

IN THE HIGH COURT OF JUDICATURE, ANDHRA PRADESH
AT HYDERABAD

(ORDINARY ORIGINAL/CIVIL JURISDICTION)

WEDNESDAY, THE FOURTH DAY OF AUGUST
TWO THOUSAND AND FOUR

PRESENT

THE HON'BLE MR JUSTICE N.V. RAMANA

COMPANY PETITION NO.35 and 36 of 2004

C.P.No: 35/2004:

IN THE MATTER OF THE COMPANIES ACT (1 of 1956)
AND
IN THE MATTER OF M/S.PRIYADARSHINI CEMENT LIMITED
(TRANSFEROR COMPANY)
AND
RAIN INDUSTRIES LIMITED
AND THEIR RESPECTIVE SHAREHOLDERS

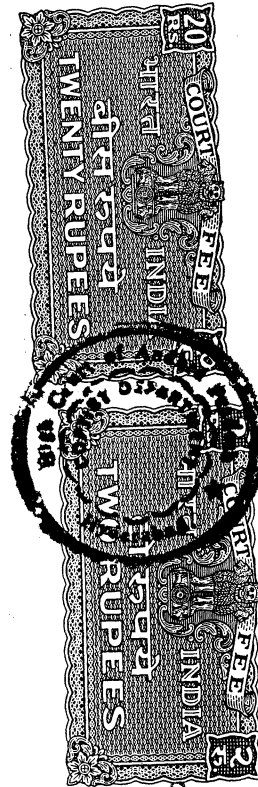
BETWEEN:

M/s Priyadarshni Cement Ltd.,
Regd. Office at Plot No.34 Srinagar Colony, Hyderabad-73
Rep by its Managing Director Sri N. Jaganmohan Reddy.

..... PETITIONER/TRANSFEROR COMPANY

Petition under Section 391 & 394 of the Companies Act 1956
praying that this High Court may be pleased to

- (a) That the scheme embodied in the scheme of arrangement between the petitioner company and the transferee company and their respective shareholders, as approved by the shareholders of the petitioner company and the transferee company, a copy of which is filed hereto as Annexure-5 be sanctioned and confirmed by this Hon'ble High Court so as to be binding on all the members, creditors and employees of the petitioner company and all concerned.
- b. For an order under Section 394 of the Act that the petitioner company do within 30 days after the date of this order cause a certified copy to be delivered to the Registrar of Companies, Andhra Pradesh, Hyderabad for registration and on such certified copy being delivered or such date as this Hon'ble High Court may deem fit, the Registrar of Companies, Andhra Pradesh, Hyderabad shall take all necessary consequential actions in respect of the Petitioner Company.
- c. That the parties of the Scheme of Arrangement or other persons interested shall be at liberty to apply to this Hon'ble Court for any directions that may be necessary in regard to the carrying out of the scheme of arrangement.]



COMPANY PETITION NO. 36 of 2004

IN THE MATTER OF THE COMPANIES ACT (1 of 1956)
AND
IN THE MATTER OF M/S. RAIN INDUSTRIES LIMITED
(TRANSFEREE COMPANY)
AND
M/S. PRIYADARSHINI CEMENT LIMITED
AND THEIR RESPECTIVE SHAREHOLDERS

BETWEEN:

M/s Rain Industries Ltd.,
Regd. Office at 6-3-571/2, II Floor, Rockvasta, Rockdale Estate,
Somajiguda, Hyderabad.
Rep by its Director Mr. P. Madhava Rao.

..... PETITIONER/TRANSFEROR COMPANY

Petitioner under Section 391 & 394 of the Companies Act 1956
praying that this High Court may be pleased to

- a) That the scheme embodied in the scheme of arrangement between the petitioner company and the transferor company, as approved by the shareholders of the petitioner company and the transferor company, a copy of which is filed hereto as Annexure-5 be sanctioned and confirmed by this Hon'ble High Court so as to be binding on all the members, creditors and employees of the petitioner company and all concerned.
- b. For an order under Section 394 of the Act that the petitioner company do within 30 days after the date of this order cause a certified copy to be delivered to the Registrar of Companies, Andhra Pradesh, Hyderabad for registration and on such certified copy being delivered or such date as this Hon'ble High Court may deem fit, the Registrar of Companies, Andhra Pradesh, Hyderabad shall take all necessary consequential actions in respect of the Petitioner Company.
- C. That the parties of the Scheme of Arrangement or other persons interested shall be at liberty to apply to this Hon'ble Court for any directions that may be necessary in regard to the carrying out of the scheme of arrangement.

These petitions coming on for orders upon reading the Judge's Summons and the affidavits dated 4-2-2004 and filed by Mr.N.Jagan Mohan Reddy, Director of the petitioner Company in C.P.NO. 35/2004 and Mr.P.Madhava Rao, Director of the petitioner Company in C.P.NO. 36/2004 and upon hearing the arguments of Mr.V.S.Raju, Advocate for the petitioner Transferor and Transferee Companies.

THE COURT MADE THE FOLLOWING ORDER:

THE HON'BLE SRI JUSTICE N.V. RAMANA

C.P. Nos. 35 and 36 of 2004

Oral order:

These two Company Petitions under Sections 391 and 394 of the Companies Act, 1956 (hereinafter referred to as 'the Act') have been filed praying for sanction of the scheme of arrangement entered into by and between M/s. Priyadarshini Cement Limited, having its registered office at Plot No.34, Sringer Colony, Hyderabad - 500 073 (hereinafter referred to as 'the Transferor Company') with M/s. Rain Industries Limited, having its registered office at 6-3-571/2, II Floor, 'Rickvista', Rockdale Estate, Somajiguda, Hyderabad-500 082 (hereinafter referred to as 'Transferee Company').

The authorized share capital of the Transferor Company is Rs.24,00,00,000/- divided into 2,40,00,000 equity shares of Rs.10/- each. The issued, subscribed and paid up equity share capital of the Transferor Company is Rs.22,11,00,000/- divided into 2,21,10,000 equity shares of Rs.10/- each.

The authorized share capital of M/s. Rain Industries Limited (Transferee Company) is Rs.1,00,00,000/- divided into 10,00,000 equity shares of Rs.10/- each. The issued, subscribed and paid up capital of the Transferee Company is Rs.5,00,000/- divided into 50,000 equity shares of Rs.10/- each.

The Transferor Company was incorporated mainly to produce, manufacture, purchase, refine, prepare, process, import,

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sell and generally to deal in cement, Portland cement, alumina cement, white and coloured cement, lime and limestone, Kankar and or by-products thereof and building materials, generally non-ferrous metals, ferroalloys; and in connection therewith to acquire, erect, construct, establish, operate and maintain factories, mines and quarries, workshops and other works. The transferor Company is in the process of commencing trading division to trade in imported coal and to sell clinker (mainly exports).

While the Transferee Company was incorporated to carry on the business of purchase, manufacture, refine or generally deal in all kinds of crude petroleum, petroleum products and petrochemicals, cement and cement products etc.

The Transferor Company submits that the cement industry has been going through a critical phase since last few years and the cement prices and margins are under pressure and it has to bear the brunt of this down fall, which has resulted in accumulation of losses during the last two years and that in order to salvage the deteriorating situation and to pull back the company on rails which is on the brink of financial crisis, the management of the Transferor Company along with the lenders/financial institutions/banks have worked out a restructuring package, which aims at – (1) Reviving the company; (2) Improving stakeholders value; (3) Giving financial support to the company and; 4) Reorganizing the manufacturing and trading business into separate entities to increase business focus and enhance growth and thereby improve shareholders

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value. The said package proposes to hive off the cement business into a wholly owned subsidiary so as to enable the company to arrest further erosion of its net worth which will ultimately result in increasing the financial position to borrow funds. The package also envisages a funding from the financial institutions/banks, which would enable the management to rest the plant, which has been closed for last couple of months, and also there is change in the management structure.

The Transferee Company is a wholly owned subsidiary of the Transferor Company and both are engaged more or less in similar activity i.e., cement and ready mix concrete manufacturing. Apart from the cement business, the Transferor Company has also initiated trading business without any significant fund infusion. As on date, it is stated that the Transferor Company is importing coal for self-consumption and plans to increase the quantum in order to supply the same to the companies in the adjoining regions. Its trading division has also entered into a contract of sale of clinker. The business reorganization also enables the Transferor Company to tide over the current situation, wherein the stakeholders have lost the entire share value. In view of the above scenario, it has been proposed to have an arrangement by and between the Transferor Company and Transferee Company, which will be beneficial and advantageous to both the companies as well as their shareholders. By the proposed scheme of arrangement the Transferor Company,

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can be restructured so as to enable to restart its units for the manufacture of cement.

According to the petitioners – Transferor and Transferee Companies, a scheme of arrangement is proposed for their mutual benefit and it is submitted that the scheme will be beneficial to the shareholders as well as the employees of both the Transferor and Transferee Companies.

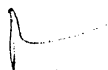
The Board of Directors of both the Transferor and Transferee Companies have approved the scheme of arrangement at their respective meetings held on 26.11.2003 and filed applications before this court in Company Application Nos. 2854 and 2855 of 2003 under the provisions of Section 391 of the Companies Act, 1956 praying to dispense with the meeting of the shareholders of the Transferee Company and to appoint a Chairman to conduct the meeting of the shareholders of the Transferor Company. This Court by order dated 18.12.2003 dispensed with the meeting of the shareholders of the Transferee Company, and appointed a Chairman to conduct the meeting of the shareholders of the Transferor Company. The Chairman having conducted the meeting, filed report stating that except one Mr. P. Padma Rao, who is holding 50 equity shares of Rs.10/- each in the paid-up capital of Rs.22,11,10,000/- all other shareholders voted in favour of the scheme. Thereafter, both the Transferor and Transferee Companies have filed the present Company Petitions. This Court, by order dated 26.02.2004, while admitting the Company

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Petitions, ordered notice to Central Government, and directed the counsel for the petitioners to carry out publication of notice of admission of the Company Petitions in the newspapers namely Business Standard and Andhra Bhoomi, Hyderabad Editions, as contemplated under Rule 80 of the Companies (Court) Rules, 1959 and file proof of publication. The petitioners having taken out paper publication, filed proof thereof into Court.

On receipt of notice, the Registrar of Companies filed common affidavit on behalf of the Central Government, taking a stand that he is neither supporting nor opposing the scheme of arrangement.

The Transferee Company is a wholly owned subsidiary of the Transferor Company. Both the Transferor and Transferee Companies are engaged in businesses, which are more or less akin to each other. Having regard to the critical phase in which the cement industry is facing, and the financial loss suffered by the Transferor Company, the management of the Transferor Company to salvage the company from its deteriorating financial situation, have worked out a restructuring package, which includes reviving the company, improving stakeholders value, give financial support to the company and reorganize the manufacturing and trading business into separate entities to increase business focus, with their lenders/financial institutions/banks. Since the scheme was beneficial to both the Transferor and Transferee Companies, their Board of Directors, in their meetings held on 26-11-2003 approved



the scheme of arrangement between them. In view of the affidavits filed by the shareholders of the Transferee Company, this Court dispensed with their meeting, while in the case of the Transferor Company, a Chairman was appointed to supervise the conduct of the meeting of its shareholders. The report of the Chairman discloses that more than 99% of the shareholders voted in favour of the scheme of arrangement.

Further, when the Transferor Company as required under Clause 24 of the Listing Agreement addressed letters dated 26-11-2003 and 4-12-2003 to the Hyderabad Stock Exchange Limited, intimating them about their preferring an application for sanction of the Scheme of Arrangement, the Hyderabad Stock Exchange Limited by their letter dated 8-12-2003 addressed to the petitioners, communicated their "No objection" to preferring such an application. Likewise, even the Mumbai Stock Exchange by their letter dated 13-4-2004, expressed their "No Objection" to the Transferor Company preferring an application to the High Court for sanction of the Scheme of Arrangement. Further, the creditors of the Transferor Company, namely ICICI, The South Indian Bank, Bank of India, Canara Bank, ING Vysya, State Bank of India, IDBI and Central Bank of India, from whom the company obtained loans, have agreed to the schedule of payment indicated in the Scheme of Arrangement, and by their letters dated 26-12-2003, 19-12-2003, 9-1-2004, 23-12-2003, 5-1-2004, 14-1-2004, 20-1-2004 and 12-12-2003

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respectively, have expressed their "No Objection" to the Scheme of Arrangement.

The Registrar of Companies having examined the Scheme of Arrangement filed his affidavit stating that he is neither supporting nor opposing it.

I have perused the Scheme of Arrangement. The Scheme of Arrangement, which is approved by the Board of Directors and shareholders of the Transferor and Transferee Companies, provides a restructuring package of the Transferor Company with the Transferee Company and their creditors. The shareholders of the Transferee Company filed affidavits expressing their "No Objection" to the Scheme of Arrangement, and whereas more than 99% of the shareholders of the Transferor Company voted in favour of the Scheme of Arrangement. This apart, the Stock Exchanges of Hyderabad and Mumbai expressed their "No Objection" to the Transferor Company preferring application for sanction of Scheme of Arrangement. Further, the creditors of the Transferor Company, namely ICICI, South Indian Bank, Bank of India, Canara Bank, ING Vysya, State Bank of India, IDBI and Central Bank of India, from whom the Company obtained loans, have expressed their "No Objection" to the Scheme of Arrangement. Having regard to the fact that the persons and institutions who are having most interest in the affairs of the Transferor and Transferee Companies having expressed their "No Objection" to the Scheme of Arrangement, having regard to the fact that it appears to protect their interests

and further the employees of both the Transferor and Transferee Companies, I am of the considered opinion that this Court should not have any objection for according its sanction to the Scheme of Arrangement, and more so having regard to the judgment of the apex Court in **Miheer H. Mafatlal v. Mafatlal Industries Ltd¹**, wherein it was held that this Court shall not sit in appeal over the judgment arrived at by the Board of Directors and shareholders in their meetings.

In the result, Company Petitions are allowed. The scheme of arrangement, as approved by the Board of Directors as well as the shareholders of the Transferor and Transferee Companies, stands approved.

The petitioners shall cause a certified copy of the orders to the Registrar of Companies, Andhra Pradesh, Hyderabad, within 30 days from the date of receipt of the orders.

The company petitions are accordingly allowed. No costs.

¹(1996) 87 Company Cases 792

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Sd/-E.UMAMAHESWARA RAO
JOINT REGISTRAR

SECTION OFFICER

SUPERINTENDENT

COPYIST DEPARTMENT


HIGH COURT OF A. P.

HYDERABAD

To

1. Sri. N.Jagan Mohan Reddy, Managing Director, M/s. Priyadarshini Cement Limited Regd. Office at Plot No.34, Srinagar Colony, Hyderabad.
2. Sri P.Madhava Rao, Director, M/s Rain Industries Limited, Regd. Office at 6-3-571/2, II Floor, Rockvista, Rockdale Estate, Somajiguda, Hyderabad.
3. The Registrar of Companies, 3-5-398, CPWD Building, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad.
4. The Official Liquidator, Kendriya Sadan, 3-5-398, CPWD Building, Sultan Bazar, Koti, Hyderabad.
5. One CC to the Section Officer, OS Section, High Court of AP., Hyderabad.
6. The Regional Director, Company Law Board, Southern Region, Chennai.
7. 2 CD copies.
8. One CC to Mr. V.S.Raju, Advocate.
9. One CC to Mr. Kanthi Narahari, Advocate.

GPK

THE HIGH COURT OF ANDHRA PRADESH	
C.A. HYDERABAD.	
No	407 of 2005
Application made.....	15-6-2005
Application returned ..	2005
Application represented.....	2005
..... called for.....	20-6-2005
..... deposited.....	21-6-2005
..... called for.....	2005
..... deposited.....	2005
..... by.....	21-6-2005
.....	2005
by  21/6/05	
Section Officer	

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

WEDNESDAY, THE FOURTH DAY OF AGUSUST
TWO THOUSAND AND FOUR

PRESENT
THE HON'BLE MR JUSTICE N.V. RAMANA
COMPANY APPLICATION NO : 35 AND 36 of 2004
IN THE MATTER OF THE COMPANIES ACT (1 OF 1956)
AND
IN THE MATTER OF M/S. PRIYADARSHINI CEMENT LIMITED
(TRANSFEROR COMPANY)
AND
RAIN INDUSTRIES LIMITED AND THEIR RESPECTIVE
SHAREHOLDERS.

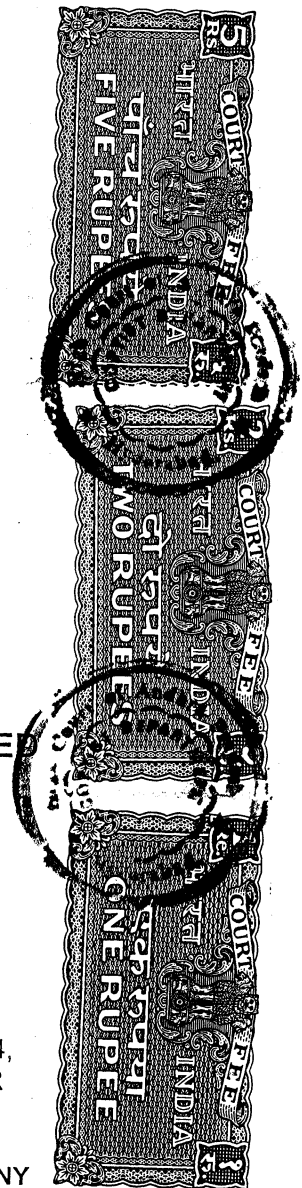
Between:

M/S. PRIYADARSHINI CEMENT LIMITED, REGD OFFICE AT PLOT NO.34,
SRINAGAR COLONY HYDERABAD, REP. BY ITS MANAGING DIRECTOR
SRI N. JAGANMOHAN REDDY.

..... PETITIONER/ TRANSFEROR COMPANY

Petition under Section 391 & 394 of the companies Act, praying that
this High Court may be pleased to

- a) That the scheme embodied in the scheme of arrangement between the petitioner company and the transferee company and their respective shareholders, as approved by the shareholders of the petitioner company and the transferee company, a copy of which is filed hereto as Annexure-5 be sanctioned and confirmed by this Hon'ble High Court so as to be binding on all the members, creditors and employees of the petitioner company and all concerned.
- b) For an order under section 394 of the Act that the petitioner company do within 30 days after the date of this order cause a certified copy to be delivered to the Registrar of Companies, Andhra Pradesh, Hyderabad for registration and on such certified copy being delivered or such date as this Hon'ble High court may deem fit, the Registrar of companies, Andhra Pradesh, Hyderabad shall take all necessary consequential actions in respect of the petitioner company.
- c) That the parties of the Scheme of Arrangement or other persons interested shall be at liberty to apply to this Hon'ble Court for any directions that may be necessary in regard to the carrying out of the scheme of arrangement.



Company petition No.36 of 2004.

In the matter of the companies Act (1 of 1956)

And

In the matter of M/s. Rain Industries Limited (Transferee company)

And

M/s. Priyadarshini Cement Limited and their respective shareholders.

Between:

M/s. Rain Industries Limited Regd Office at 6.3.571/2, II Floor
Rockvista, Rockdale Estate, Somajiguda, Hyderabad rep. By its
Director Mr. P. Madhava Rao.

Petitioner/Transferee Company

Petition under Section 391 & 394 of the companies Act 1956 praying
that this High Court may be pleased to

- a) That the scheme embodied in the scheme of arrangement between the petitioner company and the transferor company, as approved by the shareholders of the petitioner company and the transferor company, a copy of which is filed hereto as Annexure-5 be sanctioned and confirmed by this Hon'ble High Court so as to be binding on all the members, creditors and employees of the petitioner company and all concerned.
- b) For an order under Section 394 of the Act that the petitioner company do within 30 days after the date of this order cause a certified copy to be delivered to the Registrar of companies, Andhra Pradesh, Hyderabad for registration and on such certified copy being delivered or such date as this Hon'ble High court may deem fit, the Registrar of companies, Andhra Pradesh, Hyderabad shall take all necessary consequential actions in respect of the Petitioner company.

These petitions coming on for orders upon reading the Judge's Summons and the affidavits dated;4-2-2004 and filed by Mr. N. Jagan Mohan Reddy, Managing Director of the petitioner company in CP No.35/04, and Mr. P. Madhava Rao Director of the petitioner company in CP No.36/04. in support of these petitions and upon hearing the arguments of Mr. V.S. Raju Advocate for the petitioner Transferor and Transferee Companies.

THE COURT DOTH ORDER AS FOLLOWS:

1. That this Court doth hereby sanction the scheme of arrangement and doth hereby declare the same to be binding on the transferor company and the transferee company, viz M/s. Pridarshini Cement Ltd (Transferor

company) with M/s. Rain Industries Ltd, (Transferee company).

2. That all the property, rights and powers of the transferor company specified in the scheme of arrangement annexed hereto as per schedule A be transferred without further act or deed to the transferee company and accordingly the same shall pursuant to section 394 (2) of the Companies Act, 1956 be transferred to and vest in the transferee company for all estate and interest of the transferor company therein but subject nevertheless to all charges now affecting the same;
3. That all the liabilities and duties of the transferor company as per schedule B be transferred without further act or deed to the transferee company and accordingly the same shall pursuant to section 394 (2) of the companies Act, 1956 be transferred to and become the liabilities and duties of the transferee company.
4. That all proceedings now pending by or against the transferor company be continued by or against the transferee company.
5. That the transferee company do without further application allot to such members of the transferor company as have not given such notice of dissent as required by the scheme the share in the transferee company to which they are entitled under the said scheme of arrangement and
6. That the transferor company do within 30 days after the date of this order cause a certified copy of this order to be delivered to the Registrar of companies for registration and on such certified copy being so delivered the properties and liabilities as specified in the scheme of arrangement shall stand demerged with the transferee company.
7. That any person interested shall be at liberty to apply to the Court in the above matter for any directions that may be necessary.
8. That there be no order as to costs in both the company petitions.

SD/-E. UMAMAHESWARA RAO.
JOINT REGISTRAR.

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SECTION OFFICER

Note: (Scheme of Arrangement enclosed herewith)

Note:- This scheme of arrangement decree is amended as per the direction of the Joint Registrar on letter filed by the counsel for the petitioner and this amended order shall be substituted for the order despatched earlier on 19-8-2004

//// TRUE COPY //

Sd/-K. Satya Kumari,
JOINT REGISTRAR
SECTION OFFICER

To

1. Sri N. Jagan Mohan Reddy, Managing Director M/s. Priyadarshini Cement Ltd, Regd Office at Plot No.34, Srinagar colony Hyderabad.
2. Sri P. Madhava Rao, Director, M/s. Rain Industries Ltd, Regd Office at 6-3-571/2 II floor Rockvista, Rockdale Estate, Somajiguda, Hyderabad.
3. The Registrar of companies, 3-5-398, C.P.W.D. Building, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad.
4. The Official Liquidator, Kendriya Sadan, 3-5-398, C.P.W.D. Building, sultan Bazar, Koti, Hyderabad.
5. One Cc to the Section Officer O.S. Section, High court of A.P. Hyderabad.
6. The Regional Director, Company Law Board, Southern Regional Chennai.
7. 2.CD copies.
(Address 1 to 7) with a copy of Scheme of arrangement.)
Ty MKH C.By.

[Signature]
SUPERINTENDENT
COPYIST DEPARTMENT
HIGH COURT OF A.P.
HYDERABAD

[Signature]

THE HIGH COURT OF ANDHRA PRADESH	
HYDERABAD.	
C.A.	
GD No	407
Application made	15-6-2005
Application returned	2005
Application represented	2005
Stamps called for	20-6-2005
Stamps deposited	21-6-2005
Adl. Stamps called for	2005
Adl. Stamps deposited	2005
Copy ready	21-6-2005
Copy delivered	2005
Section Officer	

Annexure-As

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Scheme of Arrangement

Between

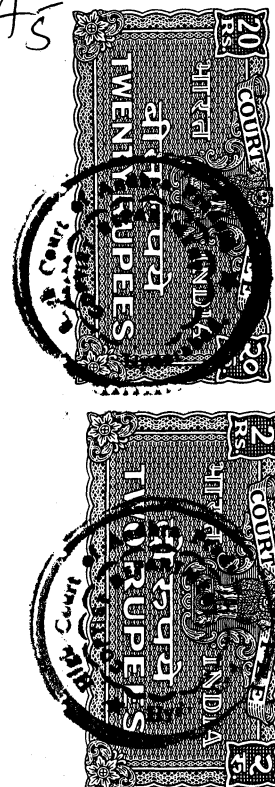
Priyadarshni Cement Limited Transferor Company

And

Rain Industries Limited Transferee Company

And

Respective Shareholders



Part I

1. Definitions

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meanings:

- a. "Act" means The Companies Act, 1956 including any statutory modifications, re-enactments or amendments thereof.
- b. "Appointed Date" means the 1st day of April 2003.
- c. Court or the High Court means the High Court of Andhra Pradesh at Hyderabad
- d. "Trading Division" means the trading activity of the Transferor Company in coal and clinker.
- e. "The Effective Date" means the last of the dates on which the sanctions, approvals or orders specified in clause 16 of the Scheme are obtained, passed, filed or completed.
- f. The Transferor Company means Priyadarshini Cements Limited a company incorporated under the Companies Act, 1956 and having its Registered Office at Plot No.34, Srinagar Colony, Hyderabad 500073.
- g. The Transferee Company means Rain Industries Limited a company incorporated under the Companies Act, 1956 and having its Registered Office at 6-3-571/2, II Floor, "Rockvista", Rockdale Estate, Somajiguda, Hyderabad 500082.
- h. "Record Date" means the date to be fixed by the Board of Directors or a committee thereof of the Transferor Company and the Transferee Company for the purpose of determining the members of the Transferor Company to whom shares of the Transferee Company will be allotted pursuant to this Scheme in terms of clause 12 hereof.

For PRIYADARSHINI CEMENT LIMITED

[Signature]
N. JAGAN MOHAN REDDY

- i. "Scheme" or "this Scheme" or "the Scheme" means this Scheme of Arrangement in its present form submitted to the High Court of Judicature of Andhra Pradesh at Hyderabad for sanction with any modification(s) approved or imposed or directed by the said High Court.
- j. "Undertaking" shall mean all the Business of cement manufacturing carried out by the Transferor Company on a going concern basis consisting of the following:
- i. Cement manufacturing unit located at Kurnool and Nalgonda and the related investment in the APGPCL (Andhra Pradesh Gas Power Corporation Limited) shares.
 - ii. All branch and marketing operation/offices located at various places and the corporate office of the Transferor Company.
- k. [the "Business"] shall mean and include {without being limited to} the following:
- i. all assets of or pertaining to the business, including those specified in Schedule 'A' hereto ["the Assets"];
 - ii. all liabilities and debts pertaining to the business including those specified in Schedule 'B' hereto ["the Liabilities"] including the implications of the debt restructuring being carried out by the lenders through Corporate Debt Restructuring (CDR) Cell;
 - iii. lease rights, permits, quota rights, industrial rights and other licences, trademarks, intellectual property rights, other tangibles and all the privileges, benefits, duties and obligations of all contracts, agreements and arrangements, and all other rights, licence, powers and facilities of every kind, nature and description whatsoever pertaining to the Business;
 - iv. all permanent employees of the Transferor Company engaged in the Business at various locations other than Trading Division and RMC Division who are willing to become employees of the Transferee Company;
 - v. all earnest monies and / or security deposits paid or received by the Transferor Company pertaining to the Business; and
 - vi. all necessary records, files, papers, information, drawings, manuals, data, list of customers and suppliers and other records in connection with or relating to the Business
 - vii. Other intangible asset such as the miscellaneous expenditure to the extent not written off

PROVIDED that the immovable properties held under any lease arrangement by the Transferor Company pertaining to the Business shall be transferred to the Transferee Company only after obtaining all such approvals and consents as may be necessary.

For PRIYADARSHINI CEMENT LIMITED


N. JAGAN MOHAN REDDY
Managing Director

2. Share Capital and Main Objects of Transferor and Transferee companies:

- a.(i) The authorised, issued, subscribed and paid-up share capital of the Transferor Company as on the Appointed Date is as under:

(Rupees)

Particulars	As on Appointed Date
Authorised: 2,40,00,000 equity shares of Rs.10/- each	Rs. 24,00,00,000
Issued, subscribed and paid-up: 2,21,10,000 equity shares of Rs. 10/- each fully paid-up	Rs. 22,11,00,000

- a.(ii) The authorised, issued, subscribed and paid-up share capital of the Transferee Company as on the Appointed Date is as under:

(Rupees)

Particulars	As on Appointed Date
Authorised: 10,00,000 equity shares of Rs. 10/- each	Rs.1,00,00,000
Issued, subscribed and paid-up: 50,000 equity shares of Rs. 10/- each fully paid-up	Rs.5,00,000

- b.(i) The Main Objects of the Transferor Company, inter alia, is "to produce, manufacture, purchase, refine, prepare, process, import, sell and generally to deal in Cement, portland cement, alumina cement, white and coloured cement, lime and limestone, kankar and or by-products thereof and building materials, generally non-ferrous metals, ferroalloys; and in connection therewith to acquire, erect, construct, establish operate and maintain factories, mines and quarries, workshops and other works". The Transferor Company is in the process of commencing trading division to trade in imported coal and to sell clinker (mainly exports), this has been already provided in the ancillary objects of the Company and will be incorporated in the main objects.
- b.(ii) The Main Objects of the Transferee Company, inter alia, is "to carry on the business of purchase, manufacture, refine or generally deal in all kinds of crude petroleum, petroleum products and petrochemicals, cement and cement products etc.".

Part II

3.

- a. With effect from the Appointed Date, the Undertaking shall, pursuant to the provisions, contained in section 394 of the Act, without any further act, deed, matter or thing, be and the same shall stand transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become the property of the Transferee Company with effect from the Appointed Date, subject to the charges existing thereon on the Appointed Date in favour of the financial institutions/banks and / or the concerned secured creditors of the Transferor Company if and only if such

For PRIYADARSHINI CEMENT LIMITED



charges are in relation to or pertaining to the liabilities and debts of the Undertaking. The assets and liabilities pertaining to the Undertaking shall be transferred as on 1st April 2003 [the Appointed Date].

- b. All assets forming a part of the Undertaking acquired by the Transferor Company on/or after the Appointed Date and prior to the Effective Date for operations of the Business shall also stand transferred to and vested in the Transferee Company at their fair value, upon the coming into effect of the Scheme.
- c. It is expressly provided that in respect of such of the assets forming a part of the Undertaking as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, the same shall upon the coming into effect of this Scheme be so transferred by the Transferor Company without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company, in pursuance of the provision of section 394 of the said Act or other provisions of law as applicable.
- d. In respect of the said assets pertaining to the Undertaking, other than those referred to in sub para (c) above, the same shall upon the coming into effect of this Scheme, without any further act, instrument or deed, be transferred to and vested in and / or be deemed to be transferred to and vested in the Transferee Company on the Appointed Date pursuant to the provisions of section 394 of the said Act and the vesting of all such assets shall take place in such State where such assets are situated upon the coming into effect of this Scheme.
- e. It is hereby clarified that the rest of the assets and liabilities (other than those specified in Schedule 'A' and 'B'), if any, of the Transferor Companies shall continue to be in the Transferor Company.

4.

Upon the coming into effect of this Scheme, with effect from the Appointed Date a sum of Rs. (in thousands) 1500 of the total amount of Capital Reserve in the form of capital subsidy and a sum of Rs. (in thousands) 7543 of the Investment Allowance Reserve standing in the books of account of the Transferor Company shall stand transferred to the Transferee Company and form part of the Capital Reserve and Investment Allowance Reserve of the Transferee Company respectively.

5.

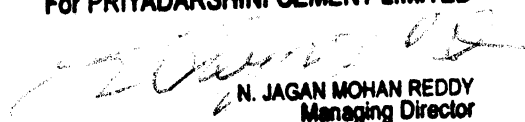
- a. Upon the coming into effect of this Scheme, all legal or other proceedings by or against the Transferor Company pending on the Effective Date or which may be instituted in future (whether before or after the Effective Date) in respect of any matter arising before the Effective Date and pertaining to the Undertaking (including property rights, powers, liabilities, obligations and duties of the Transferor Company) shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued and enforced by or against the Transferor Company.

For PRIYADARSHINI CEMENT LIMITED


N. JAGAN MOHAN REDDY
Managing Director

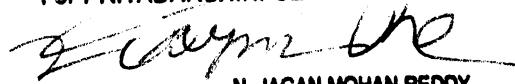
- b. If proceedings are taken against the Transferor Company in respect of the matters referred to in sub-clause (a) above, it shall defend the same at the cost of the Transferee Company and the Transferee Company shall reimburse and indemnify the Transferor Company against all liabilities and obligations incurred by the Transferor Company in respect thereof.
 - c. The Transferee Company undertakes to have all legal or other proceedings initiated by or against the Transferor Company referred to in sub-clause (a) and (b) above transferred into its name and to have the same continued, prosecuted and enforced by or against the Transferee Company to the exclusion of the Transferor Company.
6. The Authorised Share Capital of the Transferee Company shall stand increased suitably.
7. With effect from the Appointed Date and up to and including the Effective Date, the Transferor Company –
- a. Shall be deemed to have been carrying on and shall carry on all business and activities relating to the Business and the Undertaking and stand possessed of the properties so to be transferred, for an on account of and in trust for the Transferee Company, including, but without limitation, manufacturing and marketing activities, advance tax instalments of income tax, sales tax, excise and other statutory levies, etc.
 - b. All profits or income accruing to the Transferor Company or losses or expenditure (including payment of penalty, damages or such litigations) arising or incurred by it relating to the Undertaking shall, for all purposes, be treated as the profits or income or losses or expenditure, as the case may be, of the Transferee Company, except gains arising from transfer of the Undertaking itself to the Transferee Company..
- 8.
- a. The Transferor Company hereby undertakes, from the Appointed Date up to and including the Effective Date –
 - i. To carry on the business of the Undertaking with reasonable diligence, proper prudence and not to alienate, charge, encumber or otherwise deal with or dispose of the Undertaking (except to the extent of commitments to be made in getting the reschedulement of loan cleared as per CDR cell) or any part thereof, nor conclude settlement with union or employees nor to undertake any new business or a substantial expansion of its existing business which are part of the Undertaking being transferred and other than expansions which have already been commenced without the prior written consent of the Transferee Company except in ordinary course of business or pursuant to any pre-existing obligation undertaken by the Transferor Company prior to the Appointed Date;
 - ii. Not to utilise the profits or income, if any, relating to the Undertaking for the purposes of declaring or paying any dividend or for any other purpose in respect of the period falling on and after the Appointed Date without the prior written consent of the Transferee Company.

For PRIYADARSHINI CEMENT LIMITED


N. JAGAN MOHAN REDDY
Managing Director

- b. The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central Government and all other agencies, departments and authorities concerned as are necessary under any law, for such consents, approvals and sanctions which the Transferee Company may require to own and operate the Undertaking.
- 9.
- a. The Transferee Company undertakes to engage, on and from the Effective Date, all permanent employees of the Transferor Company, who are engaged in the Undertaking (other than those engaged in the Trading Division and RMC Division) and desirous of joining the Transferee Company on the terms and conditions which are substantially equivalent to the terms and conditions on which they are engaged as on the Effective Date by the Transferor Company without any interruption of service as a result of the transfer and in the terms and conditions not less favourable than those subsisting with reference to the Transferor Company as on the Effective Date, as if they were in a continuous service. The Transferee Company agrees that the services of all such employees with the Transferor Company up to the Effective Date shall be taken into account for purposes of payment of any compensation, gratuity and retirement and any other benefits to which they may be eligible in the Transferor Company on the Effective Date. The position, rank and designation of the employees would be decided by the Transferee Company.
- b. The accounts of the employees, who are employed by the Transferor Company under the sub-clause (a) above, in the Transferor Company relating to the Superannuation Fund, Provident Fund, Gratuity Fund and other funds including any surplus in such funds shall be identified, determined and transferred to the Trustees of the respective Funds of the Transferee Company as and when these are created.
- c. Until such time, the Transferee Company creates its own funds, the Transferee Company may, subject to necessary approval and permissions, if any, continue to contribute in respect of the Transferred Employees to the relevant funds of the Transferor Company. On the creation of the funds, the contributions pertaining to the Transferred Employees shall be transferred to the funds created by the Transferee Company.
10. Except as provided in the clauses above, the Transferee Company shall accept all acts, deeds and things relating to the Undertaking of the Transferor Company done and executed by and / or on behalf of the Transferor Company on or after the Appointed Date as acts, deeds and things done and executed by and / or behalf of the Transferee Company
- 11.
- a. Upon the coming into effect of this Scheme and subject to other provisions of this Scheme, all contracts, deeds, bonds, agreements, insurance policies and other instruments of whatsoever nature relating to the Undertaking, to which the Transferor Company is a party or beneficiary or executed for the benefit of the undertaking subsisting or having effect on or before the Effective Date shall be in full force and effect against or in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had at all material times been a party thereto.

For PRIYADARSHINI CEMENT LIMITED


N. JAGAN MOHAN REDDY
Managing Director

- b. The Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds, confirmations or other writings or multipartite agreements, arrangements, confirmations or novations with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the Scheme, the Transferor Company if necessary will also be a party to the above. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.

12.

- a. Upon the coming into effect of this Scheme and in consideration of the arrangement and transfer of the Undertaking in favour of the Transferee Company, the Transferee Company shall, without any further act or deed and without any further payment, issue and allot to the transferor company, equity shares of the resulting company of face value of Rs.10/- each credited, as fully paid-up in cash. The total number of equity shares of the Transferee Company to be issued and allotted to the Transferor Company shall be 1,47,50,000 equity shares of face value Rs. 10/- each at a premium of Rs.42 per share aggregating Rs.76,70,00,000 credited, as fully paid-up.
- b. The issue and allotment of 1,47,50,000 equity shares in the Transferee Company to the Transferor Company as provided in the Scheme shall be subject to the provisions of section 81(1A) of the Companies Act, 1956.
- c. Such equity shares to be issued and allotted by the Transferee Company in terms of clause 12(a) above shall rank pari passu in all respects with the existing shares of the Transferee Company, save and except in relation to dividends, if any, to which they may be entitled to, from the Appointed Date.

Part III

13. The Transferor Company and the Transferee Company shall with all reasonable despatch, make applications/petitions under Sections 391 and 394 apply to the High Court of Judicature of Andhra Pradesh at Hyderabad, for convening/dispensation and holding of meetings of the Equity Shareholders and creditors of the Transferor Company and the Transferee Company, for sanctioning this Scheme of Arrangement under section 391 of the Act and for an order or orders under section 394 of the Act for carrying this Scheme into effect.
14. The Transferor Company and the Transferee Company, through their Directors or authorised officers, are hereby empowered and authorised in their full and absolute discretion, to assent from time to time to any alterations or modifications in this Scheme including but not limited to those which the Court and/or the stock exchange and/or any other authority may give such directions as they may consider necessary to settle any questions or difficulty arising under the Scheme or in regard to its implementation or in any matter connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholder of the respective companies). In the event that any conditions are imposed by the High Court which the Transferor Company or the Transferee Company find unacceptable for any reason whatsoever then the Transferor

For PRIYADARSHINI CEMENT LIMITED

Company and/or the Transferee Company shall be entitled to withdraw from the Scheme in which event no rights and liabilities whatsoever shall accrue to or be incurred inter se to or by the parties or any of them.

15. This Scheme is conditional upon and subject to:
- All requisite consents, approvals or permissions of the Central Government or any other agency, department or authorities concerned in respect of any of the matters in respect of which such sanction or approval is required.
 - The approvals of financial institutions and banks if any to the extent required for the implementation of this Scheme by law or by contract.
 - The approval to the Scheme by the requisite majorities of shareholders of the Transferor Company and the Transferee Company as may be directed by the Court on the applications made for direction under Section 391 of the said Act for calling meetings and necessary resolutions being passed under the said Act for the purpose.
 - All court sanctions and orders as are legally necessary or required under the said Act.
 - Requisite approval, if any required, of the Reserve Bank of India under the Foreign Exchange Management Act, 1999 and requisite sanction or approval under any law or from the authority concerned being obtained and granted in respect of any matter for giving effect to the said Scheme, for the issuance of shares in the Transferee Company to the Transferor Company.
16. This Scheme, though effective from the Appointed date, shall be operative from the last of the following dates or such other date as the Court may direct, namely:
- the date on which the last of all the consents, approvals, permissions, resolutions, sanctions and orders as are hereinabove referred to have been obtained or passed; and
 - the date on which certified copies of the Orders of the Court under Section 391, 392 and 394 of the said Act are duly filed with the appropriate Registrar of Companies,
- and such date shall be hereinafter referred to as "the Effective Date" Reference in this Scheme to the date of "coming into Effect of this Scheme" or "effectiveness of this Scheme" shall mean the Effective Date.
17. In the event of any of the said sanctions and approvals referred to in the preceding clause 15 above not being obtained and / or the Scheme not being sanctioned, this Scheme shall stand revoked, cancelled and be of no effect and null and void, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as may otherwise arise in law and in such event each company shall bear their respective costs, charges and expenses in connection with this Scheme.
18. All costs, charges and expenses in relation to or in connection with the preparation, execution or implementation of the Scheme shall be borne and paid by the Transferee Company. In case the Scheme is not approved all such expenses will be born by the Transferor company.

For PRIYADARSHINI CEMENT LIMITED


N. JAGAN MOHAN REDDY
Managing Director

SCHEDULE 'A'

LIST OF ASSETS PERTAINING TO THE UNDERTAKING TO BE TRANSFERRED BY THE TRANSFEROR COMPANY TO THE TRANSFEREE COMPANY AS ON APPOINTED DATE:

1. Immovable properties

Unit I:

S. no.	Description	Area in acre
A)	Plant land, colony land, etc.	
a)	Village Ramapuram	278.1
b)	Village Ramapuram	136.7
c)	Village Jaggu Thanda	8.6
	Total	423.4
d)	Village Nallabanda Gudem	7.0
e)	Village Budavada	7.1
	Total plant land, colony land, etc. area	437.5
B)	Mining land	
a)	Owned by the Unit	
	i) Village Ramapuram, Revoor, Mellacheruvu	177.9
	ii) Village Revoor (Shiva Balaji Nayak Thanda)	48.8
	iii) Village Dondapadu	145.0
	Total owned mining land	371.7
b)	Villages Ramapuram and Revoor- on lavani patta rights	139.4
c)	Villages Ramapuram and Revoor- owned by the government and allotted to the Unit	402.4
d)	Owned by others	
	i) Villages Ramapuram, Revoor and Mellacheruvu	312.7
	ii) Village Revoor	89.5
	Total others owned mining land	402.2
	Total mining land area	1,315.7
	Area of the entire land	1,753.2

For PRIYADARSHINI CEMENT LIMITED



N. JAGAN MOHAN REDDY
Managing Director

Unit II:

S. no.	Description	Area in acre
A)	Plant land, colony land, etc.	
a)	Racherla village and Boincheruvupalli village	
	Colony land	56.7
	Plant land	121.7
	Total	178.4
b)	Village Dhone- not in use	3.0
	Total plant land, colony land, etc. area	181.4
B)	Mining land- Racherla village and Boincheruvupalli village	
a)	Owned by the Unit	
	Safety zone land	57.8
	For gravel	4.0
	Total owned mining land	61.8
b)	Owned by the government and allotted to the Unit	618.9
	Total mining land area	680.7
	Area of the entire land	862.1

In addition to the above, the Company has immovable properties in the form of factory and non- factory buildings constructed on the above land. Besides, the following additional immovable properties to be transferred are as under:

- **Corporate office:** - It is a seven storied (ground floor plus six floors) building on a freehold plot of an area of about 6,805 sq. ft. It is located at house no. 8-3-1008, plot no. 34, Srinagar Colony, Hyderabad. It is popularly called Green Tower and is about 1.5 kms from Punjagutta abutting Srinagar colony main road. The building was constructed in 1997 and is being used as corporate office of the Company.
- The Company has a flat in Amrutha Estate Pentagon Extension Block, road No. 12, Banjara Hills, Hyderabad. The number of the flat is G-I-202. The area of the flat is about 1,350 sq. ft. including super area

2. Movable properties

All the moveable properties or assets relating to the Business whether owned, leased, hire purchased, or licensed or otherwise, including but without limitation.

- Plant and Machinery, Furniture and Fixtures, etc., and those separately identified, whether fixed or attached to all immovable or movable properties specified above.
- Equipment, information, technology, photo-copying machines and other office equipment currently used exclusively by the Undertaking and all appurtenants thereto.
- All vehicles belonging to the Undertaking and all appurtenants thereto.

For PRIYADARSHINI CEMENT LIMITED


N. JAGAN MOHAN REDDY
Managing Director

- d. Inventory of raw and packing materials, work in progress, finished goods, and including other operating assets pertaining to the Undertaking, wherever situated.
- e. Sundry debtors, Loans and Advances and other Current Assets pertaining to the Undertaking.
- f. All necessary records, files, papers, engineering and process information, drawings, data, catalogues, quotations, list of present and former customers and suppliers, customer credit information, customer pricing information, and other records in connection with or relating to the Undertaking.
- g. Investment of 134000 equity shares of Rs.10/- each fully paid and investment of 536000 equity shares of Rs.10/- partly paid in APGPCL, which enables the cement business to draw power from APGPCL. *The Transferor Company has partly sold and is in the process of selling off its balance stake in APGPCL during the year. Any such sell off after the Appointed Date by the Transferor Company shall be deemed to be on behalf of the Transferee Company and subject to their approval (for sell-off already undertaken approval will be deemed to have been granted). Any sale proceeds towards the same will be transferred to Transferee Company.*
- h. Expenditure incurred by the Transferor Company towards the capital work in progress.

SCHEDULE 'B'

LIST OF LIABILITIES AND DEBTS OF THE UNDERTAKING

Particulars (As on 31 ST March 2003)	Amount (Rs.)
Secured Loans	1,63,86,00,945
Unsecured Loan (Sales tax deferment)	20,21,57,938
Current Liabilities	55,32,50,343

For PRIYADARSHINI CEMENT LIMITED

[Signature]
N. JAGAN MOHAN REDDY
Managing Director

[Signature]
SUPERINTENDENT
COPYIST DEPARTMENT
HIGH COURT OF A.P.
HYDERABAD

THE GOVERNMENT OF ANDHRA PRADESH	
C.A. -	HYDERABAD.
GD No	407
Application made	15-6-2005
Application returned	2005
Application represented	2005
Stamps called for	20-6-2005
Stamps deposited	21-6-2005
Adl. Stamps called for	2005
Adl. Stamps deposited	2005
Copy ready	21-6-2005
Copy delivered	2005

SUPERINTENDENT
 COPYIST DEPARTMENT
 HYDERABAD

Section Officer