

**MEMORANDUM OF ASSOCIATION
OF
Kirloskar Electric Company Limited**

- I. The name of the Company is "KIRLOSKAR ELECTRIC COMPANY LIMITED."
- II. The Registered Office of the Company will be situated in BANGALORE in Karnataka State.
- III. The objects for which the Company is established are:
 1. To acquire and take over from Messrs. Kirloskar Brothers Ltd., Kirloskarvadi, Dist. Satara and The Brush Electrical Engineering Co. Ltd., of Loughborough, England, patterns, trade-marks, trade rights, concessions, licences, privileges and other equipment, property or information in their possession useful for the manufacture of electrical machinery or the right to use the same and to enter into and to carry into effect with such (if any) modifications or alterations as may be agreed upon (whether before or after execution) the agreements referred to in Clause 4 of the Articles of the Association and to become parties to and enter into and carry into effect all such other agreements, deeds and instruments as may be necessary or as may be deemed necessary, advisable or proper.
 2. To carry on the business of electrical engineers and of manufacturers of electric apparatus and appliances, required for or capable of being used in connection with the generation, distribution, supply, accumulation and employment of electricity and to buy, sell, import, export, or otherwise deal in such apparatus or appliances.
 3. To carry on the manufacture of A.C. and D.C. Generators, A.C. and D.C. motors, rotary converters, transformers and rectifiers, indicating meters, integrating meters, recording meters, air break and oil break manually and remotely operated switches, with overload and undervoltage releases, air and oilbreak magnetic with overload and undervoltage releases, air and oil cooled manually operated contactors and electrically operated starters and regulators with overload and undervoltage tripping devices for A.C. and D.C. motors, switch boards, protective devices for A.C. and D.C. machines, lines and feeders, primary and secondary storage batteries and accumulators, commercial and domestic heating devices, electric furnaces and refrigerating and air-conditioning apparatus and accessories, vacuum cleaners, lighting fixtures, electrical conveyors, lifts, medical ultra high frequency diathermy apparatus, X-ray apparatus, electrically propelled cars, railway and signalling and interlocking devices, wireless receivers, wireless transmitters, automatic and manually operated telephone instruments, high and low tension insulated cables for electrical power distribution, telephone cables, cotton covered and enameled wires, incandescent lamps and accessories, thermionic tubes, X-neon-tubes, porcelain, bakelite, mica, cloth, paper and other insulating material, wiring accessories.
 - 3A. To carry on the business of manufacturers and merchants of and dealers in and consultants on the electronic equipment and /or sub-system and/or components of every kind for domestic, entertainment, automotive, non-automotive, industrial and professional applications including railway, scientific, aircrafts, marine, defense, communications, industrial security and other similar applications.
 - 3B To carry on in India or in any part of the world, all kinds of business relating to the manufacturing, producing, assembling, fitting up repairing, converting, maintaining, rendering services of all and every kind of descriptions, buying, selling, exchanging, altering, hiring, letting on hire, leasing, improving, repairing and dealing in all kinds of electronic devices including:
 - a) computers of all kinds and descriptions, computer components, computer peripherals, microprocessors, PCB's, relays of all types, winchester drives, tape drivers, key boards and switches, modems, multiplexes, etc.
 - b) all kinds of electronic communication, space and satellite communication apparatus and equipments and railway signalling and safety equipment and solid state relays.
 - c) all kinds of instrumentation, micro-processor based and/or otherwise, and equipment or use in machine tools, laboratory and testing equipment, analyser, sensors, connectors and office automation equipments.
 - d) all kinds of instrumentation, micro-processor based and/or otherwise for testing, observing, maintaining electronic equipment and for recording, controlling and operational and other factors pertaining to electronic equipment and apparatus including the ancillary equipment required for installation, operation and maintenance

of electronic apparatus and equipment such as masts, towers, earth systems, aerals and aerial equipment of all kinds including all types of radio equipment.

4. To carry on the business of general electric power supply company in all the branches, and to construct, lay down, establish, fix and carry out all necessary power stations, cables, wires, lines, accumulators, lamps and works and to generate, accumulate, distribute and supply electricity and to light cities, towns, streets, docks, markets, theaters, buildings and places both public and private.
5. To carry on the business of iron founders, mechanical engineers, manufacturers of agricultural implements, machinery and machine-tool makers, brass founders, metal workers, iron and steel converters, smiths, wood workers, metallurgists and to buy, sell, repair, convert, alter, export, import, let on hire and deal in machinery, implements and hardware of all kinds.
6. To carry on the business of machinists, merchants, millwrights, founders, wire drawers, tube makers, and to buy, sell, repair, alter, and deal in apparatus, machinery, materials and articles of all kinds and to carry on any other business (Manufacturing or otherwise) which may seem to the Company capable of being conveniently carried on in connection with the above or otherwise calculated directly or indirectly to enhance the value of any of the Company's property and rights for the time being.
7. To carry on any business relating to the winning and working of minerals, the production and working of metals and the production, manufacture and preparation of any other materials which may be usually or conveniently combined with the engineering or manufacturing business of the Company or any contracts undertaken by the Company, and either for the purpose only of such contracts or as an independent business.
8. To undertake and execute any contracts for works involving the supply or use of any machinery, and to carry out any ancillary or other works comprised in such contracts.
9. To buy and sell machinery and stores of all kinds and description and to carry on the business of suppliers of and dealers in machinery.
10. To negotiate and deal with railway and shipping companies and those managing directly or in control or associated with other means of transport, the post office authorities and other distributing agencies with respect to the transit and transmission of goods and cargoes and facilities generally.
11. To buy, sell, deal in, manufacture, refine, manipulate, import, export, prepare for market and deal in all substances, apparatus and things capable of being used in any such business as aforesaid or required by any customers of or persons having dealings with the Company either by wholesale or retail.
12. To acquire by concession, grant, purchase, amalgamation, barter, lease, licences, or otherwise, either absolutely or conditionally and either solely or jointly with others, any tract or tracts of country, lands, houses, estates, farms, quarries, water rights, way leaves and other works, privileges, rights and hereditaments and machinery, plant, utensils, trademarks and other movable and immovable properties of any description whatsoever at any place or places in India or any foreign country and together with such rights as may be agreed upon and granted by Government or the Rulers or owners thereof and to expend such sums of money as may be deemed requisite and advisable in the exploration, survey, cultivation and development thereof.
13. To develop the resources of and turn to account any lands and any rights over to or connected with land belonging to or in which the Company is interested, in particular by clearing, draining, fencing, irrigating, grazing and promoting irrigation and establishment of colonies and settlements.
14. To manufacture, purchase or otherwise acquire engines and other machinery, machine-tools, pumps, tractors, agricultural implements, bullocks, horses and other animals and pay for the same either in cash, shares or debentures.
15. To carry on any other business (whether industrial, agricultural, trading, manufacturing or otherwise) which may seem to the Company capable of being conveniently carried on in connection with any of the businesses, the Company's objects are calculated directly or

indirectly to enhance the value of or render profitable any of the Company's properties or rights and also to acquire, promote, aid, foster, subsidise or acquire interests in any industry or undertaking.

16. To carry on the business of manufacturers of every sort of missile, arm and weapon for warlike, sporting or other purposes.
17. To carry on all or any of the business of engineers, iron, brass and other metal founders, machinists, tool makers, wire drawers, tube, pipe and tank manufacturers, moulders and metal workers, fitters, milwrights, galvanizers, electroplaters and enamellers and to recondition any types of machine-tools and engines and other machinery.
18. To purchase, take on lease or in exchange or otherwise acquire either absolutely or by lease, licence, concession, grant or otherwise, any lands, mines, mineral rights, easements, rights, and privileges and to search for ores and minerals and mines and grant licences for mining in or over any lands which may be acquired by the Company and to lease out any such lands for building or agricultural use and to sell or otherwise dispose of the lands, mines or other property of the Company.
19. To carry on the business of railway, tramway, airway, omnibus, van, carriage and boat proprietors and carriers of passengers and goods by land, sea or air.
20. To acquire, be interested in, construct, maintain or take on lease any omnibuses and other vehicles, ships, boats, barges and launches of every description and kind, to equip and maintain work and develop the same by electricity, steam, oil, gas, petroleum, horse or any other motive power, and to employ the same in the conveyance of passengers, merchandise and goods of every description and to authorise any local authority, company, or person to use and to work the same or any part thereof.
21. To search for and to purchase or otherwise acquire from any government or state or authority any licences, concessions, grants, decrees, rights, powers and privileges whatsoever which may seem to the Company capable of being turned to account and in particular any water rights or concessions either for the purpose of obtaining motive power or otherwise and to work, develop, carry out, exercise and turn to account the same.
22. To establish, provide, maintain and conduct or otherwise subsidise research laboratories and experimental workshops for scientific and technical research and experiments, and to undertake and carry on with all scientific and technical researches, experiments and tests of all kinds and to promote studies and research, both scientific and technical, investigation and invention by providing, subsidising, endowing or assisting laboratories, workshops, libraries, lectures, meetings and conferences and by providing the remuneration of scientific or technical professors or teachers and by providing for the award or exhibition, scholarships, prizes, and grants to students or independent students or otherwise and generally to encourage, promote and reward studies, researches, investigations, experiments, tests and inventions of any kind that may be considered likely to assist any of the businesses which the Company is authorised to carry on.
23. To erect, construct, enlarge, alter and maintain buildings and structures of every kind necessary or convenient for the Company's business.
24. To let out on hire all or any of the property of the Company, whether movable or immovable, including all and every description of apparatus or appliances, and to hold, use, cultivate, work, manage, improve, carry on and develop the undertaking land and immovable and movable properties and assets of any kind of the Company or any part thereof.
25. To purchase or by any other means acquire and protect, prolong and renew whether in India or elsewhere any patents, patent rights (brevets d' inventions), licences, protections and concessions which may appear likely to be advantageous or useful to the Company, and to use and turn to account and manufacture under or grant licences or privileges in respect of the same and to spend money in experimenting upon and testing and improving or seeking to improve any patents, inventions or rights which the Company may acquire or propose to acquire.

26. To buy, sell, manufacture, refine, manipulate, import, export, and deal both in wholesale and/or in retail in commodities, substances, apparatus, articles and things of all kinds capable of being used or which can conveniently be dealt in by the Company in connection with any of its objects.
27. To transact and carry on all kinds of agency business including that of Managing Agents, or Secretaries, Treasurers and Agents of Joint Stock Limited Companies, private or public, and to enter into working arrangements of all kinds with companies, corporations, firms, or persons, and also to make and carry into effect arrangements with respect to union of interest or amalgamation, either in whole or in part, or any other arrangements with any companies, corporations, firms or persons.
28. To be interested in, promote and undertake the formation and establishment of such institutions, businesses or companies (industrial, agricultural, trading, manufacturing or other) as may be considered to be conducive to the profit and interest of the Company.
29. To enter into partnership or into any arrangement for sharing or pooling profits, amalgamation, union of interest, co-operation, joint adventure, reciprocal concession or otherwise with any person, firm or company carrying on or engaged in or about to carry on or engage in any business or transaction which this Company is authorised to carry on or be engaged in any business undertaking or transactions which may seem capable of being carried on or conducted so as directly or indirectly to benefit this Company.
30. To take or otherwise acquire and hold shares, stock or debentures in any other company having objects altogether, or in part similar to those of this Company or carrying on any business capable of being conducted so as to directly or indirectly to benefit this Company.
31. To amalgamate with any company or companies having objects altogether or in part similar to those of the Company.
32. To pay for any properties, rights or privileges acquired by the Company either in shares of the Company or partly in shares and partly in cash or otherwise.
33. To pay all the costs, charges and expenses of and incidental to the promotion, formation, registration and establishment of the Company and the issue of its capital including any underwriting or other commissions, brokers' fees and charges in connection therewith, and to remunerate (by cash or other assets or by the allotment of fully or partly paid shares, preference or otherwise, and upon such terms and conditions as to payment of dividend and voting rights as to the Company's Directors may seem fit or by a call or option on shares, debentures, debenture stock or securities of this or any other company or in any other manner whether out of the Company's capital or profits or otherwise) any person or firm or company for services rendered or to be rendered in introducing any property or business to the Company or in placing or assisting to place or guaranteeing the subscription of any shares, debentures, debenture stock or other securities of the Company or in or about the formation or promotion of the Company or for any other reason which the Company may think proper.
34. To enter into any arrangement with any Government or authority, municipal, local or otherwise that may seem conducive to the Company's objects or any of them and to obtain from any such Government or authority, any rights, privileges and concessions which the Company may think it desirable to obtain and to carry out, execute and comply with any such arrangements, rights, privileges and concessions.
35. To draw, accept and make and to endorse, discount and negotiate promissory notes, hundies, bills of exchange, bills of lading and other negotiable or transferable instruments.
36. To borrow or raise money or to receive on deposit, at interest or otherwise, in such manners the Company may think fit, and in particular by the issue of debentures or debenture-stock, perpetual or otherwise, including debentures or debenture-stock convertible into shares of this Company, or perpetual annuities, and in security of any such money so borrowed, raised or received, to mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company, present or future, including its uncalled capital, by special assignment or otherwise, or to transfer or convert the same absolutely or any interest therein and to give the lenders power of sale and other powers as may seem expedient, and to purchase, redeem or payoff any such securities.

37. To accumulate funds, and to lend, invest or otherwise employ moneys belonging to, or entrusted to the Company, upon any shares, securities or investments, upon such terms as may be thought proper, and from time to time to vary such transaction in such manner as the Company may think fit.
38. a) To invest and to deal with the moneys of the Company in any investments, movable, or immovable, in such manner as may from time to time seem expedient and be determined.
- b) To lend money and to make advances to or make deposits with such persons, firms, companies, and on such terms as may seem expedient and in particular to or with customers and others having dealings with the Company and to guarantee the performance of contracts by any such person, firms or companies.
39. To sell and in any other manner deal with or dispose of the undertaking of the Company or any part thereof, for such consideration and generally upon such terms and conditions as the Company may think fit, and in particular for shares, debentures and other securities of any other company having objects altogether or in part similar to those of the Company.
40. To promote any company for the purpose of acquiring all or any of the property and liabilities of the company or for any other purpose that may seem directly or indirectly calculated to benefit this Company.
41. To sell, improve, manage, work, develop, lease, mortgage, abandon or otherwise deal with all or any part of the property rights and concessions of the Company.
42. To create any depreciation fund, reserve fund, sinking fund, insurance fund or any special or other fund, whether for depreciation or for repairing, improving, extending, or maintaining any of the property of the Company, or for redemption of debentures or redeemable preference shares, or for any other purpose whatsoever conducive to the interests of the Company.
43. To construct, carry out, maintain, improve, manage, work, control and superintend any markets, reservoirs, water works, tanks, bridges and works in connection therewith, hydraulic works, electrical works and factories, labour chawls, and houses for employees and bustees, villages, and other works and conveniences which may seem directly or indirectly conducive to any of the objects of the Company, and to contribute to, subsidise or otherwise aid or take part in any such operations.
44. To guarantee the payment of money, unsecured, or secured by or payable under or in respect of promissory notes, bonds, debentures, debenture-stock, contracts, mortgages, charges, obligations, instruments and securities of any company or of any person whomsoever, whether incorporated or not incorporated, and generally to guarantee and become sureties for the performance of any contracts or obligations.
45. To undertake and execute any trust the undertaking of which may seem to the Company desirable and either gratuitously or otherwise.
46. To provide for the welfare of employees, or ex-employees of the Company, and the wives and families or the dependants or connections of such persons, by building or contributing to the building of houses, dwellings or chawls or by grants of money, pensions, allowances, bonus or other payments or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds, or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals, and dispensaries, medical and other attendance and other assistance, as the Company shall think fit.
47. To subscribe or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national and other institutions and objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation or of public and general utility or otherwise.
48. To place, to reserve or to distribute as dividend or bonus among the members or otherwise to apply as the Company may from time to time think fit, any moneys received by way of premium on shares or debentures issued at a premium by the Company and any moneys received in

respect of dividends accrued on forfeited shares and moneys arising from the sale by the Company of forfeited shares or from unclaimed dividends.

49. To adopt such means of making known the products of the Company as may seem expedient, and in particular by advertising in the press, by circulars, by purchase and exhibition of works of art or interest, by publication of books and periodicals and by granting prizes, rewards and donations or otherwise howsoever.
50. To distribute any of the property of the Company amongst the members in specie or kind, so that no distribution amounting to a reduction of capital be made except with the sanction (if any) for the time being required by law.
51. To appropriate, use or layout land belonging to the Company for streets, pleasure grounds, amusements and other conveniences and to present any such land so laid out to the public or to any persons or company conditionally or unconditionally as the company thinks fit.
52. To aid pecuniarily or otherwise, any association, body or movement having for an object, the solution, settlement, or surmounting of industrial or labour problems, disputes, or troubles or the promotion of industry, science, art or trade.
 - A. To subscribe or contribute or otherwise to assist or guarantee money to public and political objects, purposes, funds and institutions and to any other institutions, funds, objects or purposes which in the opinion of the Board of Directors are likely to promote the interests or the business of the Company or to further its objects and/or to Charitable and other funds whatsoever not directly relating to the business of the Company or the welfare of its employees or for exhibition.
 - B. To undertake, carry out, promote and sponsor rural development including any programme for promoting the social and economic welfare of or the uplift of the public in any rural area and to incur any expenditure on any programme, of rural development and to assist execution and promotion thereof either directly or through an independent agency or in any other manner.

Without prejudice to the generality of the foregoing, 'Programme of Rural Development' shall also include any programme for promoting the social and economic welfare of or the uplift of the public in any rural area which the Directors consider it likely to promote and assist rural development, and that the words 'rural area' shall include such areas as may be specified under Section 35CC of the Income-tax Act, 1961, or any other law relating to rural development for the time being in force or as may be regarded by the Directors as rural area and the Directors may at their discretion in order to implement any of the aforesaid objects or purposes transfer without consideration or at such fair or concessional value as the Directors may think fit and divest the ownership of any property of the Company to or in favour of any Public or local Body or Authority or Central or State Government or any Public Institution or Trust established under any law for the time being in force or recognised or approved by the Central or State Government or any other authority specified in that behalf.

- C. To undertake, carry out, promote and sponsor or assist any activity for the promotion and growth of national economy and for discharging what the Directors may consider to be social and moral responsibilities of the Company to the public or any section of the public as also any activity which the Directors may think fit and the Directors may without prejudice to the generality of the foregoing undertake, carry out, promote and sponsor any activity for publication of any books, literature, newspapers, etc., or for organising lectures or seminars likely to advance these objects or for giving merit awards, scholarships, loans or any other assistance to deserving students or other scholars or persons to enable them to pursue their studies or academic pursuits or researches and to establish, conduct or assist any institutions, fund, trust, etc., having any one or more of the aforesaid objects as its objects, by giving donations or otherwise in any manner and the Directors may at their discretion in order to implement any of the above mentioned objects or purposes transfer without consideration or at such fair or concessional value as the Directors may think fit and divest the ownership of any property of the Company to or in favour of any public or local Body or Authority or Central or State Government or any Public Institution or Trust established under any law for the time being in force or recognised or approved by the Central or State Government or any other authority specified in that behalf.

53. To do all or any of the above things and all such other things as are incidental or may be thought conducive to the attainment of the above objects or any of them in any part of the world and as principals, agents, contractors, trustees or otherwise and by or through trustees, agents or otherwise and either alone or in conjunction with others and so that the word "COMPANY" in this Memorandum when applied otherwise than to this Company, shall be deemed to include any authority, partnership or other body of 'persons, whether incorporated or not incorporated, and the intention is that the objects set forth in each of the several paragraphs 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. ³The Capital of the company is Rs. 1,833,100,000/- (Rupees One Hundred Eighty Three Crores Thirty One Lakhs) divided into 153,270,000 (Fifteen Crores Thirty Two Lakhs Seventy Thousand) Equity shares of Rs. 10/- each and 3,000,000 (Thirty Lakhs) Preference shares of Rs. 100/- each and 40,000 (Forty Thousand) 0.1% Non-cumulative redeemable Preference Shares of Rs.10/- each with powers to increase or reduce the capital of the company for the time being into several classes and to attach thereto repetitively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the company.

¹(Passed at the Extraordinary General Meeting of the company held on March 24, 2008)

²(Passed at the Extraordinary General Meeting of the company held on June 24, 2016)

³(Passed vide NCLT Bengaluru Bench order dated April 30, 2026 in case no. CP(CAA)No. 22/BB/2025)

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

No.	Name, Address and Description of Subscriber	Number of Share taken by each Subscriber	Name, Address and Description of Witness
1.	Devarao Shivaram, Business, United India Building, Bangalore City.	1,000 "A" 100 "B"	Ravi L. Kirloskar (Engineer) Narasimharaja Road Bangalore City.
2.	N. W. Gurjar, Business. Kirloskarvadi.	500 "A"	
3.	Shankar Ogale, (S. P. Ogale,) Business, 34, Gandhinagar, Bangalore City.	100 "A" 40 "B"	
4.	P. L. Kirloskar, Service, Sri Narasimharaja Road, Bangalore City.	100 "B"	
5.	N. G. Naik, (Narayan Rao G. Naik) Merchant, Shri Ram Bagh P. O. Basavangudi Bangalore.	100 "A" 10 "B"	
6.	M. W. Gurjar, Service, Sri Narasimharaja Road, Bangalore City.	2 "B"	
7.	M. U. Bhatt, Service 45, Silver Jubilee Park Road. Bangalore City.	2 "B"	

Dated, the 11th day of July, 1946.

THE COMPANIES ACT, 2013 COMPANY LIMITED BY SHARES (Incorporated under the Mysore Companies Act, 1938)
ARTICLES OF ASSOCIATION OF KIRLOSKAR ELECTRIC COMPANY LIMITED
TABLE ‘F’ EXCLUDED

Sr. No	Particulars	Marginal Notes
1.	(1) The regulations contained in Table marked “F” in the Schedule I of the Companies Act, 2013 shall apply to the Company, except in so far as the same are repeated, contained or expressly made applicable in these Articles or by the said Act. (2) The regulations for the management of the Company and for the observance of the members thereto and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the deletion or alteration of or addition to its regulations by Special Resolution as prescribed or permitted by the Companies Act, 2013 be such as are contained in these Articles.	Table F not to apply Company to be governed by these Articles
	INTERPRETATION CLAUSE	
2.	(1) In the interpretation of these Articles the following expressions shall have the following meanings unless repugnant to the subject or context:	
	(a) “The Act” means the Companies Act, 2013 and includes any statutory modification or re-enactment thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article and any previous company law, so far as may be applicable.	Act
	(b) “Articles” means Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution.	Articles
	(c) “Auditors” means and includes those persons appointed as such for the time being of the Company.	Auditors
	(d) “Business Day” shall mean any day of the year, other than Saturdays and Sundays and any other days on which banks are closed for business in the city where the registered office of the Company is situated.	Business Day
	(e) “Board of Directors” or “Board” shall mean the collective board of the directors of the Company.	Board
	(f) “Capital” means the share capital for the time being raised or authorized to be raised for the purpose of the Company.	Capital
	(g) “The Company” shall mean Kirloskar Electric Company Limited	Company
	(h) Words importing the masculine gender also include the feminine gender.	Gender
	(i) “Meeting” or “General Meeting” means a meeting of members.	Meeting or General Meeting
	(j) “Month” means a calendar month.	Month
	(k) “Annual General Meeting” means a General Meeting of the Members held in accordance with the provision of section 96 of the Act.	Annual General Meeting
	(l) “Extra-Ordinary General Meeting” means an Extraordinary General Meeting of the Members duly called and constituted and	Extra-Ordinary General

Sr. No	Particulars	Marginal Notes
	any adjourned holding thereof.	Meeting
	(m) “National Holiday” means and includes a day declared as National Holiday by the Central Government.	National Holiday
	(n) “Non-retiring Directors” means a director not subject to retirement by rotation.	Non-retiring Directors
	(o) “Office” means the registered Office for the time being of the Company.	Office
	(p) “Ordinary Resolution” shall have the meanings assigned thereto by Section 114 of the Act.	Ordinary Resolution
	(q) “Person” shall be deemed to include corporations and firms as well as individuals.	Person
	(r) “Proxy” means an instrument whereby any person is authorized to vote for a member at General Meeting or Poll and includes attorney duly constituted under the power of attorney.	Proxy
	(s) “The Register of Members” means the Register of Members to be kept pursuant to Section 88(1)(a) of the Act.	Register of Members
	(t) “Rules” mean the applicable rules for the time being in force as prescribed under relevant sections of the Act.	Rules
	(u) “Seal” means the common seal for the time being of the Company.	Seal
	(v) “Share” means a share in the share capital of the Company and include stock.	Share
	(w) “Special Resolution” shall have the meanings assigned to it by Section 114 of the Act.	Special Resolution
	(x) Words importing the Singular number include where the context admits or requires the plural number and vice versa.	Singular number
	(y) “The Statutes” means the Companies Act, 2013 and every other Act for the time being in force affecting the Company.	Statutes
	(z) “These presents” means the Memorandum of Association and the Articles of Association as originally framed or as altered from time to time.	These presents
	(aa) “Year” means the calendar year and “Financial Year” shall have the meaning assigned thereto by Section 2(41) of the Act.	Year and Financial Year
	Save as aforesaid any words and expressions contained in these Articles shall bear the same meanings as in the Act or any statutory modifications thereof for the time being in force.	Expressions in the Act to bear the same meaning in Articles
SHARE CAPITAL AND VARIATION OF RIGHTS		
3.	a) The Authorized Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time. b) Subject to the provisions of the Act and these Articles the shares in the capital of the Company shall be under the control of the board who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.	Authorized Capital. Shares under the control of Board
4.	The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more	Increase of capital by the Company how carried into effect

Sr. No	Particulars	Marginal Notes
	classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 47 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 64 of the Act.	
5.	Except so far as otherwise provided by the conditions of issue or by these Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.	New Capital same as existing capital
6.	The Company may issue the following kinds of shares in accordance with these Articles. The Act, the Rules and other applicable laws: (a) Equity Share Capital (i) With voting rights; and / or (ii) With differential rights as to dividend, voting or otherwise in accordance with the Rules; and (b) Preference Share Capital	Kinds of Share and Voting Rights
7.	Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.	Debentures
8.	The Company may exercise the powers of issuing sweat equity shares conferred by Section 54 of the Act of a class of shares already issued subject to such conditions as may be specified in that sections and rules framed thereunder.	Issue of Sweat Equity Shares
9.	The Company may issue shares to Employees including its Directors other than independent directors and such other persons as the rules may allow, under Employee Stock Option Scheme (ESOP) or any other scheme, if authorized by a Special Resolution of the Company in general meeting subject to the provisions of the Act, the Rules and applicable guidelines made there under, by whatever name called.	ESOP
10.	Subject to the provisions of Section 61 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (1) of Section 61; Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.	Consolidation, Sub-Division And Cancellation
11.	Subject to compliance with applicable provision of the Act and rules framed thereunder the Company shall have power to issue depository receipts in any foreign country.	Issue of Depository Receipts
12.	Subject to compliance with applicable provision of the Act and rules framed thereunder the Company shall have power to issue any kind of securities as permitted to be issued under the Act and rules framed thereunder.	Issue of Securities
13.	(1) Every person whose name is entered as a member in the registrar of members, shall be entitled to receive within two months after allotment or within one month from the date of receipt by the Company of the application for registration of transfer or transmission or within such other periods as the conditions of issue	Issue of certificate of shares (where shares are not in demat form)

Sr. No	Particulars	Marginal Notes
	shall provide- (a) One certificate for all his shares without payment of any charges; or (b) Several certificates, each for one or more of his shares, upon payment of such charges as may be fixed by the Board for each certificate after the first. (2) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon. (3) In respect of any shares 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 shareholders.	Certificate to bear seal One certificate for shares held jointly
14.	(a) Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as provided in the relevant laws) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the secretary or some other person appointed by the Board for the purpose and two Directors or their attorneys and the secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue. (b) Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupees Fifty. The Company shall comply with the provisions of Section 39 of the Act. (c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.	Share Certificates (where shares are not in demat form)
15.	A person subscribing to shares offered by the Company shall have the option either to receive certificates for such shares or hold the shares in a dematerialized state with a depository. Where a person opts to hold any share with the depository, the Company shall intimate such depository the details of allotment of the share to enable the depository to enter in its records the name of such person as the beneficial owner of that share.	Option to receive share certificate or hold shares with depository

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16.	If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Board deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of fees for each certificate as may be fixed by the Board.	Issue of new certificate in place of one defaced, lost or destroyed (where shares are not in demat form)
17.	The provisions of the foregoing Articles relating to issue of certificates shall <i>mutatis mutandis</i> apply to issue of certificates for any other securities including debentures (except where the Act otherwise requires) of the Company.	Provision as to issue of certificates to apply <i>mutatis mutandis</i> to debentures, etc
18.	(1) The Company may exercise the powers of paying commissions conferred by the Act, to any person in connection with the subscription to its securities, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the Rules. (2) The rate or amount of the commission shall not exceed the rate or amount prescribed in the Rules. (3) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other. (4) The Company may pay on any issue of shares and debentures such brokerage as may be reasonable and lawful.	Power to pay commission in connection with securities issued Rate of commission in accordance with Rules Mode of payment of commission Brokerage
19.	(1) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, and whether or not the Company is being wound up, be varied with the consent in writing of the such number of the holders of the issued shares of that class, or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class, as prescribed by the Act. (2) To every such separate meeting, the provisions of these Articles relating to General Meetings shall <i>mutatis mutandis</i> apply.	Variation of members' rights Provisions as to General Meetings to apply <i>mutatis mutandis</i> to each meeting
20.	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 <i>pari passu</i> therewith	Issue of further shares not to affect the rights of existing members
21.	Subject to the provisions of Section 62 of the Act and these Articles, the shares in the capital of the Company for the time being 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 and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares.	Shares at the disposal of the Directors.
22.	Subject to the provisions of the Act, the Board shall have the power to issue or reissue cumulative or non-cumulative basis preference shares of one or more classes which are liable to be redeemed, or converted to equity shares, on such terms and conditions and in such manner as determined by the Board in accordance with the Act.	Power to issue redeemable preference shares

Sr. No	Particulars	Marginal Notes
23.	(1) The Board or the Company, as the case may be, may in accordance with the Act and Rules, issue further shares to: (a) persons who, at the date of offer, are holders of equity shares of the Company; such offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; or (b) employees under any scheme of employees' stock option; or I any persons, whether or not those persons include the person referred to in clause (a) or (b) above. (2) A further issue of shares may be made in any manner whatsoever as the Board may determine, among others, by way of further public offer, preferential offer or private placement, subject to and in accordance of the Act and other regulations governing such issues.	Further issue of share capital Mode of further issue of shares
LIEN		
24.	(1) The Company shall have a first and paramount lien— (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and (b) on all shares (not being fully paid shares) standing registered in the name of a 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. (2) The Company's lien, if any, on a share shall extend to all dividends or interest, as the case may be, payable and bonuses declared from time to time in respect of such shares for any money owing to the Company. (3) Unless otherwise agreed by the board, the registrar of a transfer of shares shall operate as a waiver of the Company's lien.	Company's lien on shares Lien to extend to dividend etc. Wavier of lien in case of registration
25.	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 or otherwise.	As to enforcing lien by sale
26.	(1) To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchaser thereof. (2) The purchaser shall be registered as the holder of the shares comprised in any such transfer. (3) The receipt of the Company for the consideration (if any) given for the share on the sake thereof shall (subject, if necessary, to execution of an instrument of transfer or a transfer by relevant system, as the case may be) constitute a good title to the share and the purchaser shall be registered as the holder of the share. (4) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings with reference to the sale.	Validity of sale Purchaser to be registered holder Validity of Company's receipt Purchaser not affected
27.	(1) 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. (2) The residue, if any, shall subject to a like lien for sums not presently payable as existed upon the shares before the sale be paid to the person entitled to the shares at the date of the sale.	Application of proceeds of sale Payments of residual money

Sr. No	Particulars	Marginal Notes
28.	In exercising its lien, the Company shall be entitled to tear the registered holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or unless required by any statute) be bound to recognize any equitable or other person, whether a creditor of the registered holder or otherwise. The Company's lien shall prevail notwithstanding that it has received notice of any such claim.	Outsider's lien not to affect Company's lien
29.	The provision of these Articles relating to lien shall <i>mutatis mutandis</i> apply to any other securities including debentures of the Company.	Provision's as to lien to apply <i>mutatis mutandis</i> to debentures, etc.
CALLS ON SHARES		
30.	(1) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times (2) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares. (3) The Board may, from time to time, at its discretion, extend the time fixed for payment of any call in respect of one or more members as the Board may deem appropriate in any circumstances. (4) A call may be revoked or postponed at the discretion of the Board.	Board may make calls Notice of call Board may extend time for payment Revocation or postponement of call
31.	A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by installments.	Call to take effect from date of resolution
32.	The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.	Liability of joint holders of shares
33.	(1) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof (the "due date"), the person from whom the sum is due shall pay interest thereon from the due date to the time of actual payment at such rate as may be fixed by the Board. (2) The Board shall be at liberty to waive payment of any such interest wholly or in part.	When interest on call or installment payable Board may waive interest
34.	(1) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable. (2) In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.	Sums deemed to be calls Effect of non – payment of sums
35.	The Board— (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate as may be fixed by the Board. Nothing contained in this clause shall confer on the members (a) any right to participate in profits or dividends or (b) any voting rights in respect of the moneys so paid by him until the same would, but	Payment in anticipation of calls may carry interest

Sr. No	Particulars	Marginal Notes
	for such payment, become presently payable by him.	
36.	If by the conditions of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by installments, then every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time, is or shall be the registered holder of the share or the legal representative of a deceased registered holder.	Installments on shares to be duly paid
37.	All calls shall be made on a uniform basis on all shares falling under the same class. Explanation: Shares of all the same nominal value on which different amounts have been paid – up shall not be deemed to fall under the same class.	Calls on shares of same class to be on uniform basis
38.	Neither a judgment nor a decree in favour of the Company for calls or other money due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided.	Partial payment not to preclude forfeiture
39.	The provision of these Articles relating to calls shall <i>mutatis mutandis</i> apply to any other securities including debentures of the Company.	Provisions as to calls to apply mutatis mutandis to debentures, etc.
TRANSFER OF SHARES		
40.	(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.	Instrument of transfer to be executed by transferor and transferee
41.	The instrument of transfer of any share or debenture shall be in writing and all the provisions of Section 56 and statutory modification thereof including other applicable provisions of the Act shall be duly complied with in respect of all transfers of shares or debenture and registration thereof. The instrument of transfer shall be in a common form approved by the Exchange;	Transfer Form.
42.	The Board may, subject to the right of appeal conferred by section 58 of the Act decline to register— (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or (b) any transfer of shares on which the Company has a lien.	Board may refuse to register transfer
43.	The Board may decline to authorize any instrument of transfer unless – (a) the instrument of transfer is duly executed and is in the form as prescribed in the Rules made under sub-section (1) of section 56 of the Act; (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and (c) the instrument of transfer is in respect of only one class of shares.	Board may decline to recognize instrument of transfer
44.	No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and letter of administration, Certificate of Death or Marriage, Power of Attorney or similar other document with the Company.	No fee on transfer.
45.	The Board of Directors shall have power on giving not less than seven days previous notice in accordance with section 91 and rules made thereunder close the Register of Members and/or the Register of debentures holders and/or other security holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.	Closure of Register of Members or debenture holder or other security holders.

Sr. No	Particulars	Marginal Notes
46.	The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine.	Custody of transfer Deeds.
47.	Where an application of transfer relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.	Application for transfer of partly paid shares.
48.	On giving not less than seven days' previous notice in accordance with section 91 of the Act and Rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine: Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty- five days in the aggregate in any year.	Provisions to apply on issue of Redeemable Preference Shares
49.	The provisions of these Articles relating to transfer of shares shall <i>mutatis mutandis</i> apply to any other securities including debentures of the Company.	Provisions as to transfer of shares to apply <i>mutatis mutandis</i> to debentures, etc.
NOMINATION AND TRANSMISSION OF SHARES		
50.	(i) Notwithstanding anything contained in the articles, every holder of securities of the Company may, at any time, nominate a person in whom his/her securities shall vest in the event of his/her death and the provisions of Section 72 of the Companies Act, 2013 shall apply in respect of such nomination. (ii) No person shall be recognized by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the securities of the Company in the manner specified under Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014 (iii) The Company shall not be in any way responsible for transferring the securities consequent upon such nomination. (iv) If the holder(s) of the securities survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked.	Nomination
51.	(1) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons authorized by the Company as having any title to his interest in the shares. (2) Nothing in clause (1) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.	Title to shares on death of a member Estate of deceased member liable
52.	(1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either – (a) to be registered himself as holder of the share; or (b) to make such transfer of the share as the deceased or insolvent member could have made. (2) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency. (3) The Company shall be fully indemnified by such person from all liability, if any, by actions taken by the Board to give effect to such registration or transfer.	Transmission Clause Board's right unaffected Indemnity to the Company

Sr. No	Particulars	Marginal Notes
53.	(1) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. (2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share. (3) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of 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.	Right to election of holder of share Manner of testifying election Limitations applicable to notice
54.	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.	Claimant to be entitled to same advantage
55.	In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Form no. SH-4 hereof as circumstances permit.	Form of transfer Outside India.
56.	No transfer shall be made to any minor, insolvent or person of unsound mind.	No transfer to insolvent etc.
57.	The provisions of these Articles relating to transmission by operation of law shall <i>mutatis mutandis</i> apply to any other securities including debentures of the Company.	Provisions as to transmission to apply <i>mutatis mutandis</i> to debentures, etc.
FORFEITURE OF SHARES		
58.	If a member fails to pay any call, or installment of a call or any money due in respect of any share, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on him requiring payment of so much of the call or installment or other money as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of non-payment.	If call or installment not paid notice must be given
59.	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.	Form of Notice
60.	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.	In default of payment of shares to be forfeited
61.	Neither the receipt by the Company for a portion of any money which may from time to time be due from any member in respect of his shares, nor any indulgence that may be granted by the Company in respect of payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture in respect of such shares as herein provided. Such forfeiture shall include all dividends declared or any other	Receipt of part amount or grant of indulgence not to affect forfeiture

Sr. No	Particulars	Marginal Notes
	moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.	
62.	When any share shall have been so forfeited, notice of the forfeiture shall be given to the defaulting member and an entry of the forfeiture with the date thereof, shall forthwith be made in the register of members but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.	Entry of forfeiture in register of members
63.	The forfeiture of a share shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share.	Effect of forfeiture
64.	(1) A forfeited share shall be deemed to be the property of the Company and may be sold or re-allotted or otherwise disposed of either to the person who was before such forfeiture the holder thereof or entitled thereto or to any other person on such terms and in such manner as the Board thinks fit. (2) At any time before a sale, re-allotment or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.	Forfeited shares may be sold, etc. Cancellation of forfeiture
65.	(1) 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, and shall 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. (2) All such monies payable shall be paid together with interest thereon at such rate as the Board may determine, from the time of forfeiture until payment or authorized. The Board may, if it thinks fit, but without being under any obligation to do so, enforce the payment of the whole or any portion of the monies due, without any allowance for the value of the shares at the time of forfeiture or waive payment in whole or in part. (3) 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.	Members still liable to pay money owing at the time of forfeiture Member still liable to pay money owing at time of forfeiture and interest Cesser of liability
66.	(1) 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; (2) The Company may receive the consideration, if any, given for the share on any sale, re-allotment 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; (3) The transferee shall thereupon be registered as the holder of the share; and (4) 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, re-allotment or disposal of the share.	Certificate of forfeiture Title of purchaser and transferee of forfeited shares Transferee to be registered as holder Transferee not affected
67.	Upon any sale after forfeiture or for enforcing a lien in exercise of the powers hereinabove given, the Board may, if necessary, appoint some person to execute an instrument for transfer of the shares sold and cause the purchaser's name to be entered in the register of members in respect of the shares sold and after his name has been entered in the register of members in respect of such shares the validity of the sale shall not be impeached by any person.	Validity of sales
68.	Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate(s), if any, originally issued in respect of the relative shares shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member) stand cancelled and become null and void and be of no effect,	Cancellation of share certificate in respect of forfeited shares

Sr. No	Particulars	Marginal Notes
	and the Board shall be entitled to issue a duplicate certificate(s) in respect of the said shares to the person(s) entitled thereto.	
69.	The Board may, subject to the provisions of the Act, accept a surrender of any share from or by any member desirous of surrendering them on such terms as they think fit.	Surrender of share certificates
70.	The provisions of these Articles 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.	Sums deemed to be calls
71.	The provisions of these Articles relating to forfeiture of shares shall <i>mutatis mutandis</i> apply to any other securities including debentures of the Company.	Provisions as to forfeiture of shares to apply <i>mutatis mutandis</i> to debentures, etc.
	ALTERATION OF CAPITAL	
72.	Subject to the provisions of the Act, the Company may, by ordinary resolution – (a) increase the share capital by such sum, to be divided into shares of such amount as it thinks expedient; (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares: Provided that any consolidation and division which results in changes in the voting percentage of members shall require applicable approvals under the Act; (c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination; (d) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum; (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.	Power to alter share capital
73.	Where shares are converted into stock: (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same Articles under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit: Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose; (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage; (c) such of these Articles of the Company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder”/ “member” shall include “stock” and “stockholder” respectively.	Shares may be converted into stock Right of stockholders
74.	The Company may, by resolution as prescribed by the Act, reduce in any manner and in accordance with the provisions of the Act and the Rules, (a) its share capital; and/or	Reduction of capital

Sr. No	Particulars	Marginal Notes
	(b) any capital redemption reserve account; and/or I any securities premium account; and/or (d) any other reserve in the nature of share capital.	
75.	Where two or more persons are registered as joint holders (not more than three) of any share, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles: (a) The joint-holders of any share shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of such share. (b) On the death of any one or more of such joint-holders, the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person. (c) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share. (d) Only the person whose name stands first in the register of members as one of the joint-holders of any share shall be entitled to the delivery of certificate, if any, relating to such share or to receive notice (which term shall be deemed to include all relevant documents) and any notice served on or sent to such person shall be deemed service on all the joint-holders. (e) (i) Any one of two or more joint-holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint-holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the register in respect of such shares shall alone be entitled to vote in respect thereof. (ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands, shall for the purpose of this clause be deemed joint-holders. (f) The provisions of these Articles relating to joint holders of shares shall <i>mutatis mutandis</i> apply to any other securities including debentures of the Company registered in joint names.	Joint-holders Liability of Joint holders Death of one or more joint-holders Receipt of one sufficient Delivery of certificate and giving of notice to first named holder Vote of joint holders Executors or administrators as joint-holders Provisions as to joint holders as to shares to apply <i>mutatis mutandis</i> to debentures, etc.
CAPITALISATION OF PROFITS		
76.	(1) The Company, in general meeting may, upon the recommendation of the Board, resolve — (a) that it is desirable to authorized any part of the amount for the time being standing to the credit of any of the Company’s reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) below amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions. (2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3) below, either in or towards : (a) <u>paying up any amounts for the time being unpaid on any shares held by such members respectively;</u>	Capitalisation Sum how applied

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	(b) paying up in full, unissued shares or other securities of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid; (c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b). (d) A securities premium account and a capital redemption reserve account or any other permissible reserve account may, for the purposes of this Article, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares; (e) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.	
77.	(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall – (a) make all appropriations and applications of the amounts resolved to be authorized thereby, and all allotments and issues of fully paid shares or other securities, if any; and (b) generally do all acts and things required to give effect thereto. (2) The Board shall have power— (a) to make such provisions, by the issue of fractional certificates/coupons or by payment in cash or otherwise as it thinks fit, for the case of shares or other securities becoming distributable in fractions; and (b) to authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares or other securities to which they may be entitled upon such authorized on, 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 authorized, of the amount or any part of the amounts remaining unpaid on their existing shares. (3) Any agreement made under such authority shall be effective and binding on such members.	Powers of the Board for capitalisation Board's power to issue fractional certificate/coupon etc. Agreement binding on members
BORROWING POWERS		
78.	Subject to the provisions of Sections 73, 179 and 180, and other applicable provisions of the Act and these Articles, the Board may, from time to time, at its discretion by resolution passed at the meeting of a Board: a) accept or renew deposits from Shareholders; b) borrow money by way of issuance of Debentures; c) borrow money otherwise than on Debentures; d) accept deposits from Shareholders either in advance of calls or otherwise; and e) generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. Provided, however, that where the money to be borrowed together with the money already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the Paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board shall not borrow such money without the consent of the Company by way of a Special Resolution in a General Meeting. Provided further that the Board may delegate the power specified in (c) herein above (i.e. to borrow money otherwise than on debentures) to a committee constituted for the purpose.	Power to borrow. Delegation of power to borrow

Sr. No	Particulars	Marginal Notes
79.	Subject to the provisions of the Act and these Articles, any bonds, debentures, debenture-stock or any other securities may be issued at a discount, premium or otherwise and with any special privileges and conditions as to redemption, surrender, allotment of shares, appointment of Directors or otherwise; provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.	Issue of discount etc. or with special privileges.
80.	The payment and/or repayment of moneys borrowed or raised as aforesaid or any moneys owing otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by mortgage, charter, lien or any other security upon all or any of the assets or property (both present and future) or the undertaking of the Company including its uncalled capital for the time being, or by a guarantee by any Director, Government or third party, and the bonds, debentures and debenture stocks and other securities may be made assignable, free from equities between the Company and the person to whom the same may be issued and also by a similar mortgage, charge or lien to secure and guarantee, the performance by the Company or any other person or Company of any obligation undertaken by the Company or any person or Company as the case may be.	Securing payment or repayment of Moneys borrowed.
81.	Any bonds, debentures, debenture-stock or their securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions, and in such manner and for such consideration as they shall consider to be for the benefit of the Company.	Bonds, Debentures etc. to be under the control of the Directors.
82.	If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.	Mortgage of uncalled Capital.
83.	Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surely for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.	Indemnity may be given.
BUY-BACK OF SHARES		
84.	Notwithstanding anything contained in these Articles but subject to all applicable provisions of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.	Buy-back of shares
GENERAL MEETINGS		
85.	All general meetings other than annual general meeting shall be called extraordinary general meeting.	Extraordinary general meeting
86.	(i) The Board may, whenever it thinks fit, call an extraordinary general meeting.	Powers of Board to call 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		
87.	(1) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting	Liability of Members.

Sr. No	Particulars	Marginal Notes
	proceeds to business. (2) No business shall be discussed or transacted at any general meeting except election of Chairperson whilst the chair is vacant. (3) The quorum for a general meeting shall be as provided in section 103 of the Act.	Business confined to election of Chairperson whilst chair vacant Quorum for general meeting
88.	The Chairperson of the Company shall preside as Chairperson at every general meeting of the Company.	Chairperson of the meetings
89.	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.	Directors to elect a Chairperson
90.	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, by poll or electronically, choose one of their members to be Chairperson of the meeting.	Members to elect a Chairperson
91.	On any business at any general meeting, in case of an equality of votes, whether on a show of hands or electronically or on a poll, the Chairperson shall have a second or casting vote.	Casting vote of Chairperson at general meeting
92.	(1) The Company shall cause minutes of the proceedings of every general meeting of any class of members or creditors and every resolution passed by postal ballot to be prepared and signed in such manner as may be prescribed by the Rules and kept by making within thirty days of the conclusion of every such meeting concerned or passing of resolution by postal ballot entries thereof in books kept for that purpose with their pages consecutively numbered. (2) There shall not be included in the minutes any matter which, in the opinion of the Chairperson of the meeting – (a) is, or could reasonably be regarded, as defamatory of any person; or (b) is irrelevant or immaterial to the proceedings; or (c) is detrimental to the interests of the Company. (3) The Chairperson shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in the aforesaid clause. (4) The minutes of the meeting kept in accordance with the provisions of the Act shall be evidence of the proceedings recorded therein.	Minutes of proceedings of meetings and resolutions passed by postal ballot Certain matters not to be included in Minutes Discretion of Chairperson in relation to Minutes Minutes to be evidence
93.	(1) The books containing the minutes of the proceedings of any general meeting of the Company or a resolution passed by postal ballot shall: (a) be kept at the registered office of the Company; and (b) be open to inspection of any member without charge, during 11.00 a.m. to 1.00 p.m. on all working days other than Saturdays. (2) Any member shall be entitled to be furnished, within the time prescribed by the Act, after he has made a request in writing in that behalf to the Company and on payment of such fees as may be fixed by the Board, with a copy of any minutes referred to in clause (1) above: Provided that a member who has made a request for provision of a soft copy of the minutes of any previous general meeting held during the period immediately preceding three financial years, shall be entitled to be furnished with the same free of cost.	Inspection of minute books of general meeting Members may obtain copy of minutes
94.	The Board, and also any person(s) authorized by it, may take any action before the commencement of any general meeting, or any meeting of a class of members in the Company, which they may think fit to ensure the security of the meeting, the safety of people attending the meeting, and the future orderly conduct of the meeting. Any decision made in good faith under this Article shall be final, and rights to attend and participate	Powers to arrange security at meetings

Sr. No	Particulars	Marginal Notes
	in the meeting concerned shall be subject to such decision.	
	ADJOURNMENT OF MEETING	
95.	(1) 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. (2) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. (3) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. (4) Save as aforesaid, and save as provided in 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.	Chairperson may adjourn the meeting Business at adjourned meeting Notice of adjourned meeting Notice of adjourned meeting not required
	VOTING RIGHTS	
96.	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.	Entitlement to vote on show of hands and on poll
97.	A member may exercise his vote at a meeting by electronic means in accordance with section 108 of the Act and shall vote only once.	Voting through electronic means
98.	(1) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. (2) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.	Vote of joint holders Seniority of names
99.	A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy. If any member be a minor, the vote in respect of his share or shares shall be by his guardian or any one of his guardians.	How members <i>non compos mentis</i> and minor may vote
100.	Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the Transmission Clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall duly satisfy the Board of his right to such shares unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.	Votes in respect of shares of deceased or insolvent members, etc.
101.	Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.	Business may proceed pending poll
102.	No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid or in regard to which the Company has exercised any right of lien.	Restriction on voting rights
103.	A member is not prohibited from exercising his voting on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in the preceding Article.	Restriction on exercise of voting rights in other cases to be void
104.	Any member whose name is entered in the register of members of the Company shall enjoy the same rights and be subject to the same	Equal rights of members

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	liabilities as all other members of the same class.	
PROXY		
105.	(1) Any member entitled to attend and vote at a general meeting may do so either personally or through his constituted attorney or through another person as a proxy on his behalf, for that meeting. (2) The instrument appointing a proxy and the power-of attorney or other authority, if any, under which it is signed or a authorize 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.	Member may vote in person or otherwise Proxies when to be deposited
106.	An instrument appointing a proxy shall be in the form as prescribed in the Rules made under section 105 of the Act.	Form of proxy
107.	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.	Proxy to be valid notwithstanding death of the principal
BOARD OF DIRECTORS		
108.	(1) The number of directors shall not be less than 3 (three) and shall not be more than 15 (fifteen). The Company by a special resolution may increase the number of directors in compliance with the Act.	Board of Directors
109.	(1) Subject to the provisions of the Act, the Board shall have the power to determine the directors whose period of office is or is not liable to determination by retirement of directors by rotation. (2) The same individual may, at the same time, be appointed as the Chairperson of the Company as well as the Managing Director or Chief Executive Officer of the Company.	Directors not liable to retire by rotation Same individual may be Chairperson and Managing Director/ Chief Executive Officer
110.	(1) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day. (2) 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.	Remuneration of directors Travelling and other expenses
111.	All cheques, promissory notes, drafts, <i>hundis</i> , 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.	Execution of negotiable instruments
112.	(1) Subject to the provisions of section 149 of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the	Appointment of additional directors

Sr. No	Particulars	Marginal Notes
	maximum strength fixed for the Board by the Articles. (2) Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.	Duration of office of additional director
113.	(1) The Board may appoint an alternate director to act for a director (hereinafter in this Article called “the Original Director”) during his absence for a period of not less than three months from India. No person shall be appointed as an alternate director for an independent director unless he is qualified to be appointed as an independent director under the provisions of the Act. (2) An alternate director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India. (3) If the term of office of the Original Director is determined before he returns to India the automatic reappointment of retiring directors in default of another appointment shall apply to the Original Director and not to the alternate director.	Appointment of alternate director Duration of office of alternate director Re-appointment provisions applicable to Original Director
114.	(1) If the office of any director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, in default of and subject to any regulations in the Articles of the Company, be filled by the Board of Directors at a meeting of the Board. (2) Provided, that the director so appointed shall hold office only upto the date upto which the director in whose place he is appointed would have held office if it had not been vacated.	Appointment of director to fill a casual vacancy Duration of office of Director appointed to fill casual vacancy
POWERS OF BOARD		
115.	The management of the business of the Company shall be vested in the Board and the Board may exercise all such powers, and do all such acts and things, as the Company is by the memorandum of association or otherwise authorized to exercise and do, and, not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in general meeting but subject nevertheless to the provisions of the Act and other laws and of the memorandum of association and these Articles and to any regulations, not being inconsistent with the memorandum of association and these Articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.	General powers of the Company vested in Board
PROCEEDINGS OF THE BOARD		
116.	(1) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit. (2) The Chairperson or any one Director with the previous consent of the Chairperson may, or the company secretary on the direction of the Chairperson shall, at any time, summon a meeting of the Board. (3) The quorum for a Board meeting shall be as provided in the Act. (4) The participation of directors in a meeting of the Board may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.	When meeting to be convened Who may summon Board meeting Quorum for Board meetings Participation at Board meetings
117.	(1) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes. (2) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.	Questions at Board meeting how decided Casting vote of Chairperson at Board meeting

Sr. No	Particulars	Marginal Notes
118.	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.	Directors not to act when number falls below minimum
119.	(1) The Chairperson of the Company shall be the Chairperson at meetings of the Board. In his absence, the Board may elect a Chairperson of its meetings and determine the period for which he is to hold office. (2) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within 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.	Who to preside at meetings of the Board Directors to elect a Chairperson
120.	(1) The Board may, subject to the provisions of the Act, delegate any of its powers to Committees consisting of such member or members of its body as it thinks fit. (2) Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board. (3) The participation of directors in a meeting of the Committee may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.	Delegation of powers Committee to conform to Board regulations Participation at Committee meetings
121.	(1) A Committee may elect a Chairperson of its meetings unless the Board, while constituting a Committee, has appointed a Chairperson of such Committee. (2) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.	Chairperson of Committee Who to preside at meetings of Committee
122.	(1) Subject to Companies Act, 2013, the provisions relating to quorum for the meetings of the Board of directors shall apply mutatis mutandis for the purpose of quorum for the meetings of any committee of the Board of directors. (2) A Committee may meet and adjourn as it thinks fit. (3) Questions arising at any meeting of a Committee shall be determined by a majority of votes of the members present. (4) In case of an equality of votes, the Chairperson of the Committee shall have a second or casting vote.	Committee to meet Questions at Committee meeting how decided Casting vote of Chairperson at Committee meeting
123.	All acts done in any meeting of the Board or of a Committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified or that his or their appointment had terminated, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.	Acts of Board or Committee valid notwithstanding defect of appointment
124.	Save as otherwise expressly provided in the Act, a resolution in writing, signed, whether manually or by secure electronic mode, by a majority of 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.	Passing of resolution by circulation

132.	(1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares. (2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share. (3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.	Division of profits Payments in advance Dividends to be apportioned
133.	(1) The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company. (2) The Board may retain dividends payable upon shares in respect of which any person is, under the Transmission Clause hereinbefore contained, entitled to become a member, until such person shall become a member in respect of such shares.	No member to receive dividend whilst indebted to the Company and Company's right to reimbursement therefrom Retention of dividends
134.	(1) Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronic mode or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct. (2) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. (3) Payment in any way whatsoever shall be made at the risk of the person entitled to the money paid or to be paid. The Company will not be responsible for a payment which is lost or delayed. The Company will be deemed to having made a payment and received a good discharge for it if a payment using any of the foregoing permissible means is made.	Dividend how remitted Instrument of payment Discharge to Company
135.	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.	Receipt of one holder sufficient
136.	No dividend shall bear interest against the Company.	No interest on dividends
137.	The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Board.	Waiver of dividends
ACCOUNTS		
138.	(1) The books of account and books and papers of the Company, or any of them, shall be open to the inspection of directors in accordance with the applicable provisions of the Act and the Rules. (2) No member (not being a director) shall have any right of inspecting any books of account or books and papers or document of the Company except as conferred by law or authorised by the Board or by the Company in a general meeting.	Inspection by Directors Restriction on inspection by members
WINDING UP		
139.	Subject to the applicable provisions of Chapter XX of the Act and the Rules made thereunder - (a) If the Company shall be wound up, the liquidator may, with the	Winding up of Company

	sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not. (b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. (c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.	
INDEMNITY AND INSURANCE		
140.	(a) Subject to the provisions of the Act, every director or officer of the Company shall be indemnified by the Company out of the funds of the Company, to pay all costs, losses and expenses (including travelling expense) which such director or officer may incur or become liable for by reason of any contract entered into or act or deed done by him in his capacity as such director or officer or in any way in the discharge of his duties in such capacity including expenses. (b) Subject as aforesaid, every director or officer of the Company shall be indemnified 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 discharged or in connection with any application under applicable provisions of the Act in which relief is given to him by the Court. (c) The Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly and reasonably.	Directors and officers right to indemnity Insurance
141.	(a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained. (b) No member or other person (other than a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate.	Secrecy Access to property information etc.
GENERAL POWER		
142.	Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this Article authorizes and empowers the Company to have such rights, privileges or authorities and to carry out such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided.	General power

**IN THE HIGH COURT OF KARNATAKA AT BANGALORE
DATED THIS THE 13TH DAY OF FEBRUARY 2003**

BEFORE

THE HON'BLE MR. JUSTICE N.KUMAR

COMPANY PETITION No. 97/2002 C/W COP 270/2002 & COP 271/2002

Between

IN COP No. 97 OF 2002
1. KIRLOSKAR ELECTRIC COMPANY LTD
INDUSTRIAL SUBURB,
RAJAJINAGAR
BANGALORE-560 010

... PETITIONER

(By Sri P.CHIDAMBARAM, SR. ADVOCATE FOR M/s. POOVAIAH AND COMPANY)

AND

1 NIL

..... RESPONDENT

(By Sri K.G. RAGHAVAN FOR ICICI:
Sri UDAYA HOLLA FOR OBJECTOR-M/s CAUVERY GEARS PVT. LIMITED;
Sri R.B. DESHPANDE FOR OBJECTOR-M/s. R.P.ENTERPRISES;
Sri VISHWANATH SHENDGE, ACGSC, FOR ROC;
Sri H.S.SRINIVASA MURTHY FOR APPLICANT IN CA793/2002
OPPOSING CREDITOR;
M/S. SAMARTHNA ASSOCIATES FOR OBJECTOR)

This petition is filed under Section 391 to 394 of the Companies Act, 1956 praying to sanction the Scheme of Arrangement so as to be binding on all the members, Secured Creditors, Unsecured Creditors of the Petitioner Company, as well as on the Petitioner Company, and to pass such other orders.

IN COP No. 270 OF 2002
BETWEEN
1.KAYTEE SWITCHGEAR PVT. LTD.
INDUSTRIAL SUBURB
RAJAJINAGAR
BANGALORE - 560 010
KARNATAKA

... PETITIONER

(By Sri P.CHIDAMBARAM, POOVAYYA & CO.) SR. ADVOCATE FOR M/S. POOVAYYA & CO.)
AND:

1 NIL

... RESPONDENT

(By Smt. MADHUMITA BAGCHI ACGSC,ROC)
This Petition is filed under Section 394 of the Companies Act, 1956 r/w Rule 79 of the Companies (Court) Rules 1959 praying to sanction the scheme of arrangement between M/s. Kirloskar Electric Company and M/s. Kaytee Switchgear Pvt. Ltd. so as to be binding on the equity share holders of the Petitioner company and on the Petitioner company.

IN COP No. 271 OF 2002
BETWEEN
1.BEST TRADING AND AGENCIES LIMITED
INDUSTRIAL SUBURB, RAJAJINAGAR
BANGALORE-10
KARNATAKA

... PETITIONER

(By Sri P. CHIDAMBARAM. SR. ADVOCATE FOR M/s. POVAYYA & CO)

AND

1. NIL

... RESPONDENT

(By Smt. MADHUMITA BAGACHI ACGSC)
This Petition is filed under Section 394 of the Companies Act 1956 r/w Rule 79 of the Companies (Court) Rules 1959 praying to sanction the scheme of arrangement between M/s. Kirloskar Electric Company Ltd., and M/s. Best Trading and Agencies Ltd, so as to be binding on all the share holders and creditors of the Petitioner company and on the petitioner company.

THESE COMPANY PETITIONS HAVING BEEN HEARD AND RESERVED FOR ORDERS, THIS DAY THE COURT PRONOUNCED THE FOLLOWING:

ORDER

Company Petition No. 97/2002 is filed by Kirloskar Electric Company Ltd. to obtain sanction of this court to the scheme of arrangement whereby the Company may be restructured by addressing its weaknesses and by leveraging the internal assets of the Company, to reduce outside liabilities on manufacturing operations, rationalise the debt burden on manufacturing units to long term sustaining level, rationalise the work force and bring the employee cost in line with the industry norms, restore bankability of business units and achieve long term viability under given economic and industry scenario.

- 2. Under the scheme of arrangement, the petitioner - Company, namely, Kirloskar Electric Company Limited, would be the transferor Company and the Kaytee Switchgear Pvt. Ltd. and Best Trading and Agencies Limited, are the transferee companies. For the purpose of brevity, Kirloskar Electric Company Limited is referred to as the ‘Company’ or (KECL) in this order.
- 3. The Petitioner – Company was incorporated as a Public Limited Company on 26.7.1946 under the Mysore Companies Act at Bangalore having its registered office at Industrial Suburb, Rajajinagar, Bangalore – 10. The authorized share capital of the company is Rs. 700,000,000 (Rupees Seven Hundred Million) divided into 40,000,000 (Forty Million) Equity shares of Rs.10.00 each and 3,000,000 (Three million) Preference Shares of Rs.100.00 each. The issued subscribed and paid-up share capital is Rs.25,268,817 (twenty five million two hundred and sixty eight thousand eight hundred and seventeen) Equity Shares of Rs.10/- each and 1,800,000 (One Million eight hundred thousand) Preference Shares of Rs.100/- each.
- 4. The object of the Company is to manufacture electric apparatus and appliances required for or capable of being used in connection with the generation, distribution, supply, accumulation and employment of electricity, produce a wide range of electrical motors, alternators, traction equipment, rotating machines, transformers switch gears, voltage regulators, industrial electronics, automotive controls, etc., and other manufacturing activity as set out in the Memorandum and Articles of Association.
- 5. The petitioner - Company has various manufacturing and other units at eleven places, they are:

Unit	Products	Location
Unit-1	Extra Large, Large and Medium AC Motors / Generators	Bangalore
Unit-2	Medium and Small AC Motors / Generators	Hubli
Unit-3	DC machines, Traction equipment	Bangalore
Unit-4	Industrial Electronics	Mysore
Unit-5	Transformers	Bangalore
Unit-7	Components for medium and small AC Motors	Tumkur
Unit-10	Switchgears	Hebbal
Unit-12	Spares Division	Bangalore
PSG	Projects and Systems Group	Bangalore
REG	Renewable Energy Group (Wind Mills)	Karnataka & Tamil Nadu

- 6. The petitioner-Company has a dominant market position in large and medium sized rotating machines and traction equipments and over the years it has built reputation and the Company enjoys goodwill in the domestic and foreign markets and the Company was having sound financial position till about 1997-98. The Company’s profitability started getting affected from 1998-99 onwards on account of the recession in capital goods industry, downturn of infrastructure and core sectors, which are generally the end users of the Company’s products. The other factors which lead to the decline in profitability are high level of debt, excess labour force and high employee cost, high interest cost, high level of receivables, continuing large losses, continuing poor financial situation and threat of legal cases from creditors/statutory authorities. Therefore, the Board of Directors of the petitioner-Company felt that unless the debt of the Company is restructured the survival of the

Company will be jeopardized. The main objective of the restructuring is to address the weakness of the company without relying on the external debt for funding of rehabilitation needs and to leverage the internal assets of the Company to the extent possible. Further, they want to rationalize the workforce and bring the employee cost in line with industry norms, restore bankability of business units, achieve long term viability under given economic and industry scenario, achieve positive net worth situation as early as possible and keep options open for future possibilities of Joint Venture with Strategic Partners. Therefore, a detailed technical feasibility report for relocation and consolidation of manufacturing facilities has been made by the technical team of the petitioner-Company. The manufacturing Unit for large motors/generators (part of Unit-1) and DC machines and Traction equipment (Unit - 3) will be consolidated at a new location to derive advantages of sharing of common facilities, minimizing material flow, higher productivity and reduction of employee costs. In this connection ICICI (lead Institution) at the request of consortium of Banks and term lenders has obtained report from an independent technical consultant, who has confirmed the feasibility and rationale of relocation as proposed in the scheme. Therefore, they have formulated a scheme of arrangement between the petitioner-Company and its members and creditors which is produced at Annexure-B.

7. In terms of the scheme, with a view to consolidate the production facility, to reduce overheads and to unlock the real asset value at Bangalore the following operational restructuring is proposed :
 - Shift Unit 1 (AC Machines - Small and Medium Plant) from Bangalore to Hubli
 - Shift Unit 1 (AC Machines - Large and Extra Large Plant) from Bangalore to a new location near Bangalore.
 - Shift Unit 3 (DC Machines and Traction Plant) from Bangalore to a new location near Bangalore.
 - Shift Unit 5 (Transformer Plant) from Bangalore to Mysore
 - Shift Unit 10 (Switchgear Plant) from Hebbal, Bangalore to Mysore
 - Shift PSG from Bangalore to Mysore
 Subsequent to such operational restructuring, there will be two Business Groups namely
 - i) Rotating Machine Group (RMG) at Hubli / New locations near Bangalore. Tumkur. Spares Division in Bangalore and Wind Mills (REG) in Karnataka and Tamil Nadu and
 - ii) Static Equipment Group (SEG) at Mysore. The rationale for segregation into the two business groups is to consolidate operations based on the respective synergies and to develop the vehicle for exploring the joint venture / strategic alliance for the Rotating machine Group.
8. Under the scheme, three entities are created to manage the existing assets of KECL, they are :
 - (i) "Rotating Machine Group" (RMG) means the following businesses being hived off to Kaytee Switchgear Private Limited:
 - (a) Extra large and Large AC Motors / Generators (Unit-1) at New Location near Bangalore.
 - (b) Medium and Small AC Motors /Generators (Unit -2) at Hubli.
 - (c) DC Machines & Traction (Unit-3) at New Location near Bangalore.
 - (d) Component Unit (Unit-7) at Tumkur.
 - (e) Spares Division (Unit-12) at Bangalore and
 - (f) Renewable Energy Group (REG) at Existing locations.
 - (ii) "Static Equipments Group" (SEG) means the following businesses which will remain with residual KECL:
 - (a) Industrial Electronics (Unit-4) at Mysore.
 - (b) Transformers (Unit-5) at Bangalore to be shifted to Mysore
 - (c) Switchgears (Unit-10) at Bangalore to be shifted to Mysore, and
 - (d) Projects and Systems Group (PSG) (Unit-1) to be shifted to Mysore.
 - (iii) "Special Purpose Vehicle" (SPV) means an entity to which the non-manufacturing surplus assets and real estate of KECL will be transferred for liquidating / repayment of secured creditors liabilities & Statutory and other dues of the KEC.
 Best Trading & Agencies Limited (BCAL), a subsidiary company of KECL, incorporated under the Companies Act, 1956 is the entity identified for this purpose.

The other entities which are relevant is as under:

- (i) "KEC-1" means the "Rotating Machine Group" or Kaytee Switchgear Private Limited (KSPL)
 - (ii) "Residual KEC" means the Company remaining after transfer of assets and liabilities to KEC-1 and SPV and
 - (iii) "New Location" means the new location for shifting of the existing plant at Unit-1 and Unit-3 as may be deemed fit by the management.
9. With effect from the appointed date, KECL will be de-merged / hived off into three entities so as to achieve the objectives of restructuring :

- (a). Special Purpose Vehicle (SPV) to leverage Non-manufacturing Surplus Assets and real estate.
- (b). KEC-1: (Hubli, New Location near Bangalore, Tumkur, Spares Division and REG in existing locations) called the Rotating Machine Group.
- (c) Residual KEC : Unit 4 (Electronics), Unit 5 (Transformer), Unit 10 (Switchgear) and PSG
- (i) Special Purpose Vehicle (SPV)

SPV will be carved out of KECL to comprise of surplus non-manufacturing and liquid assets such as real estate at Bangalore (other than a part of the land retained in residual KECL), Peenya, Pune and surplus machinery and group company advances and receivables. The total realizable amount from sale of such Assets is estimated at Rs.14855 lakhs (net of cost of sales). The liabilities of secured lenders to extent of Rs.12159 lakhs besides other liabilities of Rs.2696 lakhs (including VRS, cost of shifting etc.) will also be transferred to SPV. The proceeds from sale of SPV’s assets will be utilized towards payments of its liabilities. The surplus assets transferred to SPV will have assured realization within time frame of about 18 - 36 months. Securitization of such surplus assets will ensure repayment of major part of the existing term liabilities.

The details of assets to be transferred to SPV and amount of liabilities to be assigned are given below:-

Liabilities		Assets	
	Rs. in Lakhs		Rs. in Lakhs
Equity to ICICI / NCD holders and Residual KEC	1	Property at Malleshwaram*	11,600
Liabilities of Term Lenders	9,223	Land and Building at Pune	200
Liabilities of Banks (WCTL)	2,935	Property at Peenya	800
Other Liabilities :		Surplus m/c	612
- VRS	2,346	Group advances	1,191
- Cost of Shifting	350	Group company recoveries	792
		Less : Cost of Sales	310
Total Liabilities	14,855	Total Assets	14,855

* Excludes part of the land retained in the Residual KEC

The valuation of assets to be transferred to SPV is taken on the basis of Current Fair Market Value (FMV) of assets, with a view to facilitate the scheme, the charge holders will concede proportionate representation in the SPV to all the secured lenders irrespective of their existing charge position on the assets being transferred to SPV. The detailed break-up of liabilities of individual lenders to be transferred to SPV is given in the Annexure 1 to the scheme.

Residual KEC will hold the initial equity capital of SPV to the extent of 1% and the existing charge holders i.e., ICICI and NCD holders will hold the balance of 99% of the equity in the proportion of their existing outstandings.

An asset sale committee will be constituted comprising of one representative each from the participating institutions/banks and one from KEC. The sale of any asset of SPV shall be with the approval of the members representing minimum of 75% in value of the total loan outstandings at any point of time in SPV.

The sale proceeds shall be appropriated first to meet cost of VRS, cost of shifting operations from the existing locations, etc., The amount remaining thereafter shall be utilized for payment to lenders in SPV proportionately.

No rent or other charges shall be payable to SPV by KECL or RMG from the appointed date to the date of vacation of the Malleswaram property. KECL and RMG shall vacate the premises within 9 (nine) months from the date of receipt of Rs.2696 lakhs from SPV towards the cost of shifting and voluntary retirement expenses.

- (ii) KEC-1 (RMG)
KEC-1 will be Rotating Machine Group (RMG) with a business valuation of Rs.19000 lakhs on the basis of Discounted Cash Flow (DCF) method. The fixed assets of RMG together with current assets and current liabilities will be transferred to Kaytee Switchgear Private Limited. This Company will be assigned liabilities of Rs.19000 lakhs as under:-

Particulars	Rs. in Lakhs
Equity to Kirloskar Electric Company Limited	5,292
Equity to lenders of KEC (in lieu of conversion of KECL liabilities)	1,308
Net Worth	6,600
Assignment (Transfer) of Liabilities of KECL to RMG	
i. Balance of Term Debt of secured term lenders and FITL	6,741
ii. WCTL to Banks	1,297
Sub Total	8,038
Working Capital of Banks	3,362
Overdue sundry creditors	1,000
Grand Total	19,000

The breakup of liabilities being transferred to KEC-1 (RMG) is given in Annexure-1.

The secured lenders will be allotted equity to the extent of 29% of the Company at Rs.20.50 per share (inclusive of premium of Rs.10.50) towards conversion of their dues, while balance 79% will be allotted to Residual KEC at Re.33.88 per share (inclusive of a premium of Rs.23.88). No party (Financial Institutions/Banks or KECL) shall dispose of the shares held in RMG without the written consent of others, for a minimum period of three years from the date of allotment.

The assigned term debt and WCTL would be paid-off within a period of 8 years and the estimated cash generation of KEC-1 would ensure acceptable level of average Debt Service Coverage Ratio (DSCR). Term Lenders in RMG will have an option to convert upto 10% of their dues in RMG to normal working capital Loan. In the event of such conversion, the corresponding amount of normal working capital of banks will be converted to WCTL.

(iii) Residual KECL – (SEG):

The residual Company after transferring the assets to SPV and RMG will essentially be Static Equipments Group (SEG). The residual liabilities in this will be mainly preference shares of Rs.1200 lakhs, unpaid dividend on preference shares of Rs. 494 lakhs, WCTCL of Banks of Rs. 986 lakhs besides normal working capital within Drawing Power (DP) of Rs.658 lakhs.

The promoter stakeholders shall bring in a sum of Rs.600 lakhs as equity in residual KEC over a period of two years from the effective date for meeting the restructuring funding needs for which residual KEC would make a preferential issue of equity to the promoter stakeholders at a price of Rs.30 per share (inclusive of a premium of Rs.20).

The Term debts retained in Residual KEC would be paid off within a period of 9 years and the estimated cash generations of the company would ensure acceptable level of Average-debt service coverage ratio (DSCR).

According to the scheme, the manufacturing operations of the main plant in Bangalore have to be shifted and the premises vacated. Certain expenditure like payments towards statutory dues, workers' dues, part of cost of VRS, purchase of land at the new location, construction of buildings and shifting of the plant and machinery to the new location, etc., is involved. This requirement of funds has to be met out of the sale proceeds of the land, as no financial institution/Bank is willing to advance fresh funds for payment towards such expenditure.

The Company intends to sell a part of the land measuring about 31000 square meters at the Bangalore main plant to a party with whom an agreement has been entered into for a sale price of approximately Rs.2000 lakhs. The sale proceeds are to be utilised to meet certain expenditure such as payments towards statutory dues, workers' dues, part of cost of VRS, purchase of land at the new location, construction of buildings and shifting of the plant and machinery to the new location etc.

The details of the asset (part of the Malleswaram land) retained in Residual KEC and amount of liabilities assigned are given below:

Liabilities	Assets
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	Rs. in Lakhs		Rs. in Lakhs
Existing Liabilities			
CST, Sales Tax, Entry Tax etc.	302	Sale price for part of Bangalore	
Salary Arrears	446	Complex land.	2,000
PF, Income Tax, etc.,	133	Less : Cost of Sales	50
Gratuity	439		
Total	1,320		
Other Liabilities			
VRS (part)	180		
Cost of shifting	450		
Total	630		
Total Liabilities	1,950	Total Assets	1,950

10. The Company filed C.A.No. 134/2002 under Section 391 of the Companies Act requesting this Court to permit them to convene a meeting of the share holders, secured creditors and unsecured creditors for the purpose of considering and, if thought fit, approving, with or without modifications, the said Scheme of Arrangement. The said permission was granted by this Court by an order dated 14.3.2002. The meeting was held under the Chairmanship of Mr. Vijay R Kirloskar. Notices of the meeting were duly advertised in the English daily "Times of India" and Kannada daily "Prajavani". The meeting was convened on 26.4.2002 and it was held at the registered office. The Chairman of the meeting has filed his report. In the said meeting 18 secured creditors of the company attended the meeting and the total of their debt is Rs.2,53,36,43.491. The creditors suggested certain amendments and sought modification of the scheme. The modified scheme was approved in the said meeting by a majority of 14,713,91,975 votes in favour and 35,65,67,300 votes against the said resolution. Out of the 18 secured creditors who attended the meeting 12 secured creditors represented 81% in value of the total votes polled by Secured creditors present and voting have voted for the scheme unconditionally as against 3 secured creditors representing 19% voted against the said scheme. Two secured creditors. Bank of India and Bank of Baroda voted for the scheme subject to certain conditions. Their approval being conditional, their votes have been held invalid. All other secured creditors approving the scheme have voted for the scheme of arrangement unconditionally.
11. The meeting of the unsecured creditors was attended either personally or by proxy by 401 unsecured creditors of the company and the total value of their debt is Rs.25,29,76,149.07. The scheme was approved by a majority of 24,91,52,868.10 against 38,23,280.97 votes.
12. The meeting of the equity share holders was attended either personally or by proxy by 910 equity share holders of the company entitled together to 1,42,25,793 equity shares of Rs.10.00 aggregating to Rs.14,22,57,930.00. The scheme was approved by a majority of 14222428 votes against 424 votes.
13. The preference shares issued by the company are held by one share holder only viz., IDBI Limited. No meeting as such was convened to ascertain their view. Instead by a letter dated 18.4.2002 they were requested to convey their approval or otherwise of the proposed scheme. In reply thereto by their letter dated 26.7.2002 they stated that in principle agreement to the company's demerger proposal is accepted by them subject to the modification of the scheme or additional conditions, if any, as may be stipulated by them in the ensuing High Court hearing. However they have not suggested any modification or additional to be stipulated in the scheme. Thus all the legal formalities have been complied with by the petitioner-company.
14. It is also pertinent to point out the petitioner company being a sick company, a reference has been made under Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 to the BIFR by its application dated 26.3.2002 and the matter is now pending before BIFR.
15. Thereafter, the petitioner-company sought for sanctioning of the scheme by this Court. However, this Court by an order dated 22.10.2002 rejected the petition on the ground that the transferee companies have not sought permission of this Court for convening the meeting of their share holders and creditors to consider and approve the scheme formulated by the petitioner-company and as the scheme would affect the interest of the members of the said companies. Aggrieved by the said order the petitioners preferred an appeal in O.S.A.No.108/2002 before the Division Bench of this Court. On a representation made by the petitioner-Company the transferee companies would make necessary application under Section 391 of the Companies Act seeking permission of the

Court, to convene the meeting of their share holders and creditors only if the scheme of arrangement is approved in those meetings their request for sanction of the scheme could be considered, the order passed by the Company Judge was set aside and the matter was remanded back to this Court. That is how this petition is before me.

16. The transferee Company No. 1 – Kaytee Switchgear Pvt. Ltd. was incorporated on 02/03/1983 at Bangalore under the provisions of the Companies Act, 1956, having its registered office at Industrial Suburb Rajajinagar, Bangalore - 560 010. The main object of this transferee Company is to carry on the business of manufacturing processing, formulating, repairing, fitting, erecting, using, importing, exporting, buying, selling or otherwise dealing in all kinds and types of Control Gear, Switch Gear, Switches, Starters, Switch Boards, Panels, Contractors, Push Button Switches, etc. as clearly set down in the Memorandum and Articles of Association which is produced along with Company Petition No.270/ 2002. The authorized share capital of this transferee Company is Rs.3 Crores and the subscribed capital is Rs.2000/- divided into 200 equity shares of Rs.10/- each.
17. The Kaytee Switchgear Private Limited, the petitioner in COP 270/2002 made an application in CA 1044/2002 before this Court under Section 391 of the Companies Act seeking permission of this Court to call for the meetings of the share holders and creditors of the Company to consider and approve the scheme. By an order dated 31.10.2002 this Court granted the permission sought for and directed the meetings of the share holders and creditors to be held on 1st of December 2002. Accordingly, notices were issued to the share holders and meeting was held on 1st of December 2002. The said meeting was attended by two equity share holders of the said Company entitled together to 200 shares of the value of Rs.2000.00 and the scheme of arrangement was unanimously approved. The Chairman of the meeting has filed his report. Thereafter, they have filed COP 270/2002 seeking sanctioning of the scheme.
18. The transferee Company No.2 - Best Trading and Agencies Limited was incorporated on 02/05/1988 in Delhi, as Best Credits Private Limited, under the provisions of the Companies Act, 1956. Subsequently, vide a fresh certificate consequent on change of name dated 18/06/1999, it was incorporated as Best Trading and Agencies Ltd. at Bangalore having its registered office at Industrial Suburb Rajajinagar, Bangalore. The main object of the said Company is to carry on the business of agency of all kinds and to act as traders, dealers, importers, exporters, merchants, wholesalers, retailers, stockists, distributors and other business as mentioned in the Memorandum and Articles of Association annexed along with Company Petition No.271/2002. The authorised share capital of this Company is Rs.1 Crore and the subscribed capital is Rs.1000/- divided into 100 equity shares of Rs.10/- each.
19. Similarly, Best Trading and Agencies Limited, the petitioner in COP 271/2002, also filed an application in CA No. 1046/2002 under Section 391 of the Companies Act seeking permission of the Court to call for the meeting of the share holders and creditors of the company, consider and approve the scheme. By an order dated 31.10.2002 the permission sought for was granted and the meeting was directed to be held on 1st December 2002. Accordingly, the meeting was held on 1st December 2002 and the said meeting was attended by four equity share holders entitled together to 100 shares to the value of Rs.1000/- and the share holders and creditors of the Company have unanimously approved the scheme of arrangement. The chairman of the meeting has filed his report before this Court. It is thereafter the present COP 271/2007 is filed for sanctioning of the scheme.
20. After admission of the aforesaid three Company Petitions, the Company was directed to take out advertisement and also notice was ordered to the Regional Director, Department of Company Affairs, Chennai.
21. In pursuance of the aforesaid notice, the Regional Director of Company Affairs appeared and filed his statement of objections. The two main objections raised are that though the scheme of arrangement was approved by the requisite majority of unsecured creditors and equity shareholders, it was approved only by 58.31% of the secured creditors of the said company present and voting in the meeting with certain modifications. Secondly it was contended that the entire preference share capital of the company is held by IDBI. No preference share holders meetings was held for approval of the scheme nor the same was dispensed with by this Court nor the Company obtained written consent of the IDBI in this regard. Therefore, they contend as the legal formalities have not been complied with as required under Section 392 of the Companies Act the sanction sought for cannot be granted.
22. Yet another objection is from the Kirloskar Property Limited. They content that the word trade mark "Kirloskar" belongs to them: the KECL was the permitted user of the trade mark "Kirloskar" under an

agreement which has been terminated on 24-01-2001 which termination has been accepted by the said company. Therefore, they have no right to transfer the said name or trade mark or the benefits of the permitted user agreement to Kaytee Switchgear Private Limited. Not only the same is opposed to the provisions of the Trade and Merchandise Act, but also the said property do not belong to them as it belongs to the Kirloskar Proprietary Limited. If the scheme as propounded by the company is approved it would mean that this Court has granted permission for such transfer which is prohibited by law and it would also affect their interest and therefore they want Clause (2) in para 3 of the scheme to be deleted.

23. A reply was filed to the said objections by the KECL contending that the said dispute is of a civil nature, it cannot be decided in these proceedings. They contend the word “Kirloskar” and the trade mark “Kirloskar” belongs to the them exclusively. The objectors right to take action against the company on the ground of alleged violation also remains unaffected and therefore they have prayed for rejection of the said objections.
24. Another secured creditor ICICI Bank Limited has filed an application requesting the Court to modify the scheme by enabling them to hold upto 19% of the share holding in the transferee company by themselves and in their names and further to nominate such person or persons as the applicant may deem fit to hold the shareholding in the transferee company such that their share holding put together does not exceed 56% of the share holdings to which the applicant company is entitled to under the scheme. KECL has no objection for granting the said objection and modifying the scheme accordingly.
25. Yet another objection is filed by State Bank of Travancore. They contend the Company owes a sum of Rs. 1,030.98 lakhs to the Bank. Under the scheme the estate of the Company in Bangalore is proposed to be sold. This will substantially dilute the level of security for the facilities. Even after the clearing of Rs. 312 lakhs as proposed in the scheme, the remaining Fund Based Exposure of Rs. 697 lakhs would remain a Non Performing Asset, which position is not acceptable to the Bank and therefore they have sought for rejection of the application for sanction.
26. In reply to the said objection the Company has stated when the scheme has been approved by the majority of the secured creditors at the instance of one secured creditor the same cannot be rejected. They further contend the objector-bank has a second charge on the fixed assets including the real estate at Bangalore. Its first charge is only on the current assets. But under the proposed scheme the objector – bank will be getting first part passu charge on fixed assets and a second part passu charge on the current assets for a total amount of Rs. 555.00 lakhs and the first pari passu charge on the current assets and a second part passu charge on fixed assets for Rs. 426.00 lakhs and the balance of Rs. 22.00 lakhs will be equity. The objector thus gets improved security cover under the proposed scheme. The sale of real estate at Bangalore will not dilute the security as contended by the objector but the sale proceeds will be used for paying off the loans as per the scheme. The remaining security remains in tact and is quite adequate to cover the liabilities assigned to the Rotating Machine Group as well as the KECL. Therefore, it is submitted that the said objection has no substance.
27. The employees of the Kirloskar Electric Company Employees Association have filed an affidavit stating that the employees have no objection for sanction of the scheme. All that has been said in the affidavit is that the management has mutually agreed with the Union that Voluntary Retirement Scheme will not be forced on the workmen.
28. The order passed by the BIFR in case No. 320/2002 of M/s. Kirloskar Electric Company Limited is also placed on record. It discloses that M/s. Kirloskar Electric Company Limited has been declared as a sick industrial company in terms of Section 3(1) (0) of the Sick Industrial Companies (Special Provisions) Act, 1985. They have further observed that the company could make the net worth exceed the accumulated losses within a reasonable period on their own as per the rehabilitation package to be formulated and submitted by them u/s. 17(2) of the Act. Further a direction was issued to the Company to discuss the rehabilitation package with all secured creditors and other concerned parties and reach an agreement on the reliefs and concessions envisaged from them. A direction was issued to the company not to dispose of any fixed asset or current assets of the company without the consent of the secured creditors and the BIFR and they have issued other directions in this regard. That is how the petitioner-company has formulated the scheme and has obtained the approval of the share holders and the secured creditors.
29. Learned senior counsel for the petitioner P. Chidambaram, submitted that the scheme is approved by the shareholders and the creditors by three fourths majority present and voting and therefore,

the legal requirement of Section 391(1) of the Act has been complied with. Elaborating the contention, he submitted, in so far as the secured creditors are concerned, for the purpose of three fourths majority what is to be taken into consideration is the total number of valid votes polled and out of those votes whether the scheme is approved by three fourths majority. If a secured creditor is present and has not voted and if voted the said vote has become invalid, then the said vote cannot be taken into consideration. Therefore, he submits, the secured creditors who were present and casted a valid vote have approved the scheme by three fourths majority, as such the legal requirement is complied with. In so far as preferential shareholders are concerned, the entire preference shares are held by one secured creditor, namely IDBI who have given their consent for the scheme in writing and therefore non-convening the meeting of the preference shareholders under the aforesaid circumstances would not vitiate the legal requirement contemplated under section 391(1) of the Act. Coming to the objections regarding violation of Trade Mark Act is concerned, he submitted, there is no transfer of a trademark involved under the scheme. Even if it amounts to a transfer, the rights of the Kirloskar Proprietary Concern, which claims to be the proprietor of the trademark, would in no way be effected by this Court according the sanction of the scheme, as the Kirloskar Proprietary Concern could always initiate legal proceedings to protect their interest, if any, and while according sanction, this court may explicitly make this position clear so as to protect the interest of the Kirloskar Proprietary Concern. In so far as the modification suggested by the secured creditors ICICI is concerned, he submitted the same can be modified as it would not in any way effect the working of the scheme. In so far as the objection of State Bank of Travancore is concerned, he submitted, the Bank had only second charge on the property. Now, under the scheme, they would get a first charge on the property and to this effect an agreement has been entered into between all the secured creditors creating a pari passu charge on the property and therefore, the apprehension expressed by the Bank is wholly misconceived. Therefore, he submitted, as all the legal requirements has been complied with and the scheme do not contravene any law and it is made with bonafide intention and good faith and the shareholders, creditors and workman have given their consent for sanction of the scheme, there is no impediment for sanction of the scheme.

30. Per contra, Smt. Madhumita Bagachi, Learned Additional Central Government Standing Counsel, submitted if the total number of votes cast in the secured creditors meeting is taken into consideration, the scheme is not approved by three fourths majority of creditors present and voting, and therefore, there is non-compliance of Section 391(2) of the Act, Secondly, she contended, admittedly, no meeting is convened of the preference shareholders, as such, the legal requirement contemplated under Section 391(1) of the Act is not complied with. Compliance of Sections 391(1) and 391(2) of the Act is a condition precedent for the Court considering sanction of the scheme, as such the scheme cannot be sanctioned.
31. Learned counsel appearing for Kirloskar Proprietary Limited, submitted, Clause 2 of Part III of the scheme read as a whole provides for transfer of the trade marks which are permitted to be used by the Company, in favour of the transferee companies and therefore, it violates the provisions of the Trade Marks Act. Once sanction is granted by this Court, the right to challenge such assignment would be lost to the Kirloskar Proprietary Limited. Therefore, he submits, as the aforesaid clause in the scheme is contrary to law, the Court should not grant the sanction of the scheme.
32. Learned counsel Sri. K.G. Raghavan, appearing for ICICI, submitted, under the original agreement, the entire share to be allotted to ICICI Ltd. was to held by them. Subsequent thereto by the approval granted by the R.B.I. on 02/05/2002, ICICI Ltd. has been merged with ICICI Bank, which is governed by Banking Regulations Act, 1949. Section 19(2) of the said Act, prohibits holding of 56% of the share capital. Therefore, they have proposed a modification to the effect that 19% of shares could be held by ICICI Bank and 37% of shares could be held by their nominees and accordingly have sought for modification of the scheme to that extent.
33. Learned counsel appearing for State Bank of Travancore submitted, the Bank had a charge on the property of the Company which is now sought to be sold under the terms of scheme. If scheme is sanctioned and the property is sold, the interest of the Bank would suffer and therefore to the extent of the scheme provide for the sale of the property mortgaged to them cannot be sanctioned.
34. In view of the aforesaid rival contentions, the following points arise for my consideration :
 - i) whether the scheme put up for sanction is approved by majority of secured creditors as required under Section 391(2) of the Act ?
 - ii) Whether the non-convening of the meeting of the preference shareholders violate the statutory requirement contemplated by Section 391 (1) of the Act ?

- iii) Whether the sanctioning of the scheme amounts to contravening the provisions of the Trade Marks Act ?
- iv) Whether the modification of the scheme suggested by the secured creditor ICICI is reasonable?
- v) Whether sanctioning of the scheme resulting in sale of portion of the property at Bangalore would substantially dilute the security offered to State Bank of Travancore ?
- vi) Whether the scheme requires to be sanctioned with or without modification ?

35. Before I deal with the aforesaid points for determination, it is necessary to keep in view the limited scope of the jurisdiction of the Company Court which is called upon to sanction the scheme of amalgamation as per the provisions of Section 391 read with Section 393 of the Act. The aforesaid provisions of the Act provides that compromise or arrangement can be proposed between a Company and its creditors or any class of them or between a Company and its members or any class of them. When a scheme is put forward by a Company for the sanction of the Court, in the first instance the Court has to direct holding of meetings of creditors, or class of creditors or members or class of members who are concerned with such a scheme. Once the majority in number representing three fourths in value of the creditors or class of creditors or members or class of members, as the case may be, present or voting either in person or by proxy at such a meeting accord their approval to any compromise or arrangement the Court gets jurisdiction to sanction the scheme. Once such a compromise is sanctioned by the Court, it would be binding on all the creditors or class of creditors, or members or class of members, as the case may be, which would also necessarily mean that even to dissenting creditors or class of creditors or dissenting members or class of members, such sanctioned scheme would remain binding.
36. Before sanctioning such a scheme even though approved by a majority of the concerned creditors or members, the Court has to be satisfied that the Company or any other person moving such an application for sanction under subsection (2) of Section 391 has disclosed all the relevant matters mentioned in the proviso to subsection (2) of the Section. So far as the meetings of the creditors or members, or their respective class for whom the scheme is proposed are concerned, it is enjoined by Section 391 (1) (a) that the requisite information as contemplated by the said provision is also required to be placed for consideration of the concerned voters so that the parties concerned before whom the scheme is placed for voting can take an informed and objective decision whether to vote for the scheme or against it.
37. The Company Court, which is called upon to sanction such a scheme is not merely to go by the ipse dixit of the majority of the shareholders or creditors or the respective classes who might have voted in favour of the scheme with the requisite majority but the Court has to consider the pros and cons of the scheme with a view to find out whether the scheme is fair, just and reasonable and is not contrary to any provision of law and it does not violate any public policy. No court of law could ever countenance any scheme of compromise or arrangement arrived at between the parties and which might be supported by the requisite majority if the Court finds that it is a unconscionable or an illegal scheme or is otherwise unfair and unjust to the class of shareholders or creditors for whom it is meant. The court is not to act merely as a rubber stamp and must almost automatically put its seal of approval on such a scheme being approved by the majority.
38. However, the question remains whether the Court has jurisdiction like an Appellate Authority to minutely scrutinize the scheme and arrive at an independent conclusion whether the scheme should be sanctioned or not when the creditors and members have approved the scheme as required by Section 391(2). The Court has to keep in view the commercial wisdom of the parties to the schemes who have taken an informed decision about the usefulness and propriety of the scheme by supporting it by the requisite majority. The Court certainly would not act as a Court of appeal and sit in judgment over the informed view of the concerned parties to the compromise as the same would be in the realm of corporate and commercial wisdom of the parties. The Court has neither the expertise nor the jurisdiction to delve deep into the commercial wisdom exercised by the creditors and members of the Company who have ratified the scheme by the requisite majority. To that extent the jurisdiction of the Company Court is peripheral and supervisory and not appellate. The supervisory jurisdiction of the Company Court can also be culled out from the provisions of Section 392 of the Act. The propriety and the merits of the compromise and arrangement have to be judged by the parties who as sui juris with their open eyes and fully informed about the pros and cons of the scheme arrive at their own reasonable judgment and agree to be bound by such a compromise or arrangement.
39. In this regard, it is useful to refer to the observations found in the oft-quoted passage in the Buckley on the Companies Act, 14th Edition. They are as under :

“In exercising its power of sanction the Court will see, first that the provisions of the statute have been complied with, Secondly, that the class was fairly represented by those who attended the meeting and that the statutory majority are acting bonafide and are not coercing the minority in order to promote interest adverse to those of the class whom they purport to represent, and thirdly that the arrangement is such as an intelligent and honest man, a member of the class concerned and acting in respect of this interest, might reasonably approve.

The Court does not sit merely to see that the majority are acting bonafide and thereupon to register the decision of the meeting, but at the same time, the Court will be slow to differ from the meeting, unless either the class has not been properly consulted, or the meeting has not considering the matter with a view to the interest of the class which it is empowered to bind, or some blot is found in the Scheme”.

The observations of Fry L.J. in this regard is also useful which reads as under:

“The next enquiry is – Under what circumstances is the Court to sanction a resolution which has been passed approving of a compromise or arrangement? I shall not attempt to define what elements may enter into the consideration of the Court beyond this, that I do not doubt for a moment that the court is bound to ascertain that all the conditions required by the statute have been complied with; it is bound to be satisfied that the proposition was made in good faith; and, further, it must be satisfied that the proposal was at least so far fair and reasonable, as that and, intelligent and honest man, who is a member of that class, and acting alone in respect of his interest as such a member, might approve of it. What other circumstances the Court may take into the consideration I will not attempt to forecast”.

After reviewing the entire case law, the Supreme Court in the case of *MIHEER H MAFATLAAL v/s. MAFATLAL INDUSTRIES LTD.* reported in AIR 1997 SUPREME COURT 506 has laid down the following broad contours defining the jurisdiction of the Company Court in these matters, which is as here under :

1. The sanctioning Court has to see to it that all the requisite statutory procedure for supporting such a scheme has been complied with and that the requisite meetings as contemplated by Section 391 (1) (a) have been held.
2. That the scheme put up for sanction of the Court is backed up by the requisite majority vote as required by Section 391, subsection (2)
3. That the concerned meetings of the creditors or members or any class of them had the relevant material to enable the voters to arrive at an informed decision for approving the scheme in question. That the majority decision of the concerned class of voters is just and fair to the class as a whole so as to legitimately bind even the dissenting members of that class.
4. That all necessary material indicated by Section 393 (1) (a) is placed before the voters at the concerned meetings as contemplated by Section 391, sub-section (1).
5. That all the requisite material contemplated by the proviso to subsection (2) of Section 391 of the Act is placed before the Court by the concerned applicant seeking sanction for such a scheme and the court gets satisfied about the scheme.
6. That the proposed scheme of compromise and arrangement is not found to be violative of any provision of law and is not contrary to public policy. For ascertaining the real purpose underlying the Scheme with a view to be satisfied on this aspect, the Court, if necessary, can pierce the veil of apparent corporate purpose underlying the scheme and can judiciously X-ray the same.
7. That the Company Court has also to satisfy itself that members or class of members or creditors or class of creditors, as the case may be, were acting bonafide and in good faith and were not coercing the minority in order to promote any interest adverse to that of the latter comprising of the same class whom they purported to represent.
8. That the scheme as a whole is also found to be just, fair and reasonable from the point of view of prudent men of business taking a commercial decision beneficial to the class represented by them for whom the scheme is meant.
9. Once the aforesaid broad parameters about the requirement of a scheme for getting sanction of the Court are found to have been met, the Court will have no further jurisdiction to sit in appeal over the commercial wisdom of the majority of the class of persons who with their open eyes have given their approval to the scheme even if in the view of the Court there would be a better scheme for the company and its members or creditors for whom the scheme is framed. The Court cannot refuse to sanction such a scheme on that ground as it would otherwise amount to the Court exercising appellate jurisdiction over the scheme rather than its supervisory jurisdiction.

The aforesaid parameters of the scope and ambit of the jurisdiction of the Company Court which is called upon to sanction a Scheme of Compromise and Arrangement are not exhaustive but only broadly illustrative of the contours of the Court’s jurisdiction”.

40. In the back ground of this legal position, I have to examine the scheme placed before this Court for sanction, in the light of the objections raised for its sanction.

41. Regarding Point No. (i) :

It is not in dispute that the unsecured creditors and shareholders have approved the scheme by three fourths majority. The dispute pertains to the majority of secured creditors. The total number of secured creditors present were 18 in number and their value is 2533643491. Out of 18 present, one abstained from voting. Therefore, it is 17 persons who were present and have voted. The value of the one secured creditor who was present and who did not vote is 309821941. The total value of secured creditors present and voting is 2223821550. There were 2 invalid votes, value of which is 389862275. Therefore, the total number of valid votes cast is 15 and their value is 1833959275. Out of the valid vote cast., 12 voted for the resolution and their value is 1477391975. 3 persons voted against the resolution and their value is 356567300. If the total secured creditors present and voted is taken into consideration and the votes held in favour of the said resolution out of them is taken into consideration, the resolution is passed by 58.31% which is below the three fourths majority mark. If out of the valid votes cast, votes polled for resolution is taken into consideration, it would be 80.58% well above the three fourths mark. The number of votes voted against the resolution out of the valid votes is taken into consideration, the value of votes would be 19.44%

42. In the light of these aforesaid facts, the question for consideration is : whether “present” and “voting” means even those persons who cast the votes and whose votes were found to be invalid ought to be taken into consideration or it is among the valid votes cast three fourths majority is to be taken into consideration.

43. Subsection (2) of Section 391 requires that a scheme of compromise or arrangement must be approved by majority of creditors / members representing three-fourths in value of the creditors or class of creditors, or members or class of members, present and voting either in person or where proxies are allowed, by proxy. There is no difficulty in understanding the word “present” as the creditors or members should be physically present in person or through their proxy in the meeting. The problem arises in the context of the word ‘voting’. Voting is formal expression of will or opinion by the person entitled to exercise the right on the subject or issue in question. Voting is explained as the expression of ones will, preference, or choice in regard to the decision to be made by the body as a whole upon any proposed measure or proceeding. Right to vote means right to exercise the right in favour of or against the motion or resolution. A member present and voting may remain neutral, indifferent, unbiased or impartial not engaged on either side. Voting has to be either in the affirmative or negative i.e. ‘Yes’ or ‘No’ on the ballot paper or voting paper. One is not supposed to write anything except putting “Yes” or “No” either in favour of the proposition or against the proposition. In addition to the same, if any suggestion, condition, reservation or stipulation is written stating that the expression of the will or opinion either for or against the proposition is subject to those things, then, the votes have to be necessarily treated as invalid or void, as such votes are no votes leading either way. A vote cast without indicating the mind of the voter either for or against the resolution is no voting at all. Similarly, voting for or against the motion subject to the conditions stipulated in the vote is no voting in the eye of law. Therefore, voting understood in a proper perspective, it could be either in the affirmative or in the negative. Therefore, in construing whether a resolution is passed by three-fourths majority present and voting, what is to be taken into consideration in calculating the majority is not the number of persons present and voting, but the number of valid votes polled in such meeting. The number of valid votes includes only votes which are indicating the mind of the voter for or against the resolution.

44. Therefore, by “voting”, the mind, intention, preference of the voter must be clearly expressed. There should not be any ambiguity and scope for interpretation, it should be clear unqualified and pointing. In this context, a voter, who is not present at the meeting, who is present and not voting, present and voting by casting a blank ballot, and casting a ballot with conditions and stipulations, all stand on the same footing. It is no “voting” in the eye of law. Therefore, in my opinion, the proper construction to be placed in calculating whether any resolution is approved or passed by a three-fourths majority present and voting necessarily mean the value of the valid votes and out of the same whether the resolution has been passed with three-fourths majority. This view of mine is supported by a judgment of the Gujarat High Court in case of ARVIND MILLS LTD. reported in COMPANY CASES VOL. III, Page 118, where it has been held as under :

“Thus it will be seen from the above that a member present and voting may remain neutral, indifferent, unbiased, impartial, not engaged on either side. Voting is formal expression of will or

opinion by the person entitled to exercise the right on the subject or issue in question has to be either in the affirmative or negative, that is yes or no. On the ballot paper or voting paper one is not supposed to write anything, except putting a "X", "v" either in favour of the proposition or against the proposition and any writing suggesting condition or reservation cannot be said to be an expression of will or opinion either FOR or AGAINST the proposition and those votes have to be necessarily treated as invalid or void as such votes are no votes leading either way. It need hardly be said that the votes cast on the proposition and voting thereof are to be construed in the ordinary and usual sense and that mean "expressing the will, mind or preference; casting or giving a vote". They do not include the votes or ballots, that do not cast a vote on the ballots, that do not cast a vote on the proposition legally or void votes may not be counted either for or against the proposition submitted even though they may have been even received, placed in the ballot box and constitute sum of the total number of ballots. A bare attempt to vote by depositing blank ballot containing any writing is not effective and cannot be included in the total count upon the $\frac{3}{4}$ ths majority is to be estimated. Only those ballots that express voters points with such clearing that the ballot can be counted for or against can be counted in total. The requirement contemplates two ballots only, one affirmative and the other negative. To adopt any other rule would be to say that three ballots were contemplated one affirmative, one negative and the other neither affirmative or negative but forming a new class into which all ballots for any reason void must go".

Applying the aforesaid principles to the facts of this case, if we look into the voting pattern, though 17 persons voted in the meeting, it was found 2 secured creditors (1) Bank of Baroda (2) Bank of India have voted for the resolution. But the Bank of Baroda in the ballot paper mentioned that the vote is for the resolution with modifications below :

- i) we may agree for demerger on principle subject to final approval by higher authorities with regard to stock verification etc.,
 - ii) We will not agree for equity participation
- Letter to the company has already been submitted".

In so far as Bank of India is concerned, have also cast their vote for the resolution subject to the modifications suggested by them which was annexed to the ballot paper. There they have suggested 13 modifications to the scheme and it is made clear they are giving consent to the scheme subject to the aforesaid modifications. Therefore, the Chairman of the meeting has rightly treated those two ballots as invalid, because the said two creditors were not expressing their will or opinion in favour of the resolution unconditionally. The said votes are not votes leading either way and therefore they cannot be taken into consideration either for or against the scheme. Therefore, though 17 persons voted in the said meeting, as the 2 votes cast were invalid, in order to determine the majority what is to be taken into consideration is only the value of 15 creditors who voted in the said meeting. The value of such 15 creditors is 1833959275 which is not in dispute. 12 out of the 15 creditors voted for the scheme and the value of those creditors is 1477391975. The value of the 3 votes cast against the scheme is 356567300. Therefore, it is clear that the scheme is approved by a majority of 80.56% which is above the three-fourths majority required under law, as the value of the valid votes voted against the scheme is 19.44%. In that view of the matter, it cannot be said that the secured creditors have not approved the scheme by a three-fourths majority as required under law.

45. It is also relevant to point out at this juncture the requirement that the scheme should be approved by the requisite majority has been held to be directory and not mandatory. If the Company has stopped its business, a large number of employees and workers has become jobless, plant and machineries were resting and losses were mounting, the scheme presented is a viable alternative even if the same is not approved by three-fourths majority, Courts have sanctioned such schemes. Principle underlying the same appears to be a scheme under Section 391 cannot be regarded as an alternative mode of liquidation; it is only an alternative to liquidation.
46. In the instant case, the Company has been declared as a sick industry under the provisions of BIFR and having regard to the losses suffered by them and the money that is required to make the unit viable, no financial institution or no private entrepreneur has come forward to revive the industry, the only course that would be left is for the BIFR to recommend to the High Court for winding up of the Company. In those circumstances, if the Company itself with the assistance of its members and creditors as a whole with the active support of the labour puts-forth a scheme of reconstruction for revival of the Company and as aforesaid when all the shareholders, unsecured creditors have approved such a scheme with overwhelming majority and even the secured creditors as aforesaid have approved the scheme with three-fourths majority of persons present and who have cast a valid vote, the Court cannot blindly by technical interpretation refuse to sanction the scheme on the ground of noncompliance of Section 391(2) of the Companies Act. It is also to be remembered here

that 2 creditors whose votes have held to be invalid have also voted for the scheme. Under these circumstances, I am satisfied that the secured creditors also have approved the scheme with three-fourths majority as required under Section 391(1) of the Companies Act. As such there is compliance with the said statutory requirement also.

47. Regarding Point No. (ii) :

The second objection raised was that no meeting of the preference shareholders are convened to consider the scheme and there is no resolution passed approving the said scheme and therefore, the requirement of Section 391(1) of the Companies Act is not complied with. As such, the Court cannot accord sanction to the scheme.

48. Therefore, the question for consideration is: convening of a meeting of the members and creditors of the Company, or any class of them, to consider and approve the same is mandatory?

49. The meeting contemplated under Section 391 is analogous to an extra ordinary general meeting of the Company in as much as three-fourths majority is required to pass the required resolution. The normal rule is that the consent of the shareholders where it is unanimous or by a three-fourth majority, must be obtained in a meeting summoned on the orders of the Court under Section 391. This is in accordance with the general principles that members must act in a general meeting . In roads have, however, been made on this formal doctrine. Firstly, the consent of all or virtually all the shareholders given even outside a meeting is sufficient to comply with the requirements of a meeting. Secondly, written resolutions instead of those passed in meeting are now capable of being registered e.g. Section 192 of the Companies Act. Thirdly, the doctrine of lifting the veil of incorporation and looking at the reality of action of the members enables the Court to hold the consent of the overwhelming majority of the shareholders outside the meeting is sufficient to show that the resolution was supported by virtually all the members of the Company. In these three ways substantial compliance rather than a formal compliance meets the requirements of the statute. A third exception to the rule that all the shareholders of a company must cast their votes in a formally called meeting is made by the doctrine of acquiescence. If all the shareholders acquiesce in a certain arrangement, the question of a meeting having been called does not arise at all. The Supreme Court in the case of MIHEER H. MAFATLAL (supra) dealing with this question has held as under :

“.....Moreover, when the company has decided what classes are necessary parties to the scheme, it may happen that one class will consist of a small number of persons who will all be willing to be bound by the scheme. In that case it is not the practice to hold a meeting of that class, but to make the class a party to the scheme and to obtain the consent of all its members to be bound. It is however, necessary for at least one class meeting to be held in order to give the Court jurisdiction under the Section.”

Therefore, it becomes clear that convening of a meeting is a must to confer jurisdiction on the Court to accord sanction of a scheme under the Companies Act. But, when there are different classes of shareholders as well as creditors of the Company, if any particular class is numerically very small and if they on coming to know of the scheme voluntarily, unconditionally, give their consent or approval for such a scheme, calling a meeting of such class of members or creditors to a meeting to express their mind by way of casting vote in a meeting would be an empty formality. If a copy of the scheme propounded stating the terms of the compromise or arrangement and explaining its effects is sent and acknowledged by that class of members or creditors who are numerically small and if they give their consent to such a scheme in writing, there is no necessity in law to convene the meeting of such class of shareholders or creditors. The said consent letter or approval given can be acted upon and is sufficient to show that they have approved the scheme.

50. In this context, in the facts of the case, it is not in dispute the entire preference shares in the Company, is held by Industrial Development Bank of India. By a letter dated 18th April 2002, the company brought to the notice of the I.D.B.I the aforesaid scheme and further informed that as they are the only preference shareholder, no separate meeting of preference shareholders has been convened and therefore I.D.B.I. was requested to convey their approval or otherwise to the proposed scheme. Along with the said letter, a copy of the scheme was also sent for reference. Acknowledging the said letter, I.D.B.I. wrote on 26th July 2002. The said letter reads as under:

“PROPOSAL FOR DEMERGER

Please refer to your request for IDBI’s approval for the company’s proposed demerger scheme filed before the High Court of Karnataka.

IDBI's in principle agreement to the company's demerger proposal may be conveyed at the ensuing High Court hearing. The final approval shall be subject to the modifications to the scheme or additional conditions, if any, as may be stipulated by IDBI."

However, the I.D.B.I. did not stipulate any modifications or additional conditions. The hearing of this Company Petition has been duly notified in the newspaper and the I.D.B.I. did not appear before the Court to suggest any modifications or to impose any additional conditions before the High Court. In other words, the I.D.B.I. have agreed to the scheme proposed by the Company. Under these circumstances, when the sole preferential shareholder has given their consent in writing approving the scheme even before convening of the meeting and have not opposed the scheme at the hearing before this Court it is obvious that they have also approved the scheme proposed by the Company. Under these circumstances, it cannot be said that the Company has not complied with the legal requirement of holding a meeting of the preferential shareholder. Thus, the Company has complied with Section 391(1) of the Companies Act.

51. Regarding Point No.(iii):

The third objection is raised by the Kirloskar Proprietary Limited (hereinafter referred to as the "KPL" for short). Their objection is to the paragraph 2 in part III of the scheme, which reads as under:

"2. It has been mutually agreed between the Company and KSPL (RMG) that all the brand / s / trade mark/s, the registered trade mark/s and benefits of permitted user agreements of Kirloskar Electric Company Limited shall be available to KSPL for manufacture of products being currently manufactured by the Company so long as KECL holds not less than 51% of the paid up equity capital of KSPL. The present covenant shall serve as requisite consent for use of the brand name/trade mark without requiring the execution of any further deed or document as to assignment and permitted user of the said brand name/trade mark, subject, however to approval of instant Scheme or Arrangement by the Hon'ble Court".

Their contention is that they are the owners of the trade mark "Kirloskar"; the Company is the permitted user of the said trade mark; and by a letter dated 24/01/2001 they have terminated the agreement permitting / licensing the use of KPL's trade mark "Kirloskar". Therefore, the Company has no right to use the said trade mark nor is entitled to allow the use of said trademark by KAYTEE SWITCHGEAR PVT. LTD or to any other person. It is also stated by them that even if the scheme is approved by the Court, the said scheme or any clause thereof, cannot effect KPL's paramount statutory and common law rights. Therefore, they submitted that if the scheme is to be approved by the Court, the aforesaid objectionable part of the scheme is to be deleted.

52. The Company has filed its objections contending that the contentions raised by KPL do not in any way require to be heard in this petition, as the issue of Company's right of use of the trade mark "Kirloskar" does not alter the corporate entity of the Company which remains intact irrespective of the name and style under which it carries on its business, nor does it effect the proposed scheme of arrangement. As the Company's identity as a corporate entity remains unaffected even after the scheme the KPL's right to take action against the Company on the ground of alleged violation also remains unaffected. They have also contended that the KPL does not manufacture any goods and in fact those trademarks originally belong to the Company who in turn assigned in favour of the KPL for the benefit of the group. The said assignment was without any consideration. The Company has been doing business under the name and style to "Kirloskar" for over 50 years, and, therefore, they requested the Court to reject the said objection of the KPL. Learned counsel for the Company contended that all those disputed questions cannot be gone into a proceeding under Section 391 of the Act. If the KPL has any grievance against the petitioner in this regard, it is always open to them to initiate appropriate legal proceedings in the Civil Court or in any other Court and can agitate their rights and sanctioning of the scheme by this Court would in no way take away those rights and he further submitted this Court could clarify the said legal proposition to protect the interest of the KPL.

53. Per contra, learned counsel appearing for KPL submitted, as the offending clause in the scheme amounts to transfer of interest in the user agreement, it is prohibited in law. The Court cannot accord sanction to a scheme which contains a clause which is forbidden by law. Therefore, he submits that the said clause to be deleted from the scheme.

54. The offending clause provides that all the brand/s, trade mark/s, the registered mark/s, and benefits of permitted user agreements of KECL shall be available to the KSPL to manufacture products being currently manufactured by the Company so long as KECL holds not less than 51% of the paid up equity capital of KSPL. It also makes it clear no separate deed or document is required for such permission and the offending clause itself is to be construed as such agreement. It also makes it

clear that the same is subject to approval of the scheme by this Court. The said clause proceeds on the assumption that the Company owns brands, trademarks, registered trademarks and benefits under a permitted user agreements and the same is sought to be made available to KSPL under the terms of the scheme for which also approval of the scheme by this Court is sought for. Therefore, in the present proceedings, what the Court has to consider is whether that clause is legal and valid and it contravenes any law for the time being in force. On the face of it, it does not contravene any provisions of law, but, if as contended by KPL those brands, trademarks, fall into their ownership and they have given the same to the Company under a permitted user agreement and if they are objecting to transfer of those right to KSPL, then, the court has to go into the question whether it is against any law. The company has denied the right of KPL, as claimed by them. On the contrary they contend that this brands and trademarks belong to them, they are using it for the last 50 years, it is they who have assigned it in favour of KPL without consideration for the benefit of the group, and therefore, KPL has no right to the same. In view of these disputed facts, in a proceeding under section 391 of the Act, this court cannot hold enquiry and go into the question who is entitled to the ownership of these brands, names and trademarks. It is totally outside the purview of section 391. However, any sanction to be accorded by this Court to the scheme cannot be construed as taking away the right of KPL, if they have any. Therefore, to the extent, the interest of KPL has to be protected. Therefore, it is made clear that this order or sanctioning the scheme by this Court would in no way effect the rights/interests of KPL to the brand name, trade mark or user agreement of theirs. It is always open to them initiate appropriate legal proceedings either in the civil court or before appropriate forum to protect their rights in respect of brand name, trade marks, etc. If any such proceeding are initiated, those authorities who are empowered to decide those rights independently on merits and in accordance with law without in any way being influenced by any of the observations made by this Court in this order and the sanctioning of the scheme by this Court would in no way put fetters on the power of the Court or the forum to go into these disputed questions. It will not be open to the company to contend those proceedings that as the scheme containing the aforesaid offending clause is approved by this court, those authorities cannot go into the legality or validity of those transactions. Therefore, with this reservation the interest of KPL is fully protected and the said objection cannot come in the way of sanctioning of the scheme by this court and sanctioning of the scheme would not amount to contravening the provisions of the Trade Marks Act.

55. Regarding Point No. (iv) :

The fourth objection pertains to the modifications sought by ICICI Limited. Under the terms of the scheme, ICICI Limited, which is one of the secured creditors is to be given 56% of the equity share capital in the Special Performance Vehicle while other creditors together will hold 43% of the shares and 1% would be held by Residual KEC. When the said scheme was put to vote at the meeting of the creditors of the Company on 26/04/2002, ICICI Limited was to be allotted the aforesaid 56% of the equity shares. However, subsequent thereto by the approval granted by the Reserve Bank of India on 02/05/2002, ICICI Limited has been merged with ICICI Bank. ICICI Bank is now governed by the Regulations (which governs Banking Companies) under the Banking Regulation Act, 1949, Section 19(2) of the Banking Regulation Act, 1949, stipulates that a banking company cannot hold shares in any company, whether as pledge, mortgagee or an absolute owners thereon, for an amount exceeding 30% of the paid up share capital of the Company or 30% of its own paid up share capital and reserves. In the light of the said subsequent event and the legal position and in view of the accounting standards and norms required to be maintained by it, it has become essential that the above scheme be modified by additionally permitting the ICICI Bank Limited to hold upto 19% of the share holding in the SPV by themselves and by permitting ICICI Bank Limited to nominate such person or persons as they may deem appropriate for the allotment and for holding the remaining shares in the SPV such that their share holding and their nominee put together does not exceed 56% of the share holdings to which ICICI Bank Limited is entitled under the scheme. The Company has no objection for the proposed modification by the secured creditor. Accordingly, the scheme stands modified enabling the ICICI Bank Limited to hold 19% of the share holding in the SPV by themselves and in their names and further to nominate such person or persons, as they may deem fit, to hold the share holding in the SPV such that their share holding put together does not exceed 56% of the share holdings to which they are entitled under the scheme. To this extent, the terms of the scheme stand modified.

56. Regarding Point No. (V):

The State Bank of Travancore opposing the scheme contends that the Company is due in a sum of Rs. 1,030.98 lakhs and the same has been treated as a Non Performing Assets; the Company is heavily indebted; the Company is not able to service its debts for a long time; even after the proposed restructuring, it is not possible for the Company to service the debts and the proposed scheme will only postpone the repayment; the valuable real estate of the Company in Bangalore is

proposed to be sold as part of the arrangement which will substantially dilute the level of security for the facilities proposed to be extended to RMG and residual KECL entities; the Company has been incurring losses for a long time and shifting of units away from Bangalore cannot make the operations profitable; even after clearing of Rs. 312 lakhs as proposed in the scheme, remaining Fund Based Exposure of Rs. 697 lakhs will remain in a Non Performing Asset, which position is not acceptable to them; the restructuring will also mean that the Banks will have to provide further non found based facility; they made it very clear that they are no willing to assume further exposure and therefore, they have sought for rejection of the scheme.

57. The Company has filed its reply. It is contended by the Company that the shifting of the operations of the Bangalore Unit to a new location is necessary to make available the real estate at the existing unit for paying off the debts in Special Purpose Vehicle. The shifting will also improve the operational efficiencies as common processes will be integrated and shared. The units of Mysore, Hubli and Tumkur will continue at the existing locations. Under the scheme, the Bank is given first pari passu charge for Rs. 555 lakhs on the fixed assets and a second pari passu charge on current assets and for the balance amount it will have a first pari passu charge on the current assets and second pari passu charge on fixed assets. Since Debt Servicing Capital Ratio is at acceptable level and RMG and residual KECL both are profitable companies, account of the Bank will not be a Non Performing Asset. It was also submitted that the Company has not sought for any higher non-fund based facility than the sanctioned existing limits. Thus, the Bank's interest remain unaffected and are in fact better protected and as such there is no legally justifiable reason for the Bank to object the scheme.
58. The Bank is one of the secured creditors. All that the secured creditor would be interested is in repayment of the loan borrowed by the Company. The scheme envisage repayment of 312 lakhs immediately after the sale of land at Bangalore. In so far the balance amount is concerned, the Bank is given first pari passu charge for Rs. 555 lakhs on the fixed assets and a second pari passu charge on current assets and for the balance amount, it will have a first pari passu charge on the current assets and a second pari passu charge on fixed assets. Thus the interest of the Bank is completely taken care of. If the company is wound up, the Bank being a second charge holder, is not sure of getting back its full money having regard to the extent of liability of the Company. Moreover, the time to be consumed for such payment is unpredictable. In so far as their objection regarding shifting of the unit and objection to the sale of the Bangalore property is concerned, they cannot have any say in this matter. The proprietary and the merits of the compromise or arrangement have to be judged by the parties who as sui juris with their open eyes and fully informed about the pros and cons of the scheme arrive at their own reasoned judgment and agree to be bound by such compromise or arrangement. The Court cannot therefore undertake the exercise of scrutinizing the scheme placed for its sanction with a view to finding out whether a better scheme could have been adopted by the parties. This exercise remains only for the parties and is in the realm of commercial democracy permeating the activities of the concerned creditors and members of the Company who in their best commercial and economic interest by majority agree to given green signal to a compromise or arrangement. In the instant case, a consortium of 22 financial institutions has been formed under the scheme for the purpose of selling the assets of the Company and for discharge of the liability of the Company. When these secured creditors have approved the scheme, where under the property of the Company will be sold and the mode of utilizing the said sale proceeds is reasonable and in the best interest of the Company, objection by one such financial institution do not carry much weight, as the interest of State Bank of Travancore is also taken care of and is fully protected. I do not find any substance in the said objections raised by the Bank. As such, the same is rejected.
59. From the aforesaid discussions, it becomes clear that all the three Companies involved in this scheme of reconstruction have complied with the legal requirements of Section 391(1)(a) of the Act in as much as all of them have called the meetings of the shareholders and creditors of the Company and placed before them the scheme for approval. Further, the material on record discloses that the shareholders and creditors of the Company have approved the aforesaid scheme by the requisite three-fourths majority as required under Section 391(2) of the Act. In fact, no shareholder or creditor of the Company has complained either in the aforesaid meetings or before this Court that the scheme which is now approved is adverse to their interest and that their interest is not taken care of by the majority while approving the resolution. The proposed scheme is not found to be violative of any provisions of law nor is it contrary to public policies. The members and the creditors of the Companies have acted bona fide and in good faith and not coercing the minority in order to promote any interest adverse to that of the latter. The interest of Kirloskar Proprietary Limited is taken care of making it clear that the sanction of the scheme by this Court could in no way affect their rights. The modifications suggested by ICICI Bank have not been opposed by the Companies, as such, the scheme stands modified to the extent of the modifications suggested by ICICI Bank. The

Interest of the secured creditor, namely. the State Bank of Travancore is fully taken care of by making a provision for the repayment of the loan to the extent of Rs. 312 lakhs and providing sufficient security for the remaining 555 lakhs and other amounts due to them from the Company. It is also to be taken note of here that the matter is before the BIFR. The Board is unable to rehabilitate this Company. It is in that context, at their suggestion, the company has come forward with the scheme to rehabilitate and restructure the Company to the satisfaction of all the members, creditors and work force. The only alternative for the scheme is winding up of the Company. In which event, neither the creditors nor the members nor the workmen would be benefited.

60. Broadly speaking, the scheme contemplates that the value of the large real estate assets belongs to the Company, the land and building in Malleswaram at Bangalore will have to be unlocked upon implementation of operational restructuring. The real estate value can be suitably leveraged for reducing the debt burden on manufacturing operations. An asset sale committee has been constituted comprising of one representative each from the participating institutions/banks and one from the Company. The sale of any asset of SPV shall be with the approval of members representing minimum of 75% in value of the total loan outstanding at any point of time in SPV. The sale proceeds shall be appropriated first to meet cost of VRS, cost of shifting operations from the existing locations etc. The amount remaining thereafter shall be utilised for payment to lenders in SPV proportionately. The entire overdue compound interest, penal interest and liquidated damages has been waived of by all the secured creditors. RMG undertakes to engage on and from the effective date all permanent employees of KECL engaged in its RMG on the same terms and conditions on which they are employed as on the effective date by KECL without any interruption of services as a result of the transfer. RMG agrees that the services of all such employees with KECL up to the effective date shall be taken into account for purposes of all retirement benefits including retrenchment compensation to which they may be eligible in KECL on the effective date. However, such of the employees who would not accept the transfer and those who are found surplus will accept voluntary retirement as per the Rules of the Company. That is how the interest of the work force is taken care of under the scheme. The secured creditors having come forward to waive of all the compound interest, penal interest and liquidated damages have shown their eagerness to participate and assist the Company in restructuring, so that the money lent by them can be recovered. Therefore, all the secured creditors have been associated in the asset sale committee which is entrusted with the responsibility of selling the assets of the Company and utilizing the proceeds and appropriating the same towards discharge of the debts due to them by the Company. A portion of the amounts due to them is sought to be adjusted by allotment of equity to those secured creditors. Thus, the interest of the creditors have been taken care of completely under the scheme. In so far as the interest of the shareholders are concerned, if restructuring of the company is not done, the only option is winding up of the Company in which event shareholders interest is completely ruined. On the contrary, if the scheme is worked out, they stand to gain, the Company will be fully functioning and their interest is protected, and therefore, they cannot have any grievance whatsoever. In fact, the shareholders and creditors of the transferee companies have unanimously approved the scheme.
61. Therefore, taking into consideration all circumstances of the case, an opportunity is to be given to the Company to restructure the Company as suggested in the scheme which would be beneficial for one and all. As a whole the scheme is just, fair and reasonable. It is not open to this Court to undertake the exercise of scrutinizing the scheme with a view to find out whether a better scheme could have been adopted by the parties. When the creditors and members of the Company, who in their best commercial and economic interest by a majority agree and approve the scheme, the discretion of this Court is to be exercised in approving such a scheme. Under these circumstances, I am satisfied that the scheme is fair, just, bona fide, honest and it takes into consideration the interest of the members, the creditors, the workmen and this is the best that could be done under the circumstances and the only mode in which winding up of the Company could be prevented.

Accordingly, I pass the following:

ORDER

All the three Company Petitions are allowed.

This Court doth hereby sanction the arrangement set forth in the Scheme produced as Annexure -o to the petitions and doth hereby declare the same to be binding on all the creditors, members of the petitioner –

Companies and also on the companies subject to the following modifications:

- (a) the ICICI Bank Limited is permitted to hold upto 19% of the share holding in the SPV by themselves and they are permitted to nominate such person or persons as they may deem

appropriate for the allotment and for holding the remaining shares in the SPV to the extent of 37% so that their share holding and their nominees put together does not exceed 56% of the share holding to which ICICI Bank Limited is entitled under the scheme; and

- (b) the sanctioning of the scheme by this Court would in no way affect the rights / interest of the Kirloskar Proprietary Limited to the brand name, trade mark or user agreement of theirs, if they have any. It is always open to them to initiate appropriate legal proceedings to protect their rights in respect of brand name, trade mark etc. If any proceedings are initiated, the authorities before whom such rights are agitated are empowered to decide those rights independently on merits and in accordance with law without in any way being influenced by any of the observations made by this Court in this order. It is made clear that the sanctioning of the scheme by this Court would in no way put fetters on the powers of such authorities to go into those disputed questions.

The Companies do file with the Registrar of Companies a certified copy of this order within thirty days from this day.

Sd/-
Judge