



**MEMORANDUM**

**AND**

**ARTICLES OF ASSOCIATION**

**OF**

**THE RAMARAJU SURGICAL COTTON MILLS LIMITED**

---

**Form No. 6**

**[Section 11 (4) and (5)]**

**CERTIFICATE OF INCORPORATION ON CHANGE OF NAME**

---

(Pursuant to Section 11 (4) and (5) of the Indian Companies Act. 1913)

I hereby certify that "**THE SURGICAL COTTON MILLS LIMITED**" having with the sanction of a special resolution of the said Company and with the approval of the Local Government signified in G.O.No. MS. 1009, Development dated 8th June 1943 changed its name is now called the "**THE RAMARAJU SURGICAL COTTON MILLS LIMITED**" and that such new name has this day been entered in the register.

Given under my hand at MADURA this Twenty-second day of JUNE one thousand nine hundred and forty-three.

-Sd-

Additional Assistant Registrar of Joint  
Stock Companies

Ramnad at Madura.

**CERTIFICATE OF INCORPORATION**

No. 95 of 1938 – 1939

---

I hereby certify that "The Surgical Cotton Mills Limited" is this day incorporated under the Indian Companies Act 1913, ACT VII of 1913, and that the Company is Limited.

Given under my hand at Madras this Twentieth day of February one thousand nine hundred and thirty nine.

-Sd-

Assistant Registrar of  
Joint Stock Companies.

**Form No. 10**  
**Section 103 (2)**

**Certificate of commencement of business.**

---

(Pursuant to Section 103 (2) of the Indian Companies Act. 1913)

I hereby certify that **“The Surgical Cotton Mills Limited”** which was incorporated under the Indian Companies Act. 1913 on the Twentieth day of February, 1939 and which has on 6th February, 1940 filed a duly certified declaration in the prescribed form that the conditions of Section 103 (1) (a) to (d) of the said Act have been complied with, is entitled to commence business.

Given under my hand at Madurai this seventh day of February, one thousand nine hundred and forty.

-Sd-  
Assistant Registrar of  
Joint Stock Companies.

**MEMORANDUM OF ASSOCIATION  
OF  
THE RAMARAJU SURGICAL COTTON MILLS LIMITED.**

---

- I. The Name of the Company is "**THE RAMARAJU SURGICAL COTTON MILLS LIMITED.**"
- II. The Registered Office of the Company will be situated in the Presidency of Madras.
- III. The objects for which the Company is established are:
  - (i) to carry on all or any of the business of manufactures of sterilised surgical wadding, bandages, gauze, lint, rough cloth, sanitary towels, etc., out of cotton, flax, hemp, jute, wool, silk or other fibrous materials, used for domestic or hospital purposes.
  - (ii) to carry on all or any of the businesses of cotton spinners and doublers, flax, hemp and jute spinners, linen manufacturers, flax, hemp, jute and wool merchants, wool combers, worsted spinners, woollen spinners, cotton ginner, yarn merchants, worsted stuff manufacturers, bleachers and dyers and makers of vitriol, bleaching and dyeing materials, and to purchase, comb, prepare, spin, dye and deal in flax, hemp, jute, wool, cotton, silk and other fibrous substances and to weave or otherwise manufacture, buy and sell and deal in linen cloth and other goods and fabrics whether textiles, felted, netted or looped.
  - (iii) to carry on all or any of the businesses of silk mercers, silk weavers, cloth manufacturers, hosiers, carpet makers, importers and wholesale and retail dealers of and in textile fabrics of all kinds, tailors, outfitters, boot and shoe-makers drapers and furnishers.
  - (iv) to wash, clean, purify, scour, bleach, wring, dry, iron, colour, dye, disinfect, renovate and prepare for use all articles of weaving apparel household domestic and other linen, cotton and woollen goods and clothing and fabrics of all kinds.
  - (v) to carry on in all or any of their branches, all or any one or more of the following businesses, that is to say the businesses of manufactures, producers, importers, exporters, merchants, brokers and wholesale dealers of and in all kinds of dyes, dye-stuffs, chemical drugs, paints, varnishes, colours, industrial pharmaceutical and other preparations articles, compounds, ingredients and products or other goods of any description whether analogous to any of those above enumerated or not,

- (vi) to carry on business as manufacturers of essential oils, aromatic chemicals, toilet preparations, dental cream, tooth brushes, tongue cleaners, etc., and other products used in perfumery, flavours, dyes, sweetening agents and other products used in confectionery, aerated waters, liquors and other similar preparations and to manufacture, buy, sell, improve, treat, refine, aerate, mineralise bottle and otherwise deal in mineral and aerated waters and other liquids of every description.
- (vii) to cultivate, buy, sell and deal in raw or finished cotton, wool, jute, silk and other fibrous substances and to prepare, spin, clean, press and pack the same and sell the materials so manufactured, to build, purchase sell, dispose of transfer, mortgage, take on lease, exchange, hire or otherwise acquire or deal with any land, buildings any estate or interest therein and any right over or connected with them that may be deemed or necessary or convenient for any of the purposes of the Company.
- (viii) to carry on researches advantageous and beneficial to the Company and to train and educate employees of the Company to carry on the work of the Company efficiently.
- (ix) to purchase take on lease or otherwise acquire land, buildings, plant, machinery, tools, etc., for the purposes aforesaid and to construct, erect and equip mills, factories offices dwellings and to work the same.
- (x) to sell all products manufactured by the Company or imported from outside and also to take agencies for such of the materials that are in the line and cannot or advantageously be manufactured here.
- (xi) to carry on any other business or concern whether manufacturing or otherwise which in the opinion of the Company is directly or indirectly likely to advance or promote the interests of the Company.
- (xii) to enter into contract with the Government and other local bodies and individuals for the sale of the Company's products and for the purchase of materials or properties for the use of the Company.
- (xiii) to apply for purchase or otherwise acquire patents rights privileges, licences, concessions and the like which in the opinion of the Company are conducive to the attainment of its objects or to enhance the value of its undertaking.
- (xiv) to sell, mortgage, exchange, lease or otherwise dispose of absolutely conditionally or for any limited interest and to grant lease or licence in respect of all or part of the land, buildings or any property rights or privileges of the Company.

- (xv) to enter into any agreements with and employ technicians, engineers, electricians and other specialists and staff as may be necessary and expedient for conducting the business of the company.
- (xvi) to raise and borrow money and secure the payment of the money by such terms and conditions and in such manner as may be determined, and particularly by the creation of issue of bonds, mortgages, debentures, debenture-stock or other securities either perpetual or terminable and charged specially or by way of floating charge on any part of the undertaking, property and rights of the Company either present or future or both inclusive of its uncalled capital, or not entitled to any charge and to redeem, purchase, or pay off any such securities remunerate any trustees appointed in connection with any such securities at a discount, premium or otherwise and in such manner as may be thought fit and with or without any special rights, privileges or conditions as to redemption, surrender, drawings, allotment of shares, conversion into shares, attending and voting at meetings of the Company, appointment of directors or otherwise and so that any such securities may be made assignable, free from any equities between the Company or any person or persons and so that upon an issue of debenture-stock, debentures may, if thought expedient, be issued to trustees, as part of the securities, to open current account and time deposit accounts with bankers, or banks, shroffs or merchants and pay into and draw money from such accounts, to invest and deal with the moneys of the Company not immediately required in or upon such securities and in such manner as may from time to time be determined by the Company.
- (xvii) to draw, make, accept, endorse, seal, execute, negotiate, purchase, lend, money upon, discount, hold and dispose of cheques, promissory notes, bills of exchange, hundis, drafts, charter-parties, bills of lading, warrant, debenture and other negotiable instruments or documents and contracts, deeds and other instruments and cancel and vary any such instrument.
- (xviii) to sell, exchange, improve, manage, develop, turn to account, lease or sub-lease or let on rent any royalty or share of profits or otherwise grant licences, easements and other rights in respect of all or any lands, buildings, properties, rights, and privileges of the Company and in any other manner deal with or dispose of the undertaking of all or any of the property for the time being of the Company for such consideration, as may deem fit.
- (xix) to amalgamate with any other Company whose objects are or which includes objects similar to those of this Company whether by sale or purchase (for fully or partly paid-up shares or otherwise) of the undertaking subject to the liabilities of this or any such other company as aforesaid with or without winding up or by sale or purchase (for fully or partly paid-up shares or otherwise) of all the shares or stock of this or any such other company as aforesaid or by partnership or any

arrangement of the nature of the partnership or any other manner when such is likely to advance or promote the interests of this Company.

- (xx) to promote and undertake the formation, establishment, management of such institutions, business and companies with object or objects similar to those of this Company as may be considered to be conducive to the profit and interest of the Company.
- (xxi) to insure with any person or company against losses, damages, risks and liabilities of any kind which may affect the Company either wholly or partially, and if thought fit, to effect any such insurance, protection or indemnity by joining or becoming members of any mutual insurance, association, federation or society and to accept any such insurance, or any part thereof for the account of the Company.
- (xxii) upon any issue of shares, debentures or any other securities of the Company, to employ brokers, commission agents and underwriters to provide for the remuneration of such persons for their services, by payment in cash or by issue of shares, debentures or other securities of the Company by granting of options to take the same or in any manner allowed by law.
- (xxiii) to create any reserve fund sinking fund, insurance fund, or any other special funds, whether for depreciation or for repairing, improving, extending or maintaining any of the property of the Company or for any other purposes conducive to the interests of the Company.
- (xxiv) to support and subscribe to any charitable or public object, and any institution, society. or club which may be for the benefit of the Company or of its employees, or may be connected with any town or place where the company carries on business; to contribute funds to any political party or parties; to give pensions, gratuities or charitable aid to any person or persons, who may have served the Company, or to the wives, children or other relatives or dependants of such persons; to make payments towards insurance and to form and contribute to provident and benefit funds for the benefit of any persons employed by the Company, or of the wives, children, or other relatives or dependants of such persons.
- (xxv) to procure the incorporation, registration, or other recognition of the Company in any country, state or place, and to establish and to regulate agencies for the purpose of the Company's business, and to apply or join in applying to any Parliament, Government, Local, Municipal or other authority or body, British, Colonial or Foreign for any acts of Parliament, laws, decrees, concessions, orders, rights or privileges that may seem conducive to the Company's objects, or of any



of them and to oppose any proceedings or applications which may seem calculated or directly prejudice the interests of the Company.

- (xxvi) to carry on any other business which may seem to the Company capable of being conveniently carried on in connection with the above, or calculated directly or indirectly to enhance the value of or render profitable any of the Company's properties or rights and generally to all such other acts, matters and things as may be necessary, incidental or conducive to the attainment of the above objects or any of them.
- (xxvii) to do all or any of the above things in any part of the world and either as principals, agents, trustees, contractors or otherwise and either alone or in conjunction with others and either by or through agents, sub-contractors, trustees or otherwise, and to do all other things as are incidental or conducive to the above objects or any of them.
- (xxviii) And it is hereby declared that the intention is that the object or objects specified in each paragraph of this clause shall have the widest possible construction and shall be in no wise limited or restricted by reference to or inference from the terms of any other paragraph of this clause or the name of the Company.

IV. The liability of the members is limited.

V. The Authorized Share Capital of the Company is Rs.10,00,00,000 (Rupees Ten Crores only) divided into 1,00,00,000 (One Crores only) Equity Shares of Rs.10 (Rupees Ten only) each. *Amended via NCLT order dated 31<sup>st</sup> May, 2023*

The Company shall have the power to increase and to divide the shares in the Capital of the Company for the time being, whether original or increased and before or after issue thereof into several classes and to attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions.

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

| Name, Signature        | Address and Description of Subscribers                                    | No. of Shares | Witness  |
|------------------------|---|---------------|--|
| P.A.C. Ramasamy Raju,  | Managing Agent<br>Rajapalayam Mills Ltd.,<br>Rajapalaiyam.                | 25            | P.S. Alaga Raja,<br>Son of P.A.<br>Sanka Raja,<br>Pudupalayam,<br>Rajapalaiyam.<br><br>M.S.Krishnaswami, Auditor, 183,<br>Mount Road,<br>Madras. |
| S.S. Ambiah Raja,      | Director, Rajapalayam Mills Ltd.,<br>Timber Merchant, Rajapalaiyam.       | 5             |  |
| P.S. Subba Raja,       | Secretary, The Bhupathiraju<br>Co-operative Bank Ltd.,<br>Rajapalaiyam.   | 5             |  |
| T.A.K. Manialaga Raju, | Director, Rajapalayam Mills Ltd.,<br>Rajapalaiyam.                        | 25            |  |
| R.A. Muthusamy Pillai, | Director, West Ramnad Electric<br>Distribution Co., Ltd.,<br>Rajapalaiyam | 5             |  |
| N.A. Kondu Raja,       | Merchant, Theni   | 25            |  |
| N.K. Rama Raja         | Proprietor, The Ramaraju Ginning<br>Factory, Theni                        | 161           |  |
| TOTAL....              |   | 251           |  |

Madras.

Dated 2-2-39

**ARTICLES OF ASSOCIATION\***  
**OF**  
**THE RAMARAJU SURGICAL COTTON MILLS LIMITED**

(Incorporated under the Indian Companies Act, 1913)

\* Amended by special resolution passed at the 84<sup>th</sup> Annual General Meeting held on  
28<sup>th</sup> August, 2024

**Interpretation**

I. (1) In these regulations—

- (a) “the Act” means the Companies Act, 2013,
- (b) “the seal” means the common seal of the company.

(2) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

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

- II. 1. Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.
- 3. (i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided:
  - (a) one certificate for all his shares without payment of any charges; or
  - (b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.
- (ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.

- (iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
4. (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.
- (i) The provisions of Articles (2) and (3) shall *mutatis mutandis* apply to debentures of the company.
5. Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
6. (i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent. or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made there under.
- (i) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.
- (ii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
7. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
- (i) To every such separate meeting, the provisions of these regulations relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.

8. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
9. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

### **Lien**

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

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

- (ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.
10. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:

Provided that no sale shall be made—

  - (a) unless a sum in respect of which the lien exists is presently payable; or
  - (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
11. (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

- (ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

- (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.
12. (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.
- (ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

### **Calls on shares**

13. (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

- (ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.
- (iii) A call may be revoked or postponed at the discretion of the Board.
- (iv) No creditor of the Company shall be empowered to make calls on shares except with the previous sanction of the Company in General Meeting.
14. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.
15. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
16. (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 ten per cent. per annum or at such lower rate, if any, as the Board may determine.
- (ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.

17. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
- (ii) In case of non-payment of such sum, all the relevant provisions of these regulations 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.
18. The Board—
- (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and
- (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent. per annum, as may be agreed upon between the Board and the member paying the sum in advance.

#### **Transfer of shares**

19. (i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.
- (ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
20. The Board may, subject to the right of appeal conferred by section 58 decline to register—
- (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
- (b) any transfer of shares on which the company has a lien.
21. The Board may decline to recognise any instrument of transfer unless—
- (a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;
- (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
- (c) the instrument of transfer is in respect of only one class of shares.

22. On giving not less than seven days' previous notice in accordance with section 91 and rules made there under, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

#### **Transmission of shares**

23. (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 sole holder, shall be the only persons recognised 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.
24. (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) 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.
25. (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.
26. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a



member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

### **Forfeiture of shares**

27. 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 instalment as is unpaid, together with any interest which may have accrued.
28. The notice aforesaid shall—
  - (a) 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
  - (b) 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 shall be liable to be forfeited.
29. 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.
30. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
  - (ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
31. (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 monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.
  - (ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.

32. (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 as against all persons claiming to be entitled to the share;
- (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;
- (iii) The transferee shall thereupon be registered as the holder of the share; and
- (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.
33. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

#### **Alteration of capital**

34. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.
35. Subject to the provisions of section 61, the company may, by ordinary resolution:
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
  - (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
  - (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
36. Where shares are converted into stock:
- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

- (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
  - (c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.
37. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law:
- (a) its share capital;
  - (b) any capital redemption reserve account; or
  - (c) any share premium account.

#### **Capitalisation of profits**

38. (i) The company in general meeting may, upon the recommendation of the Board, resolve—
- (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company’s reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
  - (b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—
- (a) paying up any amounts for the time being unpaid on any shares held by such members respectively;
  - (b) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
  - (c) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);
  - (d) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
  - (e) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.

39. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—
- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and
  - (b) generally, do all acts and things required to give effect thereto.
- (iii) The Board shall have power—
- (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and
  - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;
- (iv) Any agreement made under such authority shall be effective and binding on such members.

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

40. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

#### **General meetings**

41. All general meetings other than annual general meeting shall be called extraordinary general meeting.
42. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.
- (ii) 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.

### **Proceedings at general meetings**

43. (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.
44. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.
45. 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.
46. 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.

### **Adjournment of meeting**

47. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.  
(ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.  
(iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.  
(iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

### **Voting rights**

48. Subject to any rights or restrictions for the time being attached to any class or classes of shares—  
(a) on a show of hands, every member present in person shall have one vote; and  
(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.
49. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.

50. (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.
51. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
52. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
53. 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.
54. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.
- (ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

### **Proxy**

55. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, 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.
56. An instrument appointing a proxy shall be in the form as prescribed in the rules made under the provisions of the companies act 2013.
57. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:
- Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

## **Board of Directors**

58. The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum or a majority of them.
59. The Directors are not required to hold any qualification share.
60.
  - (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.
  - (ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—
    - (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or
    - (b) in connection with the business of the company.
61. The Board may pay all expenses incurred in getting up and registering the company.
62. The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.
63. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.
64. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.
65.
  - (i) 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. The number of directors of the company shall neither less than three nor more than fifteen.
  - (ii) Such person shall hold office only up to the date of the next 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.
66. The Managing Agents, if any, of the Company shall, if the agreement that has been entered into, or that may hereafter be entered into, with them so authorises, have authority to appoint not more than two Directors of the Company, where the total number of Directors of the Company exceeds five, and one Director, where the total number does not exceed five. The Managing Agents may, at any time, remove any Director so appointed and appoint

another Director in his place or in the place of a Director so appointed who resigns or otherwise vacates his office. The Directors so appointed by the Managing Agents shall be known as the Ex-Officio Directors of the company and they shall not be subject to such of those regulations herein contained that pertain to qualification shares and retirement by rotation of Directors of the company.

67. The Government of Tamilnadu shall be entitled to nominate any one person to the Board of Directors of the Company and such nominee of the Government of Madras shall be an Ex-Officio Director of the Company. None of the provisions contained in these Articles as to qualification shares and retirement by rotation of Directors shall apply to such Director.
68. The Government of Andhra Pradesh / Government of Telangana shall be entitled to nominate any one person to the Board of Directors of the Company and such nominee of the Government of Andhra Pradesh shall be an Ex-Officio Director of the company, none of the provisions contained in these Articles as to qualification shares and retirement by rotation of Directors shall apply to such Director.
69. Subject to the provisions of the Companies Act, 2013, if and when the Company borrows any money from any Central or State Finance Corporations including M/s. Industrial Finance Corporation of India and The Tamilnadu Industrial Investment Corporation Limited and if such Corporation so stipulates as a condition for the advancing of such loan that it should have the right of appointing one or more individuals as Director/Directors of the Company, the Finance Corporation shall have the right of appointing one or more individuals as Director/Directors of the Company to act as such during the period of loan. The Finance Corporation may at any time remove any Director or Directors so appointed and appoint any other Director or Directors in his place or their places. The Finance Corporation may also appoint any Director in the place of one previously appointed by it, in cases of vacation of office by resignation or otherwise. The individuals so appointed by the Corporation shall be known as Corporation Directors and they shall not be subject to those regulations of the Company that pertain to qualification shares and retirement by rotation of Directors of the Company.
70. Subject to the provisions of the Companies Act, 1956, 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 Company in which this Company shall be a shareholder or otherwise interested, or from contracting with the Company, either as vendor, purchaser, or otherwise, nor shall any such contract, or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested, be avoided, nor shall any Director be liable to account to the Company, for any profit arising from any 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 relation thereby established.
71. The Board of Directors of the Company may, from time to time at its discretion borrow, or secure the payment of any sum or sums of money for the purposes of the Company, provided



that the Board shall not, except with the consent of the Company in General Meeting, borrow moneys, where the money to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

72. Subject to the provisions of Article 72 thereof, the Board of Directors of the Company may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular, by the issue of bonds perpetual or redeemable debentures or debenture stock, or any mortgage, charge, or other security on the undertaking or the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being. Any bonds, debentures, debenture-stock, or other securities issued or to be issued by the Company shall be under the control of the Board of Directors of the Company, who may issue them upon such terms and condition and in such manner and for such consideration as it shall consider to be for the benefit of the Company. The Board of Directors of the Company may upon the issue of any bonds, debentures, debenture-stock or other securities, confer on the creditors of the Company holding the same or any trustees or other persons acting on their behalf, a voice in the management of the Company, whether by giving to them the right of attending but not voting at General Meetings, or by empowering them to appoint a person to be a Director of the Company, or otherwise as may be agreed. None of the provisions contained in these Articles as to qualification shares and retirement by rotation of Directors shall apply to any director so appointed.
73. "The Directors shall create a memorial fund called "Ramaraju Memorial Fund" and set apart every year to the credit of that fund a sum not exceeding 3% of the net profits of the Company subject to a minimum of Rs. 500/- which minimum shall be a charge on the gross profit of the Company and the amount so credited be spent in granting scholarships, donations or aids for technical, industrial and general education either for all or any of the above mentioned purposes as may be decided by the Directors from time to time".
74. The Board of Directors of the Company shall, subject to the provisions of Section 100 of the Companies Act, 2013, have power to fix the date, time place and Agenda of General Meetings of the Company.
75. When the Company has no Managing Agents, the Board of Directors of the Company, may subject to the provisions of the Companies Act, 2013, from time to time appoint one or more of its Directors to the office of Managing Director for such period and on such terms as it thinks fit, and subject to the terms of any agreement entered into in any particular case, may revoke such appointment. A Director so appointed shall not, whilst holding that office, be subject to retirement by rotation or be taken into account in determining the rotation of retirement of Directors, but his appointment shall be automatically determined if he ceases from any cause to be a director. A Managing Director shall receive such remuneration as the Board of Directors may determine. The Directors may entrust to and confer upon a Managing

Director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.

76. The total number of Directors appointed in pursuance of the rights given in Articles, 66, 67, 68, 69 and 72 hereof, shall not at any time, exceed one-third of the total number of Directors, for the time being, of the Company.

### **Proceedings of the Board**

77. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.  
(ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
78. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.  
(ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.
79. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.
80. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.  
(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 directors present may choose one of their number to be Chairperson of the meeting.
81. (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.
82. (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.

83. (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.
84. 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.
85. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

#### **MANAGING AGENTS**

86. Subject to supervision, control and direction of the Board of Directors of the Company, and subject also to the provisions of the Memorandum and Articles of the Company and subject to provisions of Companies Act, 2013, the management of the whole of the affairs of the Company shall, by virtue of an agreement which the Company may enter into with the Managing Agents from time to time, be in the hands of the Managing Agents, for the time being, of the Company.
87. The Managing Agents, may and shall, on the written requisition of a director of the Company, convene meetings of the Board of Directors of the Company.

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

88. 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 think 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.
89. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

### **The Seal**

90. (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 at least one Director and of the secretary or such other person as the Board may appoint for the purpose or any two Directors; and those one director and the secretary or other person or any two directors aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

### **Dividends and Reserve**

91. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
92. 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.
93. (i) 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.  
(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
94. (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.  
(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.  
(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.
95. 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.

96. (i) Any dividend, interest or other monies payable in cash in respect of shares may be 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.
97. 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.
98. 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.
99. No dividend shall bear interest against the company.

#### **Accounts**

100. (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.

#### **Winding up**

101. Subject to the provisions of Chapter XX of the Act and rules made there under—
- (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.
- (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.

#### **Indemnity**

102. 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.

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

| Name, Signature        | Address and Description of Subscribers                                    | No.of Shares | Witness  |
|------------------------|---|--------------|--|
| P.A.C. Ramasamy Raju,  | Managing Agent<br>Rajapalayam Mills Ltd.,<br>Rajapalaiyam.                | 25           | P.S. Alaga Raja,<br>Son of P.A.<br>Sanka Raja,<br>Pudupalayam,<br>Rajapalaiyam.<br><br>M.S.Krishnaswa<br>mi, Auditor, 183,<br>Mount Road,<br>Madras. |
| S.S. Ambiah Raja,      | Director, Rajapalayam Mills Ltd.,<br>Timber Merchant, Rajapalaiyam.       | 5            |  |
| P.S. Subba Raja,       | Secretary, The Bhupathiraju<br>Co-operative Bank Ltd.,<br>Rajapalaiyam.   | 5            |  |
| T.A.K. Manialaga Raju, | Director, Rajapalayam Mills Ltd.,<br>Rajapalaiyam.                        | 25           |  |
| R.A. Muthusamy Pillai, | Director, West Ramnad Electric<br>Distribution Co., Ltd.,<br>Rajapalaiyam | 5            |  |
| N.A. Kondu Raja,       | Merchant, Theni   | 25           |  |
| N.K. Rama Raja         | Proprietor, The Ramaraju Ginning<br>Factory, Theni                        | 161          |  |
|                        | <b>TOTAL....</b>  | <b>251</b>   |  |

Madras.

Dated 2-2-39

SCHEME OF AMALGAMATION  
OF  
SRI HARINI TEXTILES LIMITED  
WITH  
THE RAMARAJU SURGICAL COTTON MILLS LIMITED  
AND  
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS  
(Under Sections 230 to 232 and other applicable provisions of the Companies  
Act, 2013 and the relevant Rules made thereunder)

**PREAMBLE**

This Scheme of Amalgamation (the "Scheme" as more particularly defined hereinafter) is presented under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The Scheme provides for amalgamation of Sri Harini Textiles Limited ("SHTL" / "Transferor Company") with The Ramaraju Surgical Cotton Mills Limited ("TRSCML" / "Transferee Company"). This Scheme also provides for various other matters consequential to or otherwise integrally connected herewith.

**DESCRIPTION OF THE COMPANIES**

- (A) **SRI HARINI TEXTILES LIMITED** (CIN - U17111TN2005PLC057807) (hereinafter referred to as the "Transferor Company") is a Public Unlisted Company incorporated on the 13<sup>th</sup> day of October, 2005 under the Companies Act, 1956 and having its registered office situated at No.102, Sri Bhavanam, P.S.K.Nagar, Rajapalayam, Tamil Nadu, 626108. The Transferor Company is engaged, *inter alia*, in the business of running an established Open End Yarn manufacturing unit with capacity of 1440 Rotors at Thirumalagiri Village, Krishna District, Andhra Pradesh that was commissioned during the year June, 2008 (hereinafter referred to as the 'Business of the Transferor Company').
- (B) **THE RAMARAJU SURGICAL COTTON MILLS LIMITED** (CIN - L17111TN1939PLC002302) (hereinafter referred to as the "Transferee Company") is a Public Listed Company incorporated on the 20<sup>th</sup> day of February,

FOR SRI HARINI TEXTILES LIMITED

(N.K. Shrikantan Raja)  
Director

For THE RAMARAJU SURGICAL COTTON MILLS LIMITED

(WALTER VASANTH P J)  
Company Secretary & Compliance Officer

1939 under the Indian Companies Act, 1913 and having its registered office situated at PAC Ramasamy Raja Salai Rajapalayam Tamil Nadu - 626117. The Transferee Company was engaged originally in the business of production of Surgical Cotton, Gauze, Bandage and Plaster of Paris and other wound-care products in Southern India. The Transferee Company has further diversified into spinning and weaving, producing some of the world's finest cotton yarn and manufacturing premium fabrics for shirting, bed linens and Jacquard cloth (hereinafter referred to as the "Business of the Transferee Company").

#### **RATIONALE AND BENEFITS OF THE SCHEME**

The directors of the Transferor Company and the Transferee Company have decided to amalgamate the Transferor Company with the Transferee Company in order to ensure better management of the Company as a single unit with focused management capabilities. The directors of the Transferor Company and the Transferee Company are of the opinion that the Transferor Company and the Transferee Company are part of the same group and are having common promoters and accordingly, the amalgamation of the Transferor Company into the Transferee Company pursuant to the Scheme would result in streamlining the group corporate structure. The amalgamation will further enable to reduce the number of entities within the group that require to be administered and also help realize operational synergies which would also result in simplification of structure and operations and would benefit both the Transferor Company and the Transferee Company in the following manner:

- (i) Reduction in operative and administrative cost;
- (ii) Economies of scale, improved capital allocation, optimum utilization of resources and operational efficiency etc.;
- (iii) Elimination of inter-company holdings and layering of investments and business operations;
- (iv) Simplification of management structure;
- (v) Stronger asset base and infrastructure for future growth.

#### **PART I - GENERAL**

##### **1. DEFINITIONS**

2





In this Scheme, unless inconsistent with the subject or context, the following shall have the meanings as provided herein:

- 1.1 **"Act"** means the Companies Act, 2013 and the rules made thereunder and as may be applicable.
- 1.2 **"Accounting Standards"** shall mean the Accounting Standards as notified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015 as amended from time to time, issued by the Ministry of Corporate Affairs and the other accounting principles generally accepted in India.
- 1.3 **"Amalgamation"** shall have the meaning as defined under Section 2(1B) of the Income Tax Act, 1961.
- 1.4 **"Appointed Date"** means the date from which this Scheme shall become operative viz., opening business hours of 1<sup>st</sup> April, 2021, or any other date as the National Company Law Tribunal may direct or approve under the relevant provisions of the Act.
- 1.5 **"Board of Directors" or "Board" or "Management"** shall mean the respective Board of Directors of the Transferor Company and/or the Transferee Company or any Committee of Directors constituted or appointed and authorized to take any decision for the implementation of this Scheme on behalf of such Board of Directors.
- 1.6 **"Effective Date"** means the date or last of the dates on which the certified copy of the order of the Tribunal sanctioning this Scheme is filed with the concerned Registrar of Companies by the Transferor Company and the Transferee Company. Any references in this Scheme to "upon the Scheme becoming effective" or "upon the Scheme coming into effect" shall mean the "Effective Date".
- 1.7 **"Proceedings"** shall have the meaning ascribed to it in Clause 5 hereof.
- 1.8 **"Record Date"** shall mean the date to be fixed by the Board of Directors of the Transferee Company for the purpose of determining the shareholders of the Transferor Companies to whom shares shall be allotted under the Scheme of Amalgamation.



- 1.9 **“Scheme of Amalgamation”** or **“Scheme”** or **“The Scheme”** or **“This Scheme”** means this Scheme of Amalgamation in its present form or with any modification(s) approved, imposed, or directed by the Tribunal under Clause 15 of this Scheme.
- 1.10 **“SEBI”** shall mean Securities and Exchange Board of India.
- 1.11 **“SEBI Scheme Circular”** or **“SEBI Circular”** shall mean the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020, as amended, modified or replaced from time to time.
- 1.12 **“Stock Exchange(s)”** shall mean stock exchange(s) on which the shares of the Transferee Company are listed on the Effective Date.
- 1.13 **“Transferee Company”** means **THE RAMARAJU SURGICAL COTTON MILLS LIMITED**, a company incorporated under the Indian Companies Act, 1913, and having its registered office at PAC Ramasamy Raja Salai Rajapalayam Tamil Nadu - 626 117.
- 1.14 **“Transferor Company”** means **SRI HARINI TEXTILES LIMITED**, a company incorporated under the Companies Act, 1956 and having its registered office at No.102, Sri Bhavanam, P. S. K. Nagar, Rajapalayam, Tamil Nadu 626108.
- 1.15 **“Tribunal”** or **“NCLT”** shall mean the National Company Law Tribunal, Chennai as constituted and authorized as per the provisions of the Companies Act, 2013 for approving any scheme of arrangement, compromise or reconstruction of companies under sections 230 to 240 of the Companies Act, 2013.
- 1.16 **“Tribunal Order”** or **“NCLT Order”** shall mean the order of the National Company Law Tribunal approving and sanctioning the scheme for the Amalgamation of the Transferor Company and the Transferee Company.
- 1.17 **“Undertakings”** shall mean and include the whole of the undertakings of the Transferor Company, as a going concern, including their businesses, all secured and unsecured debts, liabilities, duties and obligations together with all present



and future liabilities (including contingent liabilities) relatable to the Transferor Company and all the assets, properties, rights, titles and benefits, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but without being limited to land and building (whether owned, leased, licensed), all fixed and movable plant and machinery, vehicles, fixed assets, work in progress, current assets, investments, reserves, provisions, funds, licenses, permits, quotas, approvals, registrations, accreditations to trade and industrial bodies, incentives, municipal permissions, regulatory permissions, consents or power of every kind, nature and description whatsoever in connection with the operating or relatable to the Transferor Company, copyrights, patents, trade names, trademarks and other rights (including rights under any contracts, government contracts, memoranda of understanding etc.) and licenses in respect thereof, applications for copyrights, patents, trade names, trademarks, domain names, industrial designs, trade secrets, technical know-how or intellectual property rights of any nature and any other intangibles, leases, licenses, tenancy rights, premises, ownership flats, hire purchase and lease arrangements, lending arrangements, benefits of security arrangements, computers, office equipment, telephones, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, benefits of agreements, contracts and arrangements, powers, authorities, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and advantage, deposits, reserves, provisions, advances, receivables, deposits, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, tax credits (including but not limited to credits in respect of income tax, minimum alternate tax, fringe benefit tax, taxes withheld at source by or on behalf of the Transferor Company, wealth tax, sales tax, value added tax, turnover tax, GST/CENVAT credit, service tax, etc.), Software Licences, Domain / Websites etc., in connection with or relating to the Transferor Company, all staff, workmen and employees of the Transferor Company engaged in or in relation to the business at respective offices and all provisions and benefits made in relation to such employees including employee benefit funds but not limited to provident funds,





registrations and reserves etc. and other claims and powers, of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company, as on the Appointed Date.

- 1.18 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act and other applicable laws, rules, regulations and byelaws as the case may be, including any statutory modification or re-enactment thereof from time to time.

## 2. SHARE CAPITAL

- 2.1. The Authorized, Issued, Subscribed and Paid-Up Capital of the Transferor Company as on 31<sup>st</sup> March, 2021 is as below:

| Particulars   | Amount      |
|---|-------------|
| <b>Authorized Capital:</b><br>50,00,000 Equity Shares of Rs.10/- each                     | 5,00,00,000 |
| <b>Issued, Subscribed and Paid-up Capital:</b><br>30,00,000 Equity Shares of Rs.10/- each | 3,00,00,000 |

Subsequent to 31<sup>st</sup> March, 2021, there has been no change in the issued, subscribed and paid-up capital of the Transferor Company.

- 2.2. The Authorized, Issued, Subscribed and Paid-Up Capital of the Transferee Company as on 31<sup>st</sup> March, 2021 is as below:

| Particulars   | Amount      |
|---|-------------|
| <b>Authorized Capital:</b><br>50,00,000 Equity Shares of Rs.10/- each                     | 5,00,00,000 |
| <b>Issued, Subscribed and Paid-Up capital:</b><br>39,46,560 Equity Shares of Rs.10/- each | 3,94,65,600 |



Subsequent to 31<sup>st</sup> March, 2021, there has been no change in the issued, subscribed and paid-up capital of the Transferee Company. The Equity Shares of the Transferee Company are currently listed on Metropolitan Stock Exchange of India Limited.

- 2.5 The Transferor and Transferee Company are not subject to any investigation or proceedings under the Companies Act 1956 or the Companies Act 2013. Further, there exist no adverse comments or qualifications in the auditor's report for the recent financial years for the Transferor and Transferee Company.



## PART II – TRANSFER AND VESTING

### 3. TRANSFER OF UNDERTAKINGS

3.1 The Undertakings shall be transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company in the following manner:

- (a) Upon the Scheme becoming effective and with effect from the Appointed Date, the Transferor Company shall stand amalgamated with the Transferee Company and whole of the Undertakings of the Transferor Company comprising their entire business, all assets and liabilities of whatsoever nature and wheresoever situated, including the immovable properties, if any, shall, under the provisions of Section 230 to 232 and all other applicable provisions, if any, of the Act, without any further act or deed (save as provided in Sub-clauses (b), (c) and (d) below), be transferred to and vested in and/ or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, as from the Appointed Date subject to the changes affecting the same as on the Effective Date, the Undertakings of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Company therein.

Provided that for the purpose of giving effect to the vesting order passed under Section 230 to 232 and all other applicable provisions, if any, of the Act, in respect of this Scheme, the Transferee Company shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the title and the appurtenant legal right(s) upon the vesting of such assets of the Transferor Company in accordance with the provisions of Section 230 to 232 of the Act, at the office of the respective Registrar of Assurances or any other concerned authority, where any such property is situated.

- (b) All movable assets including cash in hand, if any, of the Transferor Company, capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Transferee Company. Such delivery shall be made on a date mutually agreed upon between the Boards of Directors of the Transferor Company and the Transferee Company.



- (c) In respect of movables other than those specified in sub-clause (b) above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, the following modus operandi for intimating third parties shall, to the extent possible, be followed:
- (i) The Transferee Company shall give notice in such form as it may deem fit and proper, to each person, debtor, loanee or depositor as the case may be, that pursuant to the Tribunal having sanctioned the Scheme, the said debts, loans, advances, bank balances or deposits be paid or made good or held on account of the Transferee Company as the person entitled thereto to the end and intent that the right of the Transferor Company to recover or realise the same stands extinguished and that appropriate entry should be passed in its books to record the aforesaid change;
  - (ii) The Transferor Company shall also give notice in such form as it may deem fit and proper to each person, debtor, loanee or depositor that pursuant to the Tribunal having sanctioned the Scheme the said debt, loan, advance or deposit be paid or made good or held on account of the Transferee Company and that the right of the Transferor Company to recover or realise the same stands extinguished.
- (d) With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature, description, whether or not provided for in the books of accounts and whether disclosed or undisclosed in the balance sheet of the Transferor Company shall also, under the provisions of Section 230 to 232 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause. However,





the Transferee Company may, at any time, after the coming into effect of this Scheme in accordance hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of the secured creditors of the Transferor Company or in favour of any other party to the contract or arrangement to which the Transferor Company are a party or any writing, as may be necessary, in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Company as well as to implement and carry out all such formalities and compliances referred to above.

- (e) The transfer and vesting of the Undertakings of the Transferor Company as aforesaid shall be subject to the existing securities, charges and mortgages, if any subsisting, over or in respect of the property and assets or any part thereof of the Transferor Company.

Provided however that any reference in any security documents or arrangements (to which any Transferor Company is a party) pertaining to the assets of the Transferor Company offered, or agreed to be offered, as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to the Undertaking of the said Transferor Company as are vested in the Transferee Company by virtue of the aforesaid Clauses, to the end and intent that, such security, charge and mortgage shall not extend or be deemed to extend, to any of the other assets of the said Transferor Company or any of the assets of the Transferee Company.

Provided further that the securities, charges and mortgages (if any subsisting) over and in respect of the assets or any part thereof of the Transferee Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges or mortgages to the end and intent that such securities, charges and mortgages shall not extend or be deemed to extend, to any of the assets of the Transferor Company vested in the Transferee Company.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by the Transferor Company which shall vest in





the Transferee Company by virtue of the amalgamation of the Transferor Company with the Transferee Company and the Transferee Company shall not be obliged to create any further or additional security therefore, after the amalgamation has become operative.

- (f) With effect from the Appointed Date and upon the Scheme becoming effective, all consents, permissions, certificates, permits, quotas, rights, entitlements, licences (including software licences), accreditations to trade and industrial bodies, privileges, powers, facilities, authorities (including for operation of bank accounts), powers of attorneys given by, issued to or executed in favour of the Transferor Company, quality certifications and approvals, trademarks, patents, industrial designs and trade secrets, product registrations, and other intellectual property and any other intangibles, subsidies, rehabilitation schemes, special status and other benefits or privileges (granted by any Government body, local authority or by any other person) of every kind and description of whatsoever nature in relation to the Transferor Company, or to the benefit of which the Transferor Company may be eligible, or having effect immediately before the Effective Date, shall be, and remain in, full force and effect in favour of the Transferee Company, and may be enforced fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a beneficiary thereto.
- (g) In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person and availed of by the Transferor Company are concerned, the same shall vest with, and be available to, the Transferee Company on the same terms and conditions.
- (h) Loans or other obligations, if any, due between or amongst the Transferor Company and the Transferee Company shall stand discharged and there shall be no liability in that behalf. In so far as any shares, securities, debentures or notes issued by the Transferor Company, and held by the Transferee Company and vice versa, the same shall, unless sold or transferred by the said Transferor Company or the Transferee Company, as the case may be, at any time prior to the Effective Date, stand cancelled as on the Effective Date, and shall have no



effect and the Transferor Company or the Transferee Company, as the case may be, shall have no further obligation outstanding in that behalf.

- (i) The Transferor Company shall have taken all steps as may be necessary to ensure that vacant, lawful, peaceful and unencumbered possession, right, title, interest of immovable property, if any, is given to the Transferee Company.
- (j) Where any of the liabilities and obligations/assets attributed to the Transferor Company on the Appointed Date has been discharged / sold by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge/sale shall be deemed to have been for and on behalf of the Transferee Company. All loans raised and used and all liabilities and obligations incurred by the Transferor Company for operations of the Undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of the Transferee Company, and to that extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to the Transferee Company and shall become the liabilities and obligations of the Transferee Company, which shall be liable to meet, discharge and satisfy the same.
- (k) The entitlement to various benefits under incentive schemes and policies in relation to the Undertaking of the Transferor Company shall stand transferred to, and be vested in, and/or be deemed to have been transferred to, and vested in, the Transferee Company together with all benefits, entitlements and incentives of any nature whatsoever. Such entitlements shall include (but shall not be limited to) income-tax, unexpired credit for minimum alternate tax, minimum alternate tax, fringe benefit tax, sales tax, value added tax, turnover tax, excise duty, service tax, customs, goods and service tax and other incentives under the relevant indirect tax laws in relation to the Undertaking of the Transferor Company to be claimed by the Transferee Company with effect from the Appointed Date as if the Transferee Company was originally entitled to all such benefits under such incentive scheme and/or policies, subject to continued compliance by the Transferee Company of all the terms and conditions subject to which the benefits under such incentive schemes were made available to the Transferor Company.



- (l) Since each of the permissions, approvals, consents, sanctions, remissions (including remittance under income-tax, minimum alternate tax, fringe benefit tax, sales tax, value added tax, turnover tax, excise duty, service tax, goods and service tax, customs), special reservations, sales tax remissions, holidays, incentives, grants, subsidies, concessions and other authorizations relating to the Undertaking of the Transferor Company, shall stand transferred under this scheme to the Transferee Company, the Transferee Company shall file the relevant intimations, if any, for the record of the statutory authorities who shall take them on file, pursuant to the Scheme coming into effect.
- (m) From the Effective Date and till such time that the names of the bank accounts of the Transferor Company are replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company, in its name, in so far as may be necessary.

#### 4. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 4.1 Subject to the other provisions contained in the Scheme, all contracts, deeds, bonds, agreements, insurance policies and other instruments of whatsoever nature to which the Transferor Company is a party, subsisting or having effect immediately before this arrangement under this Scheme, shall be, in full force and effect, against or in favour of the Transferee Company, and may be enforced as fully and as effectively as if instead of the Transferor Company, the Transferee Company had been a party thereto. The Transferee Company shall enter into and / or issue and / or execute deeds, writings or confirmations or enter into any tripartite arrangement, confirmations or novations to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this clause, if so required or become necessary.
- 4.2 As a consequence of the amalgamation of the Transferor Company with the Transferee Company in accordance with this Scheme, the recording of change in name from the Transferor Company to the Transferee Company, whether for the purposes of any licence, permit, approval or any other reason, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority





without the requirement of payment of any transfer or registration fee or any other charge or imposition whatsoever.

- 4.3 The Transferee Company may, at any time, after the coming into the effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any party to any contract or arrangement to which the Transferor Company is a party or any writings, as may be necessary, to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Company, implement or carry out all such formalities or compliances referred to above on the part of the Transferor Company, as the case may be, to be carried out or performed.
- 4.4 For the removal of doubts, it is expressly made clear that the dissolution of the Transferor Company without the process of winding up as contemplated hereinafter, shall not, except to the extent set out in the Scheme, affect the previous operation of any contract, agreement, deed or any instrument or beneficial interest to which the Transferor Company is a party thereto and shall not affect any right, privilege, obligations or liability, acquired, or deemed to be acquired prior to Appointed Date and all such references in such agreements, contracts and instruments to the Transferor Company shall be construed as reference only to the Transferee Company with effect from the Appointed Date.

#### 5. LEGAL PROCEEDINGS

- 5.1 All suits, actions and proceedings of whatsoever nature by or against the Transferor Company on the Appointed Date shall be transferred to the name of the Transferee Company and the same shall be continued and enforced by or against the Transferee Company, to the exclusion of the Transferor Company, as the case may be.
- 5.2 If proceedings are taken against the Transferor Company, in respect of matters referred to above, it shall defend the same in accordance with the advice of, and at the cost of, the Transferee Company, as the case may be from Appointed Date till Effective Date, and the latter shall reimburse and indemnify such Transferor



Company, against all liabilities and obligations incurred by the said Transferor Company in respect thereof.

## 6. STAFF, WORKMEN AND EMPLOYEES

6.1 All the executives, staff, workmen, and other employees in the service of the Transferor Company, immediately preceding the Effective Date, under this Scheme shall become the executives, staff, workmen, and other employees of the Transferee Company, on the basis that:

- a) Their services shall have been continuous and shall not have been interrupted by reason of such transfer as if such transfer is effected under Section 25FF of the Industrial Disputes Act, 1947;
- b) The terms and conditions of service applicable to the said staff, workmen, and other employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately before the transfer;
- c) In the event of retrenchment or termination of such staff, workmen, or other employees, the Transferee Company shall be liable to pay compensation in accordance with law on the basis that the services of the staff, workmen, or other employees shall have been continuous and shall not have been interrupted by reason of such transfer; and
- d) It is provided that as far as the Provident Fund, Gratuity, Pension, Superannuation Fund or any other special funds that are applicable to the employees of the Transferee Company and existing in the Transferee Company for the benefit of the staff, workmen and other employees of the Transferee Company shall also be extended to the employees of the Transferor Company upon the Scheme becoming finally effective. The said benefits shall be extended to the employees of the Transferor Company even if such benefits were not available to the employees during their tenure in the Transferor Company, by virtue of non-applicability of the relevant provisions to the Transferor Company. Notwithstanding what is stated herein above in respect of applicability of Employees Provident Fund to the employees of Transferor Company with retrospective effect from a date to be determined by the Board of Directors of Transferee company the extension of benefit to



the employees of Transferor Company shall be subject to the provisions of The Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the approvals of the authorities concerned for giving effect to the implementation date. It is the aim and the intent of the Scheme that all the rights, duties, powers and obligations, in whatsoever nature, that are available to the employees of the Transferee Company shall also be available to all the employees of the Transferor Company in relation to Provident Fund, Gratuity and Pension and/ or Superannuation Fund or any other special fund, however subject to the provisions of the relevant and applicable statutes.

**9. SAVING OF CONCLUDED TRANSACTIONS**

- 7.1 The transfer of Undertakings under Clause 3 above, the continuance of the effectiveness of contracts and deeds under Clause 4 above and legal proceedings by or against the Transferee Company under Clause 5 above shall not affect any transaction or proceedings or contracts or deeds already concluded by the Transferor Company on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of itself.

**8. CONDUCT OF BUSINESS OF THE TRANSFEROR COMPANY TILL EFFECTIVE DATE**

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

- 8.1 The Transferor Company shall carry on, and be deemed to have been carrying on, all business activities and shall be deemed to have been held for and on account of, and in trust for, the Transferee Company.
- 8.2 All profits or income or taxes, including but not limited to income tax, minimum alternate tax (including unexpired credit for minimum alternate tax), fringe benefit tax, advance taxes, tax deducted at source by or on behalf of the Transferor Company, wealth tax, sales tax, value added tax, excise duty, service tax, goods and service tax, customs duty, refund, reliefs, etc, accruing or arising to the Transferor Company, or losses arising or expenditure incurred by them,





on and from Appointed Date upto the Effective Date, shall for all purposes be treated as, and be deemed to be treated as, the profits or income or losses or expenditure or the said taxes of the Transferee Company.

- 8.3 The Transferor Company shall carry on their business activities with proper prudence and diligence and shall not, without prior written consent of the Transferee Company, alienate, charge or otherwise deal with or dispose off any of their business undertaking(s) or any part thereof (except in the ordinary course of business or pursuant to any pre-existing obligations undertaken by the Transferor Company prior to the Appointed Date).
- 8.4 The Transferee Company shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferee Company may require including the registration, approvals, exemptions, reliefs, etc., as may be required / granted under any law for time being in force for carrying on business by the Transferee Company.
- 8.5 The Transferor Company shall not declare any dividend, between the Appointed Date and the Effective Date, without the prior written consent of the Transferee Company.
- 8.6 The Transferor Company, after filing the Scheme with the Tribunal, shall not make any modification to their capital structure, either by an increase (by issue of rights shares, bonus shares, convertible debentures or otherwise), decrease, reclassification, sub-division or reorganisation or in any other manner, whatsoever, except by mutual consent of the Boards of Directors of the Transferor Company and the Transferee Company.
- 8.7 The Transferor Company shall not vary, except in the ordinary course of business, the terms and conditions of the employment of their employees without the consent of the Board of Directors of the Transferee Company.
- 8.8 Upon the Scheme coming into effect, any taxes paid under the indirect tax laws such as under the Central Goods and Services Tax Act or under any previous or applicable law prevalent arising out of the transactions entered into amongst the

17. THE TRANSFEROR COMPANY SHALL TRANSFER THE ASSETS AND LIABILITIES OF THE TRANSFEROR COMPANY TO THE TRANSFeree COMPANY.



Transferor Company and / or with the Transferee Company post the Appointed date shall on and from the Effective Date be refunded to the Transferee Company, or in cases where in respect of the inter-company transactions, the Transferor Company/ Transferee Company has availed GST/CENVAT Credit / VAT credit of the taxes charged, the Transferee Company at its option may not seek for refund and can choose to retain the same as a GST/CENVAT Credit/ VAT credit, subject to the rules and regulations under the respective indirect tax law.

9. **VALIDITY OF EXISTING RESOLUTIONS, REGISTRATIONS, ETC.**

The resolutions, if any, of Transferor Company, which are valid and subsisting on the Effective Date, shall be continued to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have upper monetary or other limits being imposed under the provisions of the Act, or any other applicable provisions, then the said limits shall be added and shall constitute the aggregate of the said limits in the Transferee Company.

10. **CONSIDERATION:**

- 10.1.1 Upon the Scheme becoming effective, in consideration of the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of the Scheme, the consideration shall be discharged by the Transferee Company in the following manner:

*"The equity shareholders of Transferor Company as on the Record Date shall be allotted 34 (Thirty Four) Equity Shares of Rs.10/- each at a price of Rs. 1,459/- (Rupees One Thousand Four Hundred and Fifty-Nine Only) per Equity Share (including share premium of Rs. 1,449/- per Equity Share) credited as fully paid up shares of the Transferee Company in respect of every 1,000 (One Thousand) Equity Shares of Rs.10/- each fully paid up held by them in the Transferor Company."*

The Transferee Company holds 14,90,000 equity shares of Rs.10/- each in the Transferor Company. Upon the Scheme of Amalgamation coming into effect, the equity shares held by the Transferee Company in the Transferor Company shall stand cancelled without further act or deed. It is further clarified that in





consequence of this cancellation which is incidental to the Scheme of Amalgamation, no Equity Shares shall be issued by the Transferee Company in respect of equity shares of the Transferor Company held by the Transferee Company.

- 10.1.2 Upon the Equity Shares being issued and allotted, as aforesaid by the Transferee Company, the Equity Shares issued by the Transferor Company and held by its shareholders, whether in dematerialized or physical form, shall be deemed to have been automatically cancelled and of no effect.
- 10.1.3 The Equity Shares to be issued and allotted by the Transferee Company as aforesaid in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company and shall rank pari-passu in all respects with the existing Equity Shares of the Transferee Company after the Effective Date including in respect of dividend, if any, that may be declared by the Transferee Company on or after the Effective Date.
- 10.1.4 Any fractional share entitlement arising out such allotment which is greater than or equal to 0.5 shall be rounded off to the next integer, and any fractional share entitlement arising out such allotment which is lesser than 0.5 shall be rounded off to the previous integer.
- 10.1.5 The Equity Shares shall be issued in dematerialised form to those shareholders who hold shares of the Transferor Company in dematerialised form, in to the account in which the shares of the Transferor Company are held or such other account as is intimated by the shareholders to the Transferor Company before the Record Date. All those shareholders of the Transferor Company who hold the shares in physical form shall receive the Equity Shares in dematerialised form, provided that the details of their accounts with the depository participant are intimated in writing to the Transferor Company before the Record Date. In the Event the Transferor Company or the Transferee Company does not receive details of the accounts with the depository participant from such shareholders before the Record Date, the Transferee Company shall credit its Equity Shares to the extent of entitlement of such shareholders into a separate demat escrow account till the time such shareholders furnish valid details of their demat



account(s) or the Board of Directors of the Transferee Company shall deal with the entitlement of such shareholders in such other manner as they may deem to be in the best interests of such shareholders in accordance with the applicable laws.

- 10.1.6 The Equity Shares to be issued by the Transferee Company to the members of the Transferor Company pursuant to clause 10.1 of this Scheme, in respect of any shares held in Transferor Company which are held in abeyance under the provisions of Section 126 of the Act or otherwise, pending allotment or settlement of dispute, by the order of this Tribunal or otherwise, be held in abeyance by Transferee Company.
- 10.1.7 The Board of the Transferee Company shall, if and to the extent required apply for and obtain any approvals from the concerned government/regulatory authorities and undertake necessary compliance for the issue and allotment of Equity Shares to the shareholders of Transferor Company pursuant to Clause 10.1 of this Scheme.
- 10.1.8 The equity Shares to be issued to the members of the Transferor Company pursuant to Clause 10.1.1 of this Scheme, will be listed and/or admitted to trading on all the Stock Exchange(s) on which the equity shares of the Transferee Company are listed on the Effective Date. Further it is intended that the Transferee Company, at its sole discretion may also evaluate and endeavour to list the said Equity Shares on other stock exchanges, subject to satisfaction of all applicable laws and regulations. The Transferee Company shall enter into such arrangements and provide such confirmations and/or undertaking as maybe required in accordance with applicable laws and regulations for complying with the formalities of the Stock Exchange(s). The Equity Shares of the Transferee Company allotted pursuant to the Scheme shall remain frozen in the depository's system till listing and trading permissions are given by the Stock Exchange(s).
- 10.1.9 In the event of there being any pending share transfer, whether lodged or outstanding, of any shareholder of the Transferor Company, the Board of the Transferor Company shall be empowered, even subsequent to the Effective Date, to effectuate such transfer, as if such changes in the register holder were



operative from the Effective Date, in order to remove any difficulties arising on account of the transfer of shares after the Scheme becomes effective.

10.1.10 Upon the issue and allotment of the Equity Shares, the members of the Transferor Company shall be classified as the Promoter, Promoter Group or public, as the case may be, of the Transferee Company in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

10.1.11 The approval of this Scheme by the shareholders of the Transferee Company shall be deemed to be the due compliance of the provisions of sections 42 and 62 of the Act and the other relevant and applicable provisions of the Act for the issuance and allotment of Equity Shares by the Transferee Company to the shareholders of Transferor Company, as provided in the Scheme.

10.1.12 The approval of this Scheme by the shareholders of the Transferor Company and the Transferee Company under sections 230 to 232 of the Act, shall be deemed to have the approval under sections 13, 14, 180 and 186 and other applicable provisions of the Act and any other consent and approvals required in this regard.

10.1.13 In the event that the Transferor Company (with the express consent of the Board of Directors of the Transferee Company) and/or the Transferee Company restructure its share capital by way of share split/consolidation/ issue of bonus shares during the pendency of this Scheme, the share exchange ratio shall be adjusted accordingly to take into account effect of such corporate action.

# **11. CLUBBING OF AUTHORIZED CAPITAL AND THE ALTERATION TO THE OBJECTS CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE TRANSFEE COMPANY:**

11.1 Upon the Scheme becoming fully effective, the authorised share capital of the Transferor Company shall stand combined with the authorised share capital of the Transferee Company. Filing fees and stamp duty, if any, paid by the Transferor Company on their respective authorised share capital, shall be deemed to have been so paid by the Transferee Company on the combined authorised share capital and accordingly, the Transferee Company shall not be required to pay any fee/ stamp duty for its increased authorised share capital.





- 11.2 Clause V of the Memorandum of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to the applicable provisions of the Act by deleting the existing Clause and replacing it by the following:

*V. The Authorized Share Capital of the Company is Rs. 10,00,00,000/- (Rupees Ten Crores Only) divided into 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- (Rupees Ten Only) each.*

- 11.3 The approval of this Scheme under Sections 230 to 232 of the Act shall be deemed to have the approval under sections 13, 14, 61 and 64 of the Act, and other applicable provisions of the Act and any other consents and approvals required in this regard.
- 11.4 Upon the Scheme becoming fully effective, the Object Clause of the Memorandum of Association of the Transferee Company shall, without any further act, instrument or deed, be altered, modified and amended pursuant to the Applicable provisions of the Act by inserting new sub-clauses, as mentioned in Schedule B to this Scheme, immediately after the existing sub-clauses under Clause III of the Memorandum of Association of the Transferee Company.
- 11.5 It shall be deemed that the shareholders of the Transferee Company have resolved and accorded all relevant consents under Section 13 of the Act. It is clarified that there will be no need to pass a separate shareholder's resolution as required under section 13 of the Act. The amendments to the memorandum of Association of the Transferee Company shall be effected without any further act or deed and shall be treated as an integral part of the Scheme.

## 12. ACCOUNTING TREATMENT

Upon this Scheme becoming effective and with effect from the Appointed Date, the Transferee Company shall account for the Amalgamation in its books as under:

- 12.1 The Amalgamation of the Transferor Company with the Transferee Company shall be accounted for in accordance with the Acquisition method prescribed under the Indian Accounting Standard (Ind AS) – 103 - "Business Combination" and other applicable Indian Accounting Standard(s) issued under Section 133 of



the Act read with the Companies (India Account Standards) Rules, 2015, as amended from time to time. For this purpose, the Appointed Date shall be treated as the Acquisition Date as referred in Ind AS - 103.

- 12.2 All the assets, including but not limited to fixed assets, intangibles and any other assets, recorded in the books or otherwise, of the Transferor Company and transferred to and vested in the Transferee Company pursuant to the Scheme, subject to Clause 12.4, shall be recorded by the Transferee Company at their acquisition-date fair values, as may be determined by the Board of Directors of the Transferee Company.
- 12.3 All liabilities of the Transferor Company transferred to and vested in the Transferee Company, subject to Clause 12.4, whether recorded in the books or not, shall be recorded by the Transferee Company at their acquisition-date fair values, as may be determined by the Board of Directors of the Transferee Company.
- 12.4 The amount of inter-company balances, amounts or investments, if any, between the Transferor Company and the Transferee Company, appearing in the books of accounts of the Transferee Company and Transferor Company, if any, shall stand cancelled without any further act or deed upon the Scheme coming into effect and with effect from the Appointed Date and the obligation in respect thereof shall come to an end.
- 12.5 The face value of the Equity Shares of the Transferee Company issued to the members of Transferor Company shall be credited to the Equity Share Capital account and the amount of share premium of the Equity Shares shall be credited to the securities premium account in the books of the Transferee Company.
- 12.6 Costs, expenses and duties incurred in connection with the Scheme and to put it into operation/implementation of the Scheme shall be dealt by the Transferee Company, as per Relevant Accounting Standards & provisions of the Income Tax Act.



- 12.7 The net difference between the acquisition date fair value of net assets of the Transferor Company acquired by the Transferee Company and the consideration transferred by the Transferee Company shall be recognised as Goodwill or gain on bargain purchase/capital reserves, as the case may be, in the books of the Transferee Company.
- 12.8 To comply with the relevant laws, the Income Tax Act, 1961 and applicable Accounting Standards, the Transferee Company (by its Board of Directors) may alter or modify the provisions of the Clauses 12.1 to 12.7, as they may deem fit and consider necessary, to settle any question arising out of the Scheme.

### 13. CONSEQUENTIAL MATTERS RELATING TO TAX

- 13.1 Upon the Scheme coming into effect, all taxes/ cess/ duties, direct and/or indirect, payable by or on behalf of the Transferor Company from the Appointed Date onwards including all or any refunds and claims, credits, pertaining to any income tax, advance tax, service tax, goods and service tax including refunds or claims pending with the Revenue Authorities and including the right to claim credit for minimum alternate tax and carry forward of accumulated losses and unabsorbed depreciation including in respect of income-tax subject to the provisions of Section 72A of the Income Tax Act, 1961, shall, for all purposes, be treated as the tax/ cess/ duty, liabilities or refunds, claims and accumulated losses and unabsorbed depreciation of the Transferee Company. Accordingly, upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise, if it becomes necessary, its Income tax returns, Sales tax returns, Excise & Cenvat returns, service tax returns, GST returns, other tax returns, and to claim refunds/ credits, pursuant to the provisions of this Scheme. Also, the loss brought forward and unabsorbed depreciation as per books of accounts of the Transferor Company as on the Appointed Date would be deemed to be loss brought forward and unabsorbed depreciation as per books of accounts of the Transferee Company. The Transferee Company is also expressly permitted





to claim refunds / credits in respect of any transaction between the Transferor Company and the Transferee Company.

Provided further that upon the Scheme becoming effective, the Transferee Company is also expressly permitted to revise, if it becomes necessary, its income tax returns and related TDS Certificates, including TDS Certificates relating to transactions between the Transferor Company and the Transferee Company and to claim refunds, advance tax and withholding tax credits, benefit of credit for minimum alternate tax and carry forward of accumulated losses etc., pursuant to the provisions of this Scheme.

- 13.2 In accordance with the CENVAT Credit Rules framed under the Central Excise Act, 1944, as are prevalent on the Effective Date, the unutilized credits relating to excise duties / service tax / VAT/ goods and service tax paid on inputs/capital goods/ input services lying in the accounts of the undertakings of the Transferor Company shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the excise duty/ service tax payable by it.
- 13.3 In accordance with the State Value Added Tax/ sales tax laws and Central and State Goods and Service Tax laws, as are prevalent on the Effective Date, the unutilized credits, if any, relating to VAT/GST paid on inputs/capital goods lying in the accounts of the Undertakings of the Transferor Company shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the VAT/ CST/GST payable by it.
- 13.4 Upon the Scheme coming into effect, any taxes paid under the indirect tax laws such as Service tax Law, Value Added Tax Act, Goods and Services Tax laws (prevalent in respective state) etc. arising out of the transactions entered into between the Transferor Company and the Transferee Company post the Appointed date shall on and from the Effective Date be refunded to the



Transferee Company, or in cases where in respect of the inter-company transactions, the Transferor Company / Transferee Company has availed CENVAT Credit / VAT credit / GST Credit of the taxes charged, the Transferee Company at its option may not seek for refund and can choose to retain the same as a CENVAT Credit / VAT credit / GST Credit, subject to the rules and regulations under the respective indirect tax law.

- 13.5 The Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income-Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the Income-Tax Act, 1961, at a later date including resulting from an amendment of law or for any other reasons whatsoever, the provisions of the said Section of the Income-Tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income-Tax Act, 1961. Such modification will however not affect the other parts of the Scheme.
- 13.6 Upon the Scheme coming into effect, the Transferee Company shall make and file all necessary applications, documents and adhere to all statutory compliances as may be applicable and necessary laid down under the relevant Central or State laws, regulations, rules in order to facilitate the implementation of the Scheme of Amalgamation.





**PART III – GENERAL TERMS AND CONDITIONS**

**14. APPLICATION TO THE TRIBUNAL**

- 14.1 The Transferor and Transferee Company shall, with reasonable despatch, apply to the Tribunal for necessary orders or directions for holding meetings of the members of the Transferor and Transferee Company for sanctioning this Scheme of Amalgamation under Sections 230 to 232 and other applicable provisions of the Act or for dispensing the holding of such meetings and orders under Section 232 of the Act, for carrying this Scheme into effect and for dissolution of the Transferor Company without winding up.

**15. DISSOLUTION OF TRANSFEROR COMPANY**

- 15.1 Subject to an order being made by the Tribunal under Section 232 of the Act, the Transferor Company shall be dissolved without the process of winding up on the Scheme becoming effective in accordance with the provisions of the Act and the Rules made thereunder.

**16. MODIFICATIONS / AMENDMENTS TO THE SCHEME**

- 16.1 The Transferor Company and the Transferee Company through their respective Boards of Directors including Committees of Directors or other persons, duly authorized by the respective Boards in this regard, may make, or assent to, any alteration or modification to this Scheme or to any conditions or limitations, which the Tribunal or any other Competent Authority may deem fit to direct, approve or impose and may give such directions including an order of dissolution of the Transferor Company without process of winding up as they may consider necessary, to settle any doubt, question or difficulty, arising under the scheme or in regard to its implementation or in any manner connected therewith and to do and to execute all such acts, deeds, matters and things necessary for putting this Scheme into effect, or to review the portion relating to the satisfaction of the conditions to this scheme and if necessary, to waive any of those (to the extent permitted under law) for bringing this scheme into effect.
- 16.2 If any part or provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Transferor Company and the Transferee Company, affect the validity of implementation of



the other parts and/or provisions of the Scheme. If any Part or provision of this Scheme hereof is invalid, ruled illegal by any Tribunal of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Parties that such Part or provision, as the case may be, shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such Part or provision, as the case may be, shall cause this Scheme to become materially adverse to any Party, in which case the Parties shall attempt to bring about a modification in the Scheme, as will best preserve for the Parties the benefits and obligations of the Scheme, including but not limited to such Part or provision.

**17. DATE OF TAKING EFFECT**

- 17.1 The Scheme set out herein in its present form or with any modification(s) or amendment(s) approved, imposed or directed by the Tribunal shall be effective from the Appointed Date but shall be operative from the Effective Date.

**18. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS**

This Scheme is conditional on and subject to the following -

- 18.1 The Scheme receiving no-objection letter/comment letter/approval of the Stock Exchange(s) and the SEBI in accordance with Regulation 37 the SEBI Listing Regulations and the SEBI Circular;
- 18.2 The Scheme being agreed to by the respective requisite majorities of the members and creditors of the Transferor and Transferee Company, if meetings of members and creditors of the said companies are convened by the Tribunal or dispensation being granted by the Tribunal.
- 18.3 The scheme being approved by the public shareholders through e-voting in terms of SEBI Circular. The Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it. The term 'public' shall carry the same meaning as defined under Rule 2 of the Securities Contracts (Regulations) Rules, 1957.



- 18.4 The sanction or approval under any law of the Central Government, State Government, or any other agency, department or authorities concerned if so required being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required under any law.
- 18.5 The sanction by the Tribunal under Sections 230 to 232 and other applicable provisions of the Act being obtained by the Transferor Company and the Transferee Company (as may be applicable).
- 18.6 The filing with the Registrar of Companies, Chennai, of certified copies of all necessary orders, sanctions and approvals mentioned above by the respective Company.

**19. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS**

- 19.1 In the event of the Scheme not being sanctioned by the Tribunal and/or the order or orders not being passed as aforesaid, the Scheme shall become fully null and void and in that event no rights and liabilities shall accrue to or be inter-se by the parties in terms of the Scheme, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. In such event, each party shall bear and pay its respective costs, charges and expenses for and / or in connection with the Scheme.

**20. EXPENSES CONNECTED WITH THE SCHEME**

- 20.1 All costs, charges, levies, fees, duties and expenses of the Transferor Company and the Transferee Company respectively in relation to or in connection with negotiations leading up to the Scheme and of carrying out and completing the terms and provisions of this Scheme and in relation to or in connection with the Scheme shall be borne and paid by the Transferee Company.



## SCHEDULE A

| Sr. No. | Location of property  | Survey No. | Area (Acres) |
|---------|---|------------|--------------|
| 1       | Land situated at Thirumalagiri Village, Jaggayyappet Mandal, Krishna District, Andhra Pradesh | 47/4       | 1.66         |
|         |   | 47/4       | 1.67         |
|         |   | 47/4       | 3.51         |
|         |   | 48         | 7.02         |
|         |   | 48         | 3.00         |
|         |   | 49/1       | 6.06         |
|         |   | 49/2       | 1.64         |
|         |   | 49/6       | 3.50         |
|         |   | 53/3       | 1.50         |
|         | <b>Total</b>  | -          | <b>29.56</b> |

## SCHEDULE B

1. To carry on all or any of the business of spinners (Ring Spinning, OE Spinning, Compact Spinning etc.) and doublers of cotton, flax, hemp, jute, wool, silk, synthetic





fibre such as Viscose, Polynosic, Polyester, Acrylic and other fibrous substances, cotton ginneries, yarn merchants, bleachers and dyers, makers of bleaching and dyeing materials and to purchase, comb, prepare, spin, dye and deal in cotton, flax, hemp, jute, wool, silk, synthetic fibre such as Viscose, Polynosic, Polyester, Acrylic, and other fibrous substances and to weave or otherwise manufacture, buy, sell and export and deal in linen, cloth and other goods and fabrics, whether textile, felted, netted or looped.

2. To carry on all or any of the business of cloth manufacturers, hosiers, carpet makers, silk mercers, silk, synthetic fibre such as Viscose, Polynosic, Polyester, Acrylic and other fibrous substances, weavers, importers, exporters and wholesale, retail dealers and chain of retail outlets of and in Textile fabrics of all kinds, outfitters, drapers and Furnishers.
3. To wash, clean, purify, scour, bleach, wring, dry, iron, colour, dye, disinfect, renovate and prepare for use all articles of wearing apparel, household, domestic and other linen and cotton, woolen and silk goods and clothing and fabrics of all kinds.
4. To cultivate, buy, sell and deal in raw or finished cotton, wool, jute, silk, synthetic fibre, such as Viscose, Polynosic, Polyester, Acrylic and other fibrous substances and to prepare, spin, clean, press and pack the same and sell the materials so manufactured, to build, purchase, sell, dispose of, transfer, mortgage, take on lease, exchange, hire or otherwise acquire or deal with any land, buildings, any estate or interest therein and any right over or connected with them.
5. To generate power from conventional and /or non conventional sources including installation of Wind Mills for captive use / Third party sale

FOR SRI HARINI TEXTILES LIMITED



(N.K. Shrikantan Raja)

Director

For THE RAMABAI SURGICAL COTTON MILLS LIMITED

  
(WALTER VASANTH P J)

Company Secretary & Compliance Officer

**SCHEME OF AMALGAMATION OF  
ORTHOFIX INDIA LIMITED  
WITH  
THE RAMARAJU SURGICAL COTTON MILLS LTD.**

**Part - I**

1. "Scheme" means the Scheme of Amalgamation:
2. "The Transferor Company" means Orthofix India Ltd. a Company originally incorporated under the name Sri Shardha Medicals Limited on 15th day of September, 1981 and changed its name as Orthofix India Limited on 16th day of October, 1989 under fresh Certificate of Incorporation issued by Registrar of companies, Tamilnadu on 16th day of October, 1989 under the companies Act, 1956 and having its Registered Office at The Ramaraju Surgical Cotton Mills Ltd. Premises, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 117 (hereinafter called "OIL".)
3. "The Transferee Company" means The Ramaraju Surgical Cotton Mills Ltd., a Company originally incorporated under the name 'The Surgical Cotton Mills Limited' on 28th day of February, 1939 and changed its name as The Ramaraju Surgical Cotton Mills Limited on 22nd day of June, 1943 under fresh Certificate of Incorporation issued by Additional Assistant, Registrar of Joint Stock Companies, Ramnad at Madura on 22nd day of June 1943 under the Indian Companies Act, 1913 and having its Registered Office at R.S.C.M. Premises, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 117 (hereinafter called "RSCML".)
4. "Effective Date" means the First day of April, 1998.
5. "Completion of Procedures Date" means the date on which the last of the sanctions / permissions / approvals specified in this Scheme shall have been obtained for vesting of the undertaking of the Transferor Company with the Transferee Company as per this Scheme.
6. The Act means the Companies Act, 1956 ( 1 of 1956)
7. "Undertaking of OIL" means and includes;
  - (i) All the properties, assets, rights, licences, permissions, employees, duties, liabilities, obligations, etc. of OIL immediately before the effective date.
  - (ii) Without prejudice to the generality of the foregoing clauses the said undertaking shall include all rights, powers, interests, authorities, privileges, liberties and all properties and assets movable or immovable, tangibles and intangibles, real or personal, corporeal or

incorporal, in possession or reversion, present or contingent of whatsoever nature and wherever situated including lease, tenancy and agency rights and all other interests and rights in or arising out of such property with all licenses, Trade Marks benefits of all agreements, sanctions and approvals, import entitlements and other quotas if any, held, applied for or as may be obtained hereafter by OIL or which OIL, is entitled to and all debts including borrowings from the financial institutions and banks, liabilities and duties and obligations of OIL to the secured and unsecured creditors and the shareholders and other creditors of whatsoever kind.

Provided that transfer of all leases and tenancies will be subject to approval of the respective landlords wherever required in terms of the lease or the tenancy laws.

- 8 (a) The Authorised Share Capital of OIL the Transferor Company is Rs.20,00,000/- (Rupees Twenty Lakhs only) consisting of 2,00,000 Equity Shares of Rs. 10/- each. The Issued, Subscribed and Paid up Capital is Rs.20,00,000/- (Rupees Twenty Lakhs only) consisting of 2,00,000 Equity Shares of Rs.10/- each fully paid.
- (b) The Authorised Share Capital of RSCML the Transferee Company is Rs.3,00,00,000/- (Rupees Three Crores only) consisting of 3,00,000 Equity Shares of Rs.100/- each. The Issued, Subscribed and Paid-up Capital is Rs.96,66,400/- consisting of 96,664 Equity Shares of Rs.100/- each fully paid.

#### PART -II

1. With effect from the Effective Date, the entire business and undertaking of OIL, Shall without any further act or deed be and the same shall stand transferred to and vested in and be deemed to have been transferred to and vested in RSCML pursuant to Sections 391 and 394 of the Act and/or any other applicable provisions of the Act subject to the charge, mortgage, lien, lease or hypothecation, if any, then affecting the undertaking of OIL.

Provided however, any reference to Security documents or arrangements to which OIL is a party, to the assets of OIL, offered or agreed to be offered as security for any financial assistance or obligations to the secured creditors of OIL, shall be construed as reference only to the assets pertaining to the undertaking of OIL, as are vested in RSCML.

2. If any suit, appeal or any other proceedings of whatsoever nature (hereinafter called "the proceedings") by or against OIL be pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the Undertaking of OIL or anything contained, in this Scheme but the proceedings may be continued, prosecuted and enforced by or against RSCML in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against OIL if this Scheme had not been made.

3. The transfer and vesting of properties and liabilities under Clause 1 hereof and the continuance of the proceedings by or against RSCML under Clause 2 hereof shall not affect any transaction or proceeding already concluded by OIL, on and after the Effective Date to the end and intent that RSCML accepts and adopts all acts, deeds and things done and executed by or on behalf of OIL, as acts, deeds and things done and executed by or on behalf of RSCML.
4. Subject to the provisions contained in this Scheme all contracts, deeds, bonds, agreements and other documents and instruments of whatsoever nature to which OIL is a party subsisting or having effect immediately before the amalgamation shall remain in full force and effect against or in favour of RSCML, and may be enforced as fully and effectively, as if instead of OIL, RSCML has been a party thereto.
5. Income and Profits accruing to or losses incurred by the Transferor Company OIL on and from 1st April, 1998, the Effective Date upto the completion of procedures date shall, for all purposes be treated as income, profits and/or losses as the case may be, of the Transferee Company namely RSCML.
6. The balance of General Reserve, Investment Allowance Reserve, the Subsidy and any other reserve or surplus or deficit in profit and loss account in the Transferor Company's books shall be transferred to the corresponding reserves / surplus in the accounts of Transferee Company pursuant to the Scheme of Amalgamation.
7. With effect from the Effective Date:
  - (i) OIL shall carry on and be deemed to have carried on all its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all the said business and activities for and on account of and in trust for RSCML.
  - (ii) OIL shall carry on its business activities economically, efficiently, with reasonable diligence, business prudence and except in the ordinary course of business or without the prior consent of RSCML as the case may be shall not alienate, charge, mortgage, encumber or otherwise deal with the said assets or any part thereof in any manner except in the ordinary course of of business.
  - (iii) Save as specifically provided in the Scheme, neither OIL nor RSCML shall make any change in their capital structure either by any increase (by issue of Rights shares, Bonus Shares, Preference Shares, Convertible Debentures etc.) reduction, reclassification, sub-division or consolidation or reorganisation or any other manner which may in any way affect the Share Exchange Ratio Prescribed in Clause 8 (a).



8. Upon the Scheme being sanctioned by the Hon'ble High Court of Judicature at Madras.

(a) RSCML shall without any application, issue and allot to every person holding Equity Share of OIL on a date to be fixed by the Board of Directors of the RSCML and hereinafter referred to as the "record date". One Equity Share of Rs.100/- each credited as fully paid-up in RSCML for every hundred Equity Shares of Rs.10/- each fully paid-up held by such shareholder in OIL. Since the ratio of conversion is 1:100, fractions arising therefrom shall be treated as per clause (b) given below:

(b) No Certificate and / or coupon in respect of or representing any shareholding in RSCML of a fraction of an equity share shall be issued to the members of OIL who become entitled to a fraction of such shares.

All equity shares of RSCML constituting such fractional entitlement shall be allotted to such person as the Board of Directors of RSCML may deem fit on the express condition that such person shall sell the shares so allotted at the best realisable price in the market after the relevant share certificates are ready and the net proceeds thereof together with any dividends or other benefits which may accrue thereon after deducting therefrom all reasonable expenses of and incidental to the sale shall be distributed pro-rata among such members of OIL as are eligible to receive the same in respect of their respective fractional entitlements.

(c) The Equity Shares in RSCML to be issued to the shareholders of OIL pursuant to this Scheme shall rank *pari passu* in all respects with the existing equity shares in RSCML.

(d) Upon the new Equity Shares being allotted by RSCML to the members of OIL in terms of the Scheme, the Share Certificates in respect of the Shares held by them in OIL shall stand cancelled in lieu of share certificates to be issued by RSCML.

(e) RSCML undertakes on the Scheme of Amalgamation becoming fully effective in accordance with the provisions of Sections 391 and 394 of the Act, to engage from the effective date all employees who may be in service with the OIL on the aforesaid date on terms not less favourable than the terms of employment which the said employees enjoyed as at the date, on the basis that their services have not been interrupted by the vesting of the undertaking of the OIL in the RSCML under this Scheme.

It is expressly provided that as far as the Provident Fund, Gratuity Fund or any other Special Fund created or existing for the benefit or the employees of OIL are concerned, upon this Scheme becoming finally effective,

the RSCML shall stand substituted for the OIL for all purposes whatsoever related to the administration or operation of such Scheme or funds or in relation to the obligation to make contributions to the said funds in accordance with the provisions of such Schemes or funds as per the terms provided in the respective Trust Deeds.

It is the end and intent that all the rights, duties, powers and obligations of the OIL in relation to such funds shall become those of the RSCML. It is clarified that the services of the employees of the OIL will be treated as having been continuous for the purposes of the aforesaid funds or provision.

(f) RSCML shall take necessary steps including passing resolution under Section 81 of the Act to allot the Equity Shares as stipulated herein above.

9. In respect of the transfer of undertakings, all assets and liabilities of OIL shall be taken at its book value on the Effective Date on the basis of audited balance sheet as on 31st March, 1998.
10. OIL and RSCML shall also obtain such other consents or approvals as may be required under any statute or contract or agreement for implementing this Scheme.
11. On the Scheme being approved by the Boards of OIL and RSCML the two Companies will with reasonable dispatch, apply to the High Court of Judicature at Madras for permission to hold meetings of the members of the respective Companies to consider and to approve this Scheme of Amalgamation and for sanctioning this Scheme of Amalgamation under Section 391 of the Act, and for orders under Section 394 of the Act to carry into effect this Scheme and for dissolution of OIL without winding up.

### PART III

1. RSCML shall pay all costs, charges and expenses of and incidental to this Scheme of Amalgamation.
2. The Board of Directors of OIL and RSCML or any person authorised by them may assent on behalf of all concerned to any modification to this Scheme of Amalgamation or to any condition which the Hon'ble High Court of Judicature at Madras or the Government or any other authority may impose or which the said Board of Directors may, in their sole discretion, think fit for the purpose of effectively carrying out this Scheme and the said

Board of Directors may do all acts, things and deeds as may be necessary and or expedient for the purpose of implementing this Scheme.

3. The Scheme is conditional upon and subject to the following:

(a) The approval to issue and allot Equity Shares in RSCML to OIL's shareholders by a Special Resolution of the Members of RSCML pursuant to Section 81 (1-A) of the Act.

(b) The approval of Reserve Bank of India being obtained under the Foreign Exchange Regulation Act 1973 to the issue by RSCML of Equity Shares and/payment by it in respect of fractional entitlements to such members of OIL who may be resident outside India.

(c) The approval of Financial Institutions and Banks who have extended financial assistance to RSCML or OIL, wherever necessary.

(d) The Scheme being sanctioned by the Hon'ble High Court of Judicature at Madras pursuant to Section 391 and Section 394 of the Act.

4. The last date of approval/sanction mentioned above shall be the completion of procedures date once all the requisite clearances and approvals are obtained. Notwithstanding anything contained above, this Scheme shall operate from the Effective Date.

5. (i) OIL shall stand dissolved without winding up subject to the Report of the Official Liquidator as may be required under the provisions of the Act.

(ii) RSCML shall have liberty to apply to the Madras High Court for necessary directions to remove difficulties if any, in implementing the Scheme.

-----