing	26.04.2017
Mr G Somasundaram	Company Secretary	M.com, ACS, & LLB	Corporate Compliance and other statutory laws.	26.04.2017

### Family relationship of Directors with Key Management Personnel

None of our key management personnel as disclosed above are related to the Directors of our Company.

### Shareholding of Key Management Personnel

The shareholding of our Directors and key management personnel in our Company is as follows:

Name	Designation	No. of shares held
Mr V M Srinivasan	Chief Executive Officer	Nil
Mr Nitin S Cowlagi	Chief Financial Officer	Nil
Mr G Somasundaram	Company Secretary	7



## Remuneration to our Executive Directors and Key Management Personnel

Except the normal remuneration paid to our Directors, officers or employees for services rendered, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of the officers.

None of our Directors or Key Management Personnel has entered into service contracts with our Company or the Subsidiaries providing for benefits or payments upon termination of employment.

## Remuneration to our Non-Executive Directors

Non-Executive Directors of the Company are entitled to sitting fees for attending the meetings of the Board of Directors and Committees thereof. The Board of Directors has approved the payment of Rs.[20,000\*]/- as sitting fee for every meeting of the Board of Directors attended and Rs.[10,000\*]/- for Audit Committee Meeting and Rs.[7,500\*]/- for other Committees Meetings (viz., Stakeholders Relationship Committee and Nomination & Remuneration Committee and Corporate Social Responsibility Committee).

## CAPITAL STRUCTURE

### Share Capital Pre-Scheme of Amalgamation:

	( Rs. in Lakh)
	<b>Amount</b>
<b>Authorized</b>	
74,00,000 Equity Shares of Rs. 10/- each	7,40,00,000
2,60,000 11% Redeemable Preference Shares of Rs.100/- each	2,60,00,000
8,00,000 12% Redeemable Preference Shares of Rs.100/- each	8,00,00,000
<b>Total</b>	<b>18,00,00,000</b>
<b>Issued, Subscribed &amp; Paid-up</b>	
72,80,804 Equity Shares of Rs. 10/- each	7,28,08,040
2,60,000 11% Redeemable Preference Shares of Rs.100/- each	2,60,00,000
<b>Total</b>	<b>9,88,08,040</b>

### Share Capital Post-Scheme of Amalgamation

	Amount
<b>Authorized</b>	
2,85,00,000 Equity Shares of Rs. 10/- each	28,50,00,000
2,64,000 11% Redeemable Cumulative Preference Shares of Rs. 100/- each	2,64,00,000
8,00,000 12% Redeemable Preference Shares of Rs.100/- each	8,00,00,000
<b>Total</b>	<b>39,14,00,000</b>
<b>Issued, Subscribed &amp; Paid-up</b>	
1,38,30,504 Equity Shares of Rs. 10/- each	13,83,05,040
2,60,000 11% Redeemable Preference Shares of Rs.100/- each	2,60,00,000
7,00,000 12% Redeemable Preference Shares of Rs.100/- each	7,00,00,000
<b>Total</b>	<b>23,43,05,040</b>

### Equity Buildup of the Company

Date of Allotment	No. of Shares	Cumulative No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Cumulative Paid-up Capital (Rs.)	Nature of Allotment/ Remarks	Consideration (Rs.)
06.05.2009	50000	50000	10	10	500000	Subscription to the Memorandum of Association	500000
15.02.2010	2357386	2357386	10	10	23573860	Further Allotment	23573860
31.03.2010	2392614	2392614	10	10	23926140	Further Allotment	23926140
14.03.2016	2480804	2480804	10	10	24808040	Further Allotment	24808040

Shareholding pattern of the Company before and after the Scheme of Amalgamation:

Shareholding pattern before approval of the scheme of Amalgamation: As on 29/03/2017

Sl. No	Category of Shareholders	No. of shares held prior to the approval of Scheme of Amalgamation			
		Demat	Physical	Total	% of Total Shares
<b>A.</b>	<b>Promoters</b>				
(1)	Indian				
(a)	Individual/HUF	0	4975794	4975794	68.34
(b)	Central Govt	-	-	-	-
(c)	State Govt(s)	-	-	-	-
(c)	Bodies Corp.	0	1000	1000	0.02
(d)	Banks / FI	-	-	-	-
(e)	Any Other ....	-	-	-	-
	<b>Sub-Total (A)(1)</b>	0	4976794	4976794	68.36
(2)	Foreign				
(a)	NRIs - Individuals		0		0.00
(b)	Other – Individuals	-	-	-	-
(c)	Bodies Corp.	0	2304000	2304000	31.64
(d)	Banks / FI	-	-	-	-
(e)	Any Other ....	-	-	-	-
	<b>Sub-Total (A)(2)</b>	0	2304000	2304000	31.64
	<b>Total shareholding of</b>	0	7280794	7280794	99.9998

	<b>Promoter (A)= (A)(1)+(A)(2)</b>				
<b>B.</b>	<b>Public Shareholding</b>				
<b>(1)</b>	<b>Institutions</b>				
<b>(a)</b>	<b>Mutual Funds</b>	-	-	-	-
<b>(b)</b>	<b>Banks / FI</b>	-	-	-	-
<b>(c)</b>	<b>Central Govt</b>	-	-	-	-
<b>(d)</b>	<b>State Govt(s)</b>	-	-	-	-
<b>(e)</b>	<b>Venture Capital Funds</b>	-	-	-	-
<b>(f)</b>	<b>Insurance Companies</b>	-	-	-	-
<b>(g)</b>	<b>FII's</b>	-	-	-	-
<b>(h)</b>	<b>Foreign Venture Capital Investors</b>	-	-	-	-
<b>(i)</b>	<b>Any Other - Foreign Portfolio Investors</b>	-	-	-	-
	<b>Sub- Total (B)(1)</b>	-	-	-	-
<b>2.</b>	<b>Non- Institutions</b>				
<b>(a)</b>	<b>Bodies Corporate</b>	-	-	-	-
<b>(i)</b>	<b>Indian</b>	-	-	-	-
<b>(ii)</b>	<b>Overseas</b>	-	-	-	-
<b>(b)</b>	<b>Individuals</b>				
<b>i</b>	<b>Individual shareholders holding nominal shares capital up to Rs.1 lakh</b>	0	10	10	0.0001
<b>ii</b>	<b>Individual shareholders holding nominal shares capital in excess of Rs.1 lakh</b>	-	-	-	-
<b>(c)</b>	<b>Others (specify)</b>	-	-	-	-
	<b>Sub- Total (B)(2)</b>	0	10	10	0.0001
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	0	10	10	0.0001
<b>(C)</b>	<b>Shares held by Custodian for GDRs and ADRs</b>	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	0	7280804	7280804	100

**Shareholding pattern after approval of the scheme of Amalgamation: As on 30/05/2017**

**Teamec Chlorates Ltd. (Now known as Chemfab Alkalis Limited after effecting Name Change w.e.f.,21.07.2017)**

**POST MERGER SHAREHOLDING PATTERN**

Sl.No	Category of Shareholders	No. of shares held after the approval of Scheme of Amalgamation as Allotment of new shares as on 30.05.2017.			
		Demat	Physical	Total	% of Total Shares
<b>A.</b>	<b>Promoters</b>				
-1	Indian				
(a)	Individual/HUF	2037713	497479	2535192	18.33
(b)	Central Govt	-	-	-	
(c)	State Govt(s)	-	-	-	
(c)	Bodies Corp.	1072082	0	1072082	7.75
(d)	Banks / FI	-	-	-	
(e)	Any Other ....	-	-	-	
	<b>Sub-Total (A)(1)</b>	<b>3109795</b>	<b>497479</b>	<b>3607274</b>	<b>26.08</b>
-2	Foreign				
(a)	NRIs - Individuals		0		
(b)	Other – Individuals	-	-	-	
(c)	Bodies Corp.	6530668	230400	6761068	48.89
(d)	Banks / FI	-	-	-	
(e)	Any Other ....	-	-	-	
	<b>Sub-Total (A)(2)</b>	<b>6530668</b>	<b>230400</b>	<b>6761068</b>	<b>48.89</b>
	<b>Total shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>9640463</b>	<b>727879</b>	<b>10368342</b>	<b>74.97</b>
<b>B.</b>	<b>Public Shareholding</b>				
-1	Institutions				
(a)	Mutual Funds	10142	1285	11427	0.08
(b)	Banks / FI	3407	142	3549	0.03
(c)	Central Govt	-	-	-	-
(d)	State Govt(s)	-	-	-	-
(e)	Venture Capital	-	-	-	-

	<b>Funds</b>				
(f)	Insurance Companies	-	-	-	-
(g)	FIIIs	-	-	-	-
(h)	Foreign Venture Capital Investors	-	-	-	-
(i)	Any Other - Foreign Portfolio Investors	232467	0	232467	1.68
	<b>Sub- Total (B)(1)</b>	<b>246016</b>	<b>1427</b>	<b>247443</b>	<b>1.79</b>
<b>2</b>	<b>Non- Institutions</b>				
(a)	Bodies Corporate				-
(i)	Indian	406685	12528	419213	3.03
(ii)	Overseas	0	0	0	0
(b)	Individuals				
i	Individual shareholders holding nominal shares capital up to Rs.2 lakh	1797650	238170	2035820	14.72
ii	Individual shareholders holding nominal shares capital in excess of Rs.2 lakh	415718	0	415718	3.01
(c)	Others (specify)	156665	187303	343968	2.49
	<b>Sub- Total (B)(2)</b>	<b>2776718</b>	<b>438001</b>	<b>3214719</b>	<b>23.24</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>3022734</b>	<b>439428</b>	<b>3462162</b>	<b>25.03</b>
(C)	Shares held by Custodian for GDRs and ADRs	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>12663197</b>	<b>1167307</b>	<b>13830504</b>	<b>100</b>

## **OBJECTS AND RATIONALE OF THE SCHEME**

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

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

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

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

- f) Streamlining the holding structure.

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

#### **SCHEME OF AMALGAMATION**

The Hon'ble National Company Law Tribunal, Division Bench, Chennai, vide its order dated March 30, 2017, has approved the Scheme of Arrangement and Amalgamation inter-alia providing for the amalgamation of Chemfab Alkalis Limited with Teamec Chlorates Limited (**Now known as Chemfab Alkalis Limited after effecting Name Change w.e.f.,21.07.2017**) with effect from 01.04.2014 (i.e. the Appointed Date under the Scheme) under Sections 232 of the Companies Act, 2013.

The Scheme is operative from the Appointed Date i.e., April 1, 2014. However, it is effective from the date of filing of order of the Hon'ble National Company Law Tribunal in relation to the Scheme along with Form INC 28 with the Registrar of Companies, 28.04.2017.

**The text of the Scheme of Amalgamation is as under:**

#### **SCHEME OF AMALGAMATION AND ARRANGEMENT**

**OF**

**CHEMFAB ALKALIS LIMITED**

**WITH**

**TEAMEC CHLORATES LIMITED**

**AND**

#### **THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

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

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

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

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

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

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

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

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

As of date, there is only one competitor for TCL with a capacity of 50 TPD. Including this, the capacity is only 81.57 TPD. The balance required are met with supplies,



primarily from Canada, Europe and China. TCL proposes to increase the capacity by 15 TPD at the appropriate time and hence the total capacity in India will be only 96.57 TPD as against the total demand of 125 TPD, which is only 77%. Since, all the paper and pulp industries have to compulsorily use the elemental chlorine free bleach, the demand will be a sustaining one.

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

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

TCL along with the other manufacturer in the country, has moved the relevant authorities for imposition of anti-dumping duty (ADD), and the initiation process has already commenced. ADD is expected to be in place by the Second Quarter of this financial year-after which it is expected that the realization will increase significantly. Chemfab Alkalis Limited and Teamec Chlorates Limited are part of Dr. Rao's Group of companies ('the Group'). CCAL and TCL have a lot in common:

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

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

Further, as a result of consolidation the following benefits will accrue to the Group:

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

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

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

The Scheme is divided into following parts:

Part A: Deals with definitions and share capital;

Part B: Deals with capital reduction of TCL

Part C: Deals with amalgamation of CCAL with TCL;

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

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

## **PART A – INTRODUCTION AND DEFINITIONS**

### **1 Definitions**

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

- 1.1 **“Act” or “the Act”** means the Companies Act, 1956 and Companies Act, 2013 and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force.
- 1.2 **“Appointed Date”** means the 1<sup>st</sup> April 2014 or such other date as may be fixed or approved by the Competent Authority.
- 1.3 **“Board of Directors”** in relation to the Transferor Company and the Transferee Company, as the case may be, shall, unless it is repugnant to the context or otherwise, include a committee of directors or any person authorized by the board of directors or such committee of directors.
- 1.4 **“BSE Limited”** means Bombay Stock Exchange Limited, the designated stock exchange of the Transferor Company.
- 1.5 **“CCAL” or “Transferor Company”** means Chemfab Alkalis Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Team House, GST Salai, Vandalur, Chennai 600048.
- 1.6 **“Competent Authority”** means the High Court of Judicature at Madras under the Companies Act, 1956 or such other Tribunal (i.e) the National Company Law Tribunal (**“NCLT”**) & the National Company Law Appellate Tribunal (**“NCLAT”**) as constituted and authorized as per the provisions of the Companies Act, 2013 for approving any scheme of arrangement, compromise or reconstruction of companies under the relevant provisions of the Act.
- 1.7 **“Effective Date”** means the date on which the certified copies of the Order of Competent Authority, sanctioning the Scheme is filed with the Registrar of Companies, Chennai, Tamil Nadu.
- 1.8 **“IT Act”** means the Income-tax Act, 1961 and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force.
- 1.9 **“NSE”** means National Stock Exchange of India Limited.
- 1.10 **“Record Date”** means in respect of amalgamation, the date to be fixed by the Board of Directors of Transferee Company for the purpose of issue and allotment of equity shares of the Transferee Company to the equity shareholders of the Transferor Company.

- 1.11 **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Amalgamation and Arrangement in its present form as submitted to the Competent Authority or this Scheme with such modification(s), if any made, as per Clause 18 of the Scheme.
- 1.12 **“TCL” or “Transferee Company”** means Teamec Chlorates Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Team House, GST Salai, Vandalur, Chennai 600048.
- 1.13 Any references in the Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” shall mean the Effective Date.
- 1.14 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

## 2 DATE OF TAKING EFFECT AND OPERATIVE DATE

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

## 3 SHARE CAPITAL

- 3.1 The share capital of CCAL as at 31<sup>st</sup> March, 2016 is as under:

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

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

Shares of CCAL are listed on BSE and NSE.

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

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

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

## **PART B – Capital Reduction of TCL**

### **4. REDUCTION OF PAID UP CAPITAL OF TCL**

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

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**PART C – AMALGAMATION OF TRANSFEROR COMPANY WITH TRANSFEEE COMPANY**

**5. TRANSFER AND VESTING**

- 5.1 With effect from the Appointed Date, the entire business of Transferor Company including all its properties and assets (whether movable or immovable, tangible or intangible) of whatsoever nature such as licenses, agreements of whatever nature but not limited to shareholders agreements, share subscription agreements or any right devolving pursuant to such agreements (either entered into or vested in terms of any legal process) or holding of investments to appoint directors, etc, any agreement for commission, management fees, permits, quotas, approvals, lease, tenancy rights, permissions, incentives, Minimum Alternate Tax (“MAT”) Credit, if any, including but not limited to other licenses issued by any Government Authorities or statutory body, and all other rights, title, interest, contracts, consent, approvals or powers of every kind or nature and descriptions whatsoever shall under the provisions of Sections 391 to 394 of the Act and pursuant to the orders of the Competent Authority sanctioning this Scheme and without further act, instrument or deed, but subject to the charges affecting the same as on the Effective Date be transferred and / or deemed to be transferred to and vested in Transferee Company so as to become the properties and assets of Transferee Company.
- 5.2 The transfer and vesting as aforesaid shall be subject to the existing charges / hypothecation / mortgages, if any, as may be subsisting and agreed to be created over or in respect of the said assets or any part thereof, provided however, any reference in any security documents or arrangements to which Transferor Company is a party wherein the assets of Transferor Company have been or are offered or agreed to be offered as security for any financial assistance or obligations shall be construed as reference only to the assets pertaining to Transferor Company and vested in Transferee Company by virtue of this Scheme to the end and intent that the charges shall not extend or deemed to extend to any assets of the Transferee Company. Provided that the Scheme shall not operate to enlarge the security for the said liabilities of the Transferor Company which shall vest in Transferee Company by virtue of the Scheme and Transferee Company shall not be obliged to create any further, or additional security thereof after the amalgamation has become effective or otherwise. The transfer / vesting of the assets of Transferor Company as aforesaid shall be subject to the existing charges / hypothecation / mortgages over or in respect of the assets or any part thereof of the Transferor Company.
- 5.3 All the moveable assets of the Transferor Company or assets otherwise capable of transfer by manual delivery or by endorsement and delivery, including cash in hand, shall be physically handed over by manual delivery or by endorsement and delivery, to the Transferee Company to the end and intent that the property therein passes to the Transferee Company on such manual delivery or endorsement and delivery, without requiring any deed or instrument of

- conveyance for the same and shall become the property of the Transferee Company accordingly.
- 5.4 In respect of movable assets, other than those specified in Clause 5.3 above, the same shall, without further act, instrument or deed, be transferred and / or deemed to be transferred to and vested in the Transferee Company pursuant to the provisions of Sections 391 to 394 of the Act and the Transferor Company shall give notice in such form as it deems fit to such persons, that pursuant to the Order of the Competent Authority, the said assets would be paid or made good to or held on account of, the Transferee Company, and the rights of the Transferor Company will vest with the Transferee Company upon this Scheme becoming effective.
- 5.5 The liabilities of the Transferor Company shall also, without any further act, instrument or deed be transferred to and vested in and assumed by and / or deemed to be transferred to and vested in and assumed by the Transferee Company pursuant to the provisions of Sections 391 to 394 of the Act, so as to become the liabilities of the Transferee Company and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities have arisen, in order to give effect to the provisions of this Clause.
- 5.6 The Transferee Company may at any time after the coming into effect of the Scheme in accordance with the provisions of the Scheme, if so required, under any law or otherwise, execute Deeds of Confirmation, in favour of the secured creditors of the Transferor Company or in favour of any other party to any contract or arrangement to which the Transferor Company is party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to implement or carry out all such formalities or compliance referred to above on the part of the Transferor Company to be carried out or performed.
- 5.7 With effect from the Appointed Date, all development rights, statutory licenses, permissions, approvals or consents to carry on the operations and business of Transferor Company shall stand vested in or transferred to the Transferee Company without any further act or deed and shall be appropriately mutated by the Statutory Authorities concerned in favour of the Transferee Company. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registrations or other licenses and consents shall vest in and become available to the Transferee Company pursuant to this Scheme. In so far as the various incentives, subsidies, rehabilitation Schemes, special status and other benefits or privileges enjoyed, granted by any Government body, authority or by any other person, or availed of by the Transferor Company, are concerned, the same shall vest with and be available to the Transferee Company on the same terms and conditions.



- 5.8 With effect from the Effective Date, the Transferee Company shall commence and carry on and shall be authorized to carry on the business which was carried on by the Transferor Company in addition to the business of the Transferee Company.
- 5.9 The Transferor Company and the Transferee Company are going concerns. The Scheme is not likely to impose any additional burden / hardship on the members of Transferor Company or the Transferee Company nor will it affect the interests of any of the classes of members / creditors of the Transferor Company and the Transferee Company.

## **6 CONSIDERATION**

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

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

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

## **7 ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFeree COMPANY**

- 7.1 The Transferee Company shall account for amalgamation in accordance with the ‘Purchase Method of Accounting’ laid down by Accounting Standard 14 (Accounting for Amalgamation), issued by the Institute of Chartered Accountants of India read with section 133 of the Act.
- 7.2 With effect from the Appointed Date, all the assets including investments, and liabilities appearing in the books of accounts of the Transferor Company shall stand transferred to and vested in the Transferee Company pursuant to the Scheme and shall be recorded by the Transferee Company at their respective fair values.
- 7.3 Inter-company balances, if any, and investments shall stand cancelled
- 7.4 The difference between the paid up value of shares allotted (as mentioned in clause 6.1 above), fair values of net assets (as mentioned in Clause 7.2 above) and the cancellation of inter-company balances and investments (as mentioned in Clause 7.3 above) shall be credited to Capital Reserve Account. In case of there being a deficit, the same shall be debited to Goodwill Account.
- 7.5 In case of any differences in accounting policy between the Transferor Company and the Transferee Company, the accounting policies followed by the Transferee Company will prevail and the difference till the Appointed Date will be quantified and adjusted in the Capital Reserve Account mentioned earlier to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.

## **8 COMBINATION OF AUTHORISED CAPITAL**

- 8.1 Upon Scheme becoming effective, the authorised share capital of TCL shall stand increased without any further act, instrument or deed on the part of TCL including payment of stamp duty and fees payable to Registrar of Companies, by the authorised share capital of:
- a. CCAL amounting to Rs. 21,14,00,000/- (Rupees Twenty One Crore Fourteen Lakh only) comprising of 4,22,00,000 Equity Shares of Rs. 5/- each and 4,000 11% Redeemable Cumulative Preference Shares of Rs. 100/- each; and
  - b. TCL shall reclassify 4,22,00,000 equity shares (as stated in Clause 8.1(a) above) of Rs. 5/- each to 2,11,00,000 equity of Rs. 10/- each.

and the Memorandum of Association and Articles of Association of TCL (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders of TCL to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Section 61 the Act would be required to be separately passed, as the case may be and for this purpose the stamp duty and fees paid on the authorized capital of CCAL shall be utilized and applied to the increased authorized share capital of TCL and there would be no requirement for any further payment of stamp duty and / or fee by TCL for increase in the authorised share capital to that extent.

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

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

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

## **9 TAXES**

9.1 Upon the coming into effect of the Scheme, benefits of all taxes paid including but not limited to Minimum Alternate Tax paid under Section 115JA/115JB of the IT Act, advance taxes and tax deducted at source, right to carry forward and set off unabsorbed losses and depreciation, unutilized Minimum Alternate Tax credit under the provisions of the IT Act, by the respective Transferor Company from the Appointed Date, regardless of the period to which they relate, shall be deemed to have been paid for and on behalf of and to the credit of the Transferee Company as effectively as if the Transferee Company had paid the same and shall be deemed to be the rights/claims of the Transferee Company. All un-availed credits, set offs, claims for refunds under any State VAT Acts, CST Acts, Central Excise and Service Tax provisions or any other State or Central statutes regardless of the period to which they may relate, shall stand transferred to the benefit of and shall be available in the hands of the Transferee Company without restrictions under the respective provisions.

9.2 The Transferee Company shall be entitled to file / revise its income tax returns, service tax returns, Value Added Tax returns, Central Sales Tax returns, tax

deducted at source certificates, tax deducted at source returns and other statutory returns and filings, if required under the Tax Laws.

- 9.3 This Scheme has been drawn up to comply and come within the definition and conditions relating to "Amalgamation" as specified under Section 2(1B) and Section 47 of the IT Act. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Sections of the IT Act, at a later date, including resulting from an amendment of law or for any other reason whatsoever, the Scheme shall stand modified / amended to the extent determined necessary to comply with and come within the definition and conditions relating to "Amalgamation" as defined in the IT Act. In such an event the clauses which are inconsistent shall be modified or if the need arises be deemed to be deleted and such modification / deemed deletion shall however not affect the other parts of the Scheme.

## **10. CHANGE OF NAME**

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

## **11 DISSOLUTION OF THE TRANSFEROR COMPANY**

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

## **PART D – GENERAL TERMS AND CONDITIONS**

### **12 CONDUCT OF BUSINESS OF TRANSFEROR COMPANY TILL EFFECTIVE DATE**

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

- 12.1 The Transferor Company shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets pertaining to the business and undertaking of the Transferor Company for and on account of and in trust for the Transferee Company. The Transferor Company hereby undertakes to hold its said assets with utmost prudence until the Effective Date.
- 12.2 The Transferor Company shall carry on its business and activities with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of the Transferee Company alienate, charge, mortgage, encumber or otherwise deal with or dispose of the business or part thereof of the Transferor Company.
- 12.3 All the profits or income accruing or arising to the Transferor Company or expenditure or losses arising or incurred or suffered by the Transferor Company pertaining to the business of the Transferor Company shall for all purposes be treated and be deemed to be and accrue as the income or profits or losses or expenditure as the case may be of the Transferee Company.
- 12.4 The Transferor Company shall not vary the terms and conditions of employment of any of the employees except in the ordinary course of business or without the prior consent of the Transferee Company or pursuant to any pre-existing obligation undertaken by the Transferor Company as the case may be, prior to the Appointed Date.
- 12.5 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central / State Government, and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which the Transferee Company, may require pursuant to this Scheme.
- 12.6 The Transferor Company shall not, without the prior written consent of the Board of Directors of the Transferee Company, undertake any new business or a substantial expansion of their existing business.
- 12.7 The Transferor Company shall not make any change in their capital structure (paid-up capital), other than changes pursuant to any prior commitments, obligations or arrangements or acts and deeds already made except by mutual consent of the Board of Directors of the Transferee Company.

## **13 EMPLOYEES**

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

## **14 LEGAL PROCEEDINGS**

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

## **15 CONTRACTS, DEEDS, ETC.**

- 15.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, Letters of Intent, undertaking, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to the Transferor Company, to which the Transferor Company is a party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto.

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

## **16 SAVING OF CONCLUDED TRANSACTIONS**

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

## **17 APPLICATION TO COMPETENT AUTHORITY**

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

## **18 MODIFICATION OR AMENDMENTS TO THE SCHEME**

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

## **19 CONDITIONALITY OF THE SCHEME**

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

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



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

## **20 EFFECT OF NON-RECEIPT OF APPROVALS**

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

## **21 COSTS, CHARGES & EXPENSES**

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of the Transferor Company and the

Transferee Company arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by the Transferee Company.

#### **STATEMENT OF TAX BENEFITS**

The tax benefits available to the Transferee Company under the Income Tax Act, 1961 in the case of Amalgamation would be applicable to the Company.

#### **CURRENCY OF PRESENTATION**

In this Information Memorandum all references to “Rupees” or “₹” are to Indian Rupees, the legal currency of the Republic of India.

#### **DIVIDEND POLICY**

The Company does not have any formal dividend policy vis a vis the equity shares. The declaration and payment of equity dividend in a company is recommended by our Board of Directors and approved by the shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition.

## IV. FINANCIAL INFORMATION

### **Deloitte Haskins & Sells LLP**

Chartered Accountants  
ASV N Ramana Tower  
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India

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#### **INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF TEAMEC CHLORATES LIMITED**

##### **Introduction**

We have audited the accompanying Statement of Special Purpose Financial Results of **TEAMEC CHLORATES LIMITED** ("the Company") for the year ended March 31, 2017 ("the Statement"), duly stamped and initialed by us for identification. The Statement is a special purpose statement prepared by the Management and approved by the Board of Directors for submission to the Stock Exchanges.

##### **Management's Responsibility for the Special Purpose Financial Results**

This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the audited financial statements of the Company which has been prepared in accordance with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India.

##### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Statement based on our audit of such financial statements. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Statement.



**Deloitte  
Haskins & Sells LLP**

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid statement read with notes thereon, is prepared, in all material aspects, in accordance with the accounting standards prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India.

**Emphasis of Matter**

Attention is invited to Note 7 to the Statement relating to the Scheme of Amalgamation and Arrangement sanctioned by the National Company Law Tribunal on 30 March 2017 and the accounting treatment thereof given effect to in the Statement.

Our Opinion is not modified in respect of this matter.

**Restriction on Distribution**

This Special Purpose Statement has been prepared by the Management for submitting it to the Stock Exchanges. Our report is intended solely for the above purpose and is not intended to be and should not be used by anyone other than Management without our proper written consent.

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



Ananthi Amarnath  
Partner

(Membership No. 209252)

CHENNAI, 30 May 2017



<b>Teamec Chlorates Limited</b> <b>CIN:U24290TN2009PLC071563</b> Regd. Office: Team House, Vandalur, Chennai 600 048. Phone No: +91 44 22750323 Fax No: +91 44 22750860			
(Amount in Rs.)			
STATEMENT OF SPECIAL PURPOSE FINANCIAL RESULTS FOR THE YEAR ENDED 31/03/2017			
Sl. No.	Particulars	Current Year ended 31/03/2017 (Refer Note 7)	Previous Year ended 31/03/2016
		Audited (1)	Audited (2)
1	<b>Income</b>		
	(a) Income from operations (Net of excise duty)	140,43,30,809	24,81,13,436
	(b) Other Income (Refer Note 5)	1,83,50,570	21,67,741
	<b>Total Income (net)</b>	<b>142,26,81,379</b>	<b>25,02,81,177</b>
2	<b>Expenses</b>		
	(a) Cost of Materials Consumed (Refer Note 3)	6,95,52,170	2,53,38,340
	(b) Purchases of Stock-in-Trade	60,51,925	-
	(c) Changes in Inventories of Finished goods and Work-in -Progress	(67,53,391)	46,88,407
	(d) Other Direct Manufacturing Expenses	67,02,64,242	20,48,25,158
	(e) Employee Benefits Expense	14,31,93,402	1,62,59,506
	(f) Finance Cost	2,67,90,924	2,92,74,754
	(g) Depreciation and Amortisation Expense	13,04,82,984	3,58,50,287
	(h) Prior Period Items	2,88,46,529	-
	(i) Other Expenses (Refer Note 5)	19,95,04,918	2,04,03,273
	<b>Total Expenses</b>	<b>126,79,33,703</b>	<b>33,66,39,725</b>
3	<b>Profit/(Loss) before Exceptional and Extraordinary Items and Tax (1-2)</b>	<b>15,47,47,676</b>	<b>(8,63,58,548)</b>
4	Exceptional Items	-	9,07,72,312
5	<b>Profit before Extraordinary Items and Tax (3-4)</b>	<b>15,47,47,676</b>	<b>44,13,764</b>
6	Extraordinary Items	-	-
7	<b>Profit before Tax (5-6)</b>	<b>15,47,47,676</b>	<b>44,13,764</b>
8	Tax Expense		
	- Current Tax	2,88,31,525	-
	- Minimum Alternate Tax Credit	(2,88,31,525)	-
	- Deferred Tax	-	-
9	<b>Profit for the Year (7-8)</b>	<b>15,47,47,676</b>	<b>44,13,764</b>
10	Paid-up Equity Share Capital (Face Value of Rs.10 per share) (Refer Note 7)	23,43,05,040	9,88,08,040
11	Reserves excluding Revaluation Reserves	141,33,00,051	(17,35,06,719)
12	Earning per Share (Face Value of Rs 10 each) :		
	(a) Basic	10.32	0.87
	(b) Diluted	10.23	0.87

TEAMEC CHLORATES LIMITED

NOTES TO SPECIAL PURPOSE FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

- 1 The above audited special purpose financial results were reviewed by the Audit Committee at its meeting held on 30 May 2017 and approved by the Board of Directors of the Company at their meeting held on that date.
- 2 The Company has identified business segment which is "Dealing with Chlor Alkali and Related Products/Services" as its primary segment and geographical segment as its secondary segment. The amounts appearing in the statement relate to this primary segment.
- 3 Cost of materials consumed depends on the availability/usage of the captive salt which is seasonal in nature and the market price/usage of the salt procured from external sources.
- 4 The National Green Tribunal, in an appeal filed by a party, granted an ex parte stay, restraining the construction activities pertaining to the expansion and operation of the Puducherry plant of the Company without valid consent order. The Company strongly objected the averments of the complainant and filed its counter for vacating the stay which was granted. Further, the Company's petition seeking directions to the authorities concerned for the grant of Consent to Establish (NOC) for the expansion is also pending before the Hon'ble Forum.

- 5 The Net Exchange (Gain) and Net Loss on sale / discarding of Fixed Assets included under other income/other expenses, respectively is as under:

Particulars	(Amount in Rs.)	
	Current Year ended 31/03/2017	Previous Year ended 31/03/2016
Net Exchange Gain	(29,65,662)	-
Net Loss on sale / discarding of Fixed Assets	49,62,281	1,21,288

- 6 The Board of Directors at its meeting held on 30 May 2017 have recommended a final dividend of Rs.1.25 per equity share for the year ended 31 March 2017 subject to the approval of the shareholders.
- 7 The Scheme of amalgamation and arrangement ("the Scheme") between the Company and Chemfab Alkalies Limited (CAL) was approved with an appointed date of 1 April 2014 vide the order of the National Company Law Tribunal (NCLT) dated 30 March 2017 ('the order'). The merger has been accounted under the purchase method referred to in Accounting Standard 14 "Accounting for Amalgamation". Pursuant to the above:
  - (a) As on the Appointed date of 1 April 2014, the paid up share capital of the Company of Rs. 7,28,08,040 divided into 72,80,804 equity shares of Rs. 10 each, without any application or deed, were reduced to 7,28,080 equity shares of Rs. 10 each amounting to Rs. 72,80,800 and the credit arising on such cancellation of capital was adjusted against the debit balance in the Statement of Profit and Loss as per the Scheme.
  - (b) The Company has acquired net assets aggregating Rs. 120,71,05,208 as on the appointed date, for which the Company proposes to issue 1,31,02,424 Equity Shares of Rs. 10 each at a premium of Rs. 252 each aggregating Rs. 343,28,35,088. The resultant goodwill arising on account of the above amounting to Rs. 213,77,55,180 (net of deferred tax adjustments of Rs. 8,79,74,700) was amortized over a period of 2 years from the appointed date of merger. Also Refer Note 9.

TEAMEC CHLORATES LIMITED NOTES TO SPECIAL PURPOSE FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017			
8 Details of Assets and Liabilities are given below:			
(Amount in Rs.)			
Sl. No.	Particulars	As at Current year ended 31/03/2017 (Refer Note 7)	As at Previous year ended 31/03/2016
		Audited	Audited
		(1)	(2)
<b>A</b>	<b>EQUITY AND LIABILITIES</b>		
	<b>Shareholders' Funds :</b>		
(a)	Share Capital	23,43,05,040	9,88,08,040
(b)	Reserves and Surplus	141,33,00,051	(1735,06,719)
	<b>Total Shareholders' Funds</b>	<b>164,76,05,091</b>	<b>(746,98,679)</b>
	<b>Non-Current liabilities :</b>		
(a)	Long Term Borrowings	20,45,78,399	47,56,58,159
(b)	Other Long-Term Liabilities	1,43,73,356	-
(c)	Long-Term Provisions	1,12,06,802	-
	<b>Total Non-Current Liabilities</b>	<b>23,01,58,557</b>	<b>47,56,58,159</b>
	<b>Current Liabilities :</b>		
(a)	Short-Term Borrowings	,31,95,799	-
(b)	Trade Payables	12,89,61,201	4,48,39,399
(c)	Other Current Liabilities	13,30,85,001	25,39,00,712
(d)	Short-Term Provisions	1,77,69,448	,3,21,200
	<b>Total Current Liabilities</b>	<b>28,30,11,449</b>	<b>29,90,61,311</b>
	<b>Total - Equity and Liabilities</b>	<b>216,07,75,097</b>	<b>70,00,20,791</b>
<b>B</b>	<b>ASSETS</b>		
	<b>Non-Current Assets :</b>		
(a)	Fixed Assets (including Capital Work-in-Progress)	175,70,15,247	58,28,64,426
(b)	Non-Current Investments	,18,46,928	-
(c)	Long-Term Loans and Advances	11,96,75,637	4,07,11,992
(d)	Other Non-Current Assets	7,76,09,243	-
	<b>Total Non-Current Assets</b>	<b>195,61,47,055</b>	<b>62,35,76,418</b>
	<b>Current Assets :</b>		
(a)	Current Investments	,7,94,022	,1,91,148
(b)	Inventories	4,30,70,556	1,66,83,680
(c)	Trade Receivables	8,54,30,362	,61,72,872
(d)	Cash and Bank Balances	1,85,54,878	,8,23,914
(e)	Short-Term Loans and Advances	2,50,37,883	,38,17,508
(f)	Other Current Assets	3,17,40,341	4,87,55,251
	<b>Total Current Assets</b>	<b>20,46,28,042</b>	<b>7,64,44,373</b>
	<b>Total - Assets</b>	<b>216,07,75,097</b>	<b>70,00,20,791</b>
9 In view of the matter referred to in Note 7 above, the current year figures are strictly not comparable with the previous year figures. Previous year figures have been regrouped/reclassified wherever necessary.			
For TEAMEC CHLORATES LIMITED			
Place : Chennai		Sd/-	
Date : 30 May 2017		SURESH KRISHNAMURTHI RAO CHAIRMAN	
		DIN No: 00127809	

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## **FINANCIAL AND OTHER INFORMATION OF COMPANIES UNDER THE SAME MANAGEMENT**

Not Applicable since No other Company is under the same management of the Board of Directors of this Company.

## **V. LEGAL AND OTHER INFORMATION**

### **OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS**

- **Case Pending against Teamec Chlorates Limited** : Nil.
- **Case Pending against the Promoters** : Nil
- **Case Pending against the Directors** : Nil
- **Case Pending against the Directors of Group Companies** : NA.
- **Material Litigations involving Group Companies** : N.A



## FINANCIAL INDEBTNESS

The details of borrowings of the Company as on 31 March, 2017 are as under:

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the end of the financial year				
Principal Amount		20,45,78,399		20,45,78,399
Interest Due but not paid				
Interest Accrued but not due		2,22,65,766		2,22,65,766
<b>Total</b>		<b>22,68,44,165</b>		<b>22,68,44,165</b>

## GOVERNMENT APPROVALS

Our Company was incorporated as a public limited company with the name Teamec Chlorates Limited (**Now known as Chemfab Alkalis Limited after effecting Name Change w.e.f.,21.07.2017**) and received the certificate of incorporation dated May 6, 2009 under the Companies Act, 1956. Our Company obtained the Certificate of Commencement of Business on May 6, 2009 from the Registrar of Companies, Tamilnadu, Chennai, Andaman and Nicobar Islands.

The Registered Office of the Company is situated at Team House, GST Salai, Vandalur, Chennai – 600 048 since incorporation under the jurisdiction of Registrar of Companies, Tamilnadu, Chennai, Andaman and Nicobar Islands.

As on date of this Information Memorandum, the Company holds all such licenses, permissions, approvals, consents, registrations, eligibility certificates, fiscal incentives and no-objection certificates required to carry on and continue the operations of Company.

Further, upon the Scheme becoming effective, any and the all licenses, permissions, approvals, consents, registrations, eligibility certificates, fiscal incentives and no-objection certificates obtained by Chemfab Alkalis Limited and/or to which the Chemfab Alkalis Limited is entitled to in terms of the various Statutes and/or Schemes of Union and State Governments, shall stand vested in favour of our Company, without any further act or deed and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Company. Since the Undertaking of Chemfab Alkalis Limited is transferred to and vested in the Company as a going concern without any break or interruption in the operation thereof, our Company shall be entitled to the benefit of all such licenses, permissions, approvals, consents, registrations, eligibility certificates, fiscal incentives and no-objection certificates and to carry on and continue the operations of Chemfab Alkalis Limited on the basis of the same upon this Scheme becoming effective. Further, all benefits, including, under Income Tax, Excise (including Modvat/Cenvat), Sales Tax etc to which the Chemfab Alkalis Limited was entitled in

terms of the various Statutes and/or Schemes of Union and State Governments shall be available to and vested in our Company upon this Scheme becoming effective.

## **VI. REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the scheme**

The Hon'ble National Company Law Tribunal, Division Bench, Chennai, vide its order dated March 30, 2017, has approved the Scheme of Arrangement and Amalgamation inter-alia providing for the amalgamation of Chemfab Alkalis Limited with Teamec Chlorates Limited (**Now known as Chemfab Alkalis Limited after effecting Name Change w.e.f.,21.07.2017**). In accordance with the Scheme for Amalgamation, all property, rights and powers and all debts, liabilities, duties and obligations of SFCL stands transferred to and vested into TCL, w.e.f. April 1, 2014 (the Appointed Date under the Scheme) pursuant to Section 232 of the Companies Act, 2013.

### **Prohibition by SEBI**

The Company, its directors, its promoters, other companies promoted by the promoters and companies with which the Company's directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

### **Disclaimer Statement by the Company**

The Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisements to be published in terms of SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information would be doing so at his own risk.

### **Listing**

Application has been made to NSE and BSE for permission to deal in and for an official quotation of the Equity Shares of the Company. The Company has nominated BSE Limited as the Designated Stock Exchange for the aforesaid listing of shares. The Company shall ensure that all steps for the completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above within such period as approved by SEBI.

### **In Principle Approval from BSE & NSE**

The Company has received in-principle approval for Listing from BSE bearing no. DCS/AMAL/KS/24(F)/522/2016-17 dated September 2, 2016 and from NSE bearing no. NSE/LIST/86185 dated September 7, 2016.

### **SEBI Relaxation of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957**

The Company is making an application simultaneously along with filing of this Information Memorandum, to the Securities and Exchange Board of India for the purpose of obtaining its relaxation of Rule 19(2) (b) of the Securities Contracts (Regulation) Rules, 1957..

### **No Objection from NSE & BSE**

The NOC from both NSE & BSE was received on September 7th and September 2<sup>nd</sup> 2016

### **Filing**

Copy of this Information Memorandum has been filed with NSE & BSE.

### **Demat Credit and dispatch of Share Certificates**

The Company has executed Agreements with NSDL and CDSL for admitting its securities in demat form. The ISIN allotted to the Company's Equity Shares is INE783X01015 (old ISIN).

The Equity Shares have been allotted to the shareholders on 30.05. 2017 and the Company is in the process of crediting the shares through NSDL and CDSL to the respective accounts of the shareholders who were holding shares in CAL in demat form as on Record Date i.e. 26.05.2017. Further, those shareholders who were holding shares in TCL in physical form as on Record Date, the physical shares certificates have been dispatched to them.

### **Expert Opinions**

Save as stated elsewhere in this Information Memorandum, we have not obtained any expert opinions.

### **Previous Rights and Public Issues**

The Company has not made any public or rights issue since incorporation.

### **Commission and Brokerage on previous issues**

Since the Company has not issued shares to the public in the past, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its inception.

### **Companies under the same management**

The Company does not have any listed companies in the group:

### **Promise vis-a-vis Performance**

This is for the first time the Company is getting listed on the Stock Exchanges.

### **Outstanding Debenture or Bonds and Redeemable Preference Shares and Other Instruments Issued By the Issuer Company**

There are no outstanding debentures, bonds, redeemable preference shares or any other instruments issued by the Company.

### **Stock Market Data for Equity Shares of the Company**

Equity shares of the Company are not listed on any stock exchanges. The Company is seeking approval for listing of its equity shares through this Information Memorandum.

### **Disposal of Investor Grievances**

Cameo Corporate Services (India) Limited are the Registrars and Share Transfer Agents of the Company to accept the documents/requests/complaints from the investors/shareholders of the Company. All documents are received at the inward department, where the same are classified based on the nature of the queries/actions to be taken and coded accordingly. The documents are then electronically captured before forwarding in the respective processing units.

The documents are, thereafter, processed and necessary action taken by professionally trained personals with a view to redress the matters accordingly.

The Company also has set up a secretarial department to deal with all investor related matters and all necessary actions are initiated by trained and experienced personnel with a view to redress the investor related issues at the earliest to the satisfaction of the investors.

Mr Nitin S Cowlagi, CFO maintains an age-wise analysis of the process to ensure that the standards are duly adhered to and Mr. G Somasundaram, Company Secretary of the Company is vested with the responsibility of addressing the Investors Grievance in coordination with the Registrars & Share Transfer Agents.

**THE COMPANIES ACT, 1956**  
**Company Limited by Shares**

**ARTICLES OF ASSOCIATION**  
**OF**

**TEAMEC CHLORATES LIMITED**

**(Name changed as CHEMFAB ALKALIS LIMITED with effect from 21.07.2017)**

1. The Regulations contained in Table “A” in Schedule I to the Companies Act, 1956 shall apply so far as they are applicable to a public limited company and so far, as they are not inconsistent with any of the provisions contained in these Regulations.
2. The marginal Notes shall not be deemed to restrict the meaning of the clause to which they are attached but may be used merely as concise index or guide to the contents of those clauses.
3. Unless the context otherwise requires:
  - a. “The Act” or “The Companies Act” shall mean “The Companies Act, 1956”.
  - b. “The Company” or “The Company” means **TEAMEC CHLORATES LIMITED**. (Name changed as CHEMFAB ALKALIS LIMITED with effect from 21.07.2017)
  - c. “The Board” or “The Board of Directors” means the Board of Directors for the time being of the Company.
  - d. “Directors” means the Board of Directors for the time being of the Company.
  - e. “Writing” includes printing, lithography, typewriting and any other usually substitute for writing.
  - f. “Members” means members of the Company holding a share or shares of any class.
  - g. “Office” means the Registered Office for the time being of the Company.
  - h. “The Registrar” means the Registrar of Companies under the Act.
  - i. “The Register” means the Register of Members to be kept pursuant to Section 150 of the Act.
  - j. “Share Capital” means the capital for the time being raised or authorised to be raised for the purposes of the Company.
  - k. “Share” means the shares into which the capital is divided and the interest corresponding with such shares.
  - l. “Dividend” includes bonus.
  - m. “Seal” means the Common Seal of the Company.
  - n. “Proxy” include attorney duly constituted under a Power of Attorney.

- o. "Section or Sec" mean Section of the Act.
- p. "Auditors" shall mean and include the persons appointed as such for the time being by the Company.
- q. "Meeting" or General Meeting" means, a Meeting of the Members.
- r. "Annual General Meeting" means a General Meeting of the Members held in accordance with the provisions of Section 166 of the Act.
- s. "Extra-ordinary General Meeting" means an Extraordinary General Meeting of the Members duly called and constituted and any adjourned meeting held thereof.
- t. "Special Resolution" shall have the meaning assigned by Section 189 of the Act.
- u. "Financial Year" shall have the meaning assigned by Section 2(17) of the Act.
- v. Words importing the masculine gender shall include the feminine gender.

#### **COMMENCEMENT OF BUSINESS**

- 4. The business of the Company, subject to the provisions of Section 149 of the Act, be commenced as soon as the Board of Directors think fit, notwithstanding that the whole of the Capital may not have been subscribed or part only of the shares may have been issued or allotted and although part only of the capital may have been paid-up.

#### **SHARE CAPITAL**

- 5. The Share Capital of the Company is Rs.39,14,00,000/- (Rupees Thirty-Nine Crores Fourteen Lakhs only), divided in to 28500000 (Two Crore eighty-five lakhs) Equity Shares of Rs. 10/- (Rupees Ten Only) each amounting to Rs 28,50,00,000/-(Rupees Twenty-Eight Crores Fifty Lakhs) and 2,64,000(Two Lakhs Sixty-four Thousands)-11% Redeemable Cumulative Preference Shares of 100/- (Rupees Hundred only) each amounting to Rs 2,64,00,000/- and 800000 -12% Redeemable Preference Shares of Rs. 100/- each amounting to Rs. 8,00,00,000/- with power to increase and reduce the capital of the Company and to divide the shares in the Capital for the time being into several classes and to attach thereto, respectively, such preferential, 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, for the time being, be provided for by the Articles of Association of the Company and the legislative provisions for the time being in force in that behalf and to consolidate or sub-divide the shares and issue shares of higher or lower denomination, as permitted by the Companies Act, 2013." [*\*altered vide Scheme of Amalgamation and Arrangement approved by the Hon'ble National Company Law Tribunal, Chennai Bench vide its order dated 30<sup>th</sup> March 2017.*]

## **SHARES**

6. The shares shall be under the control of the Directors who may allot them to such person on such terms and conditions as they may think fit provided, however, the Directors shall comply with the relevant provisions of the Act or any statutory modifications thereof.

## **SHARES NOT DEEMED TO BE VARIED**

7. The rights conferred upon the holders of the shares of any class with preferred or other rights, shall not, unless otherwise expressly provided by the terms of issue of the shares of the class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

## **BUY BACK OF SHARES**

8. The Directors shall have the powers to buy back the Company's own shares, subject to complying with the provisions of Section 77 of the Act and the Rules framed thereunder.

## **POWER TO ISSUE PREFERENCE SHARES**

9. The Company shall have power to issue preference shares carrying a right to redemption out of profits or liable to be so redeemed at the option of the Company and the Directors may, subject to the provisions of the Act, exercise such power in any manner prescribed by the Resolution authorising the issue of such shares.

## **POWER TO REDUCE SHARE CAPITAL**

10. The Company shall have the power to reduce the share capital in the manner provided for in Section 100 to 104 of the Act or any Statutory modification thereof,

## **PROCEDURE FOR ISSUE OF NEW SHARES**

11. The new shares shall be issued upon such terms and conditions and with such rights and privileges attached thereto as the General Meeting resolving upon the creation thereof, shall direct, and if no direction shall be given, as the Directors shall determine, and in particular such shares may (subject to any special rights for the time being attached to any existing class of shares) be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company and with a special right or without any right of voting.

## **JOINT HOLDERS OF SHARES**

12. The joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share.

## **ISSUE OF SHARES FOR CONSIDERATION OTHER THAN CASH**

13. a. The Board may issue and allot shares in the Company as payment for any property sold or goods otherwise transferred or machinery or appliances

supplied or for services rendered or to be rendered to the Company or in the formation or promotion of the Company or the acquisitions and/or conduct of its business and shares may be so allotted as fully paid up shares and if so issued, shall be deemed to be fully paid up shares

- b. As regards all allotments, made from time to time, the Board shall duly comply with Section 75 of the Act.

#### **POWER TO PAY INTEREST OUT OF CAPITAL**

14. The Company may, subject the conditions and restrictions contained in Section 208 of the Act, for the purposes of raising money to defray the expenses of the construction of any works or building or the provision of any plan which cannot be profitable for the lengthened period, pay interest on so much of the share capital for the time being paid up and may charge the same to capital as part of the cost of construction of work to building or the provision of the plant.

#### **TRUSTS NOT RECOGNISED**

15. Save as herein otherwise provided, the company shall be entitled to treat the registered holder of any shares as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction as by Statute require, be bound to recognise, any equitable or other claim to or interest in such share on the part of any other person.

#### **SHARE CERTIFICATES**

- 16a.
  - i. Every person whose name is entered as a member in the Register of Members shall be entitled to receive within three months after the allotment or 2 months after the Registration of transfer.
  - ii. One certificate for all his shares without payment.
  - iii. Several certificates, each for one or more of his shares upon payment of one rupee for every certificate after the first.
- b. Every certificate shall be issued under the seal of the Company and shall specify the shares to which it relates and the amount paid up thereon.
- c. In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate for share to one or several joint holder(s) shall be sufficient delivery to all such joint holders.
- d. If a share certificate is defaced, lost or destroyed it may be renewed on payment of such fee not exceeding fifty paise and on such terms if any as to evidence and indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating the evidence as the directors think fit, in accordance with the Companies (Issue of Share Certificate) Rules, 1960.



## **CALLS ON SHARES**

17. The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the provisions of Section 91 of the Act, make such calls as the Board thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board. A call may be made payable by installment and shall be deemed to have been made when the resolution of the Board authorising such call was passed.

## **REVOCAION OF CALLS**

18. A call may be revoked or postponed at the discretion of the Board.

## **TRANSFER AND TRANSMISSION OF SHARES**

19. Every instrument of transfer shall be in Form No.7B of the Companies Central Government's General Rules and Forms or any such other Form as may, from time to time, be prescribed by the Central Government.
20. Every instrument of transfer shall, before it is signed by or on behalf of the transferor or before any other entries made thereon, be presented to the Registrar or such other authority as the Central Government may, from time to time, appoint in that behalf for being stamped or otherwise endorsed thereon the date on which it is so presented,
21. Every instrument of transfer in the prescribed form with the date of such presentation stamped or otherwise endorsed thereon shall, after it is executed by or on behalf of the transferor and the transferee and complete in all respects, be delivered to the Company within two months from the date of such presentation or within such extended period as may be granted by the Central Government under sub-section 1 (d) of Section 108 of the Act. Provided that there it is proved to the satisfaction of the Board that an instrument of transfer signed by the transferor and the transferee has been lost, the Company may, if the Board thinks fit, on an application in writing made by the transferee and bearing the stamp required for an instrument of transfer register the transfer on such terms as to indemnity as the Board may think fit.
22. An application for the registration of the transfer of any share or shares may be made either by the transferor or the transferee, provided that where registration shall in the case of Partly Paid-up, shares to be effected unless the Company gives notice of the application to the transferee. The Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice enter in the Register the name of the transferee on the same manner and subject to the same conditions as if the application for registration was made by the transferee. Nothing in this Article shall prejudice any power of the Board to refuse to register the transfer of any shares to a transferee, whether a member or not.

23. The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.

## REGISTRATION OF TRANSFER

24. a. The Board may, subject to the right of appeal conferred by the Act, decline to register;
- i. The transfer of a share, not being a fully paid share, to a person of whom they do not approve, or
  - ii. Any transfer of shares on which the Company has a lien.
- b. The Board may also decline to recognise any instrument of transfer unless.
- i. The instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidences as the Board may reasonably require to show the right of the transferor to make the transfer, and
  - ii. The instrument of transfer is in respect of only one class of shares.
25. a. No fee shall be charged for registration of transfer or for effecting transmission or for registering any letters of probate, letters of administration or similar other documents.
- b. Power of the company to rematerialize /dematerialize
- The Company shall be entitled to dematerialize its existing shares, debentured and other securities, rematerialize, its shares, debentures and other securities, in a dematerialized form pursuant to the Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
- c. Option for Investors
- Every person subscribing to securities offered by the company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a deposit or, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the company shall in the manner and within the time prescribed, issue to the beneficial owner the required certificate of Securities.
- If a person opts to hold its security with a depository, the company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.
- d. Securities in Depositories to be in fungible form.
- All Securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153,153A, 187B, 187C and 372A of the Companies Act, 1956 shall apply to a depository in respect of

the securities held by it on behalf of the beneficial owner.

e. Rights of Depositories and Beneficial Owner

Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.

Save as otherwise provided above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his/her securities, which are to be held by a depository.

### **SERVICE OF DOCUMENTS**

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or discs.

- f. The Company shall keep a book to be called Register of Transfers and therein shall be entered the particulars of every transfer or transmission of any shares held in dematerialized form.
- g. Provided that the registration of transfer shall not be refused only on the grounds of the transferor being either alone or jointly with any other person or persons indebted to the Company or any account whatsoever.
26. The Executors or administrators of a deceased member (not being one of several joint holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such member. In case of death of anyone or more of the joint holders of any shares, the survivors shall be the only persons recognised as registered holders of such shares.
27. Any person becoming entitled to shares in consequence of the death or bankruptcy of any member, upon producing such evidence that he sustains the character of which he proposes to act under this Article of his title as the Board thinks sufficient may with the consent of the Board (which it shall not be under any obligation to give) be registered as a member in respect of such shares.

### **CERTIFICATE OF SHARES TO ACCOMPANY TRANSFER DEED**

28. The instrument of transfer shall be accompanied by the certificate of shares.

### **GENERAL MEETINGS**

29. The Company shall in addition to any other meetings, hold a General Meeting which shall be styled the Annual General Meeting at such intervals, and in accordance with the provisions of Section 166 of the Act.

30. All business shall be deemed special that is transacted at an Annual General Meeting with the exception of -
- i. The consideration of accounts, balance sheet and the reports of the Board of Directors and Auditors;
  - ii. The declaration of a dividend;
  - iii. The appointment of Directors in the place of those retiring; and
  - iv. The appointing of and fixing the remuneration of the Auditors.
- In the case of any other meeting, all business shall be deemed special. Where any items of business to be transacted at the meeting are deemed to be special, the provisions of Section 173 of the Act shall be complied with.

#### **TIME OF NOTICE OF GENERAL MEETING**

31. The General Meeting of the Company may be called by giving not less than 21 days of clear notice in writing to all Members entitled to receive the Notice, specifying the place, day and hour of the Meeting.

#### **OMISSION TO GIVE NOTICE**

32. The accidental omission to give any such notice to or the nonreceipt of any of the members to whom it should be given, shall not invalidate any resolution passed or proceedings held at any such meeting.

#### **EXTRAORDINARY GENERAL MEETINGS**

33. All General Meetings other than the Annual General Meetings of the Company shall be called Extraordinary General Meetings.
- i. The Board may, whenever it thinks fit, call an Extraordinary General Meeting.
  - ii. Extraordinary General Meetings may be called on requisition in accordance with the provisions of Section 169 of the Act.

#### **QUORUM**

34. a. No business shall be transacted at any General Meeting, unless a quorum of the Members is present at the time when the Meeting proceeds to business. Five members personally present shall be the quorum for the General Meetings of the Company.
- b. If within half an hour from the time appointed for holding a General Meeting of the Company, a quorum is not present, the Meeting, if called on the requisition of any of the Members, shall stand dissolved. In other cases, the Meeting shall stand adjourned to the same day in the next week at the same time and place or as the Board may otherwise determine. If at the adjourned Meeting a quorum is not present, the Members present shall be the quorum.

## **CHAIRMAN**

35. a. The Chairman, if any, of the Board shall preside as Chairman at every General Meeting of the Company.
- b. If there is no such Chairman or he is not present within fifteen minutes after the time appointed for holding the Meeting, or unwilling to act as Chairman of the Meeting, the Directors present shall elect one of themselves to be the Chairman of the Meeting.
- c. If at any Meeting no director is willing to act as Chairman or if no director is present within fifteen minutes from the time appointed for holding the meeting, the Members present shall choose one of themselves to be the Chairman of the Meeting in accordance with the provisions of Section 175 or any statutory modification thereof.

## **POLL**

36. On a show of hands every member present in person shall have one vote and on a poll every member present in person or by proxy shall have one vote for each share held by him.

## **NUMBER OF DIRECTORS**

37. a. Until otherwise determined by a Special Resolution, the number of Directors of the Company shall not be less than three and not more than twelve.

## **38. FIRST DIRECTORS**

The first Directors of the Company are:

1. Dr.C.H.Krishnamurthi Rao
2. Mr. Suresh Krishnamurthi Rao
3. Mr.J.Venkataraman

## **QUALIFICATION SHARE OF DIRECTORS**

39. No share qualification is required for any person for being appointed as a Director the Company.
40. Unless otherwise determined by the Company in a General Meeting, the Directors shall have power to co-opt, as and when they consider desirable, one or more persons to be Additional Directors of the Company and the total number of Directors shall not exceed the maximum number fixed under Article 17(a).
41. Subject to provisions of the Act, the Board may appoint an Alternate Director to act for a Director (hereinafter called "The Original Director") during his absence from the State of Tamilnadu or India for a period of not less than three months. The Alternate Director so appointed under this Article shall vacate office if and when the original Director returns to India.

42. The Board shall have power, at any time and from time to time, to appoint any person as a Director as an addition to the Board, provided that the total number of Directors shall not at anytime exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for re-election.

#### **MANAGING DIRECTORS & WHOLE TIME DIRECTORS**

43. The Directors at any time, may appoint one, two or more of their body as Managing Directors, Joint Managing Directors, Whole-time Directors or Technical Directors of the Company for a term not exceeding five years at a time, and may, subject to any contract between them and the Company, from time to time, remove or dismiss them from office and appoint another in their place. On entering into any contract with Managing, Joint Managing, Whole time or Technical Directors or on the variation of any such contract, the Company shall give the notice and otherwise observe requirements of Section 302 of the Act.
44. A Managing Director shall be subject to the same provisions (as to resignation and removal) as the other Directors of the Company, and if he ceases to hold the office of Director for any cause, shall also factor and immediately cease to be a Managing Director.

#### **REMUNERATION OF MANAGING DIRECTOR**

45. The remuneration of a Managing Director or Whole time Director, subject to Sections 198 & 309 of the Act, shall from time to time be fixed by the Directors, and may be by the way of salary or percentages in the profits or by both these modes.

#### **POWERS AND DUTIES OF MANAGING DIRECTOR**

46. The Board of Directors may from time to time entrust to and confer upon a Managing Director or whole Time Director such powers exercisable under these presents as they may think fit, and may confer such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.
47. a. The Board of Directors shall have power, from time to time and at any time, to appoint any person who is in the employment of the Company as “Special” or “Executive” or “Technical” or any Functional Director on such terms and conditions as to remuneration or otherwise as the Board may deem fit and at their discretion to remove or suspend such person from the said office. Any person so appointed shall not be a Director of the Company for any of the purposes of the Act, nor shall he have any of the powers, or be subject to any of the duties of a Director.
- b. The use of the word “Director” in the said designation shall not be construed as constituting such person a Director of the Company for any of the purpose of the Act.
- c. Subject as aforesaid, every person appointed as special or Executive or Technical

or any Functional Director shall exercise such power and discharge such duties as the Board of Director may from time to time determine.

48. a. The Board of Directors shall be entitled to exercise such powers and to do all such acts and things as the Company is authorised to exercise or do; provided that the Board shall not exercise any power or do anything which is directed or required by the Act or any other provisions of law, Memorandum of Association or by these articles to be exercised and done by the Company in General Meeting.
- b. No regulation made by the Company in General Meetings shall invalidate any prior act of the Board which would have been valid if that regulation had been made.

### **BOARD MEETINGS**

- 49 a. The Board of Directors may meet for the despatch of business, adjourn or otherwise regulate its meetings as it thinks fit provided however, the Board shall meet atleast once in every three months in accordance with Section 285 of the Act or any statutory modification thereof.
- b. A Director may, and the Principal Officer of the Company on the requisition of a Director, shall at any time, summon a meeting of the Board.
- c. The quorum for meeting of the Board shall be two directors or one third of the total strength of the Board, whichever is higher, subject to Section 287 of the Act.

### **REMUNERATION TO DIRECTORS**

50. The affairs of the Company shall be managed by the Board of Directors and subject to the provisions of section 314 of the Act, the working directors are entitled to remuneration for the services rendered by them either as whole time or part time which shall be decided by the Board of Directors from time to time.

### **POWERS AND DUTIES OF BOARD OF DIRECTORS**

- 51 a. Subject to the provisions of the act and the articles herein contained, the affairs and the business of the Company shall be managed by the Board of Directors and the Directors may severally or jointly as the Board decides, exercise all such power and do all such acts and things as the Company is authorised to exercise and do PROVIDED that the Board shall not exercise any power or do any act or thing which is directed or required whether by the Act or any other act or by the Memorandum and Articles of Association of the Company or otherwise to be exercised or done by the Company in general meeting, in furtherance of the objects mentioned in Clause III of the Memorandum of Association, including the powers expressly included therein, PROVIDED FURTHER that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions contained in that behalf in the Act, or any other Act, or in the Memorandum and Articles of Association or in any regulations, not inconsistent therewith and duly made thereunder including the Regulations made by the

Company in General Meeting.

- b. No regulation made by the Company in General Meeting shall invalidate any prior act of the board which would have been valid if that Regulations had not been made.
52. The Board may exercise the following powers on behalf of the Company, but it shall do so only by means of resolutions passed at meetings of the Board:
- a. The power to make calls on shareholders in respect of money unpaid on their shares;
  - b. The power to issue debentures;
  - c. The power to borrow moneys otherwise than on debentures;
  - d. The power to invest the funds of the Company;
  - e. The power to make loans.

PROVIDED the Board may by a resolution passed at a meeting, delegate to any committee of Director's or Director or any Principal Officer of the Company the power specified in (c), (d) and (e) to the extent specified in sub-section (2) of Sec.292 of the Act, subject to such restrictions and directive in these respects.

#### **POWERS OF THE BOARD**

53. The general control and supervision, conduct and Management of the business and financial and other affairs of the Company shall be vested in and the same be carried on, managed and exercised by the Board of Directors of the Company and accordingly (but without prejudice to the rights and authorities, position and privileges, powers and discretions- vested with individual Directors, in whatsoever manner they are called upon subject to the provisions of the Act) the Board shall, in addition to the powers and authorities by the Act or by these presents otherwise expressly conferred on it, exercise in particular the following powers and authorities, that is to say

To do all such acts, deeds, matters and things, exercise all such powers and authorities give all such consents, make all such arrangement, for or in relation to any of the matters aforesaid or otherwise for the purposes or as are necessary incidental or conducive to the attainment of all or any of the subjects of the Company and to enter into all such negotiations and contracts and execute, perform and do or rescind and vary such negotiations, and contracts and sanction and authorise all such other acts, deeds, matters and things in the name and for and on behalf and on account of the Company as it may consider expedient or deem necessary for the purpose of the Company.

#### **INDEMNITY**

54. Subject to Section 201 of the Act, if the Directors or any of them or any other persons shall become personally liable for the payment of any liability due from the Company the Board may execute or cause to be executed subject to the approval by a special Resolution of the Company in General Meeting any



mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

#### **TO KEEP PROPER BOOKS OF ACCOUNTS**

55. The Directors shall cause proper books of accounts to be kept showing receipts and expenses, sales and purchases and the assets and liabilities of the Company and otherwise comply with the provisions of Section 209 of the Companies Act.

#### **DIRECTOR'S FEES, REMUNERATION AND EXPENSES**

56. Each Director shall be paid out of the funds of the Company as remuneration for his services such sums as may be determined by the Directors for every meeting of the Directors at which he shall be present in person besides travelling, hotel and other expenses.

#### **DIRECTORS MAY CONTRACT WITH THE COMPANY**

57. Subject to the provisions of Section 297 of the Act, neither shall a Director be disqualified from contracting with the Company, either as a vendor, the supplier, purchaser or otherwise, for goods, materials, plant and machinery or services, nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director or a firm in which such Director or relative is a partner or with any other partner of such firm or with a private limited company, of which such Director is a member or director, be avoided nor shall any Director so contracting or being such member so interested, be liable to account to the Company for any profit realised by such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established, but the nature of his interest shall be disclosed by him at the meeting of the Directors at which the contract is determined or of his interest then existing or in any other case, at the first meeting of the Directors after the acquisition of his interest.

#### **POWERS AND DUTIES OF DIRECTORS**

58. Subject to the provisions of the Act, or any other acts in force and these Articles, the Board may delegate any of its powers to one or more Directors and or officers of the Company, to be exercised jointly or severally, subject to such supervision, restriction and direction of the Board as deemed necessary.

#### **COMMON SEAL**

59. The Board shall provide for the safe custody of the seal. The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board and except in the presence of at least one Director and the one Director shall sign every instrument to which the seal of the Company is so affixed in his/her presence.

## **SEAL FOR USE OUTSIDE INDIA**

60. The Company shall also be at liberty to have an Official Seal in accordance with Section 50 of the Act for use in any territory, district or place outside India.

## **ACCOUNTS TO BE AUDITED ANNUALLY**

61. Once at least in every year the books of accounts of the Company shall be examined by one or more auditors.

## **APPOINTMENT, REMUNERATION, RIGHTS AND DUTIES OF AUDITORS**

62. The appointment, powers, rights, remuneration and duties of the Auditors shall be regulated by Section 224 to 231 of the Act.

## **BOOKS OF ACCOUNTS TO BE KEPT**

63. The Board shall cause proper books of accounts to be kept in accordance with section 209 of the Act.
64. The books of accounts shall be kept at the registered office of the Company. The Board may decide to keep the books of accounts at a place other than the Registered office and when the Board so decides, the Company shall, within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place, subject to the provisions of the Companies Act 1956.

## **INSPECTION OF BOOKS**

65. The Board shall, from time to time, determine whether and to what extent and at what time and places, and under what conditions or regulations the books of accounts and books and documents of the Company shall be open to the inspection of the members not being directors and no member (not being a director) shall have any right of inspecting any books of accounts or book or document of the Company unless conferred by law or authorised by the Board or by the Company in general meeting.

## **SECURITY CLAUSE**

66. a. Every Director, Manager, Auditor, Trustee of the Company, its members, member of a committee, officer, servant, agent, accountant, or other person employed in or about to be employed in the business of the Company shall, if so required by the board, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the board or by any general meeting or by a court of law and except so far as may be necessary in order to comply with any of the provisions in these articles contained.

- b. No member shall be entitled to visit, to inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any details of the Company's trading, or any matter which is or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors would be inexpedient in the interest of the Company to disclose.

## **WINDING UP**

67. If the Company shall be wound up and assets available for distribution among the members as such be insufficient to repay the whole of the paid up capital such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up which ought to have been paid up at the commencement of the winding-up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding-up, paid up or which ought to have been paid up on the shares held up by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

## **DISTRIBUTION OF ASSETS IN SPECIE**

If the Company shall be wound up voluntarily or otherwise, the liquidator may, with the sanction of a special resolution, in specie divide among the contributories, any part of the assets of the company and may, with the like sanction, vest any part of the assets of the company in Trust for the benefit of the contributories, or appoint any of them as the liquidators, with the like sanction, if he shall think fit.

## **INDEMNITY**

68. Every, Director, Officer of the Company or any person (whether an officer of the company or not) employed by the company and any person appointed as Auditor shall be indemnified out of the funds of the Company against all liability incurred by him as such director, officer, employee or Auditor in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted, or in connection with any application under section 633 of the Act, in which relief is granted to him by the Court.

## **ARBITRATION**

69. All question of differences between the Company and its shareholders or between the shareholders interest as touching the affairs of the Company shall be decided by arbitration as provided by the Indian Arbitration Act and not by Court.

## VII. OTHER INFORMATION

### DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of our Company on any working day between 11:00 a.m. and 1:00 p.m. from the date of filing of this Information Memorandum with the Stock Exchanges till the date of listing:

1. Memorandum and Articles of Association of CAL, as amended till date.
2. Memorandum and Articles of Association of TCL
3. Certification of incorporation.
4. Annual Accounts and Reports of the Statutory Auditors of the Company as mentioned in this Information Memorandum for the financial years 2013-14, 2014-15 and 2015-16 and nine months period ended December 31, 2016.
5. Annual Accounts of CAL for the financial years 2013-14, 2014-15 and 15-16.
6. Scheme of Amalgamation sanctioned by the Hon'ble National Company Law Tribunal Division Bench, Chennai, vide its order dated March 23, 2017.
7. Certified copy of the order dated March 30, 2017<sup>6</sup> sanctioning the Scheme.
8. Notice convening meeting of shareholders to consider scheme of arrangement along with statement under section 391 to 394 of the Companies Act, 1956 and the related provisions under the Companies Act, 2013 and other document accompanying the same.
9. Report issued by Chartered Accountants on the share entitlement ratio to be allotted in consideration of the amalgamation and fairness opinion thereon of Vivro Financial Services Private Limited
10. Receipt/proof of filing of the Scheme with ROC.
11. Letters issued by BSE and NSE according their no objection to the Scheme.
12. Tripartite Agreement between the Company, the RTA and NSDL dated 8<sup>th</sup> May, 2017
13. Tripartite Agreement between the Company, the RTA and CDSL dated 16<sup>th</sup> June, 2017
14. BSE letter No. DCS/AMAL/KS/24(F)/522/2016-17 dated September 2, 2016 granting in-principle approval for listing.
15. NSE letter No. NSE/LIST/86185 dated September 7, 2016 granting in-principle approval for listing.

16. Application to SEBI for obtaining relaxation from the applicability of Rule 19(2)(b) of the Securities Contract Regulation (Rules) 1957 for listing of the shares of the Company.

## **DECLARATION**

No statement made in this Information Memorandum shall contravene any of the provisions of the Companies Act, 2013 including any amendment or reenactment thereof and the rules made thereunder. All the legal requirements as also the Regulations, Guidelines, instructions, etc., issued by SEBI, Government or any other competent authority in respect of listing of securities have been duly complied with. All the statements and disclosures made in this Information Memorandum are true and correct.

**For Chemfab Alkalis Limited  
(formerly known as Teamec Chlorates Limited)**

**(G. SOMASUNDARAM)**  
Company Secretary.

**Dated: 21st July, 2017**  
**Place: Chennai**