

KREBS BIOCHEMICALS & INDUSTRIES LIMITED

CIN: L24110TG1991PLC013511

Regd. Office: Plot No:34, 8-2-577/B, Maas Heights, Road No:2, Banjara Hills, HYDERABAD - 500034

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NOTICE OF POSTAL BALLOT

Pursuant to Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules 2014

Dear members,

Notice is hereby given to the members, pursuant to Section 110 and the applicable provisions of Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, as amended from time to time, that resolution appended below is proposed to be passed as a Special Resolution by way of Postal Ballot.

The Board of Directors in their meeting held on 9th May, 2015 have decided to obtain approval of the members for rectification of errata in the Explanatory statement with reference to the Resolution Item 1 in the Notice to EGM dated 13.02.2015 that was approved by the members in the EGM held on 11.03.2015.

Therefore, pursuant to the provisions of Section 110 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules and Clause 35B of the Listing Agreement, the consent of the members for the above purpose is sought to be obtained by way of Postal Ballot / E-voting ("Postal Ballot"). The draft resolution proposed to be passed by way of Postal Ballot and the Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (erstwhile Section 173 of the Companies Act, 1956) read with Section 110 of the Companies Act, 2013 along with the rules as may be prescribed therein, read with the Companies (Management and Administration) Rules, setting out the material facts of the resolution is appended below for consideration of the members.

Explanatory Statement pursuant to applicable provisions of the Act pertaining to the said resolution setting out the material facts and reasons thereof is annexed to the Notice. Said Resolutions and Explanatory Statement thereto along with the Postal Ballot Form is being sent herewith for your consideration.

The Company has appointed Mrs. K. Jhansi Laxmi, Practising Company Secretary, Hyderabad as the Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

You are requested to go through the proposed Resolutions along with the Explanatory Statement and then mark your ASSENT or DISSENT by filling the details and affixing your Signature at the marked place in the Postal Ballot Form and return it in the enclosed postage Business Reply Envelope so as to reach the Scrutinizer on or before 20th day June, 2015. Your ASSENT or DISSENT received after 20th day of June, 2015 would be strictly treated as if no reply has been received. Upon completion of the scrutiny of the Postal Ballots, the Scrutinizer shall submit his report to the Chairman. The results of the Postal Ballots shall be announced on 22nd day, June, 2015 at the Registered Office of the Company and shall also be displayed on the company's website www.krebsbiochem.com besides communicating to the Stock Exchange on which the shares of the Company are listed.

The Company is pleased to offer e-voting facility as an alternate to its Members to enable them to cast their votes electronically instead of dispatching Postal Ballot Form. E-Voting is optional. In case you desire to exercise your vote by using e-voting facility then you are required to carefully follow the instructions as given for e-voting printed on the Postal Ballot Form.

Dr. R. T. Ravi, Chairman & Managing Director and Mr Avinash Ravi, Director & COO of the company are authorized jointly and severally to do all necessary steps, acts, deeds and things as may be required to complete the procedural and other formalities for getting the resolutions passed through postal ballot.

1. To consider and if thought fit to pass the following resolution with or without modification (s) as a Special Resolution:

"RESOLVED THAT pursuant to the applicable provisions, if any, of the Companies Act, 2013 and subject to approval from such other authorities as may be required from time to time the consent of the members of the Company be and is hereby accorded for the rectification of errata in the Explanatory statement with reference to the Resolution Item 1 in the Notice to EGM dated 13.02.2015 that was approved by the members in the EGM held on 11.03.2015

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of the Board or any Director(s) or Officer(s) of the Company and to generally do all such acts, deeds and things as may be required in connection with the aforesaid resolution, including making necessary filings with the stock exchanges and regulatory authorities and execution of any documents on behalf of the Company and to represent the Company before any governmental authorities and to appoint any merchant bankers or other professional advisors, consultants and legal advisors to give effect to the aforesaid resolution.

RESOLVED FURTHER THAT all actions taken by the Board or Committee(s) duly constituted for this purpose in connection with any matter(s) referred to or contemplated in the foregoing resolution be and are hereby approved, ratified and confirmed in all respects."

By Order of the Board of Directors
For KREBS BIOCHEMICALS & INDUSTRIES LIMITED

Dr. R. T. Ravi
Chairman & Managing Director
(DIN: 00272977)

Place : Hyderabad
Date : 09.05.2015

STATEMENT AS REQUIRED UNDER THE PROVISIONS OF SECTION 102 (1) OF THE COMPANIES ACT, 2013:

The Company has already obtained the approval of the shareholders for allotment of 650,000 Equity Shares and 680,000 Convertible Warrants to Mrs. Hemalatha Ravi (Promoter Group shareholder) as mentioned in the resolution reproduced below at the EGM held on 11.03.2015. However since there was an errata in mentioning the pre and post shareholding of the said allottee (Mrs. Hemalata Ravi) in Point No. f of the Explanatory Statement attached to the said resolution, (the combined pre and post shareholding pattern of entire promoter group was disclosed) the Board of Directors in their meeting held on 9th May, 2015 had thought it fit to communicate the same to the members and obtain their approval for rectification of the errata in the Explanatory statement with reference to the Resolution Item 1 in the Notice to EGM dated 13.02.2015 that was approved by the members in the EGM held on 11.03.2015.

Except for rectifying the said errata in the said Explanatory Statement all other terms and conditions, Resolution(s), and Explanatory Statements given in the said EGM Notice dated 13th February, 2015 remains unchanged and valid.

The errata of not mentioning the pre and post shareholding of the allottee Mrs. Hemalatha Ravi (Promoter Group Shareholder) to whom the shares and convertible warrants were to be issued under the said Resolution, which inadvertently happened in the Explanatory Statement of the said EGM notice is now disclosed below:

Name of the allottee	Natural persons who are ultimate beneficial owners of the Allottees	% of capital held in the Company pre issue of equity shares / warrants on preferential basis (No. of shares)	% of capital held in the Company post issue of equity shares on preferential basis (No. of shares)	% of Capital* held in the Company post conversion of warrants into equity shares (No. of shares)
Mrs. Hemalatha Ravi	Nil since the allottee is a Natural person	9.40% (8,94,400)	11.82% (15,44,400)	16.18% (22,24,400)

The above additional information to the Explanatory Statement as an addition in column f to the EGM notice dated 13th February, 2015 may be taken note by the members and they are requested to approve the rectification of the errata in the Explanatory statement to the Resolution at Item 1 already passed at the EGM held on 11th March, 2015.

The special resolution passed at the Extraordinary General Meeting (EGM) of the Company held on 11th March, 2015 and the explanatory statement with reference to the said Special Resolution at Item 1 of the Notice dated 13.02.2015 calling the said EGM is reproduced below:

Item No. 1 – Special Resolution for Preferential allotment of 650,000 Equity Shares and 680,000 Convertible Warrants:

“RESOLVED THAT pursuant to the provisions of Section 62 and other applicable provisions, if any, of the Companies Act, 2013, as amended (the “Companies Act”) read with the rules made thereunder, to the extent notified and in effect, the applicable provisions, if any, of the Companies Act, 1956, as amended (without reference to the provisions thereof that have ceased to have effect upon notification of sections of the Companies Act), the Foreign Exchange Management Act, 1999, as amended, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, and the rules, regulations, guidelines, notifications and circulars, if any, issued by the Government of India, the Foreign Investment Promotion Board, the Reserve Bank of India, the Securities and Exchange Board of India including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the “ICDR Regulations”) and the Securities and Exchange Board of India (Substantial Acquisitions of Shares and Takeovers) Regulations, 2011, as amended (the “Takeover Regulations”) and any other guidelines and clarifications issued by any other competent authority, whether in India or abroad, from time to time, to the extent applicable including the enabling provisions of the Memorandum of Association and Articles of Association of the Company, Listing Agreements entered into by the Company with the Stock Exchanges where the equity shares of the Company are listed (the “Stock Exchanges”) and subject to the permissions, consents, sanctions and approval by any authority, as may be necessary, and subject to such conditions and modifications as might be prescribed while granting such approvals, consents, permissions and sanctions, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include any Committee(s) constituted to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) and subject to any other alterations, modifications, conditions, corrections, changes and variations that may be decided by the Board in its absolute discretion, the consent of the Company be and is hereby accorded to the Board to create, issue, offer, and allot, on a preferential basis, 6,50,000 equity shares of face value of Rs. 10/- each (the “Equity Shares”) at a price of Rs.54/- per share which is higher than the price calculated in accordance with the provisions of ICDR Regulations and 6,80,000 Warrants each of which is convertible into 1 (one) equity share of face value Rs. 10/- at a price of Rs.54/- per share which is higher than the price calculated in accordance with the provisions of ICDR Regulations to the following proposed allottee at such time or times, in one or more tranches and on such terms and conditions and in such manner as the Board may think fit in its absolute discretion.

Name of the Proposed Allottee	Equity Shares of Rs. 10 each proposed to be allotted on preferential basis	Warrants convertible into equity shares proposed to be allotted on preferential basis	Category of proposed Allottee
Ms. Hemalatha Ravi	6,50,000	6,80,000	Promoter Group
Total	6,50,000	6,80,000	

RESOLVED FURTHER THAT, in accordance with the provisions of Chapter VII of the ICDR Regulations, the “Relevant Date” for the purpose of calculating the price for the issue of Equity Shares is Monday, February 09, 2015, which is 30 days prior to the date of this Extraordinary General Meeting i.e. March 11, 2015, and the price per share so calculated in accordance with the ICDR Regulations is Rs. 37.63/- (Rupees Thirty Seven and Sixty Three paise only).

RESOLVED FURTHER THAT the Equity Shares, including the Equity Shares upon conversion of Warrants shall be so issued and allotted by the Company to the allottee in dematerialised form within a period of 15 days from the date of passing of this resolution provided that where the allotment of the said Equity Shares or warrants is pending on account of pendency of any approval for such allotment by any regulatory authority or the Central Government or any other competent authority or Stock Exchange(s) as may be applicable, the allotment shall be completed within a period of 15 days from the date of such approval or within such other period as may be applicable in terms of ICDR Regulations read with Takeover Regulations.

RESOLVED FURTHER THAT the Warrants and the Equity Shares, including the Equity Shares upon conversion of Warrants, to be offered, issued and allotted shall be subject to lock-in period as provided under the provisions of applicable SEBI Regulations and/or Companies Act, 2013 and the Equity Shares so offered, issued and allotted will be listed subject to the receipt of necessary regulatory permissions and approvals.

RESOLVED FURTHER THAT the Equity Shares to be issued and allotted in the manner aforesaid shall rank *paripassu* with the existing Equity Shares of the Company in all respects including as to dividend and shall be subject to the provisions of the Memorandum of Association and the Articles of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable and expedient for such purpose, including without limitation, issuing clarifications, resolving all questions of doubt, effecting any modifications or changes to the foregoing (including modification to the terms of the issue), entering into contracts, arrangements, agreements, documents (including for appointment of agencies, intermediaries and advisors for the issue) and to authorize all such persons as may be necessary, in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the shareholders of the Company and to settle all questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of the such Equity Shares / Warrants convertible into Equity Shares and

utilisation of proceeds of the issue of Equity Shares, take all other steps which may be incidental, consequential, relevant or ancillary in this connection and to effect any modification to the foregoing and the decision of the Board shall be final and conclusive.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of the Board or any Director(s) or Officer(s) of the Company and to generally do all such acts, deeds and things as may be required in connection with the aforesaid resolutions, including making necessary filings with the stock exchanges and regulatory authorities and execution of any documents on behalf of the Company and to represent the Company before any governmental authorities and to appoint any merchant bankers or other professional advisors, consultants and legal advisors to give effect to the aforesaid resolution.

RESOLVED FURTHER THAT all actions taken by the Board or Committee(s) duly constituted for this purpose in connection with any matter(s) referred to or contemplated in the foregoing resolution be and are hereby approved, ratified and confirmed in all respects."

**By Order of the Board of Directors
For KREBS BIOCHEMICALS & INDUSTRIES LIMITED**

Place : Hyderabad
Date : 13.02.2015

Dr. R. T. Ravi
Chairman & Managing Director
(DIN: 00272977)

Statement under Section 102 of the Companies Act, 2013:

The following Statement pursuant to Section 102 of the Companies Act, 2013, sets out all material facts relating to the business mentioned under each item of the accompanying Notice dated 13th February, 2015.

Agenda Item Nos. 1, 2 and 3

BRIEF NOTE ON THE COMPANY'S OPERATIONS AND JUSTIFICATION FOR THE PROPOSED PREFERENTIAL ISSUE OF EQUITY SHARES AND WARRANTS CONVERTIBLE INTO EQUITY SHARES AS PER AGENDA ITEM NO. 1, 2 and 3.

Operations at both the manufacturing plants of the Company Unit – I (Nellore) and Unit – II (Vizag) have been suspended since July, 2013 and March, 2013 respectively. Severe cash flow problems and the strike of the workmen led to the suspension of manufacturing operations and closure of both the plants. This further resulted in the company defaulting with the banks and financial institutions on its obligations under various financial facilities.

part of the revival package, debt restructuring was taken up and with the help of Edelweiss ARC and Pinky Ventures Pvt. Ltd., the debt restructuring is since completed.

Going forward, the company requires additional funds for its working capital and capital expenditure requirements thereby enabling the resumption of manufacturing activities at both the plants. In view of this, the company wishes to raise funds by way of this proposed preferential issue of equity shares and warrants convertible in to equity shares.

Salient features of the preferential issue of Equity Shares and Warrants convertible into Equity Shares

The proposed issue and allotment of Equity Shares and Warrants convertible into Equity Shares as per agenda item 1, 2 and 3 on a preferential basis shall be governed by the applicable provisions of the ICDR Regulations and the Companies Act, 2013 read with the applicable provisions of the rules made thereunder. Without generality to the above, the salient features of the preferential issue of Equity Shares and Warrants convertible into Equity Shares are:

- The "Relevant Date" as per the ICDR Regulations for determining the minimum price for the preferential issue of Equity Shares is 09th February, 2015, being 30 days prior to the date of this Extraordinary General Meeting i.e. 11th March, 2015.
- The minimum price as per the pricing formula prescribed under the ICDR Regulations for the preferential issue of Equity Shares and warrants convertible into equity shares is Rs. 37.63 (Thirty Seven rupees and Sixty Three paise only), being higher of (a) the average of the high and low of the closing prices at the BSE Limited for 26 weeks prior to the relevant date viz. Rs.37.31 (Thirty Seven rupees and Thirty One paise only), and (b) the average of the high and low of the closing prices at the BSE Limited for 2 weeks prior to the relevant date viz. Rs.. 37.63 (Thirty Seven rupees and Sixty Three paise only).
- Each warrant being allotted is convertible into one (1) equity shares of Rs. 10/- each fully paid-up @ Rs. 54/- (Rupees Fifty Four Only) per share including Rs. 44/- (Rupees Forty Four only) per share as share premium.
- The total amount payable for preferential issue of Equity Shares shall be received by the Company prior to the respective allotments. An amount not less than 25% of the aggregate value of warrants to be issued shall be received by the company prior to the allotment of warrants and the balance amount shall be received by the company as per the relevant provisions of the ICDR Regulations.
- Post allotment pursuant to preferential issue of Equity Shares, the increase in the equity share capital would be Rs.3,55,00,000/- (Rupees Three Crore Fifty Five lacs only) and the increase in share premium would be Rs.15,62,00,000/- (Rupees Fifteen Crores Sixty Two lacs only).
- Post allotment of equity shares pursuant to conversion of warrants, the increase in the equity share capital would Rs.68,00,000/- (Rupees Sixty Eight lacs only) and the increase in share premium would be Rs.2,99,20,000/- (Rs. Two Crores Ninety Nine lacs Twenty thousand only).

The Investor(s) allottees have not sold any Equity Shares during the six months preceding the Relevant Date.

a. Object of the preferential issue of Equity Shares and warrants convertible in to equity shares and details of utilization of proceeds:

The object of this preferential issue of equity shares and warrants convertible into equity shares is to raise funds for Company's working capital and capital expenditure requirements that are required for resumption of manufacturing operations at the Company's manufacturing units.

M/s. Ipca Laboratories Ltd. (Ipca), one of the Allottee is a listed Indian public limited company having strong presence in Indian and global pharmaceuticals market. Ipca exports its pharmaceuticals to over 100 countries across the globe. Ipca has government approved R & D centres capable of developing Active Pharmaceutical Ingredients and Formulations. The Company can leverage on Ipca's R&D, manufacturing and marketing capabilities in furthering its manufacturing and marketing operations.

M/s. Pinky Ventures Pvt. Ltd., one of the Allottee is a registered NBFC specialized in the activities and investment in the turnaround companies. It has already helped the Company in re-structuring Company's borrowings.

b. Intention of the promoter/ directors/ key management personnel to subscribe to the proposed preferential issue of equity shares and warrants convertible in to equity shares

Ms. Hemalatha Ravi (promoter shareholder) has given her consent to subscribe to the proposed preferential issue of equity shares and warrants convertible into equity shares. None of the other promoters, directors and key managerial personnel have any intention to subscribe to the proposed issue.

c. The shareholding pattern of the Company before and after the preferential issue of Equity Shares and conversion of warrants into equity shares as per agenda item 1, 2 and 3

Category	Pre-issue		Additions			Post-Issue	
	Shares	%	Allotment of Shares	Conversion of Warrants	Total	Shares	%
Promoters	27,98,140	29.41	6,50,000	6,80,000	13,30,000	41,28,140	30.03
Ipca Laboratories Limited	18,00,000	18.92	23,00,000	-	23,00,000	41,00,000	29.83
Pinky Ventures Private Limited	-	-	6,00,000	-	6,00,000	6,00,000	4.37
General Public	49,16,146	51.67	-	-	-	49,16,146	35.77
Total	95,14,286	100.00	35,50,000	6,80,000	42,30,000	1,37,44,286	100.00

d. Proposed time within which preferential issue of Equity Shares shall be completed

As required under the ICDR Regulations, the allotment of preferential issue of Equity Shares and warrants convertible into equity shares shall be completed, within a period of 15 days from the date of passing of the special resolution contained under these items of business provided that where the allotment is pending on account of pendency of any required approval for such allotment from any regulatory or statutory authority or Stock Exchange(s) or the Central Government, the allotment shall be completed within a period of 15 days from the date of such approval or within such other period as may be applicable in terms of ICDR Regulations read with Takeover Regulations.

e. Proposed time limit within which warrants are to be converted into Equity Shares

As provided under the ICDR Regulations, the tenure of warrants shall not exceed eighteen months from the date of allotment and accordingly, the holders of warrants shall exercise their option to convert the warrants into equity shares within the said period subject to Company receiving the full amount due on the warrants from holders thereof.

f. Identity of the natural persons who are the ultimate beneficial owners of the Equity Shares proposed to be allotted and/or who ultimately control the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, in the issuer consequent to the preferential issue

The identity of the natural persons who are the ultimate beneficial owners of the Equity Shares proposed to be allotted and /or who ultimately control proposed allottees and the percentage of the post preferential issue capital that may be held by them on fully diluted basis is given in the following table:

Name of the allottee	Natural persons who are ultimate beneficial owners of the Allottees	% of capital held in the Company post issue of equity shares on preferential basis	% of Capital held in the Company post conversion of warrants into equity shares
Ipca Laboratories Ltd	Ipca Laboratories Limited is a listed public limited company promoted by Mr. Premchand Godha and Mr. M. R. Chandurkar	31.38%	29.83%
Pinky Ventures Pvt. Ltd	Pinky Ventures Pvt. Ltd. is a Registered NBFC promoted by Mr. NirmalGangwal	4.59%	4.36%

g. Change in control

The proposed allotment of equity shares on preferential basis to Ipca Laboratories Ltd, one of the Allottee (Acquirer) would increase their shareholding in the Company to 31.38% of Company's expanded capital. M/s. Ipca Laboratories Ltd, (Acquirer) proposes to acquire joint control over the management of the Company alongwith existing promoters. As per the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the Acquirer i.e., Ipca Laboratories Ltd has to make open offer under Regulations 3 and 4 of the said Regulation, to acquire atleast 26% of the total expanded paid up share capital of the Company from the public shareholders.

h. Lock-in-period

In view of the Acquirer M/s. Ipca Laboratories Ltd. acquiring joint control of management of the Company and becoming part of the promoters group as mentioned in (f) above, the Equity Shares allotted on a preferential basis to the Acquirer shall be subject to 'lock-in' for a period of three years from the date of trading approval as per Regulation 78(1) of the ICDR Regulations. The preferential issue of equity shares and conversion of warrants into equity shares to other allottees shall be also subject to lock-in period as per relevant provisions of ICDR Regulations.

i. Auditor's certificate

A copy of the certificate from M/s Pavuluri & Co, Chartered Accountants, the statutory auditors of the Company, certifying that the above preferential issue of Equity Shares is made in accordance with the applicable provisions of the ICDR Regulations, is open for inspection at the registered office of the Company during the working day between 9.00 a.m. to 5.00 p.m., except on holidays, up to the date of the Extraordinary General Meeting. Copies of the above mentioned statutory auditor's certificate shall also be laid before the Extraordinary General Meeting.

The Board has already approved the issue and allotment of Equity Shares and warrants convertible into equity shares on preferential basis to the Promoter Group Shareholder, Acquirer and non-promoter Investor in the manner stated hereinabove.

Regulation 72(1)(a) of the ICDR Regulations and also applicable provisions of Companies Act, 2013 provides that preferential issue of specified securities by a listed company would require approval of its shareholders by way of a Special Resolution. The Board, therefore, recommends the above mentioned resolutions to be passed as a Special Resolutions by the Members of the Company.

Nature of concern or interest of Promoter/ Directors/Manager/ Key Managerial Personnel:

None of the Directors, Key Managerial Persons (KMPs) of the Company or any relatives of such Director or KMPs (except Mrs. Hemalatha Ravi, proposed allottee, who is the wife of Dr. D. T. Ravi, Managing Director and mother of Mr. Avinash Ravi, Director of the Company) shall be considered to be concerned or interested in the proposed Resolutions under Item No. 1, 2 and 3, except to the extent of shares held by any of them in the Company."

By Order of the Board of Directors
For KREBS BIOCHEMICALS & INDUSTRIES LIMITED

Dr. R. T. Ravi
Chairman & Managing Director
(DIN: 00272977)

Place : Hyderabad
Date : 09.05.2015

Encl.:

1. Notice and Explanatory Statement
2. Postal Ballot Form