



NIRMA LIMITED

Registered Office : Nirma House, Ashram Road, Ahmedabad - 380 009

NOTICE

NOTICE is hereby given that an Extraordinary General Meeting of the Members of Nirma Limited will be held on Tuesday, the 23rd July, 2013 at 11.00 A.M. at Thakorbbhai Desai Hall, Nr. Law Garden, Ellisbridge, Ahmedabad - 380 006 to transact following special business:

SPECIAL BUSINESS

Item No.1

- 1. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a special resolution, referred to as a "resolution for reduction of share capital":**

"RESOLVED THAT pursuant to the Articles of Association of the Company, Section 100 and such other applicable provisions of the Companies Act, 1956, subject to the sanctions and approvals of the appropriate authorities as may be required, subject to the confirmation by the Hon'ble High Court of Gujarat at Ahmedabad and subject to such terms, conditions or modifications if any, as may be prescribed by such authorities while granting the such approvals, consents or permissions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board' which expression shall be deemed to include any Committee of Directors constituted by the Board), the Company's issued and subscribed equity share capital of ₹ 79,58,74,330 (consisting of 159174866 equity shares of ₹ 5/- each fully paid up which include 32584 equity shares kept in abeyance) and paid-up equity share capital of ₹ 79,57,11,410 (consisting of 159142282 equity shares of ₹ 5/- each fully paid up) be reduced to ₹ 75,85,12,890 (consisting of 151702578 issued, subscribed and paid-up equity shares of ₹ 5/- each fully paid up), the amount by which the equity capital is so reduced being in excess of the requirements of the Company and that such reduction be effected by canceling and extinguishing 7472288 issued and subscribed equity shares and 7439704 paid-up equity shares which are held by Non Promoter Shareholders."

"RESOLVED FURTHER THAT upon the reduction being confirmed by the Hon'ble High Court of Gujarat at Ahmedabad, the above mentioned shareholders holding paid-up equity shares of the Company as on the "date" (hereinafter referred to as "Record date") as determined by the Board, be returned a sum of ₹ 225 per equity share for the extinguishment of the equity shares held by them, inclusive of a premium of ₹ 220 over the face value per equity share of ₹ 5/- each."

"RESOLVED FURTHER THAT upon extinguishment of such share capital, the issued, subscribed and paid-up equity share capital of the Company shall stand reduced to the extent of the face of equity shares so extinguished on the Record date."

"RESOLVED FURTHER THAT, the reduction of the Company's equity share capital as indicated above is subject to the following terms and conditions:

- upon the reduction being confirmed by the Hon'ble High Court of Gujarat at Ahmedabad, the above mentioned shareholders holding paid-up equity shares of the Company as on the Record date as determined by the Board, be returned a sum of ₹ 225 per equity share for the extinguishment of the equity shares held by them;
- upon the reduction being confirmed by the Hon'ble High Court of Gujarat at Ahmedabad, the Non Resident shareholders holding paid-up equity shares of the Company as on the Record date as determined by the Board, be returned a sum of ₹ 225 per equity share for the extinguishment of the equity shares held by them subject to the receipt of required sanctions and approvals, if any, from the Reserve Bank of India, in the absence of which they shall be paid the amount not more than the value of share as determined under Discounted Free Cash Flow (DCF) method in accordance with extant foreign exchange control regulations;
- the return of equity share capital to above mentioned shareholders shall be as soon as possible within 30 days of the Record date and all such payments will be made by RTGS, NEFT, pay order or demand draft;

- in relation to payment for extinguishment and cancellation of 32584 equity shares kept in abeyance, the Company would abide by the decision of the court(s) on attainment of its finality.”

“**RESOLVED FURTHER THAT** consequential amendments be made in the capital clause of the Memorandum of Association and the Articles of Association of the Company after the said reduction becomes operative and effective.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as they may at their absolute discretion deem necessary or desirable for effectively implementation of the resolution and to settle any questions, difficulties or doubts that may arise in this regard as they may in their absolute discretion deem fit.”

BY ORDER OF THE BOARD
For, **NIRMA LIMITED**

Paresh Sheth
Company Secretary

Date: 13th May, 2013
Place: Ahmedabad

Registered Office:
Nirma House, Ashram Road,
Ahmedabad - 380 009

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of herself/himself and the proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company at its registered office not less than forty eight hours before the aforesaid meeting. Proxies submitted on behalf of limited companies, Societies etc. must be supported by appropriate resolution / authority as applicable. Corporate members are requested to send duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the meeting.
2. The Explanatory Statement, pursuant to section 173(2) of the Companies Act, 1956, with regard to the special resolution mentioned above is enclosed.
3. All documents referred to in the accompanying notice are open for inspection at the registered office of the Company on all working days between 2.00 pm to 5.00 pm upto the date of meeting.
4. Members are requested to handover the duly filed attendance slip at the entrance of the meeting hall.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956, FORMING PART OF NOTICE CONVENING THE EXTRA ORDINARY GENERAL MEETING**Item no.1:**

The issued & subscribed equity share capital of the Company stands at ₹ 79,58,74,330 divided into 159174866 equity shares of ₹ 5/- each inclusive of 32584 equity shares kept in abeyance. The paid-up equity share capital of Company stands at ₹ 79,57,11,410 divided into 159142282 equity shares of ₹ 5/- each.

The existing equity shareholding pattern of the Company as at 13.05.2013 is as under:

Category	No. of shareholders	No. of shares held	% of paid up capital
Promoters #	21	*151702578	95.32
Non Promoters	41619	7439704	4.68
Total	41640	159142282	100

Dr. Karsanbhai K. Patel, Smt. Shantaben K. Patel, Shri Rakesh K. Patel, Shri Hiren K. Patel and their holding companies.

* include the shares held as trustee of trusts and as member of AOPs.

As indicated above, 7439704 equity shares under reduction being 4.68% of the paid up equity share capital of the Company are held by 41619 non promoters shareholders which denotes that the negligible shareholdings remain in the hands of large number of shareholders individually holding insignificant shares. This results in higher administrative cost for the Company.

After an analysis of the various options available to the Company, the restructuring of the Company's existing capital structure becomes imperative. In the present scenario, the reduction in the equity share capital is the practical and economically efficient option available to the Company. Further, the remaining shareholders of the Company will get better opportunity to liquidate their entire shareholdings under this option since the shares of the Company are delisted from the Stock Exchanges. The Board of Directors of the Company has felt that the Company does not now require excess capital which it cannot profitably utilize in the business.

As such, the Board proposes to return capital in accordance with Section 100 of the Act, whereby the issued, subscribed and paid-up equity share capital in excess of its requirements be reduced by effecting cancellation and extinguishment of its equity share capital and upon extinguishment of such equity share capital of the Company, the issued, subscribed and paid-up equity share capital be reduced to the extent of the face value of equity shares so extinguished as indicated in the special resolution, on the Record date.

The Board of Directors of your Company has considered the valuation report of Kunte and Modha, Chartered Accountants, Ahmedabad, commissioned for this purpose, where a value per equity share of ₹ 199.33 was arrived at. However, after taking into account the interests of the Non Promoter shareholders and to ensure a fair return for their investment, it has been decided to repay to the shareholders an amount of ₹ 225 per equity share, which includes a premium of ₹ 220 over the face value per equity share of ₹ 5/- and is also ₹ 25.67 more than the value per equity share of ₹ 199.33 arrived at by Kunte and Modha, Chartered Accountants. The reduction of equity share capital is treated as 'dividend' u/s 2(22)(d) of Income Tax Act, 1961 requiring the Company to pay applicable tax under the said Act.

If the permission of the Reserve Bank of India is not received for the payment of ₹ 225 per equity share to Non resident shareholders, then they shall be paid the amount not more than the value of share as determined under Discounted Free Cash Flow (DCF) method in accordance with extant foreign exchange control regulations. Further, the Company has kept the allotment of 32584 equity shares in abeyance as the cases are pending in various courts. In relation to payment for extinguishment and cancellation of these shares, the Company would abide by the decision of the court(s) once it attains its finality.

The Board has recommended that promoter shareholders should not be returned any of its equity capital contribution before the Non Promoter equity shareholder, since they agreed to retain their shareholding in the Company.

Section 100 of the Companies Act, 1956, and Company's Article of Association authorize the Company to reduce its share capital in any way, and in particular by paying of any paid-up share capital which is in excess of the wants of the Company.

Nirma Limited

Consequent upon the amalgamation of Saurashtra Chemicals Limited (SCL), the Company has, on 31.03.2013, issued and allotted 24,70,80,232 6% Redeemable Non Cumulative Non Convertible Preference Shares of ₹ 1/- each fully paid up to the shareholders of SCL.

At the time the reduction becomes effective and your Company is required to return the equity capital, your Company would have adequate reserves to meet the proposal for reduction of the equity share capital of the Company and therefore the interest of Company's creditors and preference shareholders will not be adversely affected.

None of the Directors of the Company is in any way concerned or interested in this resolution except to the extent of shares directly or indirectly held by them and by their relatives, if any, in the Company.

Your Board recommends adoption of the proposed resolution for reduction of equity share capital as special resolution.

BY ORDER OF THE BOARD
For, **NIRMA LIMITED**

Paresh Sheth
Company Secretary

Date: 13th May, 2013
Place: Ahmedabad

Registered Office:
Nirma House, Ashram Road,
Ahmedabad - 380 009.



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PROXY FORM

Folio No.

* DP ID

* Client ID

I/We of being a member / members of the above named Company hereby appoint of or failing him of as my/our proxy to vote for me/us on my/our behalf at the EXTRA ORDINARY GENERAL MEETING of the Company to be held at Thakorbhai Desai Hall, Nr. Law Garden, Ellisbridge, Ahmedabad - 380 006 on Tuesday, the 23rd July, 2013 at 11.00 a.m. and at any adjournment thereof.

Signed this day of 2013.

Signature

Affix
Rs. 1/-
Revenue
Stamp

* Applicable in case of shares held in Demat.

Note : Proxy Form must reach the Company's Registered Office not less than 48 hours before the commencement of the Meeting.

(TEAR HERE)



Nirma Limited

Registered Office : Nirma House, Ashram Road, Ahmedabad - 380 009.

ATTENDANCE SLIP

Name of the attending Member/s (in Block Letters)	Folio No.	*DP ID	*Client ID
Name of the Proxy (in Block Letters) (To be filled in by the Proxy who attends instead of the Member)			

No. of Shares held

I hereby record my presence at the EXTRA ORDINARY GENERAL MEETING of the Company held at Thakorbhai Desai Hall, Nr. Law Garden, Ellisbridge, Ahmedabad - 380 006 on Tuesday, the 23rd July, 2013.

* Applicable in case of shares held in Demat.

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Member's/Proxy's Signature
(To be signed at the time of handing over this slip)

For Office use :