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**SAGAR CEMENTS LIMITED**

PROPOSED

**MEMORANDUM**

**AND**

**ARTICLES OF ASSOCIATION**

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THE COMPANIES ACT, 2013  
COMPANY LIMITED BY SHARES  
(Incorporated under the Companies Act, 1956)

**MEMORANDUM OF ASSOCIATION  
OF  
SAGAR CEMENTS LIMITED**

- I. The name of the company is “SAGAR CEMENTS LIMITED”.
- II. The registered office of the company will be situated in the State of **Telangana**.
- III. The objects for which the company is established are:
  - (A) **THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:**
    1. To produce, manufacture, refine, prepare, process, purchase, import, export, sell and generally to deal in all kinds of Cement, Cement products of any description, limestone, gypsum, kankar and/or byproducts thereof and in connection therewith to acquire, erect, construct, establish, operate and maintain cement factories, quarries, workshops and other work relating thereto.
    2. To fabricate, manufacture and deal in all kinds of cement plants, apparatus, mining equipment, tools, utensils and materials and things necessary or convenient for carrying on the manufacture of cement and mining operations.
    3. To own, explore, take on lease, or otherwise acquire any area, mining lease, quarries and to do all such other acts and deal in all such other things as may be conducive to and allied to the business of the company.
    4. To carry on the business of buying and selling cement, bricks, limestone, sand or other earthy material or manufactured product such as tiles, pavement and roofing materials. To deal in lime, plaster, clay, coke, fuel, timber, artificial stone and builders requisites and appliances.
    5. To acquire the quarries and mines of Granite and Marble and all kinds of other stones and quarry the same directly or through contractors and to act as dealers, distributors, merchants, exporters, importers, stockists and agents of raw finished, semi-finished granite and marble stones including polished or flamed tiles, panels and tomb stones.
    6. To carry on the business as manufacturers, dealers, distributors, exporters, and importers, stockists, and agents of high-tech building materials like, mortars, glues, gouts, for installation of tiles, pavers, bricks, marbles, water proofing membranes, rapid hardening compounds, non-shrinkable compounds, anticorrosive compounds and plain and corrugated sheets used in building construction by importing technology, know-how by foreign collaboration or indigenously.
    7. To carry on the business as manufacturers, dealers, distributors, exporters, and importers, stockists, and agents of all types of non-explosive demolishing agents used in mining, quarries, and construction works and for demolition of concrete and civil works, by importing technology, know-how by foreign collaboration, or indigenously.
  - (B) **MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III (A) ARE:**
    1. To carry on the business of mining, metallurgists, builders, contractors, merchants, manufacturers of cement and mining operations.
    2. To develop and manufacture, purchase/market all types of packing required for packing/transport cement and its allied compounds and derivatives.
    3. To deal and manufacture pre-fabricated material for houses and other buildings.

4. To carry on in India or elsewhere the trades and business of survey, prospecting and proving of cement grade limestone deposits, asbestos and of manufacturers of cement and building materials of all kinds miners and engineers in all their respective branches, and to start consultancy service of technical, managerial and marketing of cement industry.
5. To buy, sell, manufacture, plant, cultivate, prepare, treat, alter, exchange, hire, let on hire, import, export, dispose and or deal in all kinds of articles and things which may be required for the purpose of any of the business which the Company is expressly or by implication authorized by this Memorandum to carry on.
6. To enter into partnership, or into any arrangement for sharing profits union of interest, co-operation, joint venture reciprocal concession or otherwise either in part or whole with any person or company, or companies foreign or otherwise, carrying on or engaged in or about to carry on engaged in any business or transaction capable of being conducted so as directly or indirectly to benefit this Company.
7. To apply, for purchase or otherwise acquire or develop any patents, developments, invention, licenses, concession and the like, conferring any exclusive or non-exclusive or limited right to use or any secret or other information to any invention which may seem capable of being used for any of the purpose of the company, the acquisition of which may seem calculated directly or indirectly to benefit the company and to use, exercise, develop or grant licenses in respect of or otherwise turn to account the property, right or information so required.
8. To establish, appoint, regulate and discontinue office, offices, agents, representatives, distributors or retailers in all such places as the company may from time to time determine for carrying out all or any of the company's objects and to act as agents for others.
9. To purchase, own, take on lease or in exchange or otherwise acquire and undertake all or any part of the business, rights, privileges, property, and liabilities of and to amalgamate or enter into partnership or into any arrangement for sharing profits, union of interest, co-operation, joint venture, reciprocal concessions or otherwise with any company having objects altogether or in part similar to those of the company and to lend money to guarantee the performances of contracts of or otherwise assist any such company for such consideration and on such terms as may seem expedient.
10. To promote, establish, undertake, form and to be interested in and to apply for acquire hold and dispose of shares, in any institution, business, pool, combine, syndicate, industrial trading or manufacturing or company having objects altogether or part similar to those of the company carrying on any business capable of being conducted so as directly or indirectly to benefit the company and to subsidise or assist any industry or undertaking financially or otherwise by issuing or subscribing for or guaranteeing the subscription and issue of stock, debentures, debenture-stock or other securities of such industry or undertaking.
11. To apply, for purchase or otherwise acquire or develop any patents, development invention, processes, copy rights, trade marks, concessions, licenses and the like, subject to royalty or otherwise, conferring an exclusive or non-exclusive or limited right to use or any secret or other information as to any invention which may seem capable of being used for any of the purpose of the company or the acquisition for which may seem calculated directly or indirectly to benefit the company and to use, exercise, develop, work, manage, sell, let, grant licenses in respect of or otherwise turn to account or deal with the property rights and information so acquired or otherwise belonging to the company.
12. To subscribe for, purchase or otherwise acquire, hold, sell, exchange dispose of and deal in, and to give any guarantee of whatever description to the stocks, shares, bonds, debentures, debenture-stock, scripts or other securities or obligations of any company or of any authority, supreme, public, municipal, local or otherwise and to invest and deal with the funds of the company not immediately required upon such securities and in such manner as may from time to time be determined.

13. To borrow, or raise money in such manner, and on such terms as the company shall think fit and to secure the repayment of any money borrowed, raise or owing, by mortgage, charge or lien upon the whole or any part of the company's property or assets, both present and future, including its uncalled capital and also by a mortgage charge or lien to secure and guarantee the performance by the company of any obligations or liability it may undertake.
14. To enter into any arrangement with any Government or authority, supreme, public, municipal, local or otherwise, and to obtain from any such Government or authority and rights, concessions and privileges that may seem conducive to the company's objectives, or any of the and to carry out, exercise and comply with any such arrangements, rights, concessions and privileges.
15. To lend or advance, or deposit moneys belonging or entrusted to or at the disposal of the company or give credit to any company and in particular to customers of and others having dealing with the company with or without security, on such terms as may seem expedient, and to draw, make, accept, endorse, discount and execute and issue bills of exchange, promissory notes, hundies, debenture, bills of lading and other negotiable or transferable instruments or securities but not to do the business of banking as defined in Banking Regulations Act, 1949.
16. To apply or join in applying to and obtaining from any Parliament or Legislative authority or Government, or any supreme, public, local, municipal or other authority or body or with any landholders or other persons, for any Acts of Parliament, or other Acts of legislature, Laws, decrees, concessions, orders, rights or privileges or authority that may seem conducive to the company's objects or any of them or may see expedient to obtain any provisional orders or Act of Parliament for enabling the company to carry any of its objects into effect.
17. To invest, apply, for and acquire, or otherwise employ moneys belonging to or entrusted with the company upon securities and shares in investment Trusts, Banks and Insurance Companies and other Limited Companies upon such terms as may from time to time be considered proper.
18. To make such arrangements as the company may deem fit for the holding of any property of the company in the name of Trustees or a Trustee for the company.
19. To let, sub-let or give on lease, rent or hire, any portion of land, factory, mill, warehouse, tanks, chawls or other buildings or structure.
20. To sell, improve, manage, develop, exchange an enfranchise, lease, out, mortgaged, dispose of, turn to account, or otherwise deal with the whole or any part of the undertaking, business or property or sites of the company either together or in such portion and for such considerations as the company may think fit.
21. To establish such competitions as may be lawful for any of the purposes of the company and to offer and grant prizes, awards and premiums of such character and on such terms may seem expedient.
22. To advertise and publicise or promote, the sale of any goods, articles or things produced, manufactured, traded or dealt-with in any manner as may be deemed expedient including advertising in the press, posting of bills, the issue or publication of circulars, pamphlets, price-lists, leaflets, catalogues, brochures, or by the circulation of momentous, gifts and other articles.
23. To remunerate any person, firm or company rendering or agreeing to render services to the company either by cash payment or by the issue and allotment to him or them of shares or securities of the company credited as paid-up in full or part or otherwise as may seem expedient.
24. To pay all costs, charges and expenses, preliminary and incidental to and of the promotion formation, establishment and registration of the company and of the transfer to the company of any property acquired by the company.
25. Subject to the provisions of Section 293-A of the Companies Act, 1956 to support, subscribe or contribute or otherwise to assist or guarantee money for any charitable, benevolent, religious institutions or any other institutions or objects or any exhibition or for any public general or useful object.

26. To establish and support or to aid in the establishment and support of association, institutions, or conveniences calculated to benefit the employees or ex-employees of the company or its predecessors in business or the dependents or concessions of such persons, and to grant pensions and allowances and to make payments towards insurance of any kind or to give any participation in profits of the company to persons employed by the company or any of them.
  27. To provide for and furnish or secure to any member or customers of the company and chattels, conveniences, advantages, benefits or special privileges which may seem expedient either gratuitously or otherwise.
  28. To establish and maintain laboratories for purposes of research and development and to acquire all the necessary scientific and other equipment for the purpose.
  29. To manufacture, import, export, buy, sell and deal in raw materials and other substances used in the manufacture, production or treatment of any product or other substances, articles and things, the manufacture of which the company is authorized to undertake and to turn to account, render, marketable and deal in any of the by-products of the manufacturing process which the company may undertake.
  30. To amalgamate with any other company having objects altogether or in part similar to those of this company.
  31. To establish or promote or concur in establishing or promoting any company or companies for the purpose of acquiring all the property, rights and liabilities of the company or for any other purpose which may seem directly or indirectly calculated to benefit the company and to place or guarantee the placing or underwrite, subscribe for or otherwise acquire all or any part of the shares, debentures, debenture-stock or other securities of any such other company.
  32. To adopt such means of making known the products of company as may seem expedient and in particular by advertising in the press, by circulars, by purchase and exhibition of works of art or interest, by publication of books and periodicals and by granting prizes, rewards and donations.
  33. To establish, provide, maintain and conduct or otherwise subsidise research laboratories and experimental workshops, for scientific and technical researches experiments and tests of all kinds; to promote studies and researches or inventions by providing, subsidizing endowing or assisting laboratories, workshops, libraries, lectures, meetings, and conferences and by providing or contributing to the award of scholarships, prizes, grants, or otherwise generally to encourage, promote and reward studies, researches, investigations, experiments, test and invention of any kind that may be considered likely to assist any business which the company is authorized to carry on.
  34. To pay out of the funds of the company, all expenses which the company may lawfully pay with respect to the formation and registration of the company or the issue of its capital including brokerage and commission for obtaining application for or taking placing or underwriting or procuring debentures or other securities of the company.
  35. To agree, to refer to arbitration and to refer to arbitration disputes, present or future between the company and any other company, firm or individual and to submit the same to arbitration to an arbitrator in India or abroad and either in accordance with Indian or any other Foreign System of Law.
  36. Generally to do all such other things as may appear to be incidental and in any way conducive to the attainment of the above main objects or any of them.
- IV. The liability of the Members of the company is limited and this liability is limited to the amount unpaid, if any, on the shares held by them.
- V. The Authorised Share Capital of the Company is Rs.22,00,00,000 (Rupees Twenty Two Crores only) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs.10/- each and 20,00,000 (Twenty lakhs) Preference Shares of Rs.10/- each.

THE COMPANIES ACT, 2013  
COMPANY LIMITED BY SHARES  
(Incorporated under the Companies Act, 1956)

**ARTICLES OF ASSOCIATION  
OF  
SAGAR CEMENTS LIMITED**

The following regulations comprised in these Articles of Association were adopted pursuant to members' resolution passed at the annual general meeting of the Company held on \_\_\_\_\_ in substitution for, and to the entire exclusion of the earlier regulations comprised in the extant Articles of Association of the Company.

**TABLE 'F' EXCLUDED**

1. (1) The regulations contained in the Table marked 'F' in Schedule I to the Companies Act, 2013 shall not apply to the Company, except in so far as the same are repeated, contained or expressly made applicable in these Articles or by the said Act.
- (2) The regulations for the management of the Company and for the observance by the members thereto and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the deletion or alteration of or addition to its regulations by resolution as prescribed or permitted by the Companies Act, 2013, be such as are contained in these Articles.

## **Interpretation**

### 2. (1) In these Articles —

- (a) “Act” means the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles and any previous company law, so far as may be applicable.
- (b) “Articles” means these articles of association of the Company or as altered from time to time.
- (c) “Board of Directors” or “Board”, means the collective body of the directors of the Company.
- (d) “Company” means **SAGAR CEMENTS LIMITED**
- (e) “Rules” means the applicable rules for the time being in force as prescribed under relevant sections of the Act.
- (f) “Seal” means the common seal of the Company

(2) Words importing the singular number shall include the plural number and words importing the masculine gender shall, where the context admits, include the feminine and neuter gender.

3. The Authorised Share Capital of the Company is Rs.22,00,00,000 (Rupees Twenty Two Crores only) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs.10/- each and 20,00,000 (Twenty lakhs) Preference Shares of Rs.10/- each to be increased reduced or otherwise dealt with, in accordance with the provisions of the Companies Act, 2013.

## **Share capital and variation of rights**

- 4. Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.
- 5. Subject to the provisions of the Act and these Articles, the Board may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be.
- 6. The Company may issue the following kinds of shares in accordance with these Articles, the Act, the Rules and other applicable laws:

(a) Equity share capital:

(i) With voting rights; and / or

(ii) With differential rights as to dividend, voting or otherwise in accordance with the Rules; and

(b) Preference share capital

7. (1) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after allotment or within one month from the date of receipt by the Company of the application for the registration of transfer or transmission or within such other period as the conditions of issue shall provide –
    - (a) one certificate for all his shares without payment of any charges; or
    - (b) several certificates, each for one or more of his shares, upon payment of such charges as may be fixed by the Board but not exceeding Rs.20/- for each certificate after the first.
  - (2) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.
  - (3) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
8. A person subscribing to shares offered by the Company shall have the option either to receive certificates for such shares or hold the shares in a dematerialised state with a depository. Where a person opts to hold any share with the depository, the Company shall intimate such depository the details of allotment of the share to enable the depository to enter in its records the name of such person as the beneficial owner of that share.
  9. If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Board deems adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of a sum as may be fixed by the Board but not exceeding Rs.20/- for each certificate.
  10. The provisions of the foregoing Articles relating to issue of certificates shall *mutatis mutandis* apply to issue of certificates for any other securities including debentures (except where the Act otherwise requires) of the Company.



11. Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
12. (1) The Company may exercise the powers of paying commissions conferred by the Act, to any person in connection with the subscription to its securities, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the Rules made thereunder.
  - (2) The rate or amount of the commission shall not exceed the rate or amount prescribed in the Rules.
  - (3) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
13. (1) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, and whether or not the Company is being wound up, be varied with the consent in writing, of such number of the holders of the issued shares of that class, or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class, as prescribed by the Act.
  - (2) To every such separate meeting, the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply.
14. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
15. Subject to the provisions of the Act, the Board shall have the power to issue or re-issue preference shares of one or more classes which are liable to be redeemed, or converted in to fully or partly equity shares, on such terms and conditions and in such manner as may be determined by the Board in accordance with the Act.
16. (1) The Board or the Company, as the case may be, may, in accordance with the Act and the Rules, issue further shares to -

- (a) persons who, at the date of offer, are holders of equity shares of the Company; such offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; or
  - (b) employees under any scheme of employees' stock option; or
  - (c) any persons, whether or not those persons include the persons referred to in clause (a) or clause (b) above.
- (2) A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act and the Rules.

### **Lien**

17. (1) The Company shall have a first and paramount lien –
- (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
  - (b) on all shares (not being fully paid shares) standing registered in the name of a shareholder, for all monies presently payable by him or his estate to the Company:

Provided that the Board may at any time declare any share as wholly or in part exempt from the provisions of this clause.

- (2) The Company's lien, if any, on a share shall extend to all dividend and bonuses from time to time in respect of such shares for any money due to the Company from the shareholder concerned.
  - (3) Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any on such shares.
18. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made—

- (a) unless a sum in respect of which the lien exists is presently payable; or
- (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by reason of his death or insolvency or otherwise.

19. (1) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.
  - (2) The purchaser shall be registered as the holder of the shares comprised in any such transfer.
  - (3) The receipt of the Company for the consideration (if any) given for the share on the sale thereof shall (subject, if necessary, to execution of an instrument of transfer or a transfer by relevant system, as the case may be) constitute a good title to the share and the purchaser shall be registered as the holder of the share.
  - (4) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings with reference to the sale.
20. (1) The proceeds of the sale shall be received by the Company and applied in full or part payment of such amount in respect of which the lien exists, as is presently payable.
  - (2) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.
21. The provisions of these Articles relating to lien shall *mutatis mutandis* apply to any other securities including debentures of the Company.

### **Calls on shares**

22. (1) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times.
  - (2) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.
  - (3) The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call in respect of one or more members as the Board may deem appropriate in any circumstances.
  - (4) A call may be revoked or postponed at the discretion of the Board.
23. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.
24. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

25. (1) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof (the “due date”), the person from whom the sum is due shall pay interest thereon from the due date to the time of actual payment at such rate as may be fixed by the Board within the ceiling, if any, fixed under the Act or regulations.
- (2) The Board shall be at liberty to waive payment of any such interest wholly or in part.
26. (1) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
- (2) In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
27. The Board –
- (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and
- (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate as may be fixed by the Board. Nothing contained in this clause shall confer on the member (a) any right to participate in profits or dividends or (b) any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable by him.
28. If by the conditions of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by instalments, then every such instalment shall, when due, be paid to the Company by the person who, for the time being and from time to time, is or shall be the registered holder of the share or the legal representative of a deceased registered holder.
29. All calls shall be made on a uniform basis on all shares falling under the same class.  
*Explanation:* Shares of the same nominal value on which different amounts have been paid-up shall not be deemed to fall under the same class.
30. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided.
31. The provisions of these Articles relating to calls shall *mutatis mutandis* apply to any other securities including debentures of the Company.

### **Transfer of shares**

32. (1) The instrument of transfer of any share in the Company shall be duly executed by or on behalf of both the transferor and transferee.
- (2) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
33. The Board may, subject to the right of appeal conferred by the Act decline to register –
- (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
- (b) any transfer of shares on which the Company has a lien.
34. In case of shares held in physical form, the Board may decline to recognise any instrument of transfer unless –
- (a) the instrument of transfer is duly executed and is in the form as prescribed in the Rules made under the Act;
- (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
- (c) the instrument of transfer is in respect of only one class of shares.
35. On giving of previous notice of at least seven days or such lesser period in accordance with the Act and Rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:
- Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty five days in the aggregate in any year.
36. The provisions of these Articles relating to transfer of shares shall *mutatis mutandis* apply to any other securities including debentures of the Company.

### **Transmission of shares**

37. (1) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares.

- (2) Nothing in clause (1) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
38. (1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either-
- (a) to be registered himself as holder of the share; or
  - (b) to make such transfer of the share as the deceased or insolvent member could have made.
- (2) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
- (3) The Company shall be fully indemnified by such person from all liability, if any, by actions taken by the Board to give effect to such registration or transfer.
39. (1) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
- (2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
- (3) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.
40. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:
- Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with
41. The provisions of these Articles relating to transmission by operation of law shall *mutatis mutandis* apply to any other securities including debentures of the Company.

### **Forfeiture of shares**

42. If any Member fails to pay any call or installment of a call on or before the day appointed for the payment of same or any such extension thereof as aforesaid, the Board may at any time thereafter during such time as the call or installment remains unpaid given notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the company by reason of such non-payment.
43. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and which such call or installment and such interest thereon at such rate not exceeding 9 percent per annum as the Board shall determine from the date on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed the shares in respect of which the calls was made or installment is payable will be liable to forfeited.
44. If the requirement of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board of that effect.
45. When any share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name is stood immediately prior to the forfeiture, and an entry of the forfeiture with the date thereof shall forthwith be made in the register of members but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.
46. Any share so forfeited shall be deemed to be the property of the company, and may be sold, reallocated or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.
47. Any member whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to company on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding 9 percent per annum as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.
48. The forfeiture of a share shall involve extinction, at the time of forfeiture, of all interesting and all claims and demands against the company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

49. A declaration in writing that the declarant is a Director or Secretary of the company that a share in the company has been duly forfeited in accordance with these Articles on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.
50. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only against the company exclusively.
51. Upon any sale, allotment or other disposal under the provisions of the preceding Articles, the certificates originally issued in respect of the relative shares shall stand cancelled and become null and void and of no effect, and the Board shall be entitled to issue new certificates in respect of the said shares to the person or persons entitled thereto.
52. The Board may at any time before any share so forfeited shall have been sold, allotted otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.
53. The provisions of these Articles relating to forfeiture of shares shall *mutatis mutandis* apply to any other securities including debentures of the Company.

#### **Alteration of capital**

54. Subject to the provisions of the Act, the Company may, by ordinary resolution –
  - (a) Increase the share capital by such sum, to be divided into shares of such amount as it thinks expedient;
  - (b) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares:

Provided that any consolidation and division which results in changes in the voting percentage of members shall require applicable approvals under the Act;
  - (c) Convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
  - (d) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;



- (e) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
55. Where shares are converted into stock:
- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same Articles under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:  
  
Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose;
  - (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage;
  - (c) such of these Articles of the Company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder”/“member” shall include “stock” and “stock-holder” respectively.
56. The Company may, by resolution as prescribed by the Act, reduce in any manner and in accordance with the provisions of the Act and the Rules, —
- (a) its share capital; and/or
  - (b) any capital redemption reserve account; and/or
  - (c) any securities premium account; and/or
  - (d) any other reserve in the nature of share capital.

#### **Joint Holders**

57. Where two or more persons are registered as joint holders (not more than three) of any share, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles:
- (a) The joint-holders of any share shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such share.

- (b) On the death of any one or more of such joint-holders, the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.
- (c) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share.
- (d) Only the person whose name stands first in the register of members as one of the joint-holders of any share shall be entitled to the delivery of certificate, if any, relating to such share or to receive notice (which term shall be deemed to include all relevant documents) and any notice served on or sent to such person shall be deemed service on all the joint-holders.
- (e) (i) Any one of two or more joint-holders may vote at any meeting either personally or by attorney or by proxy or any other mode permitted under the Act in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the register in respect of such shares shall alone be entitled to vote in respect thereof.
  - (ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands, shall for the purpose of this clause be deemed joint-holders.
- (f) The provisions of these Articles relating to joint holders of shares shall *mutatis mutandis* apply to any other securities including debentures of the Company registered in joint names.

### **Capitalisation of profits**

58. (1) The Company by ordinary resolution in general meeting may, upon the recommendation of the Board, resolve —
- (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
  - (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) below amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

- (2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3) below, either in or towards:
    - (A) paying up any amounts for the time being unpaid on any shares held by such members respectively;
    - (B) paying up in full, unissued shares or other securities of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
    - (C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B).
  - (3) A securities premium account and a capital redemption reserve account or any other permissible reserve account may, for the purposes of this Article, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;
  - (4) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.
59. (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall –
- (a) make all appropriations and applications of the amounts resolved to be capitalised thereby, and all allotments and issues of fully paid shares or other securities, if any; and
  - (b) generally do all acts and things required to give effect thereto.
- (2) The Board shall have power—
- (a) to make such provisions, by the issue of fractional certificates/coupons or by payment in cash or otherwise as it thinks fit, for the case of shares or other securities becoming distributable in fractions; and
  - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares or other securities to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares.
- (3) Any agreement made under such authority shall be effective and binding on such members.

### **Buy-back of shares**

60. Notwithstanding anything contained in these Articles but subject to all applicable provisions of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

### **General meetings**

61. All general meetings other than annual general meeting shall be called extraordinary general meeting.
62. The Board may, whenever it thinks fit, call an extraordinary general meeting.

### **Proceedings at general meetings**

63. (1) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- (2) No business shall be discussed or transacted at any general meeting except election of Chairperson whilst the chair is vacant.
- (3) The quorum for a general meeting shall be as provided in the Act.
64. The Chairperson of the Company shall preside as Chairperson at every general meeting of the Company.
65. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
66. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members personally present at the meeting shall elect one of its members as Chairman. If a poll is demanded on the election of Chairman, it shall be taken forthwith in accordance with the Act. If some other person is elected as Chairman, as a result of poll, he shall be the Chairman for the rest of the meeting. .
67. On any business, at any general meeting, in case of an equality of votes, whether on a show of hands or electronically or on a poll, the Chairperson shall have a second or casting vote.
68. (1) The Company shall cause minutes of the proceedings of every general meeting of any class of members or creditors and every resolution passed by postal ballot to be prepared and signed in such manner as may be prescribed by the Rules and kept by making within thirty days of the conclusion of every such meeting concerned or passing of resolution by

postal ballot entries thereof in books kept for that purpose with their pages consecutively numbered.

(2) There shall not be included in the minutes any matter which, in the opinion of the Chairperson of the meeting –

(a) is or could reasonably be regarded, as defamatory of any person; or

(b) is irrelevant or immaterial to the proceedings; or

(c) is detrimental to the interests of the Company.

(3) The Chairperson shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in the aforesaid clause.

(4) The minutes of the meeting kept in accordance with the provisions of the Act shall be evidence of the proceedings recorded therein.

69.(1) The books containing the minutes of the proceedings of any general meeting of the Company or a resolution passed by postal ballot shall:

(a) be kept at the registered office of the Company; and

(b) be open to inspection of any member without charge, during 11.00 a.m. to 1.00 p.m. on all working days other than Saturdays.

(2) Any member shall be entitled to be furnished, within the time prescribed by the Act, after he has made a request in writing in that behalf to the Company and on payment of such fees as may be fixed by the Board, with a copy of any minutes referred to in clause (1) above:

Provided that a member who has made a request for provision of a soft copy of the minutes of any previous general meeting held during the period immediately preceding three financial years, shall be entitled to be furnished with the same free of cost.

70. The Board, and also any person(s) authorised by it, may take any action before the commencement of any general meeting, or any meeting of a class of members in the Company, which they may think fit to ensure the security of the meeting, the safety of people attending the meeting, and the future orderly conduct of the meeting. Any decision made in good faith under this Article shall be final, and rights to attend and participate in the meeting concerned shall be subject to such decision.

### **Adjournment of meeting**

- 71.(1) The Chairperson may, *suo motu*, either or with the consent of the meeting at which quorum is present, adjourn the meeting from time to time and from place to place.
- (2) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (3) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (4) Save as aforesaid, and save as provided in the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

### **Voting rights**

72. Subject to any rights or restrictions for the time being attached to any class or classes of shares –
- (a) on a show of hands, every member present in person shall have one vote; and
- (b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.
73. A member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once.
- 74.(1) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- (2) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
75. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy. If any member be a minor, the vote in respect of his share or shares shall be by his guardian or any one of his guardians.
76. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
77. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid or in regard to which the Company has exercised any right of lien.

78.A member is not prohibited from exercising his voting on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in the preceding Article.

79.Any member whose name is entered in the register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other members of the same class.

### **Proxy**

80.(1) Any member entitled to attend and vote at a general meeting may do so either personally or through his constituted attorney or through another person as a proxy on his behalf, for that meeting.

(2) The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

81.An instrument appointing a proxy shall be in the form as prescribed in the Rules.

82.A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

### **Board of Directors**

83.Unless otherwise determined by the Company in general meeting, the number of directors shall not be less than 3 (three) and shall not be more than 15 (fifteen).

84.(1) The Board shall have the power to determine the directors whose period of office is or is not liable to determination by retirement of directors by rotation.

(2) The same individual may, at the same time, be appointed as the Chairperson of the Company as well as the Managing Director or Chief Executive Officer of the Company.

85.(1) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

- (2) The remuneration payable to the directors, including any managing or whole-time director or manager, if any, shall be determined in accordance with and subject to the provisions of the Act by a special resolution passed by the Company in general meeting.
- (3) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—
  - (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company; or
  - (b) in connection with the business of the Company.

86. All cheques, promissory notes, drafts, *hundis*, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

87.(1) Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles.

(2) Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.

88 (1) The Board may appoint an alternate director to act for a director (hereinafter in this Article called “the Original Director”) during his absence for a period of not less than three months from India. No person shall be appointed as an alternate director for an independent director unless he is qualified to be appointed as an independent director under the provisions of the Act.

(2) An alternate director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India, in accordance with the Section 161 of the Companies Act, 2013.

(3) If the term of office of the Original Director is determined before he returns to India the automatic reappointment of retiring directors in default of another appointment shall apply to the Original Director and not to the alternate director.

89.(1) If the office of any director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board.

(2) The director so appointed shall hold office only upto the date upto which the director in whose place he is appointed would have held office if it had not been vacated.



### **Powers of Board**

90. The management of the business of the Company shall be vested in the Board and the Board may exercise all such powers, and do all such acts and things, as the Company is by the memorandum of association or otherwise authorized to exercise and do, and, not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in general meeting but subject nevertheless to the provisions of the Act and other laws and of the memorandum of association and these Articles and to any regulations, not being inconsistent with the memorandum of association and these Articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.

### **Borrowings**

91. Subject to the provisions of the Act and these Articles, the Board may from time to time, at their discretion, borrow or raise or secure the payment of money or to receive money on deposit at Interest for any purpose of the Company, and at such times and in the manner as may be thought fit and in particular by the issue of debentures, perpetual or otherwise, debentures convertible into shares of this or any other Company or perpetual annuities and as security for any such money so borrowed, raised or received or any of such debentures or debenture stock so issued to mortgage, pledge or charge the whole and any part of the property, assets or revenue and profits of the Company, present or future, including its uncalled capital by assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders power of sale and other powers as may seem expedient and to purchase, redeem and pay off any such securities.
92. The Board may from time to time, at their discretion mortgage, hypothecate, pledge all or any of the property, whether movable or immovable of any description whatsoever and other valuable securities of the Company.
93. The Board may by a resolution at their meeting delegate the above power to borrow money otherwise than on debentures to a Committee of Directors or the Managing Director, if any, within the limits prescribed.

### **Nominee Directors**

94. Subject to the provisions of the Act and these Articles, whenever the Directors enter into an agreement with any Government, Central, State or Local, any Financial Institution/s or Bank/s or any of the entity/ies or person/s (hereinafter referred to as 'The Appointer') for borrowing any money or for providing any guarantee or security any technical or financial collaboration or assistance or for subscription of shares, debentures and similar securities or for entering into any other arrangement, whatsoever, if the said agreement so provides, such Appointer shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such terms and conditions as may be mentioned in the agreement and that such Director or Directors may not liable to retire by rotation nor be required to hold any qualification shares. The Directors of Company may also agree that such Director or Directors may be removed from time to time by the Appointer and the Appointer may appoint another or others in his or their place and also fill in any vacancy, which may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatsoever.

## **Proceedings of the Board**

95. (1) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
- (2) The Chairperson or any one Director with the previous consent of the Chairperson may, or the company secretary on the direction of the Chairperson shall, at any time, summon a meeting of the Board.
- (3) The quorum for a Board meeting shall be as provided in the Act.
- (4) The participation of directors in a meeting of the Board may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.
96. (1) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
- (2) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.
97. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.
- 98 (1) The Chairperson of the Company shall be the Chairperson at meetings of the Board. In his absence, the Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.
- (2) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the directors present may choose one of them to be Chairperson of the meeting.
99. (1) The Board may, subject to the provisions of the Act, delegate any of its powers to Committees consisting of such member or members of its body as it thinks fit.
- (2) Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
- 100.(1) A Committee may elect a Chairperson of its meetings unless the Board, while constituting a Committee, has appointed a Chairperson of such Committee.
- (2) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

- 101.(1) A Committee may meet and adjourn as it thinks fit.
- (2) Questions arising at any meeting of a Committee shall be determined by a majority of votes of the members present.
- (3) In case of an equality of votes, the Chairperson of the Committee shall have a second or casting vote.
102. All acts done in any meeting of the Board or of a Committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified or that his or their appointment had terminated, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
- 103.No resolution shall be deemed to have been duly passed by the Board or by a committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the directors, or members of the committee, as the case may be, at their addresses registered with the company in India by hand delivery or by post or by courier, or through such electronic means as may be prescribed and has been approved by a majority of the directors or members, who are entitled to vote on the resolution.
- Provided that, where not less than one-third of the total number of directors of the company for the time being require that any resolution under circulation must be decided at a meeting, the chairperson shall put the resolution to be decided at a meeting of the Board.

#### **Chief Executive Officer, Manager, Company Secretary and Chief Financial Officer**

104. (a) Subject to the provisions of the Act,—
- A chief executive officer, manager, company secretary and chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary and chief financial officer so appointed may be removed by means of a resolution of the Board; the Board may appoint one or more chief executive officers for its multiple businesses.
- (b) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

#### **Registers**

105. The Company shall keep and maintain at its registered office all statutory registers namely, register of charges, register of members, register of debenture holders, register of any other security holders, the register and index of beneficial owners and annual return, register of loans, guarantees, security and acquisitions, register of investments not held in its own name and register of contracts and arrangements for such duration as the Board may, unless otherwise prescribed, decide, and in such manner and containing such particulars as prescribed by the Act and the Rules. The registers and copies of annual return shall be open for inspection during 11.00 a.m. to 1.00 p.m. on all working days, other than Saturdays, at the registered office of the Company by the persons entitled thereto on payment, where required, of such fees as may be fixed by the Board but not exceeding the limits prescribed by the Rules.

106. (a) The Company may exercise the powers conferred on it by the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of the Act) make and vary such regulations as it may think fit respecting the keeping of any such register.

The foreign register shall be open for inspection and may be closed, and extracts may be taken there from and copies thereof may be required, in the same manner, *mutatis mutandis*, as is applicable to the register of members.

### **The Seal**

107. (1) The Board shall provide for the safe custody of the seal.
- (2) The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a Committee of the Board authorised by it in that behalf, and except in the presence of at least one director or of the secretary or such other person as the Board may appoint for the purpose; and such director or the secretary or other person aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.

### **Dividends and Reserve**

108. The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board but the Company in general meeting may declare a lesser dividend.
109. Subject to the provisions of the Act, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares and at such times as it may think fit.
110. (1) The Board may, before recommending any dividend, set aside, out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applied for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.
- (2) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
111. (1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.
- (2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share.

- (3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
112. (1) The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
- (2) The Board may retain dividends payable upon shares in respect of which any person is, under the Transmission Clause hereinbefore contained, entitled to become a member, until such person shall become a member in respect of such shares.
113. (1) Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronic mode or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
- (2) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
- (3) Payment in any way whatsoever shall be made at the risk of the person entitled to the money paid or to be paid. The Company will not be responsible for a payment which is lost or delayed. The Company will be deemed to having made a payment and received a good discharge for it, if a payment using any of the foregoing permissible means is made.
114. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
115. No dividend shall bear interest against the Company. No interest on dividends.
116. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Board.

### **Accounts**

117. (1) The books of account and books and papers of the Company, or any of them, shall be open to the inspection of directors in accordance with the applicable provisions of the Act and the Rules.
- (2) No member (not being a director) shall have any right of inspecting any books of account or books and papers or document of the Company except as conferred by law or authorised by the Board.

### **Winding up**

118. Subject to the applicable provisions of the Act and the Rules made thereunder -
- (a) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
- (b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- (c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

### **Indemnity and Insurance**

119. (a) Subject to the provisions of the Act, every director, managing director, whole-time director, manager, company secretary, CFO and other officer of the Company shall be indemnified by the Company out of the funds of the Company, to pay all costs, losses and expenses (including travelling expense) which such director, manager, company secretary, CFO and officer may incur or become liable for by reason of any contract entered into or act or deed done by him in his capacity as such director, manager, company secretary, CFO or officer or in any way in the discharge of his duties in such capacity including expenses.
- (b) Subject as aforesaid, every director, managing director, manager, company secretary, CFO or other officer of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under applicable provisions of the Act in which relief is given to him by the Court.

- (c) The Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly and reasonably.

### **General Power**

- 120. Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this Article authorizes and empowers the Company to have such rights, privileges or authorities and to carry out such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided.

Sl. No.	Name, address, description and occupation of subscribers	Signature of Subscribers	Name, address, description, occupation and signature of witness
1.	Shri Komarraju Ishwarachandra Vidyasagar S/o.Shri K.V.Rao 1-2-412/6, Gaganmahal Colony Hyderabad-500 029 I.A.S. (Retd.) Executive	Sd/- (K.I.Vidyasagar)	<p style="text-align: center;">KISHORE SONI S/o.Late Shri Shivilal Soni Chartered Accountant 1235, Ywca Lane, Abids, Hyderabad-500 001</p> <p style="text-align: center;">Sd/- (KISHORE SONI)</p>
2.	Mrs.Komarraju Ishwarachandra Vidyasagar W/o.Shri K.I.Vidyasagar 1-2-412/6, Gaganmahal Colony Hyderabad-500 029 Housewife	Sd/- (Leela Vidyasagar)	
3.	Shri Vijay Kumar Baldawa S/o.Shri Kanyalal Baldawa 226/2, Motigally, Hyderabad-2 Industrialist & Businessman	Sd/- (Vijay Kumar Baldawa)	
4.	Shri Dwaraka Bhamipati Parthasarathi S/o.Late Shri D.B.Krishnamurthy 164 A, Josbagh, New Delhi Industrialist & Businessman	Sd/- (D.B.Parthasarathi)	
5.	Shrimathi Dwaraka Bhamipati Gnanarathnam W/o.Shri D.B.Parthasarathi 164 A, Josbagh, New Delhi Housewife	Sd/- (Mrs.D.B. Gnanarathnam)	
6.	Shri Ananthraman Mahadevan S/o.Dr.M.Anantaraman 1-2-412/6, Gaganmahal Colony Hyderabad-500 029 Consultant, Administrative Staff College of India, Hyderabad	Sd/- (A.Mahadevan)	
7.	Shri Goli Ramesh S/o.Shri Goli Eswaraiiah 2731, Shivajinagar Secunderabad. A.P. Businessman	Sd/- (Goli Ramesh)	

Dated this the Seventh day of January, 1981.  
Place: Hyderabad



**IN THE HIGH COURT OF JUDICATURE, ANDHRA PRADESH  
AT HYDERABAD  
(ORDINARY ORIGINAL/CIVIL JURISDICTION)**

**WEDNESDAY, THE TWENTY SEVENTH DAY OF APRIL  
TWO THOUSAND ELEVEN**

**PRESENT**

**THE HON'BLE SRI JUSTICE B.SESHASAYANA REDDY**

**COMPANY PETITION NOS.43 AND 44 OF 2011**

**C.P.NO.43 OF 2011**

**IN THE MATTER OF THE COMPANIES ACT (1 OF 1956)**

**IN THE MATTER OF SCHEME OF ARRANGEMENT**

**Between**

**Amareswari Cements Limited  
(Transferor Company)**

**And**

**Sagar Cements Limited  
(Transferee Company)**

**And**

**Their Respective Shareholders**

Amareswari Cements Limited, a Company incorporated under the Companies Act, registered office at 8-2-472/B/2, Road No.1, Banjara Hills, Hyderabad, Rep. by its Executive Director Mr.M.Mohan Reddy

..... PETITIONER/  
Transferor Company

Petition to sanction Scheme of Arrangement under Section 394 read with Sections 391 to 393 of the Companies Act, 1956 praying that this High Court may be pleased to order that

- a) the Scheme of Amalgamation may be sanctioned by this Hon'ble Court, so as to be binding on all the shareholders and creditors of the Petitioner Company and on the said Petitioner Company with effect from the Appointed Date.
  - b) The notice to Central Government under Section 394 A of the Companies Act, 1956 be issued to the Regional Director, Ministry of Corporate Affairs, the Registrar of Companies, Andhra Pradesh at Hyderabad and to the Official Liquidator, High Court of Andhra Pradesh.
  - c) The Notice of Petition be directed to be published in Hyderabad edition of the "Business Standard" the English daily newspaper and in the Hyderabad Edition of "Andhra Bhoomi", the Telugu daily Newspaper.
  - d) The Transferor Company be dissolved without winding up with effect from the Effective Date as per the Scheme of Amalgamation.
-

**COMPANY PETITION NO.44 OF 2011**

**IN THE MATTER OF THE COMPANIES ACT (1 OF 1956)**

**IN THE MATTER OF SCHEME OF ARRANGEMENT**

**Between**

**Amareswari Cements Limited  
(Transferor Company)**

**And**

**Sagar Cements Limited  
(Transferee Company)**

**And**

**Their Respective Shareholders**

Sagar Cements Limited, a Company incorporated under the Companies Act, registered office at 8-2-472/B/2, Road No.1, Banjara Hills, Hyderabad, Rep. by its Executive Director Mr. S.Sreekanth Reddy

..... PETITIONER/  
Transferor Company

Petition to sanction Scheme of Arrangement under Section 394 read with Sections 391 to 393 of the Companies Act, 1956 praying that this High Court may be pleased to order that

- a) the Scheme of Amalgamation may be sanctioned by this Hon'ble Court, so as to be binding on all the shareholders and creditors of the Petitioner Company and on the said Petitioner Company with effect from the Appointed Date.
- b) The notice to Central Government under Section 394 A of the Companies Act, 1956 be issued to the Regional Director, Ministry of Corporate Affairs, Chennai and the Registrar of Companies, Andhra Pradesh at Hyderabad.
- c) The Notice of Petition be directed to be published in Hyderabad edition of the "Business Standard" the English daily newspaper and in the Hyderabad Edition of "Andhra Bhoomi", the Telugu daily Newspaper.
- d) The Transferor Company be dissolved without winding up with effect from the Effective Date as per the Scheme of Amalgamation.

These Petitions coming on for orders upon reading the Judge's Summons and the affidavit(s) dated 21-03-2011 and filed by Sri M.Mohan Reddy, Executive Director of the Petitioner Transferor Company in Company Petition No.43 of 2011 and affidavit filed by Sri S.Sreekanth Reddy, Executive Director of Petitioner – Transferee Company in Company Petition No.44 of 2011 in support of these petitions and upon hearing the arguments of Sri L.V.V.Iyer, Advocate for the Petitioner Transferor and Transferee Companies and of Sri Ponnam Ashok Goud, Assistant Solicitor General appearing for the Registrar of Companies and of Sri M.Anil Kumar, Counsel for the Official Liquidator appearing in the matter.

Contd...

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### **Order under Section 394**

Upon the above petition coming on for further hearing on 27-4-2011 Upon reading etc., and Upon hearing etc.,

#### **THIS COURT DOTH ORDER**

1. That this court doth hereby sanction the scheme of arrangement for amalgamation as set out herewith the petitions and annexed. – marked as exhibit-V, be and hereby is sanctioned and confirmed and doth hereby declare the same to be binding on all the shareholders and creditors of the both the Petitioner Transferor Company and the Transferee Company and their respective shareholders the transferor company and the transferee.
  2. that the Scheme of Amalgamation, the Petitioner Company in C.P.No.43 of 2011 i.e., Amareswari Cements Limited be and hereby is merged with the petitioner company in C.P.No.44 of 2011 i.e., Sagar Cements Limited with effect from 1.4.2010.
  3. That all the property, rights and power of the transferor company specified in the first, second parts of the schedule hereto and all other property, rights and powers of the transferor company be transferred without further act or deed to the transferee company and accordingly the same shall pursuant to section 394 (2) of the Companies Act, 1956, be transferred to and vest in the transferee company for all the estate and interest of the transferor of the transferor company therein but subject nevertheless to all charges now affecting the same, other than; and
  4. That all the liabilities and duties of the transferor company be transferred without further act or deed to the transferee company and accordingly the same shall, pursuant to section 394 (2) of the Companies Act, 1956, be transferred to and become the liabilities of the transferee company; and
  5. That all proceedings now pending by or against the transferor company be continued by or against the transferee company; and
  6. That the transferee company do without further application allot to such members of the transferor company as have not given such notice of dissent as is required by clause 8 of the scheme herein the shares in the transferee company to which they are entitled under the said scheme; and
  7. That the Transferor company and Transferee Company do within 30 days from the date of this order cause a certified copy of this order to be delivered to the Registrar of Companies for registration; and on such certified copy being so delivered the transferor company shall be dissolved without winding up with effect from 1-4-2010 and the Registrar of Companies shall place all documents relating to the transferor company, and Registered with him on the file kept by him in relation to the transferee company and files relating to the said two companies shall be consolidated accordingly; and
  8. That any person interested shall be at liberty to apply to the court in the above matter for any directions that may be necessary in regard to the working of this Scheme of Amalgamation.
  9. That the Transferor Company and Transferee Company do pay a sum of Rs.5000/- (Rupees Five thousand only) each to the Registrar of Companies A.P. Hyderabad and also the Official Liquidator attached to this Court towards costs.
-

**SCHEDULE**

**PART – 1**

(Insert a short description of the freehold property of the transferor company)

**PART – II**

(Insert a short description of the leasehold property of the transferor company)

**PART – III**

(Insert a short description of all stocks, shares, debentures and other charges in action of the transferor company)

Dated this the 27<sup>th</sup> Day of April 2011

Scheme of Arrangement for amalgamation enclosed herewith.

(By the Court)

**MEMORANDUM OF COSTS  
C.P.NOS.43 AND 44 OF 2011**

**Petitioner's (                      ) Costs                      Rs.                      P.**

That the Petitioner Transferor and the Transferee Companies do pay a sum of Rs.5,000/- (Rupees five thousand only) each to the Registrar of Companies A.P., Hyderabad and also to the Official Liquidator, High Court of A.P. Hyderabad towards costs of this petition(s).

Rs.5000/- x 2 Rs.10,000/- to the Registrar of Companies, A.P., Hyderabad and Rs.5,000/- x 2- Rs.10,000/- to the Official Liquidator, High Court of A.P., Hyderabad (towards costs) (as fixed by this Court)

**SD/-C.VIDYADHAR BHATT  
JOINT REGISTRAR**

**// TRUE COPY //**

**SECTION OFFICER**

**TO**

1. Sri M.Mohan Reddy, Executive Director, Amareswari Cements Limited, Registered Office at 8-2-472/B./2, Road No.1, Banjara Hills, Hyderabad.
  2. Sri S.Sreekanth Reddy, Executive Director, Sagar Cements Limited, Registered Office at 8-2-472/B/2, Road No.1, Banjara Hills, Hyderabad.
  3. The Registrar of Companies, Office at 3-5-398, C.P.W.D. Building, Kendriya Sadan, Sulthan Bazar, Koti, Hyderabad.
  4. The Official Liquidator, Office at 5-4-400, II Floor, East Wing, Gagan Vihar Building, Opp.Gandhi Bhavan, Nampally, Hyderabad.
  5. The Regional Director, Company Law Board, Southern Region, Chennai
  6. Two CD Copies
-

**IN THE HIGH COURT OF JUDICATURE, ANDHRA PRADESH  
AT HYDERABAD  
(ORDINARY ORIGINAL/CIVIL JURISDICTION)**

**WEDNESDAY, THE TWENTY SEVENTH DAY OF APRIL  
TWO THOUSAND ELEVEN**

**PRESENT**

**THE HON'BLE SRI JUSTICE B.SESHASAYANA REDDY**

**COMPANY PETITION NOS.43 AND 44 OF 2011**

**C.P.NO.43 OF 2011**

**IN THE MATTER OF THE COMPANIES ACT (1 OF 1956)**

**IN THE MATTER OF SCHEME OF ARRANGEMENT**

**Between**

**Amareswari Cements Limited  
(Transferor Company)**

**And**

**Sagar Cements Limited  
(Transferee Company)**

**And**

**Their Respective Shareholders**

Amareswari Cements Limited, a Company incorporated under the Companies Act, registered office at 8-2-472/B/2, Road No.1, Banjara Hills, Hyderabad, Rep. by its Executive Director Mr.M.Mohan Reddy

..... PETITIONER/  
Transferor Company

Petition to sanction Scheme of Arrangement under Section 394 read with Sections 391 to 393 of the Companies Act, 1956 praying that this High Court may be pleased to order that

- a) the Scheme of Amalgamation may be sanctioned by this Hon'ble Court, so as to be binding on all the shareholders and creditors of the Petitioner Company and on the said Petitioner Company with effect from the Appointed Date.
  - b) The notice to Central Government under Section 394 A of the Companies Act, 1956 be issued to the Regional Director, Ministry of Corporate Affairs, the Registrar of Companies, Andhra Pradesh at Hyderabad and to the Official Liquidator, High Court of Andhra Pradesh.
  - c) The Notice of Petition be directed to be published in Hyderabad edition of the "Business Standard" the English daily newspaper and in the Hyderabad Edition of "Andhra Bhoomi", the Telugu daily Newspaper.
  - d) The Transferor Company be dissolved without winding up with effect from the Effective Date as per the Scheme of Amalgamation.
-

**COMPANY PETITION NO.44 OF 2011**

**IN THE MATTER OF THE COMPANIES ACT (1 OF 1956)**

**IN THE MATTER OF SCHEME OF ARRANGEMENT**

**Between**

**Amareswari Cements Limited  
(Transferor Company)**

**And**

**Sagar Cements Limited  
(Transferee Company)**

**And**

**Their Respective Shareholders**

Sagar Cements Limited, a Company incorporated under the Companies Act, registered office at 8-2-472/B/2, Road No.1, Banjara Hills, Hyderabad, Rep. by its Executive Director Mr.S.Sreekanth Reddy

..... PETITIONER/  
Transferor Company

Petition to sanction Scheme of Arrangement under Section 394 read with Sections 391 to 393 of the Companies Act, 1956 praying that this High Court may be pleased to order that

- a) the Scheme of Amalgamation may be sanctioned by this Hon'ble Court, so as to be binding on all the shareholders and creditors of the Petitioner Company and on the said Petitioner Company with effect from the Appointed Date.
- b) The notice to Central Government under Section 394 A of the Companies Act, 1956 be issued to the Regional Director, Ministry of Corporate Affairs, Chennai and the Registrar of Companies, Andhra Pradesh at Hyderabad.
- c) The Notice of Petition be directed to be published in Hyderabad edition of the "Business Standard" the English daily newspaper and in the Hyderabad Edition of "Andhra Bhoomi", the Telugu daily Newspaper.
- d) The Transferor Company be dissolved without winding up with effect from the Effective Date as per the Scheme of Amalgamation.

These Petitions coming on for orders upon reading the Judge's Summons and the affidavit(s) dated 21-03-2011 and filed by Sri M.Mohan Reddy, Executive Director of the Petitioner Transferor Company in Company Petition No.43 of 2011 and affidavit filed by Sri S.Sreekanth Reddy, Executive Director of Petitioner – Transferee Company in Company Petition No.44 of 2011 in support of these petitions and upon hearing the arguments of Sri L.V.V.Iyer, Advocate for the Petitioner Transferor and Transferee Companies and of Sri Ponnam Ashok Goud, Assistant Solicitor General appearing for the Registrar of Companies and of Sri M.Anil Kumar, Counsel for the Official Liquidator appearing in the matter.

**The Court made the following Common Order:**

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**THE HON'BLE SRI JUSTICE B.SESHASAYANA REDDY**

**Company Petition Nos.43 and 44 of 2011**

**COMMON ORDER:**

These two Company Petitions have been filed by Amareswari Cements Limited (hereinafter referred to as "the transferor company") and Sagar Cements Limited (hereinafter referred to as "the transferee company") respectively under Sections 394 r/w.391 to 393 of the Companies Act, 1956, (for short, 'the Act'), for sanction of the scheme of amalgamation, whereby the petitioner company in C.P.No.43 of 2011 would get merged with the petitioner company in C.P.No.44 of 2011, with effect from 01.04.2010.

2. Amareswari Cements Limited-the transferor company was originally incorporated under the Act on 06.09.1983 with Certificate of Incorporation No.4122 of 1983-84. The authorized share capital of the transferor company is Rs.6,75,00,000/- divided in to 67,50,000 equity shares of Rs.10/- each. The issued, subscribed and paid up capital is Rs.4,60,00,000/- divided into 46,00,000 equity shares of Rs.10/- each.
3. The main objects of the transferor company as set out in the memorandum of the petition are: to produce, manufacture, refine, prepare, import, export, purchase, sell and generally to deal in all kinds of Portland Cement (Portland Pozolona Cement), Portland Slag Cement, Portland rapid hardening cement, Portland high alumina, Portland oil well cement, special cement, masonry cement, lime pozzolona cement, white and colour cement etc., products of any description (pipes, poles, asbestos sheets, block tiles, garden wares etc), lime, limestone, carbonate, carbide, gypsum, kankar etc., more fully described in para.5 of the Company Petition No.43 of 2011.
4. Sagar Cements Limited-the transferee company was incorporated under the Act on 15.01.1981 with Certificate of Incorporation No.2887 of 1980-81. As on 31.03.2010, the authorized share capital of the transferee company is Rs.20,00,00,000/- divided into 2,00,00,000 equity shares of Rs.10/- each and Rs.2,00,00,000/- divided into 20,00,000 preference shares of Rs.10/- each. The issued, subscribed and paid up capital is Rs.15,00,23,000/- divided into 1,50,02,300 equity shares of Rs.10/- each.
5. The objects of the transferee company are: to produce, manufacture, refine, prepare, process, purchase, import, export, sell and generally to deal in all kinds of cement, cement products of any description, limestone, gypsum, kankar and/or by-products thereof and in connection therewith to acquire, erect, construct, establish, operate and maintain cement factories, quarries, workshops and other work relating thereto, more fully described in Para.5 of C.P.No.44 of 2011.
6. The transferee company is in the related business as that of the transferor company. The transferee company is financially and technically sound and equipped to make the acquisition and continue the business carried on by the transferor company. The salient features of the scheme of amalgamation of the transferor company with the transferee company have been fully setout in para.14 of the respective company petitions. The scheme is effective from 01.04.2010 and all undertakings, properties, rights and powers, debts, liabilities, duties and obligations whatsoever nature including all properties movable and immovable assets of whatsoever in nature shall stand transferred and vested in the transferee company. In consideration of the transfer, 10 equity shares of Rs.10/- each in the share capital of the transferee company credited as fully paid up for every 14 equity shares of Rs.10/- each fully paid up held by such members in the share capital of the transferor company. Upon the effective date, 9,00,000 equity shares held in the transferee company by the transferor company shall stand extinguished and no equity shares shall be allotted to the transferor company. Consequently, the subscribed and paid-up share capital of the transferee company shall stand reduced upon such extinguishments to the extent of 9,00,000 equity shares. With effect from the effective date, the transferor company shall stand dissolved without being wound-up.

7. The Board of Directors of the transferor and transferee companies at their meeting held on 22.10.2010 passed resolutions approving the proposals for merger of the transferor company with the transferee company. The transferor company filed C.A.No.6 of 2011 for a direction to convene the meeting of the equity shareholders of the company to consider and approve the proposed scheme of amalgamation to be held at Hotel Golkonda, Masab Tank, Hyderabad-500 028, on 07.03.2011 at 2.30 p.m. The said application came to be ordered. The meeting of the equity share holders of the transferor company had been convened under the chairmanship of Sri S.Lakshmikanth and so also the meeting of the unsecured creditors of the transferor company had been held on 07.03.2011 at 10.30 a.m. The scheme of arrangement was read over and explained at the respective meetings of the shareholders and unsecured creditors of the transferor company. Resolutions came to be passed in the said meetings approving the scheme of amalgamation. Sri S.Lakshmikanth, who acted as a Chairperson of the said meetings placed on record his report on 16.03.2011.
8. The transferee company filed C.A.No.5 of 2011 for a direction to convene the meeting of the equity shareholders of the company to consider and approve the proposed scheme of amalgamation to be held at Hotel Golkonda, Masab Tank, Hyderabad-500 028, on 07.03.2011 at 3.30 p.m. and so also the unsecured creditors of the transferee company to consider and approve the proposed scheme of arrangement to be held at Hotel Golkonda, Masab Tank, Hyderabad, on 07.03.2011 at 11.30 a.m. Sri S.Lakshmikanth came to be appointed as Chair person for conducting the meeting of the equity shareholders and unsecured creditors of the company. Sri S.Lakshmikanth, presided over the meetings of the shareholders and unsecured creditors. Resolutions came to be passed in the said meetings approving the scheme of amalgamation. Accordingly, Sri S.Lakshmikanth placed on record his report dated 16.03.2011. Hence, these two company petitions seeking sanction of the proposed scheme of amalgamation.
9. Notice to the Regional Director, Ministry of Corporate Affairs, Chennai, the Registrar of Companies, Andhra Pradesh, Hyderabad and to the Official Liquidator, Hyderabad, came to be ordered on 23.03.2011 in both these Company Petitions. The petitioner Companies were also directed to take out publication in BUSINESS STANDARD (English daily) and ANDHRA BHOOMI (Telugu daily) published in Hyderabad Editions. The petitioner Companies took out publications and filed copies of the same as proof of compliance of the directions.
10. The Official Liquidator placed on record his report. The Deputy Registrar of Companies, A.P. Hyderabad filed common affidavit in both the company petitions.
11. These two company petitions were filed seeking sanction of the scheme of amalgamation as approved by the shareholders of the respective companies, so as to bind all the members of the transferor company and transferee company and to dissolve the transferor company without winding up.
12. The Deputy Registrar of Companies in para.3 of his affidavit stated as follows:
  - “3. That it is humbly submitted that pursuant to the instructions received from the Regional Director, Ministry of Corporate Affairs, Chennai, the following facts are placed for consideration of the Hon’ble High Court.
    - a) Upon the effective date, 9,00,000 equity shares held in the transferee company by the transferor company shall stand extinguished and no equity shares shall be allotted to the transferor company pursuant to clause 8.1. Consequently, the subscribed and paid-up share capital of the transferee company shall stand reduced upon such extinguishment to the extent of 9,00,000 equity shares. Hence, the Hon’ble High Court has to pass order u/s 100 to 105 of the Act. The application filed by the transferee company does not have a prayer about the reduction of capital.



- b) The petition filed by the transferee company shall be renumbered i.e. after para No.25, there should be para.No.26, 27, 28, 29 and 30 instead of 23, 24, 25 and 26.
- c) The transferee company should pay the Stamp Duty wherever applicable as per the Regulations of Andhra Pradesh Stamp Act.”
13. The Official Liquidator stated in his affidavit that the affairs of the transferor company do not appear to have been conducted in a manner prejudicial in the interests of its members or to the public interest.
14. No objections have been received from any quarter opposing the proposed scheme of amalgamation.
15. Heard learned counsel appearing for the petitioners; learned Assistant Solicitor General appearing for the Registrar of Companies and learned counsel appearing for the Official Liquidator.
16. Learned counsel appearing for the petitioner in both the company petitions submits that 9,00,000 equity shares held by the transferee company in the transferor company shall stand extinguished and therefore, the question of reduction in the share capital of the transferee company does not arise. He would also contend that it is not necessary that extinguishment of shares in all cases result for reduction of the share capital. Section 100 of the Act would not come into play where the scheme of amalgamation contemplates that the transfer of entirety of the assets and liabilities of the transferor company to the transferee company. In support of his submission, learned counsel placed reliance on the decision of the Madras High Court in **Asian Investments Ltd., In re.<sup>1</sup>**, wherein it has been held that where a scheme of amalgamation of companies contemplates the transfer of entirety of the assets and liabilities of the transferor company to the transferee company, the assets of the transferor company on amalgamation stand transferred to and vested in the transferee company and there cannot be said to be any release of assets of the transferor company. In such a case, the provisions of Section 100 of the Companies Act, 1956, prescribing that a special resolution should be passed before reduction of the company’s share capital, would not apply. Further, Rule 85 of the Companies (Court) Rules, 1959, which is part of the scheme of sections 101 and 102 of the Act, which provides that where a proposed compromise or arrangement involves reduction of capital of the company, the procedure prescribed by the Act and the Rules relating to reduction of capital shall be complied with, before the compromise or arrangement so far as it relates to reduction of capital, is sanctioned, would stand attracted only to cases of compromise or arrangement involving reduction of capital and not to cases of amalgamation simpliciter when the entirety of the assets and liabilities are transferred and when there is no release of any assets.
17. As seen from the scheme of amalgamation, 9,00,000 equity shares held by the transferor company in the transferee company shall stand extinguished. Therefore, there is no question of share capital in the transferee company being reduced. The transferor and the transferee companies placed on record the consent letters given by the secured creditors of the respective companies.
18. From the material placed on record, the scheme appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to public policy. None of the parties concerned have come forward to oppose the scheme.
19. Since all the requisite statutory compliances have been fulfilled, both the company Petitions i.e., C.P.No.43 of 2011 filed by the transferor company and C.P.No.44 of 2011 filed by the transferee company are allowed sanctioning the scheme of amalgamation with effect from 01.04.2010. The transferor company shall stand dissolved without winding up with effect from 01.04.2010. The parties to the scheme of amalgamation or other persons interested shall be at liberty to apply to this Court for any directions that may be necessary in regard to the working of the scheme of amalgamation; and the transferor company and the transferee company shall pay a sum of Rs.5,000/- (Rupees five thousand only) each to the Registrar of Companies, A.P., Hyderabad and also to the Official Liquidator attached to this Court, towards the costs. The petitioner companies do file with the Registrar of Companies an authenticated copy of this common order and the scheme within 30 days from this date.

20. Accordingly, both the Company petitions are allowed.

**SD/-C.VIDYADHAR BHATT  
JOINT REGISTRAR**

**// TRUE COPY //**

**TO SECTION OFFICER**

1. Sri M.Mohan Reddy, Executive Director, Amareswari Cements Limited, Registered Office at 8-2-472/B./2, Road No.1, Banjara Hills, Hyderabad.
2. Sri S.Sreekanth Reddy, Executive Director, Sagar Cements Limited, Registered Office at 8-2-472/B/2, Road No.1, Banjara Hills, Hyderabad.
3. The Registrar of Companies, Office at 3-5-398, C.P.W.D. Building, Kendriya Sadan, Sulthan Bazar, Koti, Hyderabad.
4. The Official Liquidator, Office at 5-4-400, II Floor, East Wing, Gagan Vihar Building, Opp.Gandhi Bhavan, Nampally, Hyderabad.
5. The Regional Director, Company Law Board, Southern Region, Chennai.
6. Two CD Copies.
7. Two Copies to Sri L.V.V.Iyer, Advocate (OPUC)

**SCHEME OF ARRANGEMENT**

**BETWEEN**

**AMARESWARI CEMENTS LIMITED**  
(Transferor Company)

**AND**

**SAGAR CEMENTS LIMITED**  
(Transferee Company)

**AND**

**THEIR RESPECTIVE SHAREHOLDERS**

**WHEREAS**

- A. **AMARESWARI CEMENTS LIMITED** (“Transferor Company”) is a public limited company incorporated under the Companies Act, 1956 with Certificate of Incorporation No.4122 of 1983-84 dated 6<sup>th</sup> September 1983, having its registered office at 8-2-472/B/2, Road No.1, Banjara Hills, Hyderabad – 500 034, Andhra Pradesh, India.

The Transferor Company is engaged in manufacture and sale of cement. The Transferor Company has recorded an income of Rs.71.14 Crores and a net profit of Rs. 1.80 crores during the financial year ended March 31, 2010.

- B. **SAGAR CEMENTS LIMITED**, the Transferee Company is a listed public limited company, incorporated under the Companies Act, 1956, with Certificate of Incorporation No.2887 of 1980-81 dated 15<sup>th</sup> January 1981, having its registered office at 8-2-472/B/2, Road No.1, Banjara Hills, Hyderabad – 500 034, Andhra Pradesh, India.

The Transferee Company is in the related business as that of the Transferor Company and is interested in the acquisition of the business of manufacturing and sale of cement carried on by the Transferor Company ultimately through the scheme of arrangement. The Transferee Company is financially and technically sound and equipped to make the acquisition and continue the business carried on by the Company after the present Scheme of Arrangement is given effect to. The Transferee Company has recorded an income of Rs. 486.36 Crores and a net profit of Rs. 19.12 crores during the financial year ended March 31, 2010.

- C. The Scheme of Arrangement will benefit the Transferor Company, the Transferee Company and their respective shareholders. The rationale and reasons for the proposed Scheme of Arrangement, inter alia, are summarized below:

- The Transferor Company is also in the business of manufacturing and sale of cement.
- The proposed amalgamation of the Transferor Company with the Transferee Company would help the Transferee Company to increase the manufacturing capability due to the enhanced capacity.
- The proposed amalgamation would enable focused strategic leadership and management attention to be bestowed on the undertaking of the Transferor Company so as to integrate the business synergies and reap the benefits of consolidation. The proposed amalgamation of both the companies will channelize synergies, enable optimum utilization of the available resources, broadening the customer base and boost the morale of employees thereby improving their productivity besides enabling a focused business approach for the optimization.

- The proposed amalgamation would enable to achieve higher long-term financial returns and inculcation of greater financial strength and flexibility than could be achieved by the companies individually.
  - It is also beneficial by the proposed amalgamation for pooling of financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of the merging companies leading to increased competitive strength, cost reduction, productivity gains and logistic advantages. The proposed amalgamation would make it possible to meet the required funding and take the benefit of the emerging opportunities.
  - It is believed that the proposed amalgamation under this Scheme of Arrangement will create enhanced value for the shareholders and allow a focused strategy in operations, which would be in the best interest of both the Transferor Company and the Transferee Company and their shareholders.
- D. This Scheme of Arrangement (hereinafter referred to as the “Scheme”) comprises the amalgamation of the Transferor Company with the Transferee Company which has been set forth in Part II, as follows :
- The transfer and vesting of the Undertaking of the Transferor Company, pursuant to Part II, by Amareswari Cements Limited, the Transferor Company to Sagar Cements Limited, the Transferee Company and in consideration thereof issue of equity shares shall be made by the Transferee Company to the shareholders of the Transferor Company pursuant to Section 391 and Section 394(1) (a) of the Companies Act, 1956.
- E. The Scheme also makes provisions for various other matters consequential, incidental or related thereto and otherwise integrally connected therewith-in Part III, which are common for the arrangement set out in Part II. Part I of this Scheme deals with the definitions of the expressions used in arrangement set out in Part II and details in respect of the incorporation and share capital of the Transferor Company and Transferee Company.

## SCHEME

### PART I

#### GENERAL

#### I. DEFINITIONS

1. In this Scheme unless repugnant to the meaning or context thereof, the following expressions shall have the meanings given to them below:
  - (i) “Act” means the Companies Act, 1956 and any amendments and/or re-enactment thereof, for the time being in force.
  - (ii) “Transferor Company” means Amareswari Cements Limited, a company incorporated under the Act having its registered office at 8-2-472/B/2, Road No.1, Banjara Hills, Hyderabad – 500 034, Andhra Pradesh, India.
  - (iii) “Transferee Company” means Sagar Cements Limited, a company incorporated under the Act having its registered office at 8-2-472/B/2, Road No.1, Banjara Hills, Hyderabad – 500 034, Andhra Pradesh, India.
  - (iv) “Appointed Date” means 1<sup>st</sup> April 2010 or such other date as may be fixed by the High Court.
  - (iv) “Board” means the board of directors of the Transferor Company or the Transferee Company, as the case may be, including any duly constituted committee thereof.
  - (v) “Effective Date” means the date on which the certified copies of the Order of the High Court of Judicature of Andhra Pradesh at Hyderabad or any other Court or authority of appropriate jurisdiction sanctioning the Scheme are filed with the Registrar of Companies, Andhra Pradesh.
  - (vi) “Scheme” means the Scheme of Arrangement as set out herein or with any modifications approved or imposed or directed by the High Court of Judicature of Andhra Pradesh at Hyderabad or authority of appropriate jurisdiction sanctioning the Scheme, as the case may be.
  - (vii) “Undertaking of the Transferor Company” includes :-
    - (a) all the assets and property of the Transferor Company as on the Appointed Date ;
    - (b) all debts, liabilities, duties, responsibilities and obligations of the Transferor Company as on the Appointed Date ;

Without prejudice to the generality of the above, (i) the assets and property of the Transferor Company shall include the entire business and all rights, privileges, powers and authorities and all property, movable or immovable, real, corporeal or incorporeal, leasehold or otherwise, mining rights, mining lease rights in respect of land allotted by the Government, in possession or reversion, present or contingent of whatever nature and wheresoever situate, including fixed assets, capital works in progress, current assets, investment of all kind, approvals, permissions, consents, exemptions, registrations, no-objection certificates and certifications, permits, quotas, rights, entitlements, tenancies, roof rights, trademarks, service marks, know-how, technical know-how, trade names, descriptions, trading style, franchises, labels, label designs, colour schemes, utility models, holograms, bar codes, designs, patents, copyrights, privileges and any rights, title or interest in intellectual property rights, benefits of security arrangements, contracts, agreements and all other rights including lease rights, licenses including those relating to trademarks, or service marks, easements, advantages, exemptions, benefits, powers and facilities of every kind, nature and description whatsoever of the Transferor Company or to which the Transferor Company is entitled including right to use of telephones, telex, facsimile connections and installations, electricity, power lines, communication lines and other services, reserves, deposits, provisions, funds, subsidies, grants, tax credits, and any accretions or additions arising to any of the foregoing on and after the Appointed Date and (ii) all the debts, liabilities, duties, responsibilities and obligations of Transferor Company shall include all obligations of whatsoever kind including liabilities for payment of gratuity, provident fund, service tax and other statutory dues, if any.

2. References in the Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” shall mean the Effective Date.

The capital structure of the two companies as are parties to the present Scheme, is as under:

**(i). Transferor Company**

The capital structure of the Transferor Company as at March 31, 2010 is as follows:

<b>SHARE CAPITAL</b>	<b>Rs.</b>
<b>AUTHORISED CAPITAL</b>	
6750000 Equity Shares of Rs.10/- each	6,75,00,000
	<b>6,75,00,000</b>
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>	
46,00,000 Equity Shares of Rs.10/- each, fully paid up	4,60,00,000
Share Application Money	3,41,092
<b>TOTAL</b>	<b>4,63,41,092</b>

**(ii) Transferee Company**

The capital structure of the Transferee Company as at March 31, 2010 is as follows:

<b>SHARE CAPITAL</b>	
<b>AUTHORISED CAPITAL</b>	
2,00,00,000 Equity Shares of Rs.10/- each	20,00,00,000
20,00,000 Preference Shares of Rs.10/- each	2,00,00,000
<b>TOTAL</b>	<b>22,00,00,000</b>
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>	
1,50,02,300 Equity Shares of Rs.10/- each	15,00,23,000

## PART II

### Amalgamation

- 3.1 (a). With effect from the Appointed Date and upon the Scheme becoming effective, all the assets and properties, both movable and immovable, investments, rights, title and interests comprised in the Undertaking of the Transferor Company shall pursuant to the Scheme being sanctioned by the High Court under Section 394(2) of the Act and without any further act or deed be transferred to, and vested in, or deemed to have been transferred to, and vested in, the Transferee Company so as to become as and from the Appointed Date, the estate, assets, rights, title and interests of the Transferee Company subject to Clause 3.2 of this Scheme in relation to charges thereon in favour of banks and/or financial institutions.
- (b). With effect from the Appointed Date and upon the Scheme becoming effective, all rights and licenses relating to trademarks, know-how, technical know-how, trade names, descriptions, trading style, franchises, labels, label designs, colour schemes, utility models, holograms, bar codes, designs, patents, copyrights, privileges and any rights, title or interest in intellectual property rights (including applications submitted to the registration authorities on or before the Effective Date by the Transferor Company), tenancies with the consent of the landlord wherever necessary, powers, facilities of every kind and description of whatsoever nature in relation to the Undertaking of the Transferor Company to which the Transferor Company is a party or to the benefit of which the Transferor Company may be entitled/eligible and which are subsisting or have effect immediately before the Appointed Date, shall be in full force and effect on, or against, or in favour of, the Transferee Company as the case may be, and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.
- (c). The transfer/vesting, as aforesaid, shall be subject to existing charges/hypothecation/mortgage (if any as may be subsisting) over or in respect of the said assets or any part thereof. Provided, however, that any reference in any security documents or arrangements to which the Transferor Company is a party, to such assets of the Transferor Company offered or agreed to be offered as security for any financial assistance both availed and to be availed up to any limit for which sanctions have already been obtained by the Transferor Company shall be construed as reference only to the assets pertaining to the Transferor Company as are vested in the Transferee Company by virtue of this Clause 3.1 to the end and intent that such security, mortgage and/or charge shall not extend or be deemed to extend to any of the assets or to any of the other units or divisions of the Transferee Company, unless specifically agreed to by the Transferee Company with such secured creditors.
- (d). In particular, with effect from the Appointed Date and upon the Scheme becoming effective, all licenses, sanctions, consents, authorization approvals and permissions (whether statutory or otherwise) of the Transferor Company pertaining to the conduct of its business (including, without limitation, benefits, remissions, special reservations available to the Transferor Company, under any income tax, sales tax (including any benefits related to the deferment of sales tax) and excise (whether modvat or cenvat) laws (whether such laws be enacted at the central and/or state levels including excise credits), shall vest in the Transferee Company and the concerned licensors and grantors of such approvals or permissions, shall endorse and record the Transferee Company on such approvals and permissions so as to empower and facilitate the approval and vesting of the Undertaking of the Transferor Company in the Transferee Company without hindrance or let from the Appointed Date.
- (e). All assets and properties as are moveable in nature, including investments, or are otherwise capable of transfer by physical delivery or by endorsement and delivery, shall stand so transferred by the Transferor Company, without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company accordingly and such transfer shall be deemed to have taken place at the Registered Office of the Transferee Company in the State of Andhra Pradesh.

- (f). All debts, outstanding and receivables of the Transferor Company shall accordingly, on and from the Appointed Date and upon the Scheme becoming effective, stand transferred to and vested in the Transferee Company without any notice or other intimation to the debtors (though the Transferee Company may; if it deems appropriate, give notice to the debtors that the debts stand transferred and vested in the Transferee Company) and the debtors shall be obliged to make payment to the Transferee Company after the Effective Date.

### 3.2. TRANSFER OF LIABILITIES

- (i). With effect from the Appointed Date and upon the Scheme becoming effective, all debts (whether secured or unsecured), liabilities (including contingent liabilities, whether disclosed or undisclosed), taxes, duties and obligations of every kind, nature and description of the Transferor Company along with any charge, encumbrance, lien or security thereon shall also be vested and stand transferred to and be deemed to be and stand vested in the Transferee Company without any further act, or instrument or deed pursuant to the Scheme being sanctioned by the High Court under Section 394(2) of the Act so as to become the debts, liabilities, duties and obligations of the Transferee Company from the Appointed Date and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this clause.
- (ii). All the existing securities, mortgages, charges, encumbrances or liens (the Encumbrances), if any created by the Transferor Company after the Appointed Date, in terms of this Scheme, over the assets comprised in the Undertaking of the Transferor Company transferred to the Transferee Company, by virtue of this Scheme and in so far as such Encumbrances secure or relate to the liabilities of the Transferor Company, the same shall, after the Effective Date continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company.
- (iii). Any reference in any security documents or arrangements (to which the Transferor Company is a party) to the Transferor Company and its assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of the Transferor Company transferred to the Transferee Company by virtue of this Scheme. Without any prejudice to the foregoing provisions and upon the effectiveness of this Scheme, the Transferee Company shall execute any instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charges, with the Registrar of Companies, Andhra Pradesh to give formal effect to the above provisions, if required.

3.3 In consideration of the transfer of undertaking of the Transferor Company, the Transferee Company shall issue its shares to the shareholders of the Transferor Company in terms of Clause 8 of this Part of the Scheme.

### 3.4 ACCOUNTING MATTERS

- (a). Upon the Scheme becoming effective, Transferee Company shall account for the amalgamation in its books as per the "Pooling of Interests Method" under the Accounting Standard AS 14 "Accounting for Amalgamation" issued by the Institute of Chartered Accountants of India.
- (b). All the assets and liabilities recorded in the books of the Transferor Company shall stand transferred to and vested in the Transferee Company pursuant to the Scheme upon the Appointed Date and shall be recorded by the Transferee Company in its books at their respective book values.
- (c). To the extent that there are any money received, loans, outstanding or balances due, from the Transferor Company to the Transferee Company or vice versa the amount and / or obligations in respect thereof as on the Effective Date shall be extinguished upon the merger of interest between the creditor and debtor and corresponding effect shall be given in the books of account and records of the Transferee Company.



- (c) For any matter arising in connection with the accounting treatment, the same would be finalized in consultation with the Statutory Auditor of the Transferee Company, subject to Accounting Standard - 14 issued by the Institute of Chartered Accountants of India.

#### 4. CONTRACTS AND INTELLECTUAL PROPERTY RIGHTS

- (a) With effect from the Appointed Date and upon the Scheme becoming effective, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Undertaking of the Transferor Company to which the Transferor Company is a party or to the benefit of which the Transferor Company may be entitled/eligible, and which are subsisting or have effect immediately before the Appointed Date, shall be in full force and effect on, or against, or in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.
- (b) For the avoidance of all doubt, it is expressly made clear that the transfer of Undertaking of the Transferor Company as contemplated herein, shall not affect the previous operation of any contract, agreement, deed or any instrument or the like to which the Transferor Company is a party or is the beneficiary of (as the case may be) and any reference in such agreements, contracts, deeds and instruments to the Transferor Company shall be construed as reference only to the Transferee Company with effect from the Effective Date.

#### 5. LEGAL PROCEEDINGS

On and from the Appointed Date and upon the Scheme becoming effective, all suits, actions and other legal proceedings by or against the Transferor Company under any statute or otherwise, whether pending, or arising, before the Appointed Date shall be continued and enforced by or against the Transferee Company.

#### 6. EMPLOYEES

- (a) All permanent employees, if any, of the Transferor Company as on the Effective Date shall as from such date, become employees of the Transferee Company in such position, rank and designation as may be determined by the Transferee Company with the benefit of continuity of service and such that the terms and conditions of their employment with the Transferee Company are not less favourable than those applicable to them as employees of the Transferor Company on such date. With regard to provident fund, gratuity fund, superannuation fund or any other special fund created or existing for the benefit of such employees of the Transferor Company, from the Effective Date the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever in relation to the administration or operation of such fund or funds and the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds or other documents provided that if the Transferee Company considers it desirable for the smooth administration, management, operation and uniformity of such funds, the same may be merged with similar funds of the Transferee Company.

It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company in relation to such schemes or funds shall become those of the Transferee Company. It is clarified that the services of the employees of the Transferor Company will be treated as having been continuous for the purpose of the aforesaid schemes, funds and trusts.

- (b) In the event that trustees are constituted as holders of any securities, trust funds or trust monies, in relation to any provident fund trust, gratuity trust or superannuation trust of the Transferor Company, such funds shall be transferred by such trustees of the trusts of the Transferor Company, to separate trusts and the trustees of the Transferee Company set up for the same purpose and object and shall be deemed to be a transfer of trust property from one set of trustees to another set of trustees in accordance with the provisions of the relevant labour laws, Indian Trusts Act 1882, and the Income Tax Act, 1961 and relevant stamp legislations as applicable provided that if the Transferee Company

considers it desirable for the smooth administration, management, operation and uniformity of such trusts of the Transferor Company, the same may be merged with similar trusts of the Transferee Company. Appropriate deeds of trusts and/or documents for transfer of trust properties shall be simultaneously executed upon the sanction of the Scheme in accordance with the terms hereof by the trustees of such trusts in favour of the trusts of the Transferee Company so as to continue the benefits of the employees. The provident fund trust, gratuity trust or superannuation trusts of the Transferor Company shall continue to hold such securities, trust funds and/or trust monies as hitherto, till such time as the transfer to the trustees of the Transferee Company employee trusts is made.

- (c). The Transferee Company undertakes to continue to abide by any agreement(s)/settlement(s) entered into by the Transferor Company with any employees of the Transferor Company. The Transferee Company agrees that for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits, the past services of such employees with the Transferor Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.

## 7. BUSINESS AND PROPERTY IN TRUST FOR THE TRANSFEEE COMPANY

With effect from the Appointed Date and up to and including the Effective Date:

- (a). The Transferor Company shall carry on its business activities with reasonable diligence and business prudence and shall conduct its business in the ordinary course consistent with past practice.
- (b). Until the Effective Date and subject to such consents as may be necessary :
- (i). the Transferor Company shall carry on and be deemed to have carried on its business and activities and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the Undertaking of the Transferor Company on account of and in trust for the Transferee Company ;
- (ii). all the profits or incomes accruing or arising to the Transferor Company or expenditure or losses incurred by the Transferor Company shall for all purposes be treated and be deemed to be and accrue as profits or incomes or expenditure or losses of the Transferee Company ;

## 8.0 ISSUE OF SHARES BY TRANSFEEE COMPANY

- 8.1 Upon the Effective Date and in consideration of the amalgamation, including the transfer and vesting of the Transferred Undertaking in the Transferee Company pursuant to Part II of this Scheme, the Transferee Company shall, without any further act or deed and without requirement of payment, issue and allot to each Shareholder of the Transferor Company whose name is recorded in the Register of Members of the Transferor Company subject to extinguishment of shares as set out below ,on the Record Date to be fixed in that behalf by the Board of Directors or a Committee thereof of the Transferee Company, in respect of paid-up equity share capital of the Transferor Company as on the Effective Date, in the following manner on the basis of the Exchange Ratio arrived at by M/s. Deloitte Touche Tohmatsu India Private Limited (“DTTIPL”) and M/s. KPMG India Private Limited (KPMG) in their reports dated 17th September 2010 and 15<sup>th</sup> September 2010 respectively read with the certificate of fairness opinion dated 21<sup>st</sup> October 2010 furnished by M/s. Karvy Investor Services Limited :

10 (Ten) Equity Shares of Rs.10 each in the share capital of the Transferee Company credited as fully paid up for every Fourteen (14) Equity Shares of Rs.10/- each fully paid up held by such members in the share capital of the Transferor Company.

Upon the Effective Date, 9,00,000 equity shares held in the Transferee Company by the Transferor Company shall stand extinguished and no equity shares shall be allotted to the Transferor Company pursuant to this Clause 8.1. Consequently, the subscribed and paid-up share capital of the Transferee Company shall stand reduced upon such extinguishment to the extent of 9,00,000 equity shares.

- 8.2 In case any shareholder's holding in the Transferor Company is such that the shareholder becomes entitled to a fraction of an equity share of the Transferee Company, the Transferee Company shall not issue fractional share certificates to such shareholder but shall consolidate such fractions and issue consolidated equity shares to a trustee nominated by the Transferee Company in that behalf, who shall sell such shares and distribute the net sale proceeds (after deduction of the expenses incurred and taxes, if any) to the shareholders respectively entitled to the same in proportion to their fractional entitlements.
- 8.3 The equity shares to be issued and allotted by the Transferee Company in terms of Sub-Clause 8.1 above shall rank pari passu in all respects with the existing Equity Shares of the Transferee Company and shall be listed on the Stock Exchanges where the existing shares of the Transferee Company are currently listed and shall be subject to lock in provisions of SEBI (ICDR) 2009, wherever applicable.
- 8.4 Unless otherwise determined by the Board of Directors or any Committee thereof of the Transferee Company, issuance of shares in terms of Clause 8.1 above shall be done within 90 days from the Effective Date.
- 8.5 Issue of shares in dematerialised form:
- (a). In so far as the issue of new equity shares pursuant to Clause 8.1 above is concerned, each of the shareholders of the Transferor Company holding shares in physical form shall have the option, exercisable by notice in writing by them to the Transferee Company on or before such date as may be determined by the Board of Directors of the Transferee Company or a Committee of such Board of Directors, to receive, the new equity shares of the Transferee Company either in certificate form or in dematerialised form, in lieu of their shares in the Transferor Company in accordance with the terms hereof. In the event that such notice has not been received by the Transferee Company in respect of any of the members of the Transferor Company, the shares of the Transferee Company shall be issued to such members in physical form. Those of the members of the Transferor Company who exercise the option to receive the shares in dematerialised form shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required. It is only thereupon that the Transferee Company shall issue and directly credit the demat / dematerialised securities account of such member with the new equity shares of the Transferee Company.

## 9.0 DISSOLUTION OF THE TRANSFEROR COMPANY

With effect from the Effective Date, the Transferor Company shall stand dissolved without being wound up.

## 10. APPROVALS AND MODIFICATIONS

- (a). The Transferor Company and the Transferee Company may jointly assent from time to time on behalf of all persons concerned to any modifications or amendments or additions to the Scheme or to any conditions or limitations which the High Court of Andhra Pradesh and/or the other competent authorities, if any, under any law, may deem fit and approve of or impose and which the Transferor Company and the Transferee Company may in their discretion deem fit and may resolve all doubts or difficulties that may arise for carrying out the Scheme and do and execute all acts, deeds, matters and things necessary for bringing the Scheme into effect. The aforesaid powers of the Transferor Company and the Transferee Company may be exercised by their respective board of directors, a committee or committee of the concerned board or any director (hereafter referred as the "delegates").
- (b). For the purpose of giving effect to the Scheme or any modifications or amendments thereof or additions thereto the delegate(s) of the Transferor Company and Transferee Company may jointly give and are hereby authorised to determine and give all such directions as are necessary including directions for settling or removing any difficulties, as the case may be, which shall be binding on all parties in the same manner as if the same were specifically incorporated in the Scheme.

- (c). After the dissolution of the Transferor Company, the Transferee Company acting through its board of directors or other persons, duly authorized by its board in this regard, shall be authorized, to take such steps, as may be necessary, desirable or proper to resolve any doubts, difficulties or questions that may arise, whether by reasons of any order of the High Court of Judicature of Andhra Pradesh at Hyderabad or of any directive or order of any other authorities or otherwise, in connection with this Scheme and/or matters concerning or connected therewith.
- (d). If any part of this Scheme hereof is ruled illegal or invalid by, or is not sanctioned by, any High Court, or is unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in the Scheme, as will best preserve for the parties the benefits and obligations of the Scheme, including but not limited to such part.

11. SCHEME CONDITIONAL UPON

This Scheme is conditional upon the following approvals:

- (a). the approval of the Scheme by the requisite majority of the members and the creditors of the Transferor Company and the Transferee Company, as required under Section 391 of the Act ;
- (b). the sanction of the Scheme by the High Court of Judicature of Andhra Pradesh at Hyderabad under Sections 391 and 394 of the Act and other applicable provisions of the Act, rules and regulations;

12. COSTS, CHARGES AND EXPENSES

Upon the Scheme becoming effective, all costs, charges, taxes including stamp duties, levies and all other expenses, if any, of the Transferor Company and the Transferee Company arising out of/or incurred after the Effective Date for carrying out and implementing the Scheme and matters incidental thereto, shall be borne and paid by the Transferee Company (save as otherwise expressly agreed in writing).

13. SANCTION AND APPROVALS NOT FORTHCOMING

Save and except in respect of any act or deed done prior thereto as is contemplated hereunder, or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law, the Scheme shall stand revoked, cancelled and be of no effect if the events or sanctions and approvals referred to in Clause 11 have not occurred or have not been obtained by **31<sup>st</sup> December 2011** or such extended period as may be agreed in writing between the Transferor Company and the Transferee Company.

We, the several persons whose names, addresses and descriptions are subscribed hereunder, are desirous of being formed into a company in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of the company set opposite our respective names.

Sl. No.	Name, address, description and occupation of subscribers	No. of Equity Shares taken by each subscriber	Signature of subscribers	Name, address, description, occupation and signature of witness
1.	Shri Komarraju Ishwarachandra Vidyasagar S/o. Shri K.V.Rao 1-2-412/6, Gaganmahal Colony Hyderabad-500 029  I.A.S. (Retd.) Executive	500 (five hundred)	Sd/- (K.I.Vidyasagar)	<p style="text-align: center;">KISHORE SONI S/o. Late Shri Shrivial Soni Chartered Accountant 1235, Ywca Lane, Abids, Hyderabad-500 001  Sd/- (KISHORE SONI)</p>
2.	Mrs. Komarraju Ishwarachandra Vidyasagar W/o. Shri K.I. Vidyasagar 1-2-412/6, Gaganmahal Colony Hyderabad-500 029  Housewife	500 (five hundred)	Sd/- (Leela Vidyasagar)	
3.	Shri Vijay Kumar Baldawa S/o. Shri Kanyalal Baldawa 226/2, Motigally, Hyderabad-2  Industrialist & Businessman	1000 (one thousand)	Sd/- (Vijay Kumar Baldawa)	
4.	Shri Dwaraka Bhamipati Parthasarathi S/o. Late Shri D.B. Krishnamurthy 164 A, Josbagh, New Delhi  Industrialist & Businessman	1000 (one thousand)	Sd/- (D.B. Parthasarathi)	
5.	Shrimathi Dwaraka Bhamipati Gnanarathnam W/o. Shri D.B. Parthasarathi 164 A, Josbagh, New Delhi  Housewife	1000 (one thousand)	Sd/- (Mrs. D.B. Gnanarathnam)	
6.	Shri Ananthraman Mahadevan S/o. Dr. M. Anantaraman 1-2-412/6, Gaganmahal Colony Hyderabad-500 029  Consultant, Administrative Staff College of India, Hyderabad	100 (one hundred)	Sd/- (A. Mahadevan)	
7.	Shri Goli Ramesh S/o. Shri Goli Eswaraiiah 2731, Shivajinagar Secunderabad. A.P.  Businessman	1000 (one thousand)	Sd/- (Goli Ramesh)	
	Total No. of Equity Shares (five thousand and one hundred only)	5100		

Dated this the Seventh day of January, 1981.

Place: Hyderabad