

**BHAGYANAGAR CHEMICALS LTD.**

Office : III Floor, K.P.R. House, Sardar Patel Road, Secunderabad - 500 003. (T.S.) India.  
Phones : 040-27898206, 27892071, Fax : 040-27816171

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF BHAGYANAGAR CHEMICALS LIMITED BEARING CIN: U24110PN1988PLC168219, AT ITS MEETING HELD ON MONDAY, THE 06<sup>TH</sup> DAY OF FEBRUARY, 2017, AT 10.30 A.M. AT THE ADMINISTRATIVE OFFICE OF THE COMPANY SITUATED AT 3<sup>RD</sup> FLOOR, KPR HOUSE, S.P. ROAD, SECUNDERABAD-500 003, TELANGANA, INDIA.

**Members Present:**

A Prathap Reddy	- Director
G Hemanth Reddy	- Director
A Shakuntala Devi	- Director

**BACKGROUND:**

1. A Scheme of Amalgamation between Balaji Amines Limited (Transferee Company) and Bhagyanagar Chemicals Limited (First Transferor Company) and Balaji Greentech Products Limited (Second Transferor Company) and their respective Shareholders and Creditors ("**Scheme**"), was approved by the Board of Directors of the Transferee Company and the Board of Directors of the Transferor Companies on 06.02.2017 for the purpose of Amalgamation of M/s. Bhagyanagar Chemicals Limited (First Transferor Company) and M/s. Balaji Greentech Products Limited (Second Transferor Company) with Balaji Amines Limited (Transferee Company) on a going concern basis with effect from 01.04.2016 (First Day of April, Two Thousand and Sixteen) being the appointed date.
2. This report is being adopted pursuant to the requirement of section 232(2)(c) of the Companies Act, 2013, for circulating to the equity shareholders of the Company. This report explains the effect of the Scheme of Amalgamation on equity shareholders, promoters and non-promoter shareholders laying out in particular the share exchange ratio.
3. The Scheme of Amalgamation between Balaji Amines Limited (Transferee Company) and Bhagyanagar Chemicals Limited (First Transferor Company) and Balaji Greentech Products Limited (Second Transferor Company) and their respective Shareholders and Creditors was approved by the Board of Directors of the Company taking in to consideration the rational, the Valuation Report dated 27.01.2017, issued by NSVR & Associates, Chartered Accountants
4. A brief summary of the Valuation Report issued by the Valuer is as follows:
  - (a) The First Transferor Company is wholly owned subsidiary of Transferee Company, upon sanction of the Scheme by the Tribunal, no shares will be issued / allotted under the Scheme.





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(b) The value attributable to the shareholders of Balaji Greentech Products Limited (Second Transferor Company) is negative (i.e. Rs.9.15). Since the value per share is negative, the shareholders are not entitled for any consideration on account of the proposed amalgamation of Balaji Greentech Products Limited (Second Transferor Company) with Balaji Amines Limited (Transferee Company).

(c) Hence the share exchange ratio for the proposed amalgamation is not applicable.

## REPORT:

1. Since the Transferee Company is the 100% holding Company of the First Transferor Company, upon sanction of this Scheme by the Tribunal, the inter-company shareholdings will be cancelled and there will be no issue of shares by the Transferee Company.
2. Upon the sanction of the Scheme by the Tribunal, all the equity shares of the First Transferor Company held by Transferee Company, shall stand cancelled and the investments of Transferee Company, as appearing on the Asset side of the Balance Sheet of Transferee Company, shall stand cancelled to the extent of book value of the equity shares and CRPS of the First Transferor Company.
3. As far as the Shareholders of the Company are concerned (Promoter Shareholders as well as Non-Promoter Shareholders), the Transferee Company is the holding Company of the First Transferor Company holding 100% of the total paid up equity share capital of the First Transferor Company, therefore, no shares will be issued / allotted under the Scheme by the Transferee Company to any person and hence there will be no change in economic interest of any of the shareholders of the Transferee Company pre and post scheme.
4. The Scheme would not have any effect on Key Managerial Personnel of the Company.

For BHAGYANAGAR CHEMICALS LIMITED

  
GADDAM HEMANTH REDDY

DIRECTOR

(DIN: 00003868)

Date: 06.02.2017

Place: HYDERABAD