MEMORANDUM OF ASSOCIATION

OF

K.P.R. MILL LIMITED

I. The name of the Company is **K.P.R. MILL LIMITED**

II. The Registered Office of the Company will be situated in State of Tamilnadu.

III. A. **THE MAIN OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:**

1. To carry on the business of ginners of kappas, spinners, doublers, twisters, combers, weavers, knitters, finishers, bleachers, dyers, printers, mercers, processors, manufacturers, merchants, traders, buyers, dealers, importers and exporters of cotton, waste cotton, staple fibre, silk, artificial silk, rayon, nylon, polyester, linen, flax, hemp, jute, worsted wool and other natural and / or synthetic fibrous substances.

2. To comb, prepare, spin, wind, warp, dye, bleach, colour, shade, stretch, double, reel, cone, size, mercerize, print, embroider and deal in cotton, waste cotton, staple, fibre, silk, artificial silk, rayon, nylon, polyester, linen, flax, hemp, jute, worsted, wool and other natural and/or synthetic fibrous substances, to weave or otherwise manufacture, cut, stitch, design cloth and other goods, fabrics, whether textile, felted, netted or looped and to produce, manufacture, process or prepare, deal, import, export yarns, threads, cloth of all kinds, knitted wear, hosiery, linen, ready made dress articles, garments, made ups, furnishings, medical textile goods, towels, napkins, tarpaulins, designer fabrics, sewing threads, lining materials, zips, buttons, elastic materials, knitting materials, needles and all other textile goods.

3. To carry on the business of generating, selling, transmitting, distributing, supplying either directly or through others, electrical energy by using coal, lignite, wind, solar energy, tidal energy, wave energy, hydro energy and other methods.

B. **OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE ABOVE MAIN OBJECTS ARE:**

1. To construct, improve, maintain, develop, work, manage, carry out, control any buildings, factories, works, roads, ways, tramways, railways, branches, sliding, bridges, wells, reservoirs, watercourses, wharves, warehouses, electric works, shops, stores and other conveniences which may seem calculated directly or indirectly to advance the Company's interests, and to contribute to, subsidize or otherwise assist or take part in the construction, improvement, maintenance, development, working management, carrying out or control thereof.

2. To apply for, purchase, or otherwise, acquire any patents, brevets invention, licenses, concessions, and the like conferring any exclusive or non-exclusive or limited right to use any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company, or 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, rights or information so acquired.

3. To adopt such means of making known the products of the Company as may seem expedient, in particular by advertising in the press by circulars, by exhibition of works or art or interest, by publication of books and periodicals, and by granting prizes, rewards, and donations.

4. To remunerate any persons or company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of any shares in Company's capital, or any debentures, debenture stock, or other securities of the Company, or in or about the formation or promotion of the Company, or the acquisition of property by the Company, or the conduct of its business.

5. To train or pay for the training in India or abroad of any of the Company's employees, officers, directors, technicians,

consultants, or any candidate in the interest of or for furtherance of the Company's objects.

6. To insure any or all properties, godowns, stocks (in godowns or in transit), machinery, Directors, consultants, advisors and employees with any insurance company or companies against all kinds of risks to the company or to its Directors and employees.

7. To enter into partnership or into any arrangement for sharing profits, union of interests, co-operation, joint adventure, reciprocal concession or otherwise with any person, firm or Company or any other organization carrying on or engaged in or about to carry on or engage in any business or transactions capable of being conducted so as to, directly or indirectly, benefit this Company and to take or otherwise acquire and hold shares or stock in any such person, firm, company or organization.

8. To enter into any arrangement with any Government, or authority, supreme, municipal, local or otherwise, that may seem conducive to the Company's objects or any of them, and to obtain from any such Government or authority all rights, concessions and privileges which the Company may think it desirable to obtain, and to carry out, exercise, and comply with any such arrangements, rights, privileges and concessions.

9. To enter into arrangements for technical collaboration and or other forms of assistance including capital participation with foreign or Indian persons or firms or companies or bodies corporate or others to pay of such technical assistance or collaboration, royalties or other fees in cash or in any other form.

10. To amalgamate, merge with any other company or to acquire any other company, firm or any body corporate having objects altogether or in part similar to those of this company.

11. To enter into a contract or contracts of loan or guarantee with any company, firm or persons for payment or performance of any debts, contracts or obligations or the payment of the capital and dividends and interests on any stock, shares or

securities of any company, firm or person in which such loan or guarantee may be considered by the Directors likely directly or indirectly to further the objects of the Company or the interests of members.

12. To acquire and undertake the whole or any part of the business, property and liabilities of any person, firm or Company carrying on any business which the Company is authorized to carry on or possessed of property suitable for the purposes of this Company.

13. To take over or otherwise acquire and hold shares in any other Company having objects altogether or in part similar to those of this Company or carrying on any business capable of being conducted so as directly or indirectly to benefit this Company.

14. To lend money to such persons or Companies and on such terms as may seem expedient, and in particular to customers and others having dealings with the Company and to guarantee the performance of contracts by and obligations of any persons or Companies and to give all kinds of indemnities.

15. To promote or join in the promotion of any company or companies for the purpose of acquiring all or any of the property, rights and liabilities of that Company, or for any other purpose which may seem directly or indirectly calculated to benefit this Company and to underwrite shares and securities of that Company.

16. To establish and support, or aid in the establishment and support of associations, institutions, funds, trusts, and conveniences calculated to benefit employees or ex-employees of the company, or its predecessors in business, or the dependants or connections of such persons, and to grant pensions and allowances, and to make payment towards insurance, and to subscribe or guarantee money for charitable or benevolent objects, or for any exhibition or of any public, general or useful objects.

17. To aid pecuniarily or otherwise any association, body or movement, established or to be established, for finding a

solution, settlement for surmounting industrial or labour problems or the promotion of industry and trade.

18. To subscribe, contribute or guarantee money for any national, charitable, benevolent, public, political, general or useful object or funds or for any exhibitions subject to the provisions of the Companies Act, 1956.

19. To undertake and execute any trusts the undertaking of which may seem to the Company desirable, - and either gratuitously or otherwise.

20. To utilize, work up and deal in every kind of by-product or residue resulting from any of the operations of the company.

21. To carry on any other business, whether manufacturing or otherwise, which may seem to the Company capable of being conveniently carried on in connection with any business of the Company or calculated directly or indirectly to enhance the value of, or render profitable, any of the Company's property or rights for the time being.

22. To establish, provide and conduct or otherwise subsidize research laboratories, public institutions and experimental workshops for scientific and technical research and experiments; to undertake and carry on scientific and technical researches, experiments and tests of all kinds to promote studies and researches both scientific and technical, investigations and inventions by providing, subsidizing, endowing or assisting laboratories, workshops, libraries, lectures, meetings and conferences and by providing or contributing to the remuneration of scientific or technical professors or teachers and by providing or contributing to the award of scholarships, prizes, grants to students, or otherwise and generally to encourage, promote and reward studies, researches, investigations, experiments, tests and inventions of any kind that may be considered likely to assist any business which the company is authorized to carry on.

23. To indemnify and keep indemnified members, officers, directors, consultants, advisors, agents and employees of the

company against proceedings, costs, damages, claims and demands in respect of anything done or ordered to be done by them for and in the interests of the Company and for any loss, damage or misfortune whatever and which shall happen in execution of the duties of their office or in relation thereto.

24. To apply for, promote and obtain any Act of Parliament, Charter, Privilege, concession, license or authorization of any Government, State Corporation or Municipality, provisional order or license of any authority for enabling the Company to carry on any of its objects into effect or for extending any of the powers of the company or for effecting any modification of the constitution of the Company and to oppose any proceedings or applications which may seem calculated directly or indirectly to prejudice the interests of the Company.

25. To agree to refer to arbitration and any disputes present or future between the Company and any other company, firm or individual and to submit the same to arbitration in India or abroad either in accordance with Indian or any foreign system of law.

26. To settle, satisfy or compromise any claim against the Company as may be necessary or seem expedient to do so.

27. To establish and conduct or discontinue or close agencies and branches and to employee agents in the carrying of the business of the Company, whether in India or elsewhere, on such terms and conditions as may be necessary or expedient, or to act as agents for others.

28. To sell, let, lease, assign, mortgage, pledge or dispose of or transfer the business, property or undertaking of the Company or a part or parts thereof in such manner and for such consideration as the Company may think fit.

29. To purchase, take on lease or otherwise acquire any lands, buildings, houses, offices, showrooms, workshops and premises, to construct, maintain or later any such buildings, offices, showrooms, or workshops in such manner as may be necessary or convenient for the purpose of the

Company and to acquire and install any fixed or movable machinery, tools, engines, motors, boilers, plants, implements etc, convenient to be used in or about the trade, or business of the Company.

30. To purchase or hire or manufacture all necessary machinery, tools, furniture or other articles which may be deemed necessary for the proper equipment and conduct of the Company's business.

31. To buy, sell, manufacture, repair, alter and exchange, let on hire and deal in all kinds of articles and things, which may be required for the purpose of any of the said business or commonly supplied or dealt in by persons engaged in any such business or which may seem capable of being profitably dealt with in connection with any of the said business of the Company.

32. To pay all costs, charges and expenses incurred or sustained in connection with formation, promotion and incorporation of the Company or which the Company shall consider to be preliminary, including therein the costs of any conveyance, printing and stationery and remuneration to auditors, legal advisers etc.

33. To invest and deal with the moneys of the Company not immediately required upon such securities and in such manner otherwise than in the shares of this Company as may from time to time be determined.

34. To borrow or raise money with or without security for the purpose of the Company in such manner and upon such terms as may seem expedient and to secure the repayment thereof and for moneys owing or obligations incurred by the Company by mortgages, promissory notes, bonds and other instruments or in such manner as may be determined and for any such purpose to charge all or any part of the property, assets or revenues of the Company both present and future, including its uncalled Capital.

35. To open accounts in Banks and to draw, accept take and endorse, discount and negotiate bills of exchange, bills of

lading, hundies, promissory notes and other negotiable instruments connected with business of the Company.

36. To guarantee the payment of moneys borrowed by any company / firm / concern / person and / or to guarantee the performance of contracts / arrangements entered into by any company / firm / concern / person and to secure the payment of such money or performance of such contracts by creating mortgages or charges upon all or any part of the undertaking, property and rights of the company either present or future or both.

37. To distribute in specie any of the Company's property among the members as permissible in law.

38. Generally to do all or any of the above things and such others as are incidental or conductive to the attainment of all or any of the above objects and carrying out of the above objects or any of them in any part of the World, by opening branches, depots or otherwise, and as principals agents, contractors or trustees or otherwise, and by or through such other parties and either along or in conjunction with others.

C. THE OTHER OBJECTS OF THE COMPANY NOT INCLUDED IN (A) AND (B) ABOVE ARE:

1. To carry on the business of manufacturers of vegetable products, margarine, and all kinds of fat and oleaginous emulsions and to buy, sell, manufacture, refine, prepare and deal in all kinds of fats, oils and oleaginous substance and all the required ingredients for the manufacture of the Company's products.

2. To carry on the business of manufacture of chests, boxes, packages, covers, containers and all other containers used in storage of coffee, tea and spices and condiments and any other agricultural or forest produce.

3. To carry on the business of horticulture, floriculture, sericulture, mushroom and other vegetables cultivation, dairy farming / poultry farming and to manufacture, buy, sell and deal in citronella oil and machinery of all kinds for processing of any or all of the aforesaid produce or

commodities, things and products.

4. To plant, cultivate, produce and raise or purchase sugar-cane, sugar-beet, maize, palm trees and other crops or trees whatsoever and to purchase, manufacture, produce, boil, refine, prepare, import, export, sell and generally to deal in sugar, sugar candy, jaggery, confectionery, molasses, syrups, alcohol and alcoholic beverages, syrups, tinctures, extracts, essences and all other bye-products of sugar industry.

5. To grow, cultivate, produce, manufacture, treat, blend, process, pack, render marketable import, export and transport whether in bulk or in pocketed or concentrated forms, tea, coffee, cocoa or any other beverages, all varieties of foods and food products, plantation crops, orchard crops, cereals, vegetables, spieces, essential oils, aromative substances, rubber, forestry products, and other produce of the soil, whether of spontaneous growth or not, and for the purpose to layout, construct, purchase, take on lease, or otherwise acquire, alter, equip, maintain and work estate, gardens, plantations, farms, including the growing, cultivation and reproduction of tea seeds and other produce or producers and to buy, sell, store, process, sort, grade or otherwise prepare, import, export, despatch, dispose of, and deal in and trade in all or any the aforesaid produce or commodities, things and products, either in processed, finished, manufactured or raw state by retail, wholesale or otherwise.

6. To carry on the business of manufacturing, assembling, designing, constructing, servicing and dealing in all kinds of plant, machinery, instruments, appliances, apparatus, utensils and tools for agricultural, commercial, scientific, industrial or other purposes and to provide accessories, facilities and other supplies necessary or useful in connection with any of them.

7. To carry on the business as dealers, manufacturers, producers, processors, makers, converters, importers, exporters, traders, buyers, sellers, retailers wholesalers, suppliers, indenters, packers, movers, preservers, stockists, agents, sub-agents, merchants, distributors, consignors,

jobbers, brokers, concessionaires, repairers, operators, hirers, franchisers, representatives, lessors or otherwise deal in all kinds of goods, articles, machines, tools, equipments, accessories, spares, appliances and implements.

8. To establish, own, takeover, manage and operate nursing homes, nursing home-cum hotels, nursing home-cum guest houses, hotels, motels, inns, guest houses, holiday homes, health resorts, health clubs, catering houses, restaurants, hospitals, clinics, polyclinics, health clinics, dispensaries and medical centres in India and elsewhere.

9. To carry on the business of chemists, druggists, importers, manufacturers of and dealers in pharmaceutical, medical, chemical, industrial, herbal and other preparations and articles, compounds and pigments, drugs, dye wares and dealers in proprietary articles of all kinds.

10. To carry on the business of leasing, hire purchase financing and other financial and capital market services.

11. To design, develop and set up modern power supply system for the supply of uninterrupted regulated power, setting up of and provision of latest communication facilities, recreational refreshment and allied services.

12. To deal in pre-fabricated construction materials used for cold storages, pre-fabricated housing material and kinds of pre-fabricated materials for all purposes.

13. To undertake research and development for new software products, processes, packages and service and to assist in installation and training of operating personnel. To undertake systems engineering, turnkey services.

14. To design, develop and market and to provide marketing services for (a) automation packages through software for various industries and services, (b) software solutions for various users using appropriate software and hardware, (c) multimedia and web based products, (d) parallel processing machines, (e) artificial intelligence, objects oriented programming, application software, computer assisted

software engineering using various advanced computer languages and (f) database for various industrial/commercial purposes.

15. To set up, provide and carry on latest, satellite telecommunication service in order to provide a communication gateway, a broadband access to satellites.

16. To acquire, alter, equip, maintain and work gardens and farms including the growing, cultivation and reproduction of tea seeds and other reproductive, vegetative material of all types and to buy, sell, store, process, sort, grade or otherwise prepare, import, export, despatch, dispose of and deal in and trade in all or any of the aforesaid produce or commodities, things and products, either in processed, finished, manufactured or raw state, by retail wholesale or otherwise.

IV. The liability of the members is limited.

*V. The Authorised Share Capital of the Company is Rs.55,00,00,000/- (Rupees Fifty Five Crores only) consisting of 45,00,00,000 (Forty Five Crores only) Equity Shares of Re.1/- each (Rupee One only) and 10,00,000 (Ten Lakhs only) 7% Redeemable Cumulative Non-Convertible Preference Shares of Rs.100/- each (Rupees Hundres only) with power to increase or reduce or alter the capital in accordance with the provisions of the Companies Act, 2013.

**** As altered by the Shareholders of the Company vide Special Resolution dated 09th September 2021.***

K.P.R. MILL LIMITED

We, the several persons, whose names and addresses and description are here unto subscribed are desirous of being formed into a Company in pursuance of the Memorandum of Association and we respectively agree to take the number of shares in the Capital of the Company set opposite to our respective names.

S. No.	Names, Addresses, Description and Occupation of Subscribers	No. of Equity Shares	Signature
1.	**K.P.Ramasamy,** S/o. N. Palanisamy, No.73, Lokamanya Street, R.S.Puram, Coimbatore – 641 002. (Textile Business)	360 (Three Hundred Sixty Only)	Sd/- K.P.Ramasamy
2.	**K.P.Deivasigamani,** S/o N.Palanisamy, 5, Park Avenue, Near Water Tank, Kumar Nagar, Tirupur – 641 603. (Textile Business)	360 (Three Hundred Sixty Only)	Sd/- K.P.Deivasigamani
3.	**P.Nataraj,** S/o N.Palanisamy, D-Block 001, Raheja Enclave, 236, Race Course, Coimbatore – 641 018. (Textile Business)	360 (Three Hundred Sixty Only)	Sd/- P.Nataraj
	Total number of shares taken	1080 (One Thousand and Eighty Only)	

The above signatories 1 to 3 have signed before me at Coimbatore. Witness to the above Signatures :

Name : A. Vetrivel
Age : 43 Years
Address : 22A, Vivekananda Road,
Ramnagar,
Coimbatore – 641 009.

Son of : M.A. Angappan
Occupation : Chartered Accountant
Date : 18.03.2003

CERTIFIED TRUE COPY
For K.P.R. MILL LIMITED
Company Secretary
P. KANDASWAMY
FCS : 2172

*ARTICLES OF ASSOCIATION
OF
K.P.R. MILL LIMITED

(A company incorporated under the Companies Act, 1956, limited by shares)

INTRODUCTION

1. In these Articles:

Interpretation

(a) "The Act" means the Companies Act, 2013, and every statutory modification or re-enactment thereof.

(b) "Applicable Law" means any applicable statute, treaty, law, ordinance, rule, administrative interpretation, guideline, regulation, press note, order, directive, judgement or decree issued by any government or any of its ministries, departments, secretariats, agencies or any legislative body, court or tribunal, whether at the central, state or municipal/local level.

"The Articles", "these presents" or "clauses" mean the provisions contained in these Articles of Association as now framed or as altered from time to time.

(d) "Board" or "Board of Directors" means the board of directors for the time being of the Company.

(e) "Company" means "K.P.R. MILL LIMITED" or any other name as altered from time to time, subject to the provisions of the Act.

(f) "Dividend" means any dividend declared by the Company and includes any interim dividend.

(g) "General Meeting" means either an extra-ordinary general meeting or the annual general meeting of the Members of the Company.

(h) "Members" or Shareholders" means the duly registered holders of shares issued by the Company, including the subscribers to the Memorandum of Association, as entered in the Register of Members of the Company.

(i) "Memorandum" or "Memorandum of Association" means the Memorandum of Association of the Company as amended or modified from time to time.

(j) "Month' and "Year" mean a calendar month and a calendar year, respectively.

(k) "Office" means the registered office for the time being of the Company.

**** New set of Articles of Association of the Company, as approved and adopted by the Shareholders of the Company vide Special Resolution dated 09th September 2021.***

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(l) "Person" shall include any association, firm, partnership, trust, corporation or company as well as individuals as the context permits.

(m) "Postal Ballot" includes voting by Shareholders by postal or electronic mode in accordance with the provisions of Section 110 of the Act and the rules made thereunder.

(n) "Proxy" means an instrument through which a Member or a representative of a body corporate authorises any other individual who may or may not be a Member, to attend and vote instead of himself at a General Meeting on a poll.

(o) "Register" or "Register of Members" means the Register of Members of the Company required to be maintained under Section 88 of the Act.

(p) "Seal" means the common seal of the Company.

(q) "SEBI" means Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992, as amended.

(r) "Securities" shall have the meaning ascribed to the term "securities" in Section 2(h) of the Securities Contracts (Regulation) Act, 1956, as amended.

(s) "In writing" or "written" means and includes printing, typing, lithographing and other modes of reproducing words in a visible form.

(t) Words importing the singular number include, where the context admits or requires, the plural number and vice versa.

(u) Words importing the masculine gender include the feminine gender.

(v) The words and expressions contained in these Articles, but not defined herein, shall bear the same meaning as in the Act if not inconsistent with the subject or context of these Articles.

(w) The marginal notes are inserted for convenience and shall not affect the construction of these Articles.

2. Applicability of Table F

The regulations contained in Table F of the First Schedule to the Act shall apply to this Company except so far as the Articles herein contained modify the same or provide otherwise. Whenever any of these Articles come into conflict With the provisions of the Act; the provisions of the Act shall prevail.

SHARE CAPITAL

3. Authorised capital as stated in Memorandum. issue of preference shares and

The authorized share capital of the Company shall be such amount and of such description as is stated for the time being in Clause V of the Memorandum of Association. The share capital of the Company shall comprise of equity shares and/or preference shares of such amount as may be determined by the Company, from time to time. The Company shall have the power to increase, reduce, sub-divide or to repay the

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shares with differential rights.	capital or divide the capital into several classes and to attach thereto, respectively, such preferential, deferred, qualified or special rights, privileges or conditions with voting rights or with differential rights as to dividend, voting or otherwise as permissible under law and as may be determined by the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Act and as the Company deems fit and necessary.
4. Power to issue Preference Shares	Subject to the provisions of the Act, the Company shall have the power to issue or re-issue the preference shares in one or more series which are, at the option of the Company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of such redemption.
5. Shares, Deposit receipts, Debentures, other securities shall be under the control of Board. Shares and securities may be in dematerialized form.	Subject to Applicable Law, the shares in the capital of the Company for the time being (including any shares forming part of any increased capital of the Company) and depository receipts or debentures or other Securities that the Company may propose to issue from time to time shall be under the control of the Board of Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, on such terms and conditions, in such proportion and either at a premium or at par or (subject to the compliance with the securities may be provisions of Section 52 & sec 53 of the Act) at a discount and at such time as the Board may, from time to time, think fit and with sanction of the form. Company in a General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during; such time and for such consideration as the directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid up shares. Provided that an option or right to call for shares shall not be given to any person or persons without the sanction of the Company in the General Meeting. Whether a particular issue of shares or other Securities should be on rights basis or by way of a preferential allotment or by private placement or through an issue of shares or Securities to the public or by way of a bonus issue shall be decided by the Board of Directors at its absolute discretion and subject to provisions of Applicable Laws. Shares and Securities may be in dematerialized form
6. Joint Holdings	If any share stands in the names of two or more persons, All dividend, interest or other payments payable in cash may be paid by cheque or warrant sent through the post directed to the registered address of the one of the joint holder who is first named in the Register of Members or such person to such address as the holder or joint holders in writing direct. The company is not bound to issue separate Share Certificate to all Joint Shareholders. The delivery of one share certificate for a share to one of the several Joint Shareholders shall be sufficient.

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7. Recognition of person mentioned in Register of Members

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears in the Register of Members as the absolute owner of the shares held by him. The Company shall not (except as required by Applicable Law) be under any obligation to recognise any benami, trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or other notice thereof.

8. Members entitled to share certificate. Limitation of time for issue of certificates

Where the shares in question are not dematerialized, every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares, as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Directors may prescribe and approve, provided that in respect of a 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 of shares to One or several joint holders shall be a sufficient delivery to all such holder.

9. Issue of New Certificate

(i) if any share certificate is worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of shares, then upon production and surrender of the relevant share certificates to the Company, new certificates 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 the provision of such indemnity as the Company deems adequate, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under this Article shall be issued without payment of fees if the Board so decides, or on payment of such fees (not exceeding Rs.2 (Rupees Two) for each certificate) as the Board shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer or in case of subdivision or consolidation of shares.

(ii) Notwithstanding Article 9(1) above, the Board shall comply with provisions of all Applicable Laws including the rules, regulations or requirements of any stock exchange, the rules made under the Act and the rules made under Securities Contracts (Regulation) Act, 1956, as amended.

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(iii) The provisions of this Article shall apply mutatis mutandis to any Securities of the Company.

10. Shares held by the minor.

The shares shall be held in the name of minor, subject to the consent of his/her guardian. A minor can become a member of a company, when he inherits the shares through a will or by succession.

11. Closure of Register of Members or Debenture Holders

The Company may after giving not less than seven days previous notice by advertisement in both English and vernacular language newspaper having wider circulation in the city in which the registered office of the Company is situated and also in the website of the company, close the register of members or the register of debenture holders for any period or periods not exceeding in the aggregate forty five (45) days in each year but not exceeding thirty (30) days at any one time.

12. Authority to increase share capital

The Company may, from time to time, by resolution, increase its share capital by such sum to be divided into shares of such amounts, as the resolution may prescribe. Unless otherwise stated, all new shares of the same class shall rank pari passu with the existing shares of the same class.

13. Further issue of shares

(a) Where it is proposed to increase the subscribed capital of the Company by the allotment of further shares either out of the unissued capital or out of the increased share capital then subject to Article 13(b) below, the procedure set forth below shall be followed:

(i) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of-the Company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.

(ii) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than 15 days and not exceeding 30 days from the date of the offer, and the offer if not accepted, will be deemed to have been declined.

(iii) The offer aforesaid shall be deemed; to include a right exercisable by the person concerned to renounce the shares offered to such person in favour of any other person, and the notice referred to in clause (ii) above shall contain a statement of this right, provided that, the Board may decline to allot any shares to any person in whose favour any Shareholder, may renounce: the shares offered to such Shareholder; including, without limitation, due to any restriction under Applicable Law.

(iv) Nothing contained above shall be deemed to

(i) To extend the time within which the offer should be accepted; or

(ii) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the relevant shares.

(v) Upon the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given

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that such person declines to accept the shares offered, the Board may dispose off such shares in such manner which is not disadvantageous to the shareholders and the company.

14. **The Company in a General Meeting may, by ordinary resolution –**

Consolidation and Division (a) Provide no consolidation or division results in voting rights unless approved by Tribunal subject to clause (b) of sub-section (1) of section 61.

Converting shares into stock and vice versa (b) convert any or all of its fully paid-up shares into stock and reconvert that stock into fully paid-up shares of any denomination

Sub-division (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed in the Memorandum subject to the provisions of clause (b) of sub-section (1) of the Section 61 of the Act; and

Cancellation (d) cancel any shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by a person and such cancellation shall not be deemed to be reduction in share capital

15. Reduction of Capital. The Company may, by special resolution, reduce its share capital, capital redemption reserve, or share premium, in any manner in accordance with and subject to requirements of section 66 of the Act.

16. Buy back of shares and securities. Subject to the provisions of section 68 of the Act and provisions of Applicable Law, as may be in force for the time being, the Company may, on such terms and conditions as deemed fit by the Board, at any time and from time to time, buy back its own shares and / or any other Securities

CALLS ON SHARES

17. Calls and restrictions (a) (i) The Board may, from time to time, make calls upon the members in respect of any moneys 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. A call may be made payable by instalments. All such calls shall be made on a uniform basis on all shares falling under the same class

Notice of Call (ii) Each member shall subject to receiving at least 14 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

Revocation/ postponement (iii) A call may be revoked or postponed at the discretion of the Board.

When call deemed to be made (b) A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed.

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Liability of joint holders (c) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

Interest on call (d) (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at such rate as the Board may determine.

Sums payable on allotment deemed to be calls (e) (i) Any sum which by the terms of issue of a share become payable on allotment or at any fixed date, whether on account of the nominal value of the of premium, shall, for the purposes of these Article, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

Effect of non-payment (ii) 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

Power to accept uncalled share capital (f) (i) The Board may, if it deems fit, subject to the provisions of Section 50 of the Act, agree to and receive from any Member willing to advance the whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the Member paying such sum in advance and the Board agree upon provided that money paid In advance of calls Shall not confer a right to participate in profits or dividend. The Board may at any time repay the amount so advanced

Effect on voting right (ii) The concerned Member shall not be entitled to any voting rights in respect of the moneys so paid by such Member until the same would but for such payment, become presently payable.

Applicable to all Securities The provisions of this Article shall apply mutatis mutandis to the calls on any Securities of the Company.

FORFEITURE OF SHARES

18. Notice for calls unpaid (a) If a member fails to pay any call, or Instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalments as is unpaid, together with any interest which may have accrued.

Form of notice (b) The notice aforesaid shall -

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Date of payment	(i) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made, and
Effect of Non payment	(ii) state that in the event of non-payment on or before the day so named, the shares in respect of which the call was made will be liable to be forfeited.
Forfeiture for Non payment	(c) If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
Disposal of forfeited shares	(d) (i) A forfeiture share may be sold or otherwise disposed of on such terms and in such manner as the board thinks fit.
Power of cancel forfeiture	(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as It thinks fit.
Liability on Forfeiture	(e) (i) A person whose shares have been forfeited shall cease to be a member In respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares.
When Liability ceases	(ii) The liability of such person shall cease if and when the Company shall have received payment in full of all such moneys In respect of the shares.
Declaration of forfeiture of shares to be conclusive evidence	(f) (i) A duly verified declaration in writing that the declarant is a Director, the Manager or the Secretary of the Company and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated
Company to Transfer shares on disposal	(ii) The Company may receive the consideration if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.
Transferee to be share holder	(iii) The transferee shall thereupon be registered as the holder of the share.
Transferee's title unaffected	(iv) The transferee shall not be bound to see to the application of the purchase money (If any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
Application of forfeiture provisions to	(g) The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which becomes payable at a fixed time, whether on account of the nominal value of the share or by way

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sums payable otherwise than on calls of premium, as if the same had been payable by virtue of a call duly made and notified

Effect of Forfeiture (h) The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share and all other rights incident to the share, except only such of those rights as by these articles are expressly saved.

NOMINATION

19. Facility of nomination (a) Any person whose name is entered in the relevant register as a member of the Company or as a debenture holder may, if he so desires, nominate another person to whom the shares or debentures held by him shall vest on his death.

Revocation of nomination (b) Such nomination may be revoked at any time and the Member may make fresh nomination if he so desires.

Compliance of law (c) The nomination must be made in accordance with the provisions of the Act.

Nomination and joint holding (d) If the shares or debentures are held in joint names, all the joint holders, shall jointly, nominate a person to whom the shares or debentures shall vest on the death of all the joint holders. Otherwise the nomination shall be liable to be rejected.

Rights of nominee (e) Any person who becomes entitled to shares or debentures due to any nomination in his favour may, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either:

(i) to be registered himself as the holder of the share or debenture, as the case may be; or

(ii) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder could have made.

TRANSFER OF SHARES

20. Instrument of transfer The transferor and transferee or their duly constituted agents, by submitting to the registered office of the company, duly executed prescribed instrument for share transfer, may apply to register the transfer of shares. The instrument of transfer shall be in writing and the provisions of Section 56 of the Act in respect of transfer of shares and registration shall be duly complied with.

21. Grounds of Refusal for registration of transfer of shares Subject to the provisions of Section 58 of the Act and any listing agreement entered into with recognized stock exchanges, the Board may, at its absolute discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the

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right of refusal shall not be affected by the circumstances that the proposed transferee is already a member of the Company, but in such cases, the Board shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal to register such transfer, provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person(s) indebted to the Company on any account whatsoever except when the Company has a lien on the shares. Transfer of shares or debentures shall not be refused solely for the reason that the relevant shares are not in marketable lots.

22. Time limit for registration The Board shall register the transfer or transmission of shares within one month from the date of lodgement of relevant documents with the company

23. Free registration No fees shall be charged for registration of transfers or for effecting transmission or for registering any letters of probate, letters of administration, succession certificate, certificate of death or marriage, power of attorney and similar other documents. When a Shareholder changes his name or if a lady marries, Such Shareholder may give notice to the Company of the change of name or of marriage, along with the requisite proof thereof, so that such change may be registered with the Company.

24. Suspension of registration Subject to the provisions of Section 91, the registration of transfer may be suspended at such times and for such periods as the Board may from time to time determine

LIEN

25. Nature and extent (a) The Company shall have a first and paramount lien upon all the shares (other than fully paid shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any shares shall be recognised. Such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares will operate as a waiver of the Company's lien, if any, on such shares. The Directors may, at any time, declare any share to be wholly or in part to be exempt from the provisions of this Article.

Power of sale of shares under lien (b) The Company may sell, in such a manner as the Board thinks fit, any shares on which the Company has a lien, provided that no sale shall be made

No sale unless the sum presently payable (i) unless a sum in respect of which the lien exists is presently payable, and

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Period after which sale to be effected

(ii) until the expiration of thirty 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 the person entitled thereto by reason of his death or insolvency

Transfer of shares under lien

(c) (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

Purchaser to be registered as shareholder

(ii) The purchaser shall be registered as the shareholder of the shares comprised In any such transfer.

Purchasers' title not affected

(iii) 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 in reference to the sale.

Application of proceeds of sale

(d) (i) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

Excess in sale proceeds to be paid to shareholder

(ii) The residue if any, shall subject to a like lien for sums not presently payable as existed upto the date of sale, be paid to the person entitled to the shares at the date of the sale.

TRANSMISSION OF SHARES

26. On death of a member

(a) (i) 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 shareholder, shall be the only persons recognized by the company as having any title to his interest in the shares.

(ii) Nothing in clause (i) 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

(b) (i) 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) (i) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) 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.

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(c) (i) 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.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers 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.

(d) 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 complied with.

GENERAL POWERS OF THE COMPANY

27. To make Contracts

In the making of contracts with any individual, firm or body corporate, the Company shall comply with the various provisions of the Act

Subject to the provisions of Sections 179 and 180 of the Act,

The Board of Directors of a company shall be entitled to exercise all such powers, and to do all such acts and things, as the company is authorised to exercise and do:

Provided that in exercising such power or doing such act or thing, the Board shall be subject to the provisions contained in that behalf in this Act, or in the memorandum or articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the company in general meeting

The Board of Directors of a company shall exercise the following powers on behalf of the company by means of resolutions passed at meetings of the Board, namely:—

(a) to make calls on shareholders in respect of money unpaid on their shares
(b) to authorise buy-back of securities under section 68

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(c) to issue securities, including debentures, whether in or outside India
(d) to borrow monies
(e) to invest the funds of the company
(f) to grant loans or give guarantee or provide security in respect of loans
(g) to approve financial statement and the Board's report
(h) to diversify the business of the company
(i) to approve amalgamation, merger or reconstruction
(j) to take over a company or acquire a controlling or substantial stake in another company
(k) any other matter which may be prescribed.

GENERAL MEETINGS

28. Extra-ordinary General Meeting

(a) All general meetings other than the Annual general Meetings shall be called Extra-ordinary General Meetings

Annual General Meeting

(b) The company shall in addition to holding any general meeting for any purpose, hold a general meeting styled as the Annual general meeting in accordance with the provisions of Section 96 read with Section 129 of the Act.

Who may call Extraordinary General Meeting

(c) Subject to the provisions of the Act, the Board may, whenever it thinks fit, call on extra-ordinary General Meeting to be held on such day, time and place as may be considered convenient by the Board

If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

Special Business in General Meetings

(d) All business transacted at an Annual General Meeting shall be deemed special with the exception of: -

i. the adoption of accounts, balance sheets and the reports of the Board of Directors and Auditors;

ii. The declaration of a dividend;

iii. The appointment of Directors in the place of those retiring, and

iv. The appointment of, end fixing of the remuneration of the Auditors.

Special Business

(e) In the case of any other general meeting all business transacted thereat shall be deemed special

Explanatory statement when required

(f) For all items of business deemed to be special as aforesaid the provisions of Section 102 of the Act shall be complied with.

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PROCEEDINGS AT GENERAL MEETING

29. Quorum for the meeting

(i) 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.

(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103

30. Chairperson of the Board.

(i) The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.

(ii) 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.

(iii) 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 present shall choose one of their members to be Chairperson of the meeting.

NOTICE

31. Length of Notice

(a) (i) A General Meeting of the Company may be called by giving not less than twenty-one days' notice in writing or after giving such shorter notice as provided for in Section 101 of the Act

(ii) Provided that a general meeting may be called after giving shorter notice than that specified in this sub-section if consent, in writing or by electronic mode, is accorded thereto by not less than ninety-five per cent. of the members entitled to vote thereat

Persons entitled for notice of general meeting

(b) Notice of every general meeting of the Company shall be given-
(i) To every member of the Company
(ii) To the persons entitled to a share in consequence of the death or insolvency of a member.
(iii) To the Auditor or Auditors for the time being of the Company
(iv) To director of the company.

General contents of notice

(c) Every notice of meeting of the Company shall contain the following:-

i. It shall specify the place, date day and time of the General meeting,
ii.It shall contain a statement of the business to be transacted thereat

Matters relating to proxies

(d) In every notice calling a General Meeting of the Company, there shall appear with reasonable prominence a statement that a member entitled to attend and vote is also entitled to appoint a proxy, or proxies to attend and vote instead of himself and that a proxy need not be a member

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Accidental Omission not to invalidate meeting

(e) Accidental omission to give notice to or the non-receipt of notice by any member or other person to whom it should be given shall not Invalidate the proceedings of the General Meeting.

REPRESENTATION AT MEETINGS

32.Representatives of bodies corporate

(a) A body corporate (whether a Company within the meaning the Act or not) may, if it is a member of the Company, by resolution of its Board of Directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of members of the Company.

Rights and powers of such representatives.

(b) The person authorised by a resolution as aforesaid shall be entitled to exercise the same rights and powers including the right to appoint a proxy and vote by proxy on behalf of the body corporate, which he represents as if he were the registered member.

PROXIES

33. Who can appoint Proxy

(a) Any member of the Company entitled to attend and vote at a General Meeting of the Company shall also be entitled to appoint as his proxy another person or persons, who may or may not be members of the company, to attend and vote instead of himself. The Instrument appointing a proxy shall be deemed to confer on the proxy a right to demand or join in demanding a poll.

Proxy cannot speak.

(b) But a proxy shall have no right to speak at the General Meeting

Deposit of instrument of proxy or any other authority

(c) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified 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, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and In default the Instrument of proxy shall not be treated as valid.

Form of Proxy

(d) An instrument appointing the proxy shall be in either of the forms In Sec 105 to the Act or a form as near thereto as circumstances admit.

Validity of vote cast by proxy in certain cases

(e) A vote given as per 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 the authority under which the proxy was executed or the transfer of the shares in respect of which the proxy is given if 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

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Inspection of proxies

(f) Every member entitled to vote at a General Meeting of the Company, or on any resolution to be moved there at shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the General Meeting and ending with the conclusion of the General Meeting, to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three days' notice in writing of the intention so to inspect is given to the Company

Limit on number of proxy

(g) A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. Provided that a member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

QUORUM

34. Quorum for General Meeting.

(a) No business shall be transacted at any General Meeting unless a quorum of members is present at the time when the General Meeting proceeds to transact business.

(i) Five members personally present if the number of members as on the date of meeting is not more than one thousand

(ii) Fifteen members personally present if the number of members as on the date of meeting is more than one thousand but up to five thousand

(iii) Thirty members personally present if the number of members as on the date of the meeting exceeds five thousand.

Effect of absence of quorum.

(b) If meeting called by requisition of members stands dissolved because of the reason being quorum not present, the meeting shall stand adjourned to the same day in next week at same place and time or such date and time determined by the board.

ADJOURNMENT OF MEETING

35. Chairman's power to adjourn the meeting.

(i) The Chairman may, with the consent of the General Meeting at which a quorum is present, and the Chairman shall, if so directed by the General Meeting, adjourn the General Meeting from time to time and from place to place. Provided the Chairman shall have absolute authority to adjourn the General Meeting, if the situation is chaotic or unruly

Nature of business at adjourned meeting.

(ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which adjournment took place.

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When Fresh notice Required

(iii) When a General Meeting is adjourned sine die or for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original General Meeting.

36. Casting vote of Chairman.

(a) In the case of any equality of votes, whether on a show by of hands or on a poll, the Chairman of the General Meeting at which the voting by show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote, provided he is a member entitled to vote, at the General Meeting and on the resolution

Demand for poll not to prevent transaction of other business

(b) The demand for a poll on any business other than that for election of chairman of the General Meeting or for the adjournment of the meeting shall not prevent the continuance of a General Meeting for the transaction of other business for which no poll has been demanded.

Date of passing of resolution

(c) Where a resolution is passed at an adjourned meeting of the Company, the resolution shall, for all purposes be treated as having been passed on the date on which It was in fact passed and shall not be deemed to have been passed on any earlier date.

Demand for Poll

(d) Before or on the declaration of the result of voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the General Meeting of his own motion, and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company (i) Which confer a power to vote on the resolution not being less than 1/10th of the total voting power in respect of the resolution or (ii) on which shares an aggregate sum of not less than Rs.5,00,000/-(Rupees Five Lakhs Only) has been paid up.

VOTING RIGHTS

37.Extent of voting Rights

(a) (i) On show of hands, each Member shall have one vote and on a poll, the voting rights shall be in proportion to the number of shares held by the Member.
(ii) A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.

Votes by joint holders

(b) (i) 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.
(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

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Votes in respect of minors and insane person

(c) A member who is a minor or who is of unsound mind, or in respect of whom an order has been made by any competent 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.

No voting rights when calls remain

(d) 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.

Objections as to validity of votes.

(e) (i) No objection shall be made to the validity or qualification of any voter, except at any General Meeting or poll at which such vote shall be tendered and every Vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

Decision of Chairman.

(ii) Any such objection made in due time shall be referred to the Chairman of the General Meeting, whose decision shall be final and conclusive.

Postal Ballot

(f) Where by law, the resolution for any proposal, is required to be passed through postal ballot, such Item of business shall be transacted only by postal ballot. Where law confers discretion to the Board of Directors of the Company to decide to transact any business through postal ballot or physical meetings, the discretion of the Board in that regard shall be final and binding.

POST MEETING FORMALITIES

38.Compliance of relevant provisions

(a) After passing resolutions in a General Meeting; the Directors shall comply with applicable provisions of the Act.

Loose leaf form and conclusive nature.

(b) The minutes of meeting of Board of Directors, Committee meetings, general meetings of the Company, class meetings of the Company may be maintained in loose leaf form, if so decided by the Board and shall be kept under lock and key by the Chairman or by any other person as may be authorised by the Board or by the Chairman. In no case the minutes of the proceedings of a meeting shall be attached to any such books by pasting or otherwise. Any such minutes kept as aforesaid shall be conclusive evidence of the proceedings recorded therein.

Exclusion of certain matters

(c) Any matter which, in the opinion of the Chairman of the Meeting:
(I) Reasonably be regarded as defamatory of any person;
(ii) Irrelevant or immaterial to the proceeding; or

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(iii) Detrimental to the interests of the Company;
may be excluded by the Chairman from the minutes of proceedings of a meeting.

Chairman's discretion

(d) The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this Article.

DIRECTORS

39.Minimum and maximum number

Unless otherwise decided by the General Meeting, the Company shall not have less than three or more than Fifteen Directors. Provided that the company may, in general meeting by special resolution, increase or reduce the number of its directors within the said maximum limit of 15 (Fifteen).

40.First Directors

(a) The First Directors of the Company are:

1. Mr. K.P.Ramasamy
2. Mr. KPD.Sigamani
3. Mr. P.Nataraj

(b) Mr. K.P.Ramasamy shall be a director for his lifetime and he shall not be liable to retire by rotation.

Directors of the company for time being

(c) The directors of the company for the time being shall be those persons whose names are entered and shown as those occupying the office of director for the time being, in the Register of Directors maintained by the company.

41. Additional Director

(i) The Board shall have power at any time and from time to time to appoint any person as an additional director subject to the provisions of Section 161 of the Act.

(ii) Subject to the provisions of section 149, 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.

(iii) 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.

42.Casual vacancy

The Board may subject to the provisions of Section 161 of the Act fill any casual vacancy arising in the Board.

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43.Alternate Director

(a) The Board may in accordance with and subject to the provisions of Section 161 of the Act appoint any person to act as an Alternate Director for a Director during his absence for a period of not less than three months from India.

Liability of original Director

(b) An original Director shall not be liable for the acts and defaults of any Alternate Director appointed In his place.

RETIREMENT OF DIRECTORS BY ROTATION

44. Minimum number of Directors who ought to be Directors liable to retire by rotation

(a) (i) Notwithstanding anything contained in Articles 60 (b) and (d), not less than two thirds of the total number of Directors of the Company shall be persons whose period of office is liable to determination by retirement of Directors by rotation and such directors shall, save as otherwise expressly provided in the Act or these Articles, be appointed by the Company in General Meeting.

Provision for appointment of Directors not liable to retire

(ii) Save as aforesaid, the remaining Directors may be directors who need not retire by rotation.

Number of directors to retire by rotation

(b) At every Annual General Meeting one third of such of the Directors for the time being as are liable to retire by rotation, or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office. A retiring Director shall be eligible for re-appointment.

Retirement and reappointment does not amount to break in service

(c) Retirement and re-appointment of a director at an annual general meeting shall not constitute any break in the service of such director.

Board cannot undo what has been done by general meeting

(d) A retiring director who has not been re-appointed shall not be inducted as a director by the Board.

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45. Right of Persons Other than Retiring Directors to Stand for Directorship

(i) In accordance with the provisions of sec 160 of the Act, A person who is not a retiring director in terms of section 152 shall, subject to the provisions of this Act, be eligible for appointment to the office of a director at any general meeting, if he, or some member intending to propose him as a director, has, not less than fourteen days before the meeting, left at the registered office of the company, a notice in writing under his hand signifying his candidature as a director or the intention of such member to propose him as a candidate for that office, along with the deposit of One Lakh Rupees or such higher amount as may be prescribed which shall be refunded to such person or, as the case may be, to the member, if the person proposed gets elected as a director or gets more than twenty-five per cent. of total valid votes cast either on show of hands or on poll on such resolution.

(ii) Provided that requirements of deposit of amount shall not apply in case of appointment of an independent director or a director recommended by the Nomination and Remuneration Committee

46.Duty to disclose dis-qualifications and infirmities

Any person who is a director or who is about to be appointed as a director of the company shall be liable to disclose disqualifications and infirmities if any, he or she may be suffering.

47.Validity of acts of director

Acts done by a person as a Director shall be valid notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or termination by virtue of any provisions in the Act or in these Articles, provided that nothing in the Act shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be, invalid or to have terminated.

48.Vacation of office of director

The office of a Director shall become vacant on the happening of any of the matters provided for in Section 167 of the Act.

49.Director as Manager / Secretary

Subject to the provisions of the Act, a Director may be appointed as Manager or Secretary of the Company or in any other capacity as the Board may deem fit.

COMMITTEE

50. Committee

(i) 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.

(ii) 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.

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51.Chairpers on of the committee

(i) A committee may elect a Chairperson of its meetings.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

52.Meetings of the committee

(i) A committee may meet and adjourn as it thinks fit.

(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

(iii) 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, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

GENERAL POWERS AND DUTIES OF THE BOARD

53. Powers to be exercised in meetings only.

(a) The Board of Directors of a company shall be entitled to exercise all such powers, and to do all such acts and things, as the company is authorised to exercise and do:

Provided that in exercising such power or doing such act or thing, the Board shall be subject to the provisions contained in that behalf in this Act, or in the memorandum or articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the company in general meeting

The Board of Directors of a company shall exercise the following powers on behalf of the company by means of resolutions passed at meetings of the Board, namely:—

(i) to make calls on shareholders in respect of money unpaid on their shares
(ii) to authorise buy-back of securities under section 68
(iii) to issue securities, including debentures, whether in or outside India
(iv) to borrow monies
(v) to invest the funds of the company
(vi) to grant loans or give guarantee or provide security in respect of loans
(vii) to approve financial statement and the Board's report
(viii) to diversify the business of the company
(ix) to approve amalgamation, merger or reconstruction
(x) to take over a company or acquire a controlling or substantial stake in another company
(xi) any other matter which may be prescribed.

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Compliance of provisions

(b) The Board shall also exercise the powers mentioned in Section 188, 186 and 203 of the Act only at Meetings of the Board and in accordance with the provisions of those Sections.

54. In accordance with the provisions of sec 166, the following shall be the duties of the director

Act as per articles

(i) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.

Shall act in good faith.

(ii) A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.

Shall exercise the duties with care, skill and diligence

(iii) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.

No conflict of interest

(iv) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.

No undue gain or advantage

(v) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.

Shall not assign his office.

(vi) A director of a company shall not assign his office and any assignment so made shall be void.

SPECIFIC POWERS OF THE BOARD

55. Without prejudice to the general powers, the Board shall have the following specific powers:

Powers under Memorandum.

(a) To carry out the objects and exercise the powers contained in Clause III of the Memorandum of Association of the Company

Overall control of the Board

(b) To have the superintendence, control and direction over Managers, Managing Directors, Whole-time Directors and all other officers of the Company.

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To act despite Vacancy

(c) To carry on the business on the vacation of office by the Managerial Personnel of the Company.

Delegation of certain powers

(d) To delegate, subject to the provisions of Section 179 of the Act, by a resolution passed at a meeting, to any Committee of Directors, Managing Director, or the Manager of the Company;

(i) power to borrow moneys otherwise than on debentures,

(ii) subject to Section 186 of the Act the power, to invest the funds of the Company.

(iii) the power to make loan

Provided however that every resolution delegating the power in clause (i) shall, specify the total amount upto which moneys may be borrowed by the delegate; every resolution delegating the power in clause (ii) shall specify the total amount upto which the funds may be invested and the nature of the investments which may be made, and every resolution delegating power in clause (iii) shall specify the total amount upto which loans may be made by the delegate, the purpose for which the loans may be made, and the maximum Amount of loans which may be made for each such purpose in individual cases;

Provided further that nothing in this clause shall be deemed to affect the right of the Company in General Meeting to impose restrictions and conditions on the exercise by the Board of any of the powers specified above,

Local Management

(e) To provide for the management of the affairs of the Company in any specified locality in or outside India and to delegate to persons in charge of the local management such powers (not exceeding those which are capable of being delegated by the Directors under these Articles).

To grant power of Attorney

(f) To appoint at any time and from time to time by a power of attorney under Seal, any person to be the attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those which are vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as the Board may from time to time think fit, with powers for such attorneys to sub-delegate all or any of the powers, authorities-and discretions vested in the attorney for the time being.

To Open Bank account

(h) To open any account or accounts with such Bank or Banks as the Board may select or appoint, to operate on such accounts, to make, sign, draw, accept, endorse or otherwise execute all cheques, promissory notes, drafts, hundies, orders, bills of exchange, bills of lading and other negotiable instruments, to make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company to make contracts and to execute deeds provided however the provisions of Sections 22 of the Act shall be complied with.

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To appoint Officers	(i) To appoint officers, clerks and servants for permanent, temporary or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and to require security in such instances of such amount as the clerks and servants.
To reimburse expenses	(j) To sanction, pay and reimburse officers of the Company in respect of any expenses incurred by them on behalf of the Company.
To make investments	(k) To invest and deal with any of the moneys of the Company and to vary or dispose of such investments subject to the provisions of Section 19, 187, 179, 185 and 186 of the Act
To refer to arbitration	(l) To refer claims or demands by or against the Company to arbitration and observe and perform any awards made thereon.
proceedings and to appoint legal advisors	(m) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due to and of claims or demands by or against the Company and to appoint solicitors, advocates, counsels and other legal advisers for such purposes or for any other purpose and settle and pay their remuneration.
To act in matters of insolvency	(n) To act on behalf of the Company in all matters in insolvency in which the Company is interested.
To pay gratuity, pension etc.,	(o) Subject to the provisions of the Act to pay and give gratuities, pensions and allowances to any person or persons including any Director or to his widow, children or dependants that may appear to the Directors just or proper whether any such person, widow, children or other dependants have or have not a legal claim upon the Company and whether such person is still in the service of the Company or has retired from its services, to make contributions to any funds and pay premiums for the purchase or provision of any such gratuity, pension or allowance.
To support or subscribe for charitable objects	(p) To establish, maintain, support and subscribe to any charitable or public object or any Institution, society or club which may be for the benefit of the Company or Its employees.
To set aside profits to form a fund	(q) To set aside portions of the profits of the Company to form a fund or funds for objects mentioned above before recommending any dividends;
To make / alter Rules	(r) To make and alter rules and regulations concerning the time and manner of payment of the contributions of the employees and the Company respectively to any such fund and accrual, employment, suspension and forfeiture of the benefits of the said fund and the

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application and disposal thereof and otherwise in relation to the working and management of the said fund as the Directors shall from time to time think fit.

To keep foreign Register. (s) To exercise the powers conferred by the Company by Sections 88 of the Act with regard to keeping of foreign registers.

To undertake/keep in abeyance any activity in any branch (t) To establish any branch, including foreign branch or any kind of business, duly authorised, at such time: or times as it shall think fit and if necessary to keep in abeyance activities of such offices so long as the Board may deem it expedient not to commence or proceed with such branch or kind of business.

Listing of securities (u) To offer and issue, subject to provisions of applicable law, shares or securities to public, resident or non-resident and to get the shares or securities of the company listed in one or more stock exchanges in India or abroad and to de-list from time to time from any such stock exchanges.

To merge or acquire (v) To acquire or to merge or amalgamate with takeover or otherwise to absorb units, companies, business entities that have similar or other objects, which may seem to be useful to the interests of the company.

MEETINGS OF BOARD OF DIRECTORS

56.Questions to be decided by majority of votes (a) Subject to the provisions of the Act requiring a unanimous resolution of the Board of Directors all questions arising at any meeting of the Board shah be decided by a majority of votes

Chairman's casting vote b) In case of an equality of votes, the Chairman of the meeting shall have a casting or second vote.

57. Resolution by circulation 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 necessary papers, if any, to all the Directors or to all the members of the Committee then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee as the case may be) and to all other Directors or members, at their usual address in India and has been approved by such Directors as are then in India, or by a majority of such of them as are entitled to vote on the resolution.

58. Chairman of the Company (a) Mr.K.P.Ramasamy shall be the Chairman of the Company and he shall preside over the meetings of the Board of Directors and shareholders of the company during his lifetime.

Election of Chairman (b) Save as aforesaid the Board, may elect a Chairman for its meetings and determine the period for which he is to hold office, whether or not he is subject to retirement by rotation. If at any meeting of the Board, the Chairman is not present within 15 (fifteen) minutes

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from the time appointed for holding the meeting or in case he is unwilling to preside or where no Chairman has been elected, the Managing Director or in case he is unwilling, the Directors present may choose one among them to be the Chairman of the meeting.

Who can Summon Meeting

(c) The Chairman or the Managing Director may, on his own initiative, or on the request of a Director, either by himself or through the secretary shall, at any time summon a meeting of the Board.

Notice of meeting

(d) The Board shall cause a notice to be circulated to every Director of the Company who is for the time being in India and in the case of every other Director in accordance with Section 173 of the Act.

Quorum

(e) The quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of Section 174 of the Act. If a quorum is not present within fifteen minutes from the time appointed for holding a meeting of the Board it shall be adjourned until such date and time as the chairman of the meeting shall appoint.

Fall in strength of directors below quorum

(f) The continuing Directors may act, notwithstanding any vacancy in their body, 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 Director or Directors may act for the purpose of:

(i) increasing the number of Directors to that fixed for the quorum or
(ii) of summoning a General Meeting of the Company, but for no other purpose.

Meetings through Tele or Video conference

(g) A meeting of the Board of Directors may be conducted through video conference or other audio visual means with some directors present in person at the appointed venue, if any and others participating through video conference or other audio visual means, subject to the provisions of sec 173(2) of the Act

59.Office or Place of Profit

Subject to the provisions of the Act, no Director of the company shall be disqualified by his office from holding any office or place of profit under the company or under any other company, in which this company shall be a shareholder or otherwise Interested, or from entering into any contract with the company Either as a vendor, purchaser or otherwise. Neither any such contract or arrangement entered into by or on behalf of the company, in which any Director may be interested in any way shall be avoided nor shall any director be liable to account to the company for any profit arising from such office or place of profit or realised by any such contract or arrangement by reason only of such director holding that office or of the fiduciary relationship thereby established, but subject to the compliance of the provisions of the Act.

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MANAGING/WHOLE-TIME DIRECTOR

60.Managing Directors

(a) Mr.KPD.Sigamani and Mr.P.Nataraj shall be managing directors of the company. They shall occupy their position in accordance with the terms of their respective appointments.

Non- applicability of rotational retirement

(b) Subject to Article 44, a Managing Director holding office shall not be subject to retirement by rotation.

Share of powers in case there is more than one Managing Director

(c) In the event of there being more than one Managing Director at any time holding office, whether designated as Managing Director or Joint Managing Director, or otherwise, then all the powers vested in the Managing Director(s) by or under these presents shall be exercised by them in such manner as may be determined by the Board.

Managing /Wholetime Director

(d) Subject to the provisions of| the Act, the Board may appoint one or more of their body as whole-time Director(s) under the designation of Technical Director, Executive Director, Administrative Director or under such other designation as the Board deems fit. The whole-time Directors shall perform duties under the control, supervision and directions of the Board and Managing Director(s). They shall exercise such powers as may be delegated by the Board or the Managing Director(s) with such conditions and restrictions as may be imposed on them. Subject to Article 44, such whole-time Directors shall not be liable for retirement by rotation.

REMUNERATION OF DIRECTORS

61.Special remuneration

(a) If any Director, being willing shall be called upon to perform extra services or to make any special exertions in staying away from headquarters for any of the purposes of the company or in giving special attention to the business of the company or as a member of any committee of the Board, then subject to Sections 197 of the Act, the Board may remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise.

Sitting fees

(b) Every Director shall be entitled to receive out of the funds of the company by way of sitting fees a sum as the Board may resolve from time to time, not exceeding such amount as may be prescribed under the Act, 2013 from time to time for every meeting of Board or any committee thereof attended by him. Any director or all Directors is / are entitled to renounce his/ their right to receive the sitting fees. The Directors shall be entitled to be paid their travelling, hotel and other out of pocket expenses incurred in connection with their attending the Board and committee meeting or otherwise incurred in the execution Of their duties as Directors.

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Remuneration Of managing/Whole time director

(c) The Managing Director(s)/ whole-time Director(s) shall be paid such remuneration as the Board may determine subject to compliance of the provisions of the Act.

Managerial remuneration

(d) The Directors who are not performing any service on a whole-time basis, may be paid such remuneration as may be decided by the Board, subject to compliance of the provisions of the Act.

Reimbursement of expenses

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

(i) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or

(ii) in connection with the business of the company

KEY MANAGERIAL PERSONNEL

62.CEO,CFO,CS, Manager

Subject to the provisions of the Act,—

(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board

(ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

DIVIDENDS AND RESERVE

63.Board to recommend Dividend.

The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

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64.Setting aside of profits. 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 applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing 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, thinks fit. The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

65.Special right to dividend. (i) 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.

Call in advance (ii) No amount paid or credited as paid on a share as advance of calls shall be treated for the purposes of this regulation as paid on the share.

Dividend shall be paid proportionately. (iii) 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.

Unpaid call money. (iv) 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.

Unclaimed Dividend. (v) No unclaimed dividend shall be forfeited by the Board and the Company shall comply with the conditions laid down under

66. Payment by cheque or warrant. (i) Any dividend, interest or other monies payable in cash in respect of shares maybe paid 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.

(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

67.Payment to joint holders. 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.

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68.Notice of dividend

Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act. No dividend shall bear interest against the company

69.Dividend on shares in the process of transfer

(b) Where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered by the Company, it shall, notwithstanding anything contained in any other provisions of the Act:

(i) Transfer the dividend in relation to such shares to the Special Account referred to in Article 69 (a) unless the Company is authorised by the Registered Holder of such shares in writing to pay such dividend to the Transferee specified in such Instrument of Transfer; and

(ii) Keep in abeyance in relation to such shares any offer of right shares under Clause (a) of sub-section (1) of Section 62 and any issue of fully paid up bonus shares in pursuance of Section 123 of the Act;

ACCOUNTS

70. Books of Accounts, Balance Sheet etc.

(a) The company shall keep proper books of account, comply with the prescribed accounting standards and in making the balance sheet and profit and loss account and other financial statements, the Company shall comply with the provisions of Section 129 and Schedule III of the Act.

Annual return

(b) In making the annual returns the Company shall comply with the provisions of Section 92 of the Act

Conclusive nature of financial.

(c) Every balance sheet and profit and loss account of the company when adopted by the company in general meeting shall be conclusive, and if any error is discovered therein after the adoption thereof, such error shall be corrected in the accounts of the company for the subsequent years.

71. Inspection of books

(d) (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.

(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

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INSPECTION AND EXTRACT OF REGISTERS

Any member, debenture holder, other security holder etc. who has inspected the registers, documents and returns in pursuance of Section 94 of the Companies Act, 2013 only may

i) Take extracts from any register or index or return without payment of any fee or

ii) Require a copy of any such register or entries therein or return on payment of fee of Rs 10 for each page and such copy may be supplied after deposit of fees as prescribed under Companies (Management and Administration) Rules, 2014

AUDITOR

Remuneration

(b) The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the company in general meeting may determine, except that the remuneration of any auditors appointed to fill up any casual vacancy may be fixed by the board.

SEAL

72. Affixing of seal to be authorised by the Board.

(i) The Board shall provide for the safe custody of the seal.

(ii) 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 any one director and of the secretary or such other person as the Board may appoint for the purpose; and that director and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

CAPITALISATION OF PROFITS

73. Capitalization requires resolution of general meeting

(a) The Company in General Meeting may upon the recommendation of the Board, resolve –

(i) that it is desirable to capitalize 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

(ii) that such sum be accordingly set free for distribution in the manner specified in Article 73(b) below amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

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Mode of payment

(b) The sum aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in Article 72(c) below either in or towards –

(i) paying up any amounts for the time being unpaid on any shares held by such members respectively.

(ii) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid, or

(iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).

Application of share premium and capital redemption reserve fund

(c) A securities premium account and a capital redemption reserve account or any other reserve may, for the purpose 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.

Board to give effect to resolution

(d) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.

74.Appropriation and application of undivided Profits

Whenever such a resolution shall as aforesaid have been passed, the Board shall-

(a) Make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares or debentures, if any, and

(b) Generally do all acts and things required to give effect thereto.

75.Board's power incase of fractional Distribution of shares or debentures

(a) The Board shall have power –

(i) to make such provision by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares or debentures becoming distributable in fractions; and also

(ii) 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 or any further shares to which they may be entitled upon such capitalization, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of either respective proportions of the profits resolved to be capitalized, or the amounts or any parts of the amounts remaining unpaid on their existing shares.

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Effect of Agreement

(b) Any agreement made under Such authority shall be effective and binding on all such members.

SECRECY

76.Duty of Director.

Every Director, Secretary, Manager and Auditor of the company, or the trustees of its members or debenture-holders, member of a committee, officer, servant, agent, accountant or other person employed in or about the business of the company shall if so required by the Board, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the company with its customers and the state of accounts with any party and by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Board or by any General Meeting or by a court of law and except so far as may be necessary in order to comply with any of the provisions contained in these Articles.

77.Restriction on right of members

No share holder or other person, not being a director shall be entitled to enter into the premises or the properties of the company, or to inspect the company's premises or properties or books of account of the company except to the extent authorised by the Act and subject to such restrictions as the company in General Meeting or the Board may impose in this behalf from time to time. No person shall entitled to require disclosure of any information respecting any details in the nature of a trade secret, mystery of trade or process or of any matter whatsoever which, in the opinion of the Board or the Managing Director of the Company would be inexpedient to communicate

INDEMNITY

78.Right to be indemnified.

Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

WINDING UP

79.Winding Up

Subject to the provisions of Chapter XX of the Act and rules made thereunder—

(*i*) 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.

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(*ii*) 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.

(*iii*) 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.

K.P.R. MILL LIMITED

S.NO	NAMES, ADDRESSES, DESCRIPTION AND OCCUPATION OF SUBSCRIBERS	SIGNATURE
1	KALIAMPUDUR PALANISAMY RAMASAMY, s/o N.Palanisamy, No.73,Lokamanya street, R.S.Puram, Coimbatore – 641002. (Textile Business)	Sd/- K.P.Ramasamy
2	KALLIAMPUDUR PALANISAMYDEIVA SIGAMANI, s/o N.Palanisamy, 5,Park Avenue, Near Water Tank, Kumar Nagar, Tirupur – 641603. (Textile Business)	Sd/- K.P.Deivasigamani
3	PALANISAMY NATARAJ s/o N.Palanisamy, 735, Avinashi Road, Coimbatore-641018. (Textile Business)	Sd/- P.Nataraj

The above signatories 1 to 3 have signed before me at Coimbatore. Witness to the above Signatures:

Name : A. Vetrivel **Son of : M.A. Angappan**

Age : 43 Years **Occupation : Chartered Accountant**

Address: 22A, Vivekananda Road,
Ramnagar,
Coimbatore – 641009.

Date : 18.03.2003

CERTIFIED TRUE COPY

For K.P.R. MILL LIMITED

Company Secretary

P. KANDASWAMY
FCS : 2172

IN THE HIGH COURT OF JUDICATURE AT MADRAS

Dated **19.08.2006**

Coram

The Honourable **Mrs. Justice CHITRA VENKATARAMAN**
C.P.Nos. 133 to 135 of 2006

K.P.R.Mill Private Limited
rep. by its Managing Director
Mr. P.Nataraj ... Petitioner in CP.133/2006
/Transferor Company 1.

K.P.R.Spinning Mill Private Limited
rep. by its Managing Director
Mr.P.Nataraj ... Petitioner in CP.134/2006
/Transferor Company 2.

K.P.R.Cotton Mills Private Limited
rep. by its Managing Director
Mr.P.Nataraj ... Petitioner in CP.135/2006
/Transferee Company

Petitions filed under sections 391 and 394 of the Companies Act, 1956 to sanction the scheme of amalgamation.

For Petitioners : Mr.H.Karthik Seshadri

Mr.M.T.Arunan, ACGSC
for Regional Director
Ministry of Company Affairs
Chennai

ORDER

1. These company petitions are preferred under sections 391 and 394 of the Companies Act, 1956 for sanctioning the scheme of amalgamation of the transferor companies with the transferee company with effect from 1.4.2005.

2. K.P.R.Mill Private Limited, the petitioner in C.P.NO.133 of 2006 is the transferor company 1. The main objects of the transferor company 1 as stated in the memorandum of association is narrated in paragraph 5 of the petition and the memorandum of association is marked as annexure 2.

3. K.P.R.Spinning Mill Private Limited, the petitioner in C.P.No.134 of 2006 is the transferor company 2. The main objects of the transferor company 2 as stated in the memorandum of association is narrated in paragraph 5 of the petition and the memorandum of association is marked as Annexure 2.

4. K.P.R.Cotton Mills Private Limited, the petitioner in C.P.No.135 of 2006 is the transferee company. The main objects of the transferee company as stated in the memorandum of association is narrated in paragraph 5 of the petition and the memorandum of association is marked as Annexure 2.

5. It is stated that the transferor companies and the transferee company are carrying on the same business. It is felt that merger would be beneficial and more profitable in the long run. It is also felt that the manufacturing and marketing facilities could be pooled together and utilized for better penetration into new markets. It is stated

that synergy of operation would result in better utilisation of the pooled administrative, managerial and financial resources by one large company. It is hoped that such amalgamation would produce a strong and versatile organisation leading to increased efficiency.

6. With the above objects in view the Board of Directors of the transferor companies and transferee company, the petitioners in C.P.Nos.133 to 135 of 2006, in the meeting held on 27.2.2006 approved the scheme of amalgamation of the transferor companies, the petitioner in C.P.133 and 134 of 2006 with the transferee company, the petitioner in C.P.No.135 of 2006. Copy of the Board resolutions are marked as Annexures 7,8 and 9 respectively. The scheme of amalgamation is marked as Annexure 10 in all the petitions.

7. The scheme of amalgamation contemplates that on and from the appointed date viz., 1.4.2005, the entire undertaking of the transferor companies shall be transferred and vested with the transferee company in accordance with the scheme in pursuance of Section 394 of the Companies Act. All the liabilities of the transferor companies shall also be transferred to and vested with the transferee company without any further act or instrument or deed, to become the debts, liabilities on and from the appointed date. The loans or other obligations due between or amongst the transferor companies transferor company and the transferee company, if any, shall stand discharged and there shall be no liability in this behalf by or from one company to another company. It is further stated that the workmen and other employees in the service of the transferor companies immediately before the transfer or the undertaking upon the scheme becoming effective shall become the staff and employees of the transferee company as on the effective date upon their respective existing conditions of service on the basis that their service shall be taken as a continuous one without any interruption by reason of the transfer of the undertaking. The terms and conditions of service shall not be in any way less favourable to them than those applicable to them immediately before the transfer. The Provident Fund, Gratuity Fund, Superannuation Fund or any other special fund created or existing for the benefit of the staff, workmen and other special fund created or existing for the benefit of the staff, upon the scheme becoming effective, shall be in the name of the transferee company for all purposes whatsoever shall be transferred in the name of the transferee company in respect of the obligation under the provisions of the relevant Act. It is further stated that upon the scheme becoming effective, the shares in the capital of the transferee company shall stand sub divided into share of Rs.10/- each. The authorised share capital of the transferee company shall stand increased by the addition thereto of the respective authorised capital of each of the transferor companies such that the authorised capital of the transferee company shall be Rs.24,00,00,000/- divided into 2,40,00,000 equity shares of Rs.10/- each. It is further stated that the name of the transferee company, upon the amalgamation would be changed as KPR Mill Limited, apart from that, the transferee company shall become a public company within the meaning of Section 3(1)(iv) of the Act.

8. As regards the issue of shares by the transferee company, it is stated that the shares held by transferor company No.1 in the capital of the transferee company and the shares held by transferor company No.1 in the capital of the transferor company No.2 shall stand stand cancelled totally. It is further stated that upon the scheme becoming effective, the transferee company shall allot its fully paid up equity shares of Rs.10/- to the shareholders of transferor companies as stated below:-

12.7.2 0.89 Equity shares of Rs.10/- each of the transferee company credited as fully paid in the capital of the transferee company for every 1 fully paid equity share of Rs.10/- each of the transferor company No.1 and

12.7.2.2 0.61 Equity shares of Rs.10/- each of the transferee company credited as fully paid in the capital of the transferee company for every 1 fully paid equity share of Rs.10/- each of the transferor company No.2.

12.7.3 For the purpose of Issue of shares as aforesaid, the shareholders whose names are found in the Registrar of Members of the respective transferor companies on the effective date shall be tken as the shareholders to whom the shares of the transferee company shall be issued.

12.7.4 Fractional entitlements, if any, shall be rounded off to the nearest whole number.

12.7.5 If necessary the transferee company shall before allotment of equity shares in terms of the scheme, increase its authorised share capital by the creation of at least such number of equity shares of Rs.10/- each as may be necessary to satisfy its obligations under the provisions of the scheme.

12.7.6 The equity shares to be allotted as aforesaid shall rank for dividend, voting and all other rights pari passu with the existing equity shares of the transferee company provided they shall not qualify for dividend declared in respect of the period prior to their allotment.

12.7.7 The Board of Directors of the transferee company shall notify the shareholders of the transferor companies who shall surrender to the transferee company their share certificates in the transferor companies for cancellation thereof and for fresh issue by transferee company as per the said exchange ratio. In case of default by the shareholders of the transferor companies to surrender their shares as aforesaid, upon issue and allotment of new shares by the transferee company to the shareholders of transferor companies, the share certificates in relation to the shares held by them in the transferor companies shall be deemed to have been cancelled.

12.7.8 For the purposes as aforesaid, the Board of Directors of the transferee company shall, taken all steps as may be necessary for the purpose of giving effect to the Issue of shares in the ratio aforesaid.

9. It is further stated that upon the scheme becoming effective, the transferor companies shall stand dissolved without winding up.

10. By order dated 27th March 2006 in C.A.No.458 of 2006, this Court directed the transferor company 1, the petitioner in C.P.No.133 of 2006 to convene a meeting of the equity shareholders for the purpose of considering and if thought fit approve with or without modifications of the said scheme of amalgamation and Mr.P.Nataraj is appointed as Chairman of the meeting by this Court.

11. By order dated 27th March 2006 in C.A.No.459 of 2006, this Court directed the transferor company 2, the petitioner in C.P.No.134 of 2006 to convene a meeting of the equity shareholders for the purpose of considering and if thought fit approve with or without modifications of the said scheme of amalgamation and Mr.P.Nataraj is appointed as Chairman of the meeting by this Court.

12. By order dated 27th March 2006 in C.A.No.460 of 2006, this Court directed the transferee company, the petitioner in C.P.No.135 of 2006 to convene a meeting of the equity shareholders for the purpose of considering and if thought fit approve with or without modifications of the said scheme of amalgamation and Mr.P.Nataraj is appointed as Chairman of the meeting by this Court.

13. Accordingly, on the meeting held the Chairman of the meeting has submitted the result of the meeting in his reports dated 27.4.2006 and 12.6.2006 in respect of transferor and transferee companies, which was marked as Annexure 11 in all the petitions.

14. In respect of transferor company 1, the petitioner in C.P.No.133 of 2006, it is stated that the said meeting was attended by 3 equity shareholders in person of the said company entitled together to 90,00,000 equity shares of Rs.10/- each aggregating to Rs.9,00,00,000/-.

15. In respect of transferor company 2, the petitioner in C.P.No.134 of 2006, it is stated that the said meeting was attended by 7 equity shareholders in person entitled together to 1,00,00,000 equity shares of Rs.10/- each aggregating to Rs.10,00,00,000/-.

16. In the case of transferee company, the petitioner in C.P.No.135 of 2006, it is stated that the said meeting was attended by 7 equity shareholders in person entitled together to 20,72,651 equity shares of Rs.10/- each aggregating to Rs.2,07,26,510/-.

17. The resolution passed in the meeting are given in paragraph 16 in all the petitions.

18. It is stated that all the assets of the transferor companies as well as the transferee company are more than adequate to meet their respective liabilities.

19. It is stated that the transferor company 1, the petitioner in C.P.No.133 of 2006 have filed no objection letters from the secured creditors. So too, the transferor company 2 and the transferee company, the petitioners in C.P.Nos.134 and 135 of 2006 respectively filed consent letters from the secured creditors.

20. In view of the compliances of the formalities, on notice, the Regional Director, Ministry of Home Affairs has filed his report raising objections as follows :

(i) The company has furnished the certificates obtained from a Chartered Accountant certifying the list of secured creditors of transferor companies and transferee company. In the said certificates it is stated that 'No objection Certificate' has been obtained from all secured creditors except one each from the transferor company No.1 and transferor company No.2. But nothing has been mentioned about the no objection letters received from secured creditors and

(ii) that authorised capital of the company was a notional limit upto which the company can increase its paid up capital. Hence, two notional limits cannot be clubbed together. The authorised capital of the company is not a liability like other liabilites which are to be returned or refunded. Hence, they will not come within the purview of transfer of liabilities under the scheme of amalgamation, that after the amalgamation, the transferor companies would be dissolved and only the transferee company exists and if the transferee company increases its authorised capital, it has to comply with the provisions of Sections 94 and 97 of the Companies Act, 1956. In the context of the said objection, the Regional Director has submitted that the same may be taken note of while considering the petition. It is further stated that this Court had already allowed the merger of the authorised capital on similar case for amalgamation of M/s.Henkal Spic India Limited with M/s.Henkal India Limited. The Registrar of Companies, Chennai has filed an appeal against the said order dated 28.7.2005.

(iii) As per clause 13.3 of the scheme, the name of the transferee company shall stand changed as KPR Mill Limited and that it would become a public limited company. As per clause 13.5 of the scheme, upon the scheme becoming effective, the certificate of registration of scheme to be issued by the Registrar of Companies. It is stated that clause 13.3 and 13.5 of the scheme are against the

provisions of the Companies Act, 1956 as the name of the company and the status of the company cannot be changed by virtue of approval of the scheme by this Court and the transferee company has to comply with the provisions of Sections 20 to 23 of the Act for change of name and has to comply with the requirements of Section 44 of the Companies Act, 1956 for changing the status of the company from private limited to public limited.

21. A perusal of the clause 13 of the scheme shows that in clause 13.4, it is stated that upon the scheme becoming effective.,

13.4. Upon the scheme becoming effective, the filing of the order of the Hon'ble Madras High Court together with the sanctioned scheme with the office of the Registrar of Companies shall be deemed to constitute all necessary compliances under various provisions of the Act in respect of the above increase in authorised capital, sub-division of shares in the capital and change of name and change in the status of the transferee company.

13.5. Upon the scheme becoming effective, the certificate registration of the scheme to be issued by the Registrar of Companies and the fresh certificate of Incorporation that the Registrar of Companies would issue in consequence of the change of name and status of the transferee company shall be in the new name of the transferee company.

22. As regards the first objection, the learned counsel for the petitioners has filed no objection letters from the secured creditors in respect of all the petitioners. As regards change of name as KPR Mill Limited and that the company on amalgamation would be a public company, the learned counsel for the petitioners submitted that in the light of the scheme being passed by the majority of the shareholders and they are being absolute compliances of the provisions of the Act as well as notice issued to the Central Government, the compliances of Sections 20 to 23 of the Act may not be necessary. However, as regards the other requirement under section 44 of the Act, the learned counsel for the petitioners submitted that on approval of the scheme, the same would be complied with without any default.

23. As regards the second objection on the clubbing of two notional limits, the learned counsel for the petitioners placed reliance on the decision of this Court reported in (2006) 129 Company Cases 915 in the case of CAVIN PLASTICS AND CHEMICALS PRIVATE LIMITED, In RE. Under the circumstances, there are no merits in the objection raised to stand in the way of grant of approval to the scheme.

24. The Regional Director in his report stated that similar case for amalgamation of M/s.Henkal Spic India Limited with M/s.Henkal India Limited has gone on appeal. However, the report contains no details as regards the filing of appeal and the status or stay obtained therein. In the absence of any particulars, this objection is also overruled.

25. Coming to the question of change in the name and necessity for compliance of Sections 20 to 23 of the Compnaies Act as well as the company going public, it may be noted that the amalgamation is principally an internal arrangement of the company for a mutual benefit in enlarging its capital base. It is no doubt true that while going public, the private company converted into public company, would undergo a change of name. Normally the procedure under Section 21 of the Companies Act has to be complied with. So too the provisions of Section 44 of the Companies Act. However, it may be noted that on conversion, a company does not cease to exist to bring into existence any new company. In the scheme of things to emerge on an amalgamation, two transferor companies are united with the transferee company. The scheme herein contemplates a

change in their name as well as in status as a public company. In the face of such facts, the question is whether the petitioners are to be subjected to the procedure under Section 21 of the Companies Act. This section requires special resolution to be passed on the proposed change of name of the company and the approval of the Central Government thereupon for changing the company's name. The proviso of the said Section dispenses with the approval of the Central Government when the only change that occurs in the name is the deletion and addition of word 'private' consequent on the conversion of the company from private to public or vice versa. It may be noted that Chapter V is a complete code by itself on the subject of arrangement/compromise and reconstruction.

26. While dealing with the objection raised by the Regional Director in the case as regards violation of Sections 42 and 77 of the Companies Act in response to a petition under Section 391 of the Act, the Delhi High Court in the decision reported in **86 CC 325 (HIMACHAL TELEMATICS LTD. v. HIMACHAL FUTURISTICS COMMUNICATIONS LTD.)** at page 333 observed that, "under sections 391 to 394, the Court has plenary as well as residuary powers to sanction a scheme and to provide for any statutory violation by suitable orders". The Court further observed that, "there is no doubt that powers given to the Court under sections 391 to 394 pursuant to Chapter V which start with Arbitration, Compromise or Arrangements and Reconstruction are of wide amplitude for carrying out compromise and/or arrangement and also the consequential power to make the supervision effective by removing obstacles. The very heading of Chapter V suggests that power which is vested in Courts not only deals with powers of Court for compromise but it also deals with power where arbitration has taken place, arrangements have been entered into between two or more corporate entitles or any scheme of reconstruction has been placed before the Court. Obviously the Legislature was mindful of the fact that in relation to these kinds of arrangments where two distinct corporate bodies would have to enter into an agreement, arrangement for the purpose of reconstruction or for any purpose which is conducive to the interest of shareholders, there has to be no obstacles and that is why section 394 provides with wide amplitude of powers to the Court.

27. In the decision reported in **(2005)5 CLJ (MAHARASHTRA APEX CORPORATION LTD., IN RE),** at page 106 of the judgment, the Karnataka High Court referring to the decision reported of the Delhi High Court reported in **86 CC 325 (HIMACHAL TELEMATICS LTD., IN RE)** (above cited) and the decision of the Gujarat High Court in **111 CC 756 (IN RE NEW VISION LASER CENTRES)** held that,

> "The only two circumstances under which the Company Court is prevented from according sanction is contained in proviso to Section 391 and 394 where the Official Liquidator or the Registrar of Companies filed a report stating that the affairs of the company are conducted in a manner prejudicial to the members of the company and the company".

28. The Karnataka High Court also extracted the view of the Gujarat High Court **111 CC 756** at page 108 of the judgment which is as follows:-

> "If the scheme of amalgamation is inconsistent with other provisions of the Companies Act, 1956, then the legislation in its wisdom ought to have added in proviso to section 394 after the words 'public interest', or 'anything inconsistent with other provisions of the Act'. That being not the situation, in the plain language of Section 394 the court cannot permit the respondent to read a further condition which has not been intended in the section. If there are no controlling provisions in the subsequent provisions of the Act, then no other addition of words can be assigned to the language of a section".

29. In the light of the above statement of law over which there cannot be any difference of opinion, a construction which advances the cause of the legislative intent needs to be undertaken. It may be seen that under the provisions of the Act the objections of the Official Liquidator or the Registrar of Companies to a scheme of amalgamation is restricted to the issues on the affairs of the company conducted in a manner prejudicial to the members or public interest. However, where the plain meaning of Section 394 of the Companies Act does not contain anything beyond 'public interest', as a matter for consideration by the Central Government, one cannot plead anything beyond what is contemplated to hold, that eventhough the scheme has been approved by the majority in accordance with the provisions of Section 391 of the Companies Act, the change of name and its conversion to a public company again need to undergo the exercise of going through motion on special resolution in compliance of the provisions of Sections 21 to 23 of the Companies Act Consequently, I am in agreement with the view expressed by the Gujarat and Karnataka High Court on this issue. The formalities as regards placing the scheme before the authorities had already been undertaken by the petitioners. Considering the fact that the scheme had been put on notice to the Central Government and had also been subjected to its scrutiny, the repeated compliances of Section 21 of the Companies Act is only a superfluous compliances. In any event, in the light of the view I have taken on the scope of the provisions of Chapter V, I do not find any reason to accept the objection. Consequently, the objection taken herein on all fronts are overruled.

30. A perusal of the scheme shows that it protects the interest of the employees of the transferor company and thus, the interest of the employees are taken care of. The scheme provides dissolution of the transferor companies without winding up. There is no objectionable feature in the scheme of amalgamation which is detrimental either to the employees of the transferor companies or of the transferee company. The said scheme is not violative of any statutory provisions. The scheme is fair, just, sound and is not against any public policy or public interest. No proceedings are pending under Sections 231 to 237 of the Companies Act. All the statutory provisions have been complied with.

31. Consequently, there shall be an order approving to the scheme of amalgamation of the transferor companies, the petitioners in C.P.No.133 and 134 of 2006 with the transferee company, the petitioner in C.P.No.135 of 2006 as provided in Annexure 10, with effect from 1.4.2005 as the procedure laid down under sections 391 and 394 of the Companies Act are duly complied with. The petitions are allowed.

32. The books of accounts of the transferor companies, the petitioners in C.P.No.133 and 134 of 2006 are directed to be placed at the disposal of the Official Liquidator so as to enable him to file his report to have an order of dissolution of the transferor companies in C.P.No.133 and 134 of 2006 without winding up.

33. The learned Additional Central Government Standing Counsel is entitled to a fee of Rs.2500/- from each company.

SCHEME OF AMALGAMATION
OF
K.P.R.MILL PRIVATE LIMITED
AND
K.P.R.SPINNING MILL PRIVATE LIMITED
WITH
K.P.R.COTTON MILLS PRIVATE LIMITED

1. BACK GROUND

1.1 K.P.R.Mill Private Limited, K.P.R.Spinning Mill Private Limited and K.P.R.Cotton Mills Private Limited are private limited companies engaged in the activities covering almost the entire textile value chain from yarn to garmenting. There is a close link between all these companies in terms of activity and management and the shareholders are also almost same in each company. All these companies are located in the districts of Erode and Coimbatore in Tamilnadu.

1.2 In order to combine the business activities into a single entity, the Board of Directors of all the companies thought it fit to derive optimum commercial advantage by amalgamating both K.P.R.Mill Private Limited, K.P.R.Spinning Mill Private Limited with K.P.R.Cotton Mills Private Limited. The scheme of amalgamation envisaged is beneficial to all the companies and their shareholders.

2. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context,

2.1 "Transferor Companies" means both

2.1.1 **K.P.R.MILL PRIVATE LIMITED, (KPRM)** or Transferor Company No.1), a company incorporated on 12/05/1993 under the Companies Act, 1956 having its Registered Office at 5, AKS Nagar, Thadagam Road, Coimbatore - 641 001.

2.1.2 **K.P.R.SPINNING MILL PRIVATE LIMITED, (KPRSM)** or Transferor Company No.2), a company incorporated on 27/12/1999 under the Companies Act, 1956 having its Registered Office at 9, AKS Nagar, Thadagam Road, Coimbatore - 641 001.

2.2 "Transferee Company" means **K.P.R.COTTON MILLS PRIVATE LIMITED (KPRCM),** a company incorporated on 19/03/2003 under the Companies Act, 1956 having its Registered Office at No.9, Gokul Building, 1st Floor, AKS Nagar, Thadagam Road, Coimbatore - 641 001.

2.3 The "Act" means the Companies Act, 1956 as amended/substituted from time to time.

2.4 "The Appointed Date" means 01/04/2005 (First day of April Two Thousand and Five).

2.5 "The Effective Date" means the last of the dates on which certified copies of the order(s) of the Madras High Court sanctioning the Scheme are filed with the Registrar of Companies, Tamilnadu.

2.6 "Undertaking" shall mean and include

a. the entire business, all the assets, rights, licenses, and properties of the Transferor Companies.

b. all the debts, liabilities, duties and obligations of whatsoever kind of the Transferor Companies including liabilities for payment of gratuity, superannuation benefits, provident fund, export obligations remaining unfulfilled/partly fulfilled as on effective date under the Export Promotion Capital Goods Scheme.

Provided that to the extent that there are any loans, outstandings or balances due from the Transferor Companies to the Transferee Company or vice versa, or between transferor companies inter se, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company.

c. Without prejudice to the generality of the sub-clause (a) above, the undertaking of the Transferor Companies shall include all the movable and immovable properties, assets, both tangible and intangible including, land, buildings, furniture and fixtures, computers, vehicles, generators, inventories, reserves, lease-hold rights, tenancy rights, industrial and other licenses, entitlements, permits, authorizations, quotas, duty credit entitlements under Target Plus Scheme, Duty Entitlement Passbook Scheme, other entitlements under the Foreign Trade Policy, the capital subsidy, interest subsidy and other benefits under the Technology Upgradation Fund Scheme, sales tax deferral benefits under the IFST Scheme and all benefits and recognitions arising out of proven performance and track record, trademarks, goodwill, patents, intellectual property rights, letters of intent, investments in shares and other investments, authorised capital being right to issue shares for which valuable registration fee has been already paid to the Registrar of Companies, raw materials, stock in trade, work-in-progress, finished goods, plant, machinery and equipment, tools and implements, goods in transit, advances of all kinds, deposits, book debts, outstanding monies, recoverable claims, agreements, arrangements and other industrial and intellectual

property rights, easements, advantages, benefits and approvals, rights and benefits of all agreements, schemes, consents and other interests, contracts with electricity board, including without any limitation, privileges, liberties, rights and powers of all kinds, nature and description whatsoever in any manner owned by, in relation to or connected with the Transferor Companies.

2.7 "The Scheme" means this Scheme of Amalgamation in its present form or with any modifications approved or imposed or directed by the Hon'ble High Court at Madras or by the shareholders in general meeting.

3. SHARE CAPITAL

3.1 The Share Capital of the Transferor Companies viz.,

3.1.1 The Authorised Share Capital of 'KPRM', as per the Balance Sheet as at 31/03/2005 is Rs.9,00,00,000/- divided into 90,00,000 Equity Shares of Rs.10/- each. The Issued, Subscribed and Paid-up Capital of 'KPRM' as per the Balance Sheet as at 31/03/2005 is Rs.9,00,00,000/- divided into 90,00,000 Equity Shares of Rs.10/- each.

3.1.2 The Authorised Share Capital of 'KPRSM', as per the Balance Sheet as at 31/03/2005 is Rs.10,00,00,000/- divided into 1,00,00,000 Equity Shares of Rs.10/- each. The Issued, Subscribed and Paid-up Capital of 'KPRSM' as per the Balance Sheet as at 31/03/2005 is Rs.10,00,00,000/- divided into 1,00,00,000 Equity Shares of Rs.10/- each.

3.2 The Authorised Share Capital of the Transferee Company as per Balance Sheet as at 31/03/2005 is Rs.5,00,00,000/- divided into 5,00,000 Equity Shares of Rs.100/- each. The Issued, Subscribed and Paid-up Capital of the Transferee Company as per Balance Sheet as at 31/03/2005 is Rs.2,00,00,000/- divided into 2,00,000 Equity Shares of Rs.100/- each.

Subsequently on 23/12/2005, the equity shares of Rs.100/- each in the capital of the Transferee Company have been sub-divided into equity shares of Rs.10/- each whereby (1) one share of Rs.100/- each became 10 (Ten) shares of Rs.10/- each. As a result the Authorized Share Capital of the Transferee Company is Rs.5,00,00,000/- divided into 50,00,000 Equity Shares of Rs.10/- each and the Issued, Subscribed and Paid-up Capital of the Transferee Company is Rs.2,00,00,000/- divided into 20,00,000 Equity Shares of Rs.10/- each.

4. FINANCIAL POSITION AND SPECIFIC BENEFITS

4.1 The Transferor Company No.1 has been carrying on its business for a decade and is a profit making company with a very good track record. Apart from physical resources the Transferor Company No.1 has highly skilled

and valuable human resources. It commenced its operations during 1995-96 and it has a capacity of 30,240 spindles. It enjoys ISO 9001, ISO 14001 and SA 8000 certification. It has embarked upon major expansion plans. It made a post tax profit of Rs.2,34,29,895/- on a turnover of Rs.84,94,12,861/- in the year ended 31st March 2005.

4.2 The Transferor Company No.2 has been carrying on its business for a period of 5 years and is a profit making company with a very good track record. Apart from physical resources the Transferor Company No.2 has highly skilled and valuable human resources. It commenced its operations during 2001-02 and it has a capacity of 30,240 spindles and 23 knitting machines. It enjoys ISO 9001, ISO 14001 and SA 8000 certification. It made a post tax profit of Rs.9,92,08,000/- on a turnover of Rs.114,14,55,079/- in the year ended 31st March 2005.

4.3 The Transferee Company has been carrying on its business for a period of over 2 years. Apart from physical resources the Transferee Company has highly skilled and valuable human resources. It commenced its operations during 2004-05 and it has a capacityof 50,784 spindles and 62 knitting machines. It made a post tax profit of Rs.1,91,737/- on a turnover of Rs.59,00,28,501/- in the year ended 31st March 2005. In addition the Transferee Company took over the entire business of a proprietorship concern by name M/s.KPR Knits with effect from 01/04/2005. Pursuant to the said takeover the entire business, assets, liabilities, duty credit entitlements under Target Plus Scheme, Duty Entitlement Passbook Scheme, other entitlements under the Foreign Trade Policy and of M/s.KPR Knits which were either already sanctioned or being sanctioned on the basis of the export business of the said concern have been absolutely vested in the Transferee Company. As a result of which the strengths of the Transferee Company have grown phenomenally.

4.4 The Board of Directors of the Transferor Companies and the Transferee Company envisage the following benefits arising from this merger:

4.4.1 The Transferee Company and the Transferor Companies are carrying on the same business.

4.4.2 As one single unit, merger would be beneficial and more profitable in the long run.

4.4.3 The manufacturing and marketing facilities could be pooled together and utilized for better penetration into new markets.

4.4.4 Opening up of the textile sector, and removal of the quota regime has made it inevitable for an integrated operation where size of a company will bring to it certain specific advantages and make it highly competitive.

4.4.5 The merger envisaged under this scheme will also enable the post merger enterprise to derive economies of scale not only in manufacturing activity, but also in infusion of global manufacturing practices, training of human resources, reduction in the level of turnover of labour due to meaningful and attractive facilities, ability to enter into advance contracts for acquiring adequate quantity of raw materials, creating adequate infrastructure, installation of captive power plants and through al these measures ensuring the creation of an enterprise that is fully geared up not only to face challenges of globalisation but also to take advantage of the new trade scenario.

4.4.6 Operational Integration, co-ordination, synchronization, and planning will improve the overall performance of the company after merger.

4.4.7 Operational synergy will lead to time and cost saving also. Administrative cost will also come down, meaning more profits.

4.4.8 Merger would result in increased size, which could be leveraged for raising additional capital on more favourable terms.

4.4.9 Merger would also result in increased operational efficiency, better utilisation of the pooled administrative, managerial and financial resources by one large company.

4.4.10 Utilization of financial, managerial and technical resources could be optimized. The merger will result in substantial savings in tax due to taxable profits of one division being able to be set off with the depreciation and other benefits available to other divisions whereby there will be improved cash flow.

4.4.11 The integration of administrative systems, centralized control over production facilities, implementation of uniform management practices, accounting and financial systems as well as integration of workers and staff of all the Companies will produce a strong and versatile organization leading to increased efficiency.

4.4.12 As a whole, the merger will be in the best interests of all the stakeholders, i.e., shareholders, creditors, employees at all.

5. TRANSFER OF UNDERTAKING

5.1 With effect from the Appointed Date, the entire Undertaking of the Transferor Companies shall, without any further act, deed or order be transferred to and vested in or deemed to have been transferred to or vested in the Transferee Company in accordance with this scheme in pursuance of Section 394 of the Act.

5.2 Without prejudice to the above Clause, in respect of such of the said Assets as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, the same shall be so transferred by the Transferor Companies, and shall become the property of the Transferee Company.

5.3 The said Assets, other than the assets transferred in the manner provided in the aforesaid Clause shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company on the Appointed Date, by virtue of the order of sanction of the High Court under the provisions of Section 394 of the Act.

5.4 All the said Liabilities of the Transferor Companies shall also be and stand transferred to or be deemed to have been transferred, without any further act, instrument or deed, to the Transferee Company, pursuant to the provisions of Section 394 and other applicable provisions of the said Act so as to become as and from the Appointed Date, the debts, liabilities, duties, undertakings and obligations of the Transferee Company and further that it shall not be necessary to obtain any further consent of any third party or other person who is a party to any contract or arrangement by virtue or which such debts, liabilities, duties and obligations have arisn in order to give effect to the provisions of this Clause.

5.5 Upon the Scheme becoming effective, any loans or other obligations due between or amongst the Transferor Companies inter se and between any Transferor company and the Transferee Company, if any, shall stand discharged and there shall be no liability in this behalf by or from one company to another company.

5.6 Upon the Scheme becoming effective, with effect from the appointed date, the entire undertakings of the Transferor Companies shall become the undertakings of the Transferee Company such that all assets and liabilities, advantages and benefits, rights and obligations of the Transferor Companies shall be the assets and liabilities, advantages and benefits, rights and obligations of the Transferee Company. Provided however merely by reason of the sanction of this scheme, no liability which has not been acknowledged or which has been in dispute shall be deemed to have been accepted or agreed upon by the Transferee Company. Thus the scheme does not purport to alter the nature or status or enfroceability or validity of claims of any third party against the Transferor Companies.

6. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

Subject to other provisions contained in this Scheme, all contracts, deeds, bonds, agreements, instruments and writings and benefits of whatsoever nature to which the Transferor Companies are a party subsisting or having effect immediately before the Effective Date and subject to such changes and variations in the terms, conditions and provisions thereof as may be mutually agreed to between the Transferee Company and other parties thereto shall remain in full force and effect

against or in favour of the Transferee Company, as the case may be, and may be enforced by and/or against the Transferee Company as fully and effectively as if the Transferee Company were a party thereto instead of Transferor Companies.

Provided contracts if any between the Transferor and the Transferee Companies and amongst transferor companies inter se shall stand cancelled and amounts if any due by the Transferor Companies to the Transferee Company or vice versa or amongst transferor companies shall stand cancelled.

7. POSITION AS TO CHARGES

The transfer / vesting of the Undertaking as provided above shall be subject to existing charges / encumbrances / 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 to the assets of the Transferor Companies which they have offered or agreed to be offered as security for any financial assistance or obligations, to any of the creditors of the Transferor Companies, shall be construed as reference only to the assets pertaining to the Undertaking of the Transferor Companies, as is vested in the Transferee Company by virtue of the aforesaid clause, to the end and intent that such security, mortgage and 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. Any charge subsisting upon the properties of one Transferor Company shall not extend or be deemed to have been extended to the properties of the other Transferor Company merely because the undertakings of both transferor companies are vested in the Transferee Company as a result of this merger. Any charge already created on the properties of one of the Transferor Companies or any property agreed to be offered as security for securing the repayment of any financial assistance or obligations already granted or agreed to be granted to that Transferor Company shall not be available or be construed to be available as security for securing the repayment of any financial assistance or obligations already granted or agreed to be granted to the other Transferor Company. Similary holders of subsisting charges affecting the properties of the Transferee Company shall not be entitled to any charge upon the properties comprised in the respective undertakings of the transferor companies merely because those undertakings of the transferor companies get vested in the Transferee Company as a result of this merger. Thus the scheme does not envisage any modification to the extent or operation or scope of any of the subsisting charges upon the properties of any company covered by this scheme and the scheme does not purport to alter the status quo of any chargeholder.

8. ACCOUNTING POLICY

8.1 Subject to any adjustments and modifications as may be necessaryin the opinion of the Board of Directors of the Transferee Company, with effect from the Appointed Date, the accounting entries in relation to merger shall be carried out in accordance with the applicable accounting standard for amalgamation.

8.2 Fair price of shares of each company shall be as arrived at in accordance with the independent expert valuation of the respective companies based on generally accepted methods of valuation on a going concern basis.

8.3 The difference between the aggregate face value (not the fair price) of the shares of the Transferee Company issued to the shareholders of the Transferor Companies and the combined value of net assets of the Transferor Companies carried to the books of the Transferee Company as a result of this merger shall be credited as General Reserve.

8.4 In case of any differences in the accounting policy between the Companies, the impact of the same will be quantified and adjusted in the revenue reserves to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistency.

9. LEGAL PROCEEDINGS

If any suit, writ petition, appeal, revision or other proceedings of whatever nature (hereinafter called "the Proceedings") by or against the Transferor Companies be pending as on the Effective Date, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the undertaking of the Transferor Companies or of anything contained in the Scheme, but the proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Companies as if the Scheme had not been made.

10. OPERATIVE DATE OF THE SCHEME

The Scheme shall be operative from the Appointed Date.

11. TRANSFEROR COMPANIES' STAFF, WORKMEN AND EMPLOYEES

All the staff, workmen and other employees in the service of the Transferor Companies immediately before the transfer of the Undertaking under the Scheme shall become the staff, workmen and employees of the Transferee Company as on the Effective Date upon their respective existing conditions of service on the basis that:

11.1 Their service shall have been continuous and shall not have been interrupted by reason of the transfer of the Undertaking;

11.2 The terms and conditions of service applicable to the said staff, workmen or employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately before the transfer; and

11.3 It is expressly provided that as far as Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund created or existing for the benefit of the staff, workmen and other employees of the Transferor

Companies are concerned, upon the Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Companies for all purposes whatsoever related to the administration or operation of such Funds or in relation to the obligation to make contributions to the said Funds in accordance with the applicable provisions subject to which such Funds are in force. It is the aim and intent that all the rights, duties, powers and obligations of the Transferor Companies in relation to such Funds shall become those of the Transferee Company and all the rights, duties and benefits of the employees employed in different units of the Transferor Companies under such Funds shall be protected. It is clarified that the services of the employees of the Transferor Companies will also be treated as having been continuous for the purpose of the aforesaid Funds or provisions.

12. CONDUCT OF BUSINESS BY TRANSFEROR COMPANIES TILL EFFECTIVE DATE

With effect from the Appointed Date and upto the Effective Date:

12.1 The Transferor Companies shall carry on and shall be deemed to carry on all their activities for and on account of and in trust for the Transferee Company.

12.2 All income or profit accruing to the Transferor Companies and all expenses or losses incurred by it shall for all purposes be treated as Income, profits, expenses and losses as the case may be of the Transferee Company.

12.3 The Transferor Companies shall not, without the concurrence of the Board of Directors of the Transferee Company, alienate, charge, encumber or otherwise deal with the said undertaking or any part thereof except in the ordinary course of business.

12.4 The Transferor Companies shall not without the written prior consent of the Board of Directors of the Transferee Company.

i. undertake any new business;
ii. declare any dividend;
iii. issue any new shares by way of rights, bonus or otherwise
iv. convert any options or other instruments convertible into shares into shares.

13. POSITION OF AUTHORISED CAPITAL, SUB-DIVISION OF SHARES AND CHANGE OF NAME AND STATUS OF TRANSFEREE COMPANY

13.1 Upon the scheme becoming effective, the shares in the capital of the Transferee Company shall stand, without any further act, deed or separate resolution or application or action, sub-divided into shares of Rs.10/- each.

13.2 With effect from the appointed date but on the scheme becoming effective, without any further act, deed or thing or payment of any further filing fee or registration, the authorised share capital of the Transferee Company shall

stand increased by the addition thereto of the respective authorised capital of each of the Transferor Companies such that the authorised capital of the Transferee Company on the scheme becoming effective shall be Rs.24,00,00,000/- (Rupees Twenty Four Crores Only) divided into 2,40,00,000 (Two Crores Forty Lakhs) Equity Shares of Rs.10/- each.

13.3 Upon the scheme becoming effective, the name of the Transferee Company shall stand, without any further act, deed or separate resolution or application or action, changed as K.P.R.Mill Limited such that not only the name of the Transferee Company changes but also it becomes a public company within the meaning of Section 3(1)(iv) of the Act.

13.4 Upon the scheme becoming effective, the filing of the order of the Hon'ble Madras High Court together with the sanctioned scheme with the office of the Registrar of Companies shall be deemed to constitute all necessary compliances under various provisions of the Act in respect of the above increase in authorised capital, sub-division of shares in the capital and change of name and change in the status of the Transferee Company.

13.5 Upon the scheme becoming effective, the certificate of registration of the scheme to be issued by the Registrar of Companies and the fresh certificate of incorporation that the Registrar of Companies would issue in consequence of the change of name and status of the Transferee Company shall be in the new name of the Transferee Company.

13.6 Consequent alterations shall be made at all necessary places in the Memorandum of Association and Articles of Association and on other documents, letter heads, bils, invoices and all other official correspondences etc., wherever the name appears and requires to be published, of the Transferee Company without any further act, deed or separate resolution or application or action and the altere copy of the memorandum and articles of association shall be filed with the office of Registrar of Companies.

13.7 The Transferee Company shall be entitled to mention at all appropriate places including all its financial statements, bills, letter heads and other papers, books, records, statements and all other records and wherever else required, the said increased authorised capital, changed name and status from a private company to a public company.

14. ISSUE OF SHARES BY THE TRANSFEREE COMPANY

14.1 Upon the Scheme becoming effective, the shares held by Transferor Company No.1 in the capital of the Transferee Company and the shares held by Transferor Company No.1 in the capital of Transferor Company No.2 shall stand cancelled totally.

14.2 Save as aforesaid, upon the scheme becoming effective, the Transferee Company shall, without any further application or action or deed, issue and allot its fully paid up Equity Shares of Rs.10/- (Rupees Ten only) to the shareholders of Transferor Companies as stated below:

14.2.1 **0.89 Equity Shares** of Rs.10/- each of the Transferee Company credited as **fully paid** in the capital of the Transferee Company for every 1 (one) fully paid equity share of Rs.10/- each of the Transferor Company No.1 and

14.2.2 **0.61 Equity Shares** of Rs.10/- each of the Transferee Company credited as **fully paid** in the capital of the TRansferee Company for every 1 (One) fully paid equity share of Rs.10/- each of the Transferor Company No.2.

14.3 For the purpose of issue of shares as aforesaid, the shareholders whose names are found in the Registrar of Members of the respective Transferor Companies on the effective date shall be taken as the shareholders to whom the shares of the Transferee Company shall be issued.

14.4 Fractional entitlements, if any, shall be rounded off to the nearest whole number.

14.5 If necessary the Transferee Company shall before allotment of Equity Shares in terms of the Scheme, increase its Authorised Share Capital by the creation of at least such number of Equity Shares of Rs.10/- each as may be necessary to satisfy its obligations under the provisions of the Scheme.

14.6 The Equity Shares to be allotted as aforesaid, shall rank for dividend, voting and all other rights pari passu with the existing equity shares of the Transferee Company provided they shall not qualify for dividend declared in respect of the period prior to their allotment.

14.7 The Board of Directors of the Transferee Company shall notify the shareholders of the Transferor Companies who shall surrender to the Transferee Company their share certificates in the Transferor Companies for cancellation thereof and for fresh issue by Transferee Company as per the said exchange ratio. In case of default by the shareholders of the Transferor Companies to surrender their shares as aforesaid, upon issue and allotment of new shares by the Transferee Company to the Shareholders of Transferor Companies, the share certificates in relation to the shares held by them in the Transferor Companies shall be deemed to have been cancelled.

14.8 For the purposes as aforesaid, the Board of Directors of the Transferee Company shall, take all steps as may be necessary for the purpose of giving effect to the issue of shares in the ratio aforesaid.

15. APPLICATIONS TO HIGH COURT

On this Scheme being approved by the respective Boards of the Transferor Companies and the Transferee Company, the 3 (Three) Companies wil, with reasonable despatch, apply to the High Court of Madras for sanctioning the Scheme, with modification, if any, and for dissolution of the Transferor Companies without winding up.

16. MODIFICATIONS / AMENDMENTS TO THE SCHEME

16.1 The Transferor Companies (by their Directors) and th Transferee Company (by its Directors) may agree to any modification or amendment to the Scheme or agree to any terms and/or conditions which the Court and/or any other authorities under law may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme and do all acts, deeds and things as may be necessary, desirable or expedient for putting the Scheme into effect.

16.2 The Board of Directors of Transferor Companies and Transferee Company are hereby authorised to do all acts, deeds and things to give such directions and/or to take such steps as may be necessary or desirable for the purpose of giving effect to this Scheme or to any modification thereof, including any directions for settling any question or doubt or difficulty whatsoever that may arise in relation to the Scheme.

17. DISSOLUTION OF TRANSFEROR COMPANIES WITHOUT WINDING-UP

Upon this Scheme being sanctioned by the High Court under Section 394 of the Act and on its becoming effective, the Transferor Companies shall be dissolved without winding up with effect from the Appointed Date, or such other date as may be fixed by the High Court.

18. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS

This scheme is conditional upon and subject to the approval of the shareholders of all Transferor Companies and Transferee Company by requisite majority and the sanction of the High Court of Judicature at Madras under Section 391 and 394 of the said Act.

19. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

In the event of any of the said sanctions and approvals not being obtained and/or the Scheme not being sanctioned by the High Court and/or the Order or Orders not being passed as aforesaid or within such further period or periods as may be agreed upon between the Transferor Companies and the Transferee Company through their respective Boards of Directors, the Scheme shall become null and void and each party shall bear and pay its respective costs, charges and expenses for and/or in connection with the Scheme of Amalgamation.

20. EXPENSES CONNECTED WITH THE SCHEME

All costs, charges and expenses of the Transferor Companies and the Transferee Company respectively in relation to or in connection with this Scheme and of carrying out and completing the terms and provisions of this Scheme and/or incidental to the completion of amalgamation of the said Undertaking of the Transferor Companies in pursuance of this Scheme shall be borne and paid solely by the Transferee Company.

For K.P.R. MILL LIMITED

Company Secretary