

Atlas Copco (India) Limited

Registered Office:

Sveanagar, Mumbai - Pune Road, Dapodi, Pune - 411 012.

CIN : U27106PN1960PLC020566

Tel. No. : (020) 3985 2543

Website : www.atlascopco.com Email : investors.grievances@in.atlascopco.com

NOTICE

NOTICE FOR EXTRAORDINARY GENERAL MEETING TO BE HELD ON 25 OCTOBER 2018 AT 3:30 P.M.

Notice is hereby given that, pursuant to Section 101 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the rules made thereunder and the Articles of Association of Atlas Copco (India) Limited (the “**Company**”), an Extra-ordinary General Meeting of the members of the Company will be held on 25 October 2018, at 3:30 p.m. at Sumant Moolgaokar Auditorium, Mahratta Chamber of Commerce, Industries and Agriculture, MCCIA Trade Tower, International Convention Centre, A Wing, Senapati Bapat Road, Pune – 411 016, to transact the following business:

SPECIAL BUSINESS:

To consider and, if thought fit, pass the following resolution, with or without modification, as a special resolution:

“**RESOLVED THAT** pursuant to Article 8 of the Articles of Association of the Company, Section 66 of the Companies Act, 2013 and the rules and regulations framed thereunder and subject to the requisite sanction and approval from the Mumbai Bench of the National Company Law Tribunal (the “**Tribunal**”), as the case may be, and such other appropriate authorities and third parties, as may be required, and on such terms, conditions or modifications, if any, as may be prescribed by any one or more or all of them while granting such approvals, sanctions, consents or permissions and agreed by the Board of Directors of the Company (the “**Board**”), that consent of the members of the Company be and is hereby accorded, to reduce the Company’s issued, subscribed and paid-up equity share capital from INR 22,56,15,640 (Indian

Rupees Twenty Two Crores Fifty Six Lakhs Fifteen Thousand Six Hundred and Forty Only) comprising 22,561,564 fully paid up equity shares of INR 10 (Indian Rupees Ten Only) each to INR 21,73,19,510 (Indian Rupees Twenty One Crores Seventy Three Lakhs Nineteen Thousand Five Hundred and Ten Only), comprising of 2,17,31,951 fully paid up equity shares of INR 10 (Indian Rupees Ten Only), each and that such reduction be effected by cancelling and extinguishing 3.68% of the total issued, subscribed and paid up equity share capital of the Company (the “**Capital Reduction**”), comprising 8,29,613 issued, subscribed and fully paid up equity shares of INR 10 (Indian Rupees Ten Only) each (the “**Non Promoter Shares**”) which are held by the public shareholders of the Company i.e., all equity shareholders of the Company other than the following shareholders (the “**Public Shareholders**”):

S. No.	Name of Shareholder ¹	Folio No.
1.	Atlas Copco Sickla Holding AB	ACO0101337
2.	Atlas Copco Jarla Holding AB	ACO0101338
3.	Atlas Copco International B.V.	ACO0101339
4.	Atlas Copco AB	ACO0101595, ACO0101097, A 0005191 and 10177354
5.	Atlas Copco [I] Ltd Charitable Foundation	ACO0101433
6.	Atlas Copco [I] Ltd Employees Suprn Fun	ACO0101434
7.	Atlas Copco India Ltd Employees P F	ACO0101435
8.	Atlas Copco [I] Ltd Emp Group Grat Sch	ACO0101436

1 Shareholder names are reflected in the same manner as they appear in the records of the depository and Register of Members maintained by the Company.

RESOLVED FURTHER THAT upon the Capital Reduction being confirmed by the Tribunal, and the registration of the order and minute of reduction of share capital by the Registrar of Companies, Pune, the Company shall pay the Public Shareholders who are members of the Company as on the Record Date (defined below), a sum of INR 2,100 (Indian Rupees Two Thousand and One Hundred Only) per equity share (the “**Offer Price**”) held by them, which includes a premium of INR 246 (Indian Rupees Two Hundred and Forty Six Only) over and above the fair value determined by BSR & Associates LLP in their valuation report dated 14 September 2018 and affirmed by the fairness opinion dated 15 September 2018 issued by SPA Capital Advisors Limited.

RESOLVED FURTHER THAT subject to the approval of the Capital Reduction and on payment of the Offer Price, without any further act or deed by the Public Shareholders (including but not limited to surrendering of share certificates with transfer forms and/or sending appropriate instructions to the depository participants), the Non Promoter Shares shall stand cancelled and extinguished and rendered invalid.

RESOLVED FURTHER THAT:

- (a) after the Capital Reduction is confirmed by the Tribunal, the Board shall fix a record date for the purpose of determining the names of the registered holders and beneficial holders of the Non Promoter Shares (the “**Record Date**”);
- (b) all Public Shareholders shall be paid the Offer Price by the Company within such days from the Record Date as required under and in accordance with applicable law or on such other date as may be directed by the Tribunal. All such payments will be made by cheque, demand draft, pay order, warrant, NEFT, RTGS or IMPS (as the case may be);
- (c) upon payment of the Offer Price to the Public Shareholders, the Company shall extinguish the Non Promoter Shares and the Non

Promoter Shares shall stand cancelled and rendered invalid except the shares held by the non-resident Public Shareholders whose shares shall be cancelled and extinguished upon receipt of approval, if any, of the Reserve Bank of India in accordance with the Foreign Exchange Management Act, 1999 (as amended from time to time); and

- (d) on extinguishment of the paid-up share capital as provided in sub paragraph (c) above, the issued, subscribed and paid-up equity share capital of the Company shall stand reduced to the extent of the face value of the equity shares so extinguished.

RESOLVED FURTHER THAT for the purposes of giving effect to the Capital Reduction as aforesaid the Board is hereby authorised to agree to any modifications or conditions that may be imposed or stipulated by the Tribunal and to take all necessary steps and actions as the Board may in its discretion deem fit for the purposes of ensuring that the Capital Reduction is completed in a fair and equitable manner and as directed by the Tribunal.

RESOLVED FURTHER THAT any one of the Directors or the Company Secretary of the Company be and is hereby authorised to file all applications, petitions and documents relating to the Capital Reduction or delegate such authority to another person as deemed fit and to take all necessary steps and do all such acts, deeds, matters and things, as may be necessary to give effect to the aforesaid resolutions and as it may (in its absolute discretion) deem necessary, expedient, usual or proper, in the best interest of the Company and its members in connection with and relating to the Capital Reduction, including any directions for settling any question or doubt or difficulty whatsoever may arise, for the purpose of giving effect to the Capital Reduction, or to any modification thereof, and as the Board may in its absolute discretion deem fit and proper in the best interest of the Company without being required to seek any further consent or approval of the members or otherwise.”

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and such proxy may not be a member of the Company. The form of proxy, duly completed, stamped and signed, must reach the registered office of the company not later than 48 hours before the commencement of the aforesaid meeting. Members/proxies attending the meeting should bring the attendance slip sent herewith, duly filled in and signed, for attending the meeting and handover the same at the entrance of the meeting room. A person can act as proxy on behalf of not more than 50 (fifty) members and holding not more than 10 (ten) per cent of the total share capital of the Company. A blank proxy form is enclosed herewith.
2. The Explanatory Statement as required under Section 102 of the Companies Act, 2013, is annexed.
3. The Register of Members and the Share Transfer Register shall remain closed for a period of 30 (thirty) days from the Record Date for the proposed Capital Reduction.
4. To support the green initiative of Ministry of Corporate Affairs (MCA) in full measure, members are requested to register their e-mail addresses and changes therein from time to time, in respect of electronic holdings with the depository through their concerned depository participants. Members who hold shares in physical form are requested to intimate the same to the Company/Registrar. The Company will be sending documents like the notice calling this extra-ordinary general meeting in electronic form to the email address provided by the members and made available to us by the depositories.

In case you desire to receive the documents mentioned above in physical form, please intimate the same to the Company/Registrar.
5. To ensure timely payment of the Offer Price, the members are requested to update their respective bank account details either with the depository participant or the Registrar and Transfer Agent mentioned below, from time to time.
6. Members are requested to notify immediately the change of address, if any, to Company's Registrars & Transfer Agent i.e., Karvy Computershare Private Ltd., Karvy Selenium TowerB, Plot Nos. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032 ("Karvy").
7. Members and/or their proxies should bring the Attendance Slip duly filled in for attending the meeting.
8. Members are requested to quote ledger Folio numbers /Client ID in all correspondence with the Company.
9. Members who are having multiple accounts are requested to intimate to the Company the ledger folios of such accounts to enable the Company to consolidate all shareholdings into one account.
10. The Company is providing facility to its members to exercise their votes electronically through the electronic voting service facility provided by Karvy. The Company has fixed Friday, 19 October 2018 as the "cut off" date to ascertain eligibility of members for e-voting and for voting at the extra-ordinary general meeting.
11. The members, whose names appear in the Register of Members / records of the depositories as the case may be as on the cut-off date (i.e., 19 October 2018) are entitled to avail facility of e-voting / voting at the extra-ordinary general meeting. Any person, who acquires shares and becomes member of the Company after the dispatch of the Notice and holds shares as on the cut-off date, may

obtain the User ID and password by sending a request at evoting@karvy.com by mentioning folio no. / DP ID Client ID No. If the member is already registered with Karvy for e-voting, then existing User ID and password can be used for casting the vote.

12. The instructions for e-voting are as under:

- (a) Members are requested to use the following URL for e-voting:
'https://evoting.karvy.com'
- (b) Enter the login credentials i.e. User ID & password as follows:

EVENT (E-voting Event Number)	User ID	Password/PIN
As per letter attached.	As per letter attached.	As per letter attached.

Commencement of E-voting	Saturday, 20 October 2018 (9:00 a.m. IST)
End of E-voting	Wednesday, 24 October 2018 (5.00 p.m. IST)

- (c) After entering the details appropriately, click on "LOGIN".
- (d) You will reach the 'password change" menu wherein you are required to mandatorily change your password. The new password should comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character @, # etc. The system will prompt you to change your password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly note that this password can be used by the demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for

e-voting through Karvy Computershare Private Limited e-voting platform.

- (e) You need to login again with new credentials.
- (f) On successful login, the system will prompt you to select the EVENT No.
- (g) On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST/ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the shareholder does not want to cast his/her vote, select 'ABSTAIN'.
- (h) Members holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat account.
- (i) Cast your vote by selecting an appropriate option and click on "SUBMIT". A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can log in multiple times till you have confirmed that your have voted on the resolution.

13. As mentioned earlier, the e-voting will commence on Saturday, 20 October 2018 at 9.00 a.m. (IST) and end on Wednesday, 24 October 2018 at 5.00 p.m. (IST) during which period the members may cast their vote electronically. Thereafter, the voting module will be disabled by Karvy.

14. The Company will make necessary arrangements by way of ballot papers at the venue of the extra-ordinary general meeting for exercising the option of voting by members who have not cast their vote through e-voting.
15. In case of any queries/grievances related to e-voting, members may contact either toll free No. 1-800-34-54-001 of Karvy or Mr. I L Murthy, Senior Manager, Karvy, Karvy Selenium, Tower B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, Phone : (040) 6716 1551, Email id: lakshmana.murthy@karvy.com.
16. In case of joint shareholders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
17. Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.
18. The voting rights of members shall be in proportion to their shareholding in the paid up equity share capital of the Company.
19. Members who have voted by remote e-voting have the right to attend the Extra-ordinary General Meeting and accordingly their presence shall be counted for the purpose of quorum. However, such members shall not be allowed to vote again in the meeting.
20. The member who desires to vote at the meeting shall bring his/her valid identity card in original (PAN Card or Driving Licence or Aadhaar Card or Passport).
21. M/s. Shailesh Indapurkar & Associates, Practicing Company Secretaries, Pune have been appointed as the Scrutinizer to scrutinise the e-voting process in a fair and transparent manner.
22. The Company has also set up a help line to resolve any queries the shareholders may have. The helpline number is +91 88796 73001/2.
23. Route map to reach the venue of the meeting is attached to the Notice

Date: 18th September 2018 By order of the Board

sd/-

Umesh Oza

Head-Legal & Company Secretary

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013 RELATING TO THE AFORESAID SPECIAL RESOLUTION

Post the Delisting, there is no trading platform available to the Public Shareholders (defined below) of the Company, who in aggregate hold 3.68% of the total paid-up equity share capital of the Company in the following manner:

I. Background

Current capital structure of Company

The present authorised share capital of the Company is INR 25,00,00,000 (Indian Rupees Twenty Five Crores Only) divided into 2,50,00,000 (Two Crores and Fifty Lakhs) equity shares of INR 10 (Indian Rupees Ten Only) each. The current issued, subscribed and fully paid up equity share capital of the company is INR 22,56,15,640 (Indian Rupees Twenty Two Crores Fifty Six Lakhs Fifteen Thousand Six Hundred and Forty Only) comprising of 2,25,61,564 (Two Crores Twenty Five Lakhs Sixty One Thousand Five Hundred and Sixty Four) fully paid up equity shares of INR 10 (Indian Rupees Ten Only) each.

Particulars	Amount (in INR)
Authorized share capital	
2,50,00,000 equity shares of INR 10 each	25,00,00,000
Total	25,00,00,000
Issued, subscribed and fully paid-up share capital	
2,25,61,564 equity shares of INR 10 each	22,56,15,640
Total	22,56,15,640

Delisting & Current Shareholding

The equity shares of the Company were delisted from the BSE Limited and Pune Stock Exchange Limited in May 2011 pursuant to a delisting offer made by the promoter of the Company (i.e., Atlas Copco AB) under the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (the “Delisting”).

S. No.	Name of shareholder ¹	Number of shareholder folios	Number of shares held	% of paid up equity share capital
1.	Atlas Copco Sickla Holding AB	1	10	0.00
2.	Atlas Copco Jarla Holding AB	1	10	0.00
3.	Atlas Copco Internationaal B.V.	1	10	0.00
4.	Atlas Copco AB	4	2,17,31,917	96.32
5.	Atlas Copco [I] Ltd Charitable Foundation	1	1	0.00
6.	Atlas Copco [I] Ltd Employees Suprn Fun	1	1	0.00
7.	Atlas Copco India Ltd Employees P F	1	1	0.00
8.	Atlas Copco [I] Ltd Emp Group Grat Sch	1	1	0.00
9.	Public Shareholders ²	6,648	8,29,613	3.68
Total		6,659	2,25,61,564	100.00

1 Shareholder names are reflected in the same manner as they appear in the records of the depository and Register of Members maintained by the Company.

2 Public Shareholders mean all shareholders other than those set out in serial nos. 1 to 8 above and include 1,34,616 shares which are in the process of being transferred to the Investor Education and Protection Fund in accordance with Section 124 of the Companies Act, 2013 (the “Act”).

II. Rationale for proposed Capital Reduction

- (a) As can be seen from the shareholding pattern above, the Public Shareholders hold an aggregate of 3.68% of the total paid-up equity share capital of the Company. Out of these, around 5,110 Public Shareholders currently hold less than or equal to 100 issued, subscribed and fully paid up equity shares of the Company individually and around 1,383 Public Shareholders currently hold more than 100 but less than or equal to 500 issued, subscribed and fully paid up equity shares of the Company individually.
- (b) Since the equity shares of the Company are no longer listed on the stock exchanges, the investment made by the Public Shareholders in the Company is locked as there is no market to buy and sell the equity shares and the Public Shareholders do not have an opportunity to exit the Company, liquidate their shareholding or realise their investment from the Company.
- (c) Many of such Public Shareholders have, in the last 3 (three) years, requested the Company, orally and in writing, to provide them an exit opportunity as well.
- (d) The Capital Reduction, once implemented, will provide the Public Shareholders an opportunity to liquidate their entire shareholding in the Company at a fair and equitable price approved by the Board of Directors of the Company (the “**Board**”) based on the valuation report obtained from the Independent Valuer (*defined below*).
- (e) Further, the Capital Reduction will not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honour its commitments or to pay its debts

or creditors in the ordinary course of business.

- (f) The Board is also of the view that the Capital Reduction at a fair and equitable value would be the most efficient and practical option to provide an exit to the Public Shareholders of the Company to address these concerns. Accordingly, the Board approved the Capital Reduction at its meeting held on 18 September 2018.

III. Consideration

- (a) To maintain fairness and transparency, the Company appointed BSR & Associates LLP (the “**Independent Valuer**”) to undertake an independent valuation of the equity shares of the Company for the Capital Reduction and has obtained a valuation report dated 14 September 2018 in this regard (the “**Valuation Report**”).
- (b) The Company has also appointed SPA Capital Advisors Limited, a SEBI registered Category – I Merchant Banker, to provide a fairness opinion on the valuation of the equity shares of the Company as determined by the Independent Valuer and set out in the Valuation Report and has obtained a fairness opinion dated 15 September 2018 in this regard (the “**Fairness Opinion**”).
- (c) The Board noted that the valuation determined by the Independent Valuer and set out in the Valuation Report has been determined after taking into consideration the fact that the mining and rock excavation (including civil construction) equipment business of the Company (the “**Demerged Business**”) has been demerged from the Company and vested in Epiroc Mining India Limited (“**Epiroc**”) on a going concern basis

with effect from the close of business hours on 30 November 2017 pursuant to an order of the Mumbai Bench of the National Company Law Tribunal (the “**Tribunal**”) dated 30 November 2017 (the “**Demerger**”). The Board also noted that the net book value of the Demerged Business vis-a-vis the total net book value of assets of the Company prior to the Demerger was around 44%.

- (d) The Demerger resulted in each shareholder of the Company becoming the owner of two scrips instead of one (i.e. Epiroc and the Company). The Demerged Business constituted a significant part of the total net book value of assets of the Company prior to the Demerger (i.e., around 44% of the total net book value of the Company’s assets as mentioned above) which the Public Shareholders will continue to benefit from as equity shareholders of Epiroc.
- (e) After due consideration and detailed deliberations in relation to the valuation set out in the Valuation Report, including the valuation methodologies considered and the Demerger, the Board is of the view that the valuation mentioned in the Valuation Report, i.e. INR 1,854 (Indian Rupees One Thousand Eight Hundred and Fifty Four Only) per share of the Company represents the fair value of the equity shares of the Company. The Board noted that this fair value has also been affirmed by the Fairness Opinion and recommended by the Audit Committee of the Company as well.
- (f) However, with a view to thank the Public Shareholders for their continued support over the past 7 years and to ensure that they exit the Company on favourable terms, the Board proposed that a price of INR 2,100 (Indian Rupees Two Thousand and One Hundred Only) per equity share (“**Offer Price**”) be paid to the Public Shareholders of

the Company as consideration for the Capital Reduction, which provides for a premium of INR 246 (Indian Rupees Two Hundred and Forty Six Only) over and above the fair value of the equity shares of the Company set out in the Valuation Report and affirmed by the Fairness Opinion.

- (g) The Company in accordance with the applicable provisions of the Income-tax Act, 1961 (the “**Income Tax Act**”) will be liable to pay dividend distribution tax (the “**DDT**”) at the rate of 20.56% on the amount paid to the Public Shareholders amounting to approximately INR 432 (Indian Rupees Four Hundred and Thirty Two Only) per share at the above Offer Price.
- (h) The entire DDT amount will be borne solely by the Company and the Public Shareholders will receive a consideration of INR 2,100 (Indian Rupees Two Thousand and One Hundred Only) per equity share, which may also be considered tax free in the hands of the Public Shareholders as explained in Paragraph V (General Tax Implications) below.

IV. Payment to Public Shareholders

- (a) The Company will, upon the receipt of confirmation by the Tribunal to the Capital Reduction and upon the Capital Reduction becoming effective and operative, deposit the whole consideration payable to the Public Shareholders in relation to the Capital Reduction in a special bank account.
- (b) Subject to the Capital Reduction becoming effective, the consideration to be paid to the Public Shareholders in lieu of the Capital Reduction will be discharged by issue of cheque, demand drafts, pay order, warrant, NEFT, RTGS

or IMPS (as the case maybe) to the Public Shareholders whose name appears as a member of the Company as on the record date determined by the Board (the “**Record Date**”), within such number of days and subject to such approvals, if any, as required under applicable law or as may be directed by the Tribunal.

- (c) In this regard, all Public Shareholders are requested to provide to the Company / Registrar & Transfer Agent, their bank account details (including IFSC code) along with their addresses and self-attested proofs thereof on or before 31 December 2018, failing which the monies will be paid by the Company to the last known address/bank details of the Public Shareholders.
- (d) In case of transfer requests pending as on the Record Date, the Company shall immediately after the Record Date, dispatch to such shareholders (the “**Transferor**”) and to such person (the “**Transferee**”) from whom the Company has received any communication with respect to pending transfer of shares, a form to be duly filled in by the Transferor and Transferee. Upon receipt of the duly filled in form, the Company will pay the monies due to the Transferee or the Transferor as the case may be.
- (e) Where the monies to be paid to the Public Shareholders have not been claimed by or paid to any of the Public Shareholders, on account of cheques returned and/or undelivered, cheques not deposited, consideration in respect of shares pending transfer as on the Record Date, or for any other reason, the Company shall retain and deal with such monies in the special bank account as may be permissible under applicable law or as directed by the Tribunal.

V. **General tax implications**

As per section 2(22) (d) of the Income Tax Act, the consideration paid by the Company to the Public Shareholders out of the accumulated profits of the Company, pursuant to a scheme of selective capital reduction in accordance with section 66 of the Act is regarded as deemed dividend distribution and accordingly as per section 115-O of the Income Tax Act, DDT is payable by the Company on the consideration paid to the shareholders. Accordingly, the Company will pay DDT at the rate of 20.56% (inclusive of surcharge of 12% and cess of 4%) on the consideration paid to the Public Shareholders. Kindly note that the appropriate DDT amount will be not be deducted from the Offer Price mentioned above and will be borne separately by the Company.

We believe the following tax implications would arise for the specific categories of shareholders:

(a) **Resident shareholders**

Dividend receipts which have been subjected to DDT in the hands of the Company shall generally be exempt in the hands of the shareholders as per the provisions of section 10(34) of the Income Tax Act, subject to, provisions of section 115BBDA of the Income Tax Act.

Section 115BBDA provides that where the total income of a specified assessee, resident in India, includes any income in aggregate exceeding INR 10,00,000 (Indian Rupees Ten Lakhs Only), by way of dividend, tax shall be calculated at the rate of 10% (plus applicable surcharge, education cess and higher education cess) on such dividend in aggregate exceeding INR 10,00,000 (Indian Rupees Ten Lakhs Only).

In the instant case, resident individuals, a Hindu undivided family (HUF) and firms would be covered under the definition of specified assessee provided that such

shareholders are earning dividend income exceeding INR 10,00,000 (Indian Rupees Ten Lakhs Only) in aggregate.

Accordingly, if the consideration received by a shareholder pursuant to the Capital Reduction aggregated with any other dividends received during the year by such shareholder from domestic companies exceeds INR 10,00,000 (Indian Rupees Ten Lakhs Only), then the shareholder may be liable to pay tax at rate of 10% (plus surcharge and cess) on such dividends exceeding INR 10,00,000 (Indian Rupees Ten Lakhs Only).

Illustratively, in case a shareholder receives dividends aggregating to INR 11,00,000 (Indian Rupees Eleven Lakhs Only) in one financial year, the tax under section 115BBDA shall be levied only on the amount of dividend income in excess of INR 10,00,000 (Indian Rupees Ten Lakhs Only), i.e., on INR 1,00,000 (Indian Rupees One Lakh Only), at the rate mentioned above.

The applicability of section 115BBDA in respect of trusts is a complex issue and would be driven by the specific facts of the shareholder such as composition and mix of beneficiaries of the trust, type of trust, other dividend receipts of the beneficiaries of the trusts, etc. Thus, it is advisable that such shareholder trusts should evaluate their taxability under this provision considering their specific set of facts.

With regard to other shareholders being resident i.e. domestic company, funds, trust, banking and insurance companies (presuming such funds, trust, etc. falls within exception provided in definition of specified assessee), the provisions of section 115BBDA of the Income Tax

Act do not apply and therefore, the entire dividend income earned by such shareholders would be exempt from tax under section 10(34) of the Income Tax Act.

(b) Payment to non-resident Public shareholders

To the extent the Offer Price is payable to non-resident Public Shareholders of the Company, the Company may need to seek specific approvals from the Reserve Bank of India (the “RBI”) as provided in the Foreign Exchange Management Act, 1999 and the guidelines therein (as amended from time to time).

The payment to non-resident Public Shareholders of the Company will be made only on receipt of such approvals as may be necessary from the RBI.

With regard to non-resident shareholders, the provisions of section 115BBDA of the Income Tax Act do not apply and therefore, the entire dividend income earned by such shareholders would be exempt from tax under section 10(34) of the Income Tax Act.

VI. Effect of proposed capital reduction

- (a) Under the Capital Reduction, the equity shares of the Company that are held by the Public Shareholders will be extinguished and the Company will make payments to such shareholders at the Offer Price for each share so extinguished and also pay the DDT amount to the relevant authorities. The Capital Reduction of the Company will be subject to the approval of the Tribunal and such other authorities, as the case may be.

- (b) As a result of the Capital Reduction, the issued, subscribed and paid-up equity share capital of the Company will be reduced by an amount of INR 82,96,130 (Indian Rupees Eighty Two Lakhs Ninety Six Thousand One Hundred and Thirty Six Only) and the Reserves and Surplus of the Company will be reduced by an amount of INR 209,20,84,879 (Indian Rupees Two Hundred and Nine Crores Twenty Lakhs Eighty Four Thousand Eight Hundred and Seventy Nine Only).
- (e) The Capital Reduction will not cause any prejudice to the creditors of the Company. The creditors of the Company will in no way be affected by the proposed Capital Reduction as there is no reduction in the amount payable to any of the creditors. No compromise or arrangement is contemplated in relation to the creditors and the Company will have assets in excess of all its liabilities post the Capital Reduction. The Company is only paying off capital in excess of its requirements and the proposed adjustment would not, in any way, adversely affect the ordinary operations of the Company or the ability of the Company to honour its commitments or to pay its debts in the ordinary course of business.

VII. General

- (a) The Board at their meeting held on 18 September 2018 has approved the Capital Reduction as per the terms set out in the resolution.
- (b) The proposed Capital Reduction is pursuant to Section 66 and other applicable provisions of the Act, permitted under Article 8 of the Articles of Association of the Company, and is subject to the approval of the members of the Company through a special resolution and confirmation of the Tribunal and such other regulatory authorities and third parties as may be required.
- (c) The Company has not accepted any deposits and is therefore not in arrears in the repayment of any deposits or interest payable thereon.
- (d) The Memorandum and Articles of Association of the Company, the Valuation Report, the Fairness Opinion and list of creditors are available for inspection by the members of the Company at the registered office of the Company at Sveanagar, Mumbai Pune Road, Dapodi, Pune – 411 012 between 10 am and 12 noon on any working day except Saturday.
- (f) No investigation / proceedings are pending under Section 210 to Section 229 or any other provisions of the Act against the Company.
- (g) Mr. Neville Golwalla, a Director of the Company, is associated with Talwar Thakore & Associates, the legal advisor to the Company for the proposed Capital Reduction. None of the Directors of the Company is or may be deemed to be concerned or interested in this resolution.
- (h) The Board considers that this resolution is in the best interests of the Company, its shareholders and therefore, recommends passing of the special resolution as set out in the accompanying notice.

Date: 18th September 2018 By order of the Board

**sd/-
Umesh Oza
Head-Legal & Company Secretary**

The summary of the tax considerations in this notice are based on our understanding of the current provisions of tax laws of India and regulations thereunder, the judicial and the administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such change could have different tax implications.

In view of the particularised nature of tax consequences, shareholders are required to consult their tax advisors for the applicable tax provisions including the treatment that may be given by their respective tax officers in their case, and the appropriate course of action that they should take.

The Company does not accept any responsibility for the accuracy or otherwise of the tax considerations summary in this notice, which should be treated as indicative and for guidance purposes only.



AGM VENUE

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