

REPORT UNDER SECTION 232(2)(c) OF THE COMPANIES ACT, 2013 ADOPTED BY THE BOARD OF DIRECTORS OF SITAPURAM POWER LIMITED AT ITS MEETING HELD ON 26 JULY 2018 EXPLAINING EFFECT OF THE SCHEME OF AMALGAMATION ON MEMBERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDERS

The Board of Directors ("Board") of Sitapuram Power Limited ("Company") at its board meeting held on 26 July 2018 has approved the Scheme of Amalgamation ("Scheme") in terms of Sections 230 to 232 and other applicable provisions of the Companies Act 2013, as amended from time to time ("2013 Act") and other applicable laws, for amalgamation of the Company into and with Zuari Cement Limited ("Amalgamated Company"). The Scheme is subject to requisite approval(s) of the National Company Law Tribunal, Bench at Hyderabad.

In accordance with Section 232(2)(c) of the 2013 Act a report adopted by the directors of the Company explaining effect of the scheme on each class of members, key managerial personnel ("KMP"), promoters and non-promoter shareholders is required to be circulated to the members or class of members or creditors or class of creditors, as the case may be, for the meeting of the creditors or class of creditors or members or class of members, as the case may be, along with the notice convening such meeting.

While deliberating on the proposed amalgamation, the Board of the Company considered and approved the draft Scheme.

Therefore, in accordance with Section 232(2)(c) of the 2013 Act, the Board of the Company in its meeting held on 26 July 2018 took on record the following impact of the Scheme on the members and KMPs of the Company:

- (i) This Scheme seeks to amalgamate and consolidate the business presently being carried on by the Company and the Amalgamated Company (together referred to as the "Companies"), which shall create greater synergies between the business operations of the Companies, as the Company is engaged in the business of operating and managing a captive power plant for generating electricity exclusively for the use by the Amalgamated Company. The Board of Directors of the Companies have resolved that the amalgamation would be in the interests of the shareholders, creditors, employees and other stakeholders of the Companies.
- (ii) Upon this Scheme coming into effect in terms of Clause 3 of Part III of the Scheme, the shareholders of the Company (i.e., the Amalgamated Company, either directly or through shares held along with other joint shareholders, where the Amalgamated Company is the first holder and is entitled to the entire beneficial and economic interest in such shares) shall not be entitled to receive shares of the Amalgamated Company as the Company is a wholly owned subsidiary of the Amalgamated Company. The 2013 Act specially prohibits issuance of any treasury stock and no such allotment is contemplated under the Scheme.
- (iii) Upon this Scheme becoming effective and upon amalgamation of the Company with the Amalgamated Company, investments of the Amalgamated Company, being shares held in the Company (either directly or through shares held along with other joint shareholders, where the Amalgamated Company is the first holder and is entitled to the entire beneficial and economic interest in such shares) shall stand cancelled in their entirety.

Registered Office:

Sitapuram, Dondapadu Village,
Mallareddy Gudem Mandal (Chinthala Palem)
Suryapet Dist – 508 246, Telangana State

S. Sundaram

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- (iv) The Scheme does not contemplate issuance of shares or payment of any other consideration by the Amalgamated Company and as a consequence there is no valuation exercise required and no valuation report was prepared / procured.
- (v) None of the directors or KMPs of the Company or their respective relatives, is concerned, or interested financial or otherwise in the Scheme.
- (vi) There will be no adverse effect of the said Scheme on the members (the only class of members), KMPs, promoter and non-promoter shareholders of the Company.

for **Sitapuram Power Limited**



S. Sundaram
Managing Director
DIN: 07103135

Place: Bangalore
Date: 26 July 2018

Registered Office:

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