
ASHOK ALCO-CHEM LIMITED

Regd. Office: 104, Venkatesh Chambers, 1st Floor, Ghanshyam Talwatkar Marg, Fort, Mumbai – 400 001



Dear Member,

Notice pursuant to Section 192A(2) of the Companies Act, 1956.

Notice is hereby given pursuant to Section 192A(2) of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, that the Resolution appended below for the purpose of Preferential Issue of Securities pursuant to provisions of Section 81 and 81(1A) of the Companies Act, 1956, is proposed to be passed as a Special Resolution by way of Postal Ballot.

The Company seeks the Members' consent for the resolution appended below.

The Explanatory Statement pertaining to the said resolution setting out the material facts and the reasons thereof is annexed. The said Special Resolution and the Explanatory Statement are being sent to you along with a Postal Ballot Form (the "Form") for your consideration. The Company has appointed Shri Sudeshkumar Joshi, Practising Chartered Accountant, as the Scrutinizer, for conducting the Postal Ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed thereunder and return the Form duly completed in the attached self addressed postage pre-paid envelope so as to reach the Scrutinizer on or before the close of working hours (5.30 pm) on Friday, February 14, 2014. Postal Ballot Forms received after this date will not be considered in terms of Rule 6(f) of Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.

The Scrutinizer will submit his Report to the Company, after completion of the scrutiny and the results of the Postal Ballot will be announced on Monday, February 17, 2014 at 4.00 p.m. at the Registered Office of the Company. The result will also be published in the newspapers and hosted on the Company's website www.ashokalcochem.com for information of the Members.

To consider and, if thought fit, to give **assent/dissent** to the following resolution as a **Special Resolution**:

“RESOLVED THAT in accordance with the provisions of Section 81, 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time) and in accordance with the provisions of Memorandum & Articles of Association of the Company and the provisions of the Listing Agreement entered into by the Company with the Stock Exchange(s) where the Shares of the Company are listed and subject to the applicable provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (hereinafter referred to as "SEBI (ICDR) Regulations, 2009) governing the issue of Equity Shares/Warrants and subject further to such approvals, consents, sanctions or permissions of other Governmental or Regulatory Authorities, if any, as may be necessary, and which may be agreed to by the Board of Directors of the Company (hereinafter called the 'Board' which term shall be deemed to include any Committee which the Board may have constituted / to be constituted to exercise its powers including the powers conferred by this resolution), the Board be and is hereby authorised on behalf of the Company to create, offer, issue and allot for cash on preferential allotment basis to Aura Alkalies and Chemicals Private Limited, Promoter Group Company of the Company:

- 1) upto 3,75,000 (Three Lacs Seventy Five Thousand) Equity Shares of Rs. 10/- each at a price of Rs. 30/- per Equity Share (Face Value Rs. 10/- + Premium Rs. 20/-) or at a price not being lower than the price determined in accordance with the SEBI (ICDR) Regulations, 2009, whichever is higher and
- 2) upto 4,50,000 (Four Lacs Fifty Thousand) Warrants of Rs. 30/- per Warrant and each Warrant shall be converted into one Equity Share of the Face Value of Rs 10/- each and at a premium of Rs. 20/- per share or at a price not being lower than the price determined in accordance with the SEBI (ICDR) Regulations, 2009, whichever is higher.

RESOLVED FURTHER THAT the Warrants shall be converted at any time, into one or more tranches as the Board may decide but not later than 18 months from the date of their allotment in accordance with SEBI (ICDR) Regulations, 2009 or other provisions of the law as may be prevailing at the time of allotment of equity shares/ conversion of warrants on such other terms and conditions as the Board may in its absolute discretion decide at the time of issue of Equity Shares/Warrants.

RESOLVED FURTHER THAT the **RELEVANT DATE** for determination of the price of the Equity Shares/ Warrants in terms of the provisions of the SEBI (ICDR) Regulations, 2009 in this regard shall be January 18, 2014.

RESOLVED FURTHER THAT in consideration of the option being offered, the offeree shall deposit with the Company a sum of Rs. 7.50/- per warrant (being 25% of the face value of the warrant) as interest free subscription amount towards warrants with a right to the Board of Directors to forfeit such deposit in the event of Offeree not exercising their option as per the terms stipulated by the Board in this behalf in accordance with SEBI (ICDR) Regulations, 2009.

RESOLVED FURTHER THAT the equity shares to be allotted to the proposed allottee pursuant to aforesaid preferential allotment and the equity shares to be allotted upon the conversion of Warrants shall rank pari passu with the then existing Equity Shares of the Company in all respects including right as to dividend and further that the equity shares allotted on preferential basis and equity shares to be allotted upon conversion of warrants shall be locked in from the date of their allotment for such period as prescribed in Regulation 78 of SEBI(ICDR) Regulations, 2009.

RESOLVED FURTHER THAT the Equity Shares / Warrants to be allotted pursuant to aforesaid preferential allotment / the Equity Shares to be allotted upon the conversion of Warrants may be listed on Stock Exchanges where the Securities of the Company are presently listed.

RESOLVED FURTHER THAT the Equity Shares/Warrants to be so created, offered, issue and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company.

RESOLVED FURTHER THAT subject to requisite approvals for the purpose of giving effect to the above Resolutions, the Board and/or its Committee, be and is hereby authorised on behalf of the Company to take such steps and to do all such acts, deeds, matters and things as the Board may in its absolute discretion consider necessary, expedient, usual, proper or incidental to this Resolution and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue and allotment of the Equity Shares/Warrants, without being required to seek any further consent or approvals of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized, to delegate all or any of the powers herein conferred to any Committee of Directors and/ or any Director including Whole Time Director and / or Compliance Officer of the Company, in this regard.”

By order of the Board
For **Ashok Alco-Chem Limited**

Date: January 9, 2014
Place: Mumbai

Sd/-
Sridhar Chari
Whole Time Director

Registered Office:
104, Venkatesh Chambers,
1st Floor, Ghanshyam Talwatkar Marg,
Fort, Mumbai – 400 001.

Notes:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, setting out material facts is annexed hereto.
2. Only a Shareholder who is entitled to vote is entitled to exercise his/her vote through Postal Ballot.
3. Notice is being sent to all the Members, whose names appear on the Register of Members/List of Beneficial Owners as received from National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL) as at the close of working hours on Friday, January 3, 2014.
4. As per Section 192(A) of the Companies Act, 1956, read with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2011, the business set out in the Notice above is proposed to be passed by Postal Ballot. The said item thus will not be transacted at any General Meeting.
5. The Board of Directors of the Company has appointed Shri Sudeshkumar Joshi, Practising Chartered Accountant, as the Scrutinizer for conducting the Postal Ballot voting process in accordance with law and in fair and transparent manner. The Scrutinizer's decision on the validity of a completed Postal Ballot Form shall be final.
6. You are requested to carefully read the instructions printed in the Postal Ballot Form and return the said Postal Ballot Form (no other form or photocopy of the Postal Ballot Form is permitted) duly completed with the assent (for) or dissent (against), in the attached self-addressed postage pre-paid envelope, so as to reach the Scrutinizer before the close of working hours (5.30 p.m.) on or before Friday, February 14, 2014 to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the Member.
7. The Scrutinizer will submit his report to the Whole Time Director of the Company, after completion of scrutiny and the results of the postal ballot will be announced on Monday, February 17 at 4.00 p.m. at the Registered Office of the Company i.e. 104, Venkatesh Chambers, 1st Floor, Ghanshyam Talwatkar Marg, Fort, Mumbai – 400 001.
8. The Special Resolution mentioned above shall be declared as passed if the number of votes cast in its favour amounts to three fourth or more of the total votes casted.
9. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during the office hours on all working days except Saturday and Sunday between 11.00 a.m. to 04.00 p.m. upto the last day of receipt of Postal Ballot Form by the Company i.e February 14, 2014.

ANNEXURE TO THE NOTICE**Explanatory Statement Pursuant to Section 102 of the Companies Act,
2013 and 192A (2) of the Companies Act, 1956****A. Material Facts relating to the Preferential Allotment**

1. The Company as a part of its financial strategy proposes to offer Equity Shares/Warrants to its promoters/promoter group on a preferential basis pursuant to the provisions of Section 81 and 81(1A) of the Companies, Act 1956 with the objective of infusing funds in the Company which may be used to augment the working capital of the Company in addition to enhancing the Company's Net Worth and its ability to raise institutional funding in the future.

To this end it is proposed to issue Equity Shares/Warrants on a Preferential Allotment basis to M/s. Aura Alkalies and Chemicals Private Limited, a Promoter Group Company, in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI (ICDR) Regulations, 2009"), as this would be the most cost – effective source of raising funds and would be at a price as calculated under the provisions of Chapter VII of the SEBI (ICDR) Regulations, 2009.

2. The Equity Shares allotted pursuant to the above Resolution and on exercise of option by Warrant holder shall rank pari-passu with the then existing Equity Shares of the Company in all respects including right as to dividend.
3. Pursuant to the provisions of Section 81 and 81(1A) of Companies Act, 1956, further issue of shares in a Company to any persons (whether shareholder or not) requires prior approval of the shareholders in General Meeting by a Special Resolution. The Listing Agreements executed by the Company with the Stock Exchanges also provides that the Company shall, in the first instance, offer all Securities for subscription pro-rata to the shareholders, unless the shareholders in a general meeting decide otherwise. However, since under Section 192A of the Companies Act, 1956, a listed company may get any resolution approved by the shareholders through Postal Ballot, this resolution is sent for approval of the Members by way of Postal Ballot, in accordance with the Postal Ballot Rules.
4. The proposed preferential allotment of Equity Shares/Warrants to M/s. Aura Alkalies and Chemicals Private Limited would be strictly in accordance with Chapter VII of the SEBI (ICDR) Regulations, 2009. Such proposed preferential issue would comprise of Equity Shares of face value of Rs. 10/- each and Warrants with a right exercisable by the warrant holder to subscribe for Equity Shares of the Company. The holders of the Warrants shall have the option to exercise the Warrants to subscribe to Equity Shares of the Company within eighteen months of its allotment.
5. The pricing of the Equity Shares to be allotted and Equity Shares arising out of exercise of Warrants on preferential basis to M/s. Aura Alkalies and Chemicals Private Limited shall not be lower than the price determined in accordance with the SEBI (ICDR) Regulations, 2009 as amended from time to time. Currently SEBI (ICDR) Regulations, 2009 provide that the issue of equity shares on preferential basis can be made at a price not less than higher of the following:
 - The average of the weekly high and low of the closing prices of the related equity shares quoted on the recognized stock exchange during the twenty six weeks preceding the relevant date; OR
 - The average of the weekly high and low of the closing prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.

However, in view to meet the requirements of the Company, the Board of Directors of the Company has proposed to issue and allot the equity shares and warrants at Rs. 30/-. Therefore, the pricing of the equity shares to be allotted and equity shares arising out of exercise of Warrants shall be higher of Rs. 30/- or the price not being lower than the price determined in accordance with the SEBI (ICDR) Regulations, 2009.

The Relevant Date for the purpose of pricing of the Equity Shares and Equity Shares arising out of exercise of Warrants shall be January 18, 2014, being the date which is 30 days prior to the completion of Postal Ballot i.e. February 17, 2014, which is deemed to be the date of the General Meeting passing the resolution in accordance with Section 192A of the Companies Act, 1956, read with relevant Rules thereunder.

“Stock Exchange” for this purpose shall mean any of the recognized stock exchanges and on which the highest trading volume in respect of the shares of the Company has been recorded during the preceding twenty six weeks prior to the Relevant Date.

6. An amount equivalent to at least 25% of the consideration payable on the Warrants shall be paid at the time of allotment of the Warrants and the remainder shall be paid upon allotment of Equity Shares upon exercise of the Warrants. In case the Warrant holder does not exercise the option to take Equity shares against any of the Warrants held by him, the consideration paid in respect of the Warrants at the time of allotment of Warrants shall be forfeited.
7. The Equity Shares (including those arising out of exercise of right attached to the Warrants) to be allotted to M/s. Aura Alkalies and Chemicals Private Limited pursuant to the proposed special resolution shall be subject to lock-in provisions under Chapter VII, Clause 78 of the SEBI (ICDR) Regulations, 2009.

B. Disclosures prescribed under the SEBI (ICDR) Regulations 2009

1. The object(s) of the preferential issue:
 - Augment the working capital of the Company by improving its cash liquidity.
 - To enhance the Net Worth of the Company.
 - To enhance the Company's ability to raise institutional finance in the future.
2. The Proposal of the Promoters, Directors or Key Management Personnel of the issuer to subscribe to the offer: M/s. Aura Alkalies and Chemical Private Limited, a Promoter Group Company has conveyed its intention to subscribe to the offer. No shares are being offered to Directors or Key Managerial Personnel.
3. Shareholding pattern of the Company before and after the preferential issue:

Sl.No.	Category	Pre-preferential Shareholding		Post Issue of Equity Shares		Post Conversion of Warrants	
		No of shares	%	No of shares	%	No of shares	%
A	Promoters' Holding						
	Bodies Corporate	1693632	44.86	2068632	49.84	2518632	54.75
	Total (A)	1693632	44.86	2068632	49.84	2518632	54.75
B	Public Holding						
I	Institutions						
	Mutual Funds	100	0.00	100	0.00	100	0.00
	Financial Institutions / Banks	384692	10.19	384692	9.27	384692	8.36
	Total B(I)	384792	10.19	384792	9.27	384792	8.36
II	Non Institutions						
	Bodies Corporate	411340	10.90	411340	9.91	411340	8.95
	Non Resident Indians	2394	0.06	2394	0.06	2394	0.05
	Non Resident (Non Repatriable)	5750	0.15	5750	0.14	5750	0.12
	Clearing Members	14794	0.39	14794	0.36	14794	0.32
	Public	1262641	33.45	1262641	30.42	1262641	27.45
	Total B(II)	1696919	44.95	1696919	40.89	1696919	36.89
	Total B(I)+B(II)	2081711	55.14	2081711	50.16	2081711	45.25
	GRAND TOTAL	3775343	100.00	4150343	100.00	4600343	100.00

Note: The above shareholding pattern is prepared based on Beneficiary position in the shares of the Company as on January 3, 2014 as provided by the Depositories. The post issue shareholding pattern has been arrived on the assumption that the entire 4,50,000 Warrants proposed to be issued to the promoters would be converted into equity shares.

4. The time within which the preferential issue shall be completed: The allotment of Equity Shares and the Warrants pursuant to this Resolution will be completed within 15 days from the date of passing this Resolution. Provided that if the approval or permission by any regulatory authority or the Central Government for allotment is pending, the period of 15 days shall be counted from the date of such approval or permission, as the case may be. The allotment of Shares pursuant to the exercise of option by Warrant holder will be made within a reasonable time after exercise of such option.
5. The identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them and change in control, if any, of the issuer consequent to the preferential allotment: M/s. Aura Alkalies and Chemicals Private Limited, 276, Lawrence & Mayo House, 3rd Floor, D. N. Road, Fort, Mumbai – 400001, would be holding 20,68,632 equity shares constituting 49.84% of the paid up share capital after allotment of Equity Shares and holding 25,18,632 equity shares constituting 54.75% of the paid up share capital after allotment of Shares on

exercise of the Warrants (assuming full subscription of shares/ warrants proposed to be allotted herein). There will be no change in control of the Company pursuant to the preferential allotment.

6. The Company hereby undertakes that –

(a) it would recompute the price of the Securities specified above in terms of the provisions of the SEBI (ICDR) Regulations, 2009 where it is required to do so.

(b) if the amount payable on account of re-computation of price is not paid within the time stipulated in the SEBI (ICDR) Regulations, 2009, the above specified securities shall continue to be locked in till the time such amount is paid by allottees.

7. Certificate from Auditors :

The certificate from the Statutory Auditors of the Company, certifying that the issue of securities on the above terms is in accordance with the SEBI (ICDR) Regulations, 2009 on Preferential Issues will be available for inspection at the Registered Office of the Company on all working days except Saturday and Sunday between 11.00 a.m. to 04.00 p.m. upto the last day of receipt of Postal Ballot Form by the Company i.e February 14, 2014.

8. The price at which the Equity Shares/Warrants would be issued to M/s. Aura Alkalies and Chemicals Private Limited according to SEBI (ICDR) Regulations, 2009, cannot be exactly determined before issue of this notice to the shareholders as it depends on the average of the market prices prevailing in the preceding 2 weeks or 26 weeks prior to the Relevant Date, as per the SEBI formula.

Hence, the consent of the Members is being sought to authorise the Board and/or its Committee, to issue further Equity Shares/Warrants of the Company in the manner set out in the Resolution.

The Special Resolution, if passed, will be in the interest of the Company and therefore the Board recommends the Resolution as set out in the Notice for your approval by way of Postal Ballot in terms of Provisions of Section 192A of the Companies Act, 1956, read with the Provisions of the Companies (Passing of Resolutions by Postal Ballot) Rules, 2011.

Except the participating promoter(s) to the extent of their subscription in the Equity Shares/Warrants of the proposed issue and Mr. Sunil Shah, Director of the Company, none of the Directors, key managerial personnel of the Company and their relatives is in any way, concerned or interested in the said Resolution.

By order of the Board
For **Ashok Alco-Chem Limited**

Sd/-
Sridhar Chari
Whole Time Director

Date: January 9, 2014

Place: Mumbai

Registered Office:

104, Venkatesh Chambers,
1st Floor, Ghanshyam Talwatkar Marg,
Fort, Mumbai – 400 001.