



MEGHMANI ORGANICS LIMITED

(Incorporated as a limited liability company in India)
(Company Registration No. L24110GJ1995PLC024052)

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PROPOSED COMPOSITE RESTRUCTURING SCHEME OF ARRANGEMENT UNDER SECTIONS 230 TO 232 OF THE INDIAN COMPANIES ACT, 2013 ("SCHEME")

RESULTANT DELISTING OF SINGAPORE DEPOSITORY SHARES ("DEPOSITORY SHARES") FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") ("DELISTING")

1. INTRODUCTION

- 1.1 The directors ("**Directors**") of Meghmani Organics Limited ("**Company**") wish to inform Depository Shares holders that the Company intends to undertake a composite restructuring scheme of arrangement under Section 230 to 232 of the Indian Companies Act, 2013 to restructure its existing business divisions to create enhanced value for its shareholders.
- 1.2 As Depository Shares holders are aware, the Company is incorporated in India and together with its subsidiaries (collectively "**Group**") are principally engaged in the manufacture and sale of pigments and agrochemicals products, trading in chemical products, Chloro-Alkali and its Derivatives, as well as power generation.
- 1.3 The Company has listing status on three (3) international bourse, namely, primary listing on the SGX-ST (on which Depository Shares are traded) and secondary listing on National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**") (on which equity shares of the Company are traded).
- 1.4 As at the date hereof, the Company has issued an aggregate of 254,314,211 equity shares, which are listed on NSE and BSE (collectively, "**Indian Stock Exchanges**"). This includes 25,784,380 Depository Shares, representing ownership in 12,892,190 equity shares (as each Depository Share is equivalent to 0.5 equity share), which are listed and outstanding on the SGX-ST, and constitute approximately 5.07% of the total number of issued equity shares.

2. SCHEME

- 2.1 Pursuant to the Scheme, the Company will incorporate a new wholly-owned subsidiary in India ("**New ListCo 1**"), and transfer its pigments, agrochemicals and power generation businesses to New ListCo 1. In consideration of the business transfer, New ListCo 1 will issue and allot new shares in New ListCo 1 to the equity shares holders of the Company (including Depository Shares holders) (collectively "**Shareholders**") in proportion to their respective shareholdings, based on an independent valuation prescribed by the requirements of the Indian Stock Exchanges.
- 2.2 The Company will also amalgamate its trading business into its 57.16% principal subsidiary, Meghmani Finechem Limited ("**New ListCo 2**"), in consideration of which the Shareholders will receive new shares in New ListCo 2 in proportion to their respective shareholdings, similarly based on an independent valuation prescribed by the requirements of the Indian Stock Exchanges.



- 2.3 Upon completion of the Scheme, the Company will be wound up and each of New ListCo 1 and New ListCo 2 will be listed and traded on the Indian Stock Exchanges, with Shareholders benefiting from owning investments in two separate listed companies (i.e. New ListCo 1 and New ListCo 2), which they can hold or realise in accordance with their own investment strategies and risk profiles.
- 2.4 The Company would therefore have unlocked value through listing of its separate businesses, and these listings would in turn enable each of New ListCo 1 and New ListCo 2 to adopt a more focused and specialised strategy for sustained growth as well as pursue their individual opportunities and attract potential investors with different investment focus and objectives.

3. DELISTING

- 3.1 As the Scheme will result in the cessation of the Company and the delisting of the Depository Shares from the SGX-ST ("**Delisting**"), the Company will comply with Rule 1309 of the Listing Manual of the SGX-ST ("**Listing Manual**"), which provides that if an issuer is seeking to delist from the SGX-ST:
- (a) an exit offer must be made to the issuer's shareholders and holders of any other classes of listed securities to be delisted. The exit offer must (i) be fair and reasonable; and (ii) include a cash alternative as the default alternative; and
 - (b) the issuer must appoint an independent financial adviser to advise on the exit offer and the independent financial adviser must opine that the exit offer is fair and reasonable.

Cash Alternative

- 3.2 Accordingly, the Company will provide a cash alternative to Depository Shares holders who do not wish to receive consideration shares in New ListCo 1 and New ListCo 2 ("**Consideration Shares**") by appointing a securities custodian and agent to dispose all or part of their Consideration Shares on the secondary market of the Indian Stock Exchanges, and paying the net proceeds from such disposal to the Depository Shares holders after the deduction of all costs and expenses incurred in such disposal ("**Disposal Proceeds**").

Election Form and Tax Documents

- 3.3 Depository Shares holders as at the record date to be announced will be entitled at their election after the effective date of the Scheme to dispose all or part of their Consideration Shares on the secondary market of the Indian Stock Exchanges and receive the Disposal Proceeds.
- 3.4 The relevant form of election of Disposal Proceeds will be sent to Depository Shares holders in due course after the effective date of the Scheme ("**Election Form**").
- 3.5 Depository Shares holders who wish to elect to receive the Disposal Proceeds must deliver to the Company the following documents (collectively "**Tax Documents**") together with the Election Form:
- (a) a declaration in the prescribed form stating that they do not have any business connection with or permanent establishment in India and they hold such shares as capital assets and not as business assets.

This form will be sent to Depository Shares holders together with the Election Form;

- (b) Form 10F, being a declaration in a form prescribed by the Indian tax authorities stating that they reside in Singapore and is therefore covered under the Double Taxation Avoidance Agreement made between Singapore and India.

This form will also be sent to Depository Shares holders together with the Election Form; and



- (c) a certificate of tax residency from the Inland Revenue of Singapore ("IRAS").

This certificate may be obtained by the Depository Shares holders by applying online at www.iras.gov.sg (each a "Cash Elector").

- 3.6 The Tax Documents are required as Indian tax authorities would otherwise impose withholding tax of up to 43.68% (for a corporate entity) and 35.88% (for an individual) on the Disposal Proceeds.
- 3.7 With the Tax Documents, the withholding tax will be significantly reduced to 10.92% (for a corporate entity) and 11.96% (for an individual) ("**Relevant Withholding Tax**").
- 3.8 Cash Electors who fail to deliver the Tax Documents will not receive any Disposal Proceeds and will instead receive the Consideration Shares.

Guaranteed Amount

- 3.9 In the event the net Disposal Proceeds for Cash Electors after deduction of the Relevant Withholding Tax is less than S\$0.72 per Depository Share ("**Guaranteed Amount**"), each of the Company, New ListCo 1 and New ListCo 2 will jointly and severally pay to the Cash Elector the difference, such that the Cash Elector will receive the Guaranteed Amount.
- 3.10 None of the Company, New ListCo 1 and New ListCo 2 will be liable for any such top up where the net Disposal Proceeds for Cash Electors after deduction of the Relevant Withholding Tax is equal to or more than the Guaranteed Amount.
- 3.11 The Guaranteed Amount represents the following premia over certain historical market prices of the Depository Shares as set out below:

	Description	Depository Share Price ⁽¹⁾⁽²⁾ (S\$)	Premium of Guaranteed Amount over the Depository Share Price (%)
(a)	Last traded price of the Depository Shares on the SGX-ST on 28 January 2020, being the last market day on which the Depository Shares were traded on the SGX-ST prior to the meeting of the Directors to approve this Announcement (" Last Market Day ")	0.580	24.1
(b)	Volume weighted average price (" VWAP ") for the 1-month period up to and including the Last Market Day	0.507	42.0
(c)	VWAP for the 3-month period up to and including the Last Market Day	0.476	51.3
(d)	VWAP for the 6-month period up to and including the Last Market Day	0.514	40.1
(e)	VWAP for the 12-month period up to and including the Last Market Day	0.524	37.4

Notes:

- (1) Rounded to the nearest three (3) decimal places.
- (2) The figures set out in this paragraph are based on the daily adjusted VWAP, as extracted from Bloomberg L.P. as at the Last Market Day.

The highest and lowest closing prices of the Depository Shares on the SGX-ST (as reported by Bloomberg L.P.) during the twelve month period up to and including the Last Market Day



- 3.12 The highest and lowest closing prices of the Depository Shares on the SGX-ST (as reported by Bloomberg L.P.) during the twelve month period up to and including the Last Market Day are S\$0.68 and S\$0.42, respectively. The Guaranteed Amount represents a premium of 5.9% over such highest closing price and a premium of 71.4% over such lowest closing price.

Consideration Shares

- 3.13 Depository Shares holders who do not wish to elect to receive any Disposal Proceeds and instead wish to receive all their relevant Consideration Shares need not fill in the Election Form nor provide any Tax Documents, as they will automatically receive the Consideration Shares.
- 3.14 To facilitate implementation of the Scheme, the Company has also temporarily suspended any deposit of equity shares of the Company for the creation of Depository Shares until the completion or lapsing of the Scheme (as applicable).

4. CONDITIONS PRECEDENT

- 4.1 The Scheme is subject to fulfilment or waiver (as the case may be) of the following conditions precedent:

- (a) approvals of all Indian governmental and regulatory authorities, including the Securities and Exchange Board of India ("**SEBI**") and National Company Law Tribunal, Ahmedabad Bench ("**NCLT**") (together with the Indian Stock Exchanges for listing of New ListCo 1 and New ListCo 2, collectively "**Indian Regulatory Authorities**");
- (b) approval-in-principle from the SGX-ST for the Scheme and Delisting;
- (c) listing of New ListCo 1 and New ListCo 2 on the Indian Stock Exchanges;
- (d) approval of three-fourths in value and majority in number of Shareholders, voting in person or by proxy at a Scheme meeting to be convened ("**EGM**"); and
- (e) sanction of the Scheme by NCLT, Ahmedabad Bench, and lodgement of the NCLT order with the Indian Registrar of Companies, whereupon the Scheme will become effective.

- 4.2 The Company has since consulted the SGX-ST, which has confirmed that it has no objections to the Scheme and Delisting, subject to:

- (a) compliance with the SGX-ST's listing requirements;
- (b) appointment of an independent financial adviser ("**IFA**") based in Singapore and licensed by the Monetary Authority of Singapore opining that the Guaranteed Amount offered to the Depository Shares holders is fair and reasonable; and
- (c) the Company holding an information meeting for Depository Shares holders in Singapore ahead of the EGM in India and making arrangements such as video conferencing or webcast to enable Depository Shares holders to follow the proceedings during the EGM in India.

- 4.3 The Company has further consulted the Securities Industry Council on the applicability of the Singapore Code on Take-overs and Mergers and has been guided that the said code does not apply in the context of the Scheme as it does not involve the acquisition of voting rights nor is there an identifiable offeror.

5. INDEPENDENT FINANCIAL ADVISER

The Company has appointed RHT Capital Pte. Ltd. as Singapore IFA to opine on whether the Guaranteed Amount offered to the Depository Shares holders is fair and reasonable.



6. CIRCULAR

- 6.1 The circular convening the EGM ("**Circular**") to be issued by the Company to Depository Shares holders containing, *inter alia*, full details of the Scheme, Delisting and EGM will be despatched to Depository Shares holders in due course.
- 6.2 Thereafter, subject to and upon the Scheme becoming effective, the Election Form and Tax Documents will also be despatched to Depository Shares holders with full details for those who wish to elect the Disposal Proceeds.
- 6.3 In the meantime, Depository Shares holders are advised to refrain from taking any action in relation to their Depository Shares which may be prejudicial to their interests until they or their advisers have considered the information in the Circular (including the advice of the IFA).
- 6.4 Persons who are in doubt as to the action they should take should consult their stockbroker, bank, manager, solicitor, accountant, tax adviser or other professional adviser immediately.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this Announcement, interests arising by way of their directorships and shareholdings in the Company and the Group, as well as further disclosures to be made in the Circular (as the case may be), none of the Directors and substantial Shareholders has any interest, direct or indirect, in the Scheme and Delisting.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement are fair and accurate and where appropriate, there are no other material facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading, and they jointly and severally accept responsibility accordingly. Where any information in this Announcement has been extracted or reproduced from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in this Announcement in its proper form and context.

BY ORDER OF THE BOARD

Kamlesh Dinkerray Mehta
Company Secretary
29 January 2020



Kamlesh