

**MURUDESHWAR CERAMICS LIMITED**

Regd. Office: Murudeshwar Bhavan, Gokul Road, Hubli 580030

Minutes of the Extra-ordinary General Meeting held on 14<sup>th</sup> March 2012

EXTRA-ORDINARY GENERAL MEETING OF THE MEMBERS OF THE COMPANY WAS HELD ON WEDNESDAY MARCH 14, 2012 AT 16.00 HOURS. AT SHRI R N SHETTY KALYAN MANTAP, OPP.INDIRA GLASS HOUSE, HUBLI

**PRESENT :**

Shri Satish R Shetty, Member, Director, Managing Director  
Dr. S S Hiremath, Member, Director  
Shri Annappayya K, Director

Company Secretary  
Shri Lakshmisha Babu S

VP-Finance & CFO  
Shri N M Hegde

Other 45 members and 6 Proxies attended the meeting

At the request of other Directors present, Dr. S S Hiremath presided as Chairman for the meeting.

Necessary quorum being present the meeting commenced.

Chairman Dr. S S Hiremath and Managing Director Shri Satish R Shetty welcomed the members to the Extra Ordinary General Meeting. Managing Director explained about the object of the EoGM. He also informed shareholders that the Company is in need of funds to reduce its debt and also for working capital requirements and accordingly the Board of Directors proposed to raise funds by offering equity shares / Convertible Share Warrants on Preferential Basis to Murudeshwar Power Corporation Limited, a Promoter Group Company. The funds raised through the Preferential Issue shall be utilized to clear a part of the high debts and for working capital requirements of the Company.

There after Chairman invited Comments / suggestion if any from the members:

Some members sought clarification on the following points

- To go in for Rights Issue instead of preferential issue
- Clarifications on the promoters / public holding after preferential allotment
- Utilisation of funds raised through preferential issue

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*S.S. Hiremath*

Clarifications of the members were addressed as follows:

- Since the Company has gone for Right's Issue previous year, the management thought it fit to go in for preferential issue this time.
- Necessary clarifications on the promoters / public holdings after preferential issue were given, referring the explanatory statement of EoGM.
- Funds raised from this preferential issue will be utilized for clearing part of the high debts and for working capital purposes.

One of the Shareholder and Company Secretary pointed out a correction in page 4 point No.6 and accordingly necessary corrections were informed to the share holders and requested the shareholders to take the point No.6 read as follows:

**"6. The identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them**

*The proposed allottee is a Group Company and the percentage of their post preferential issue holding would be 29.29%. The proposed allottee is not holding any equity share during the last six months."*

Company Secretary moved on to the Resolutions as per notice of EGM circulated.

**1."RESOLVED THAT** the Articles of Association of the Company be and is hereby amended in the following manner:

After existing Article 5(d)(iv) following new Articles shall be inserted:

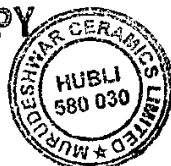
5(d)(v). The Board of Directors may at their discretion but subject to the applicable provisions of law, increase the capital of the company from time to time by issue of Equity Shares / Redeemable, Non-redeemable, Cumulative, Non-Cumulative Preference Shares / Convertible Instruments / Secured Promissory Notes / Convertible Share Warrants / American Depository Receipts / Global Depository Receipts, other Convertible Instruments by whatsoever name called, either through Public Issue or through Private Placement or through Preferential Issue or partly Public Issue and / or partly Preferential Issue and / or partly Private Placement or any other ways.

5(d)(vi) The Board of Directors may at their discretion but subject to the applicable provisions of law buyback shares or issue bonus shares or do shares / stock split etc."

Proposed as an Special Resolution by : Mr. Premanand Shetty  
Seconded by : Mr. Ravi Kanth

**THE RESOLUTION WAS PUT TO VOTE BY SHOW OF HANDS AND WAS CARRIED UNANIMOUSLY.**

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*S.S. Vittal*

2 "RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any Statutory modification(s), amendment(s) to or re-enactment thereof for the time being in force) and subject to the enabling provisions of the Memorandum and Articles of Association of the company, the Listing Agreement entered into by the company with Stock Exchanges where the equity shares of the company are listed and in accordance with the existing guidelines, rules and regulations issued by the Securities and Exchange Board of India ('SEBI'), including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ['SEBI (ICDR Regulations)'], Reserve Bank of India / Government of India (including any statutory amendment(s), modification(s) and / or re-enactment thereof, for the time being in force) and determined by the Board of Directors of the company (hereinafter referred to as 'the Board'), which expression shall include any Committee thereof for the time being to which all or any of the powers hereby conferred on the Board by this Resolution, may have been delegated and subject also to such approvals, consents, permissions or sanctions (including any conditions thereof or modifications to the terms contained therein), if any, of the competent authorities, including those of the Ministry of Finance, Secretariat for Industrial Assistance ('SIA') and / or Foreign Investment Promotion Board ('FIPB'), as may be required and / or such terms and conditions, as may be prescribed while granting such consents and approvals and which may be agreed to by the Board, the Board of the company be and is hereby authorized to offer, issue and allot for cash on a Preferential Basis the following equity shares and Convertible Share Warrants on such terms as may be deemed appropriate by the Board of the company upto:

a) 40,00,000 (Forty Lakhs Only) equity shares at the rate of Rs. 17/- per equity share (face value per share Rs. 10/-) aggregating to Rs. 6,80,00,000/- (Rupees Six Crores Eighty Lakhs Only);

and

b) 1,05,00,000 (One Crore and Five Lakhs Only) Convertible Share Warrants at the rate of Rs. 17/- per Warrant (convertible into one equity share of face value per share Rs. 10/-) aggregating to Rs. 17,85,00,000/- (Rupees Seventeen Crores Eighty Five Lakhs Only) and which are convertible into equity shares of the company within a period not exceeding eighteen months from the date of allotment of Convertible Share Warrants in accordance with SEBI (ICDR) Regulations on Preferential Basis to Murudeshwar Power Corporation Limited, Hubli:

Sr. No.	Name of the Proposed Allottees	Maximum No. of Equity Shares to be Allotted	Maximum No. of Convertible Share Warrants to be Allotted
1.	Murudeshwar Power Corporation Limited	40,00,000	105,00,000
	<b>Total</b>	<b>40,00,000</b>	<b>105,00,000</b>

"RESOLVED FURTHER THAT the Board or any Committee thereof be and is hereby authorized to issue and allot above said number of Equity Shares / Convertible Share Warrants as may be required to be issued."

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*S.S. Kulkarni*

"RESOLVED FURTHER THAT the Board / any Committee thereof be authorized to determine, vary, modify or alter any of the terms and conditions of the issue and allotment of the Equity Shares / Convertible Share Warrants, including reduction of the size of the issue, as it may deem expedient."

"RESOLVED FURTHER THAT consent for issuance of Equity Shares / Convertible Share Warrants as aforesaid shall also constitute approval of the shareholders of the company in terms of regulations of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011."

"RESOLVED FURTHER THAT Equity Shares / Convertible Share Warrants shall be issued and allotted to the Investors on the following terms and conditions:

- (i) The entire monies towards subscription of the aforesaid equity shares shall be payable on application and 25% of the amount of Convertible Share Warrants will be paid on allotment of warrants.
- (ii) The aforesaid equity shares / equity shares on exercise of Convertible Share Warrants shall be subject to lock-in period to be determined in accordance with the provisions for Preferential Issue under the SEBI (ICDR) Regulations.
- (iii) The Convertible Share Warrants to be issued as aforesaid shall, on exercise of rights attached thereto, be converted into same number of equity shares of the company at Rs. 17/- per equity share at a price including the premium, as may be determined, within the Authorised Equity Capital of the company.
- (iv) The aforesaid equity shares / equity shares on conversion of Convertible Share Warrants shall be subject to the Memorandum and Articles of Association of the company and rank *pari-pasu* in all respect with the existing equity shares of the company in all respects including dividend with the existing fully paid-up equity shares of the company."

"RESOLVED FURTHER THAT the Relevant Date for determining the price of the aforesaid equity shares in terms of the provisions for preferential issue under the SEBI (ICDR) Regulations is Monday, February 13, 2012, being the 30th day prior to the date on which the EoGM of the shareholders is held, being Wednesday, March 14, 2012, in terms of Section 81(1A) of the Companies Act, 1956, to consider the proposed preferential issue."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to accept such amendments, modifications, variations and alterations as the Government of India, SEBI, Reserve Bank of India, FIPB and / or Financial Institutions / Banks / Stock Exchanges and / or any competent authority may stipulate in that behalf."

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A handwritten signature in black ink, appearing to read "S. S. Kulkarni".

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board of Directors of the company and / or any Committee thereof for the time being, be and is hereby authorized in its absolute discretion to decide to proceed with the issue to finalize the list of allottee(s), including the size, price and relative components of the same and to do all such acts, deeds, matters and things, as it may be in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty(ies) or doubt that may arise in regard to the offer, issue, allotment and utilization of the proceeds of the issue of the equity shares and further to do all such acts, deeds, matters and things to finalize and execute all documents and writings as may be necessary, desirable or expedient as it may deem fit, including without limitation, appointment of consultants, solicitors, legal advisors, merchant bankers, registrar to the offer, registrar and transfer agents ('RTA') or any other agencies as may be required and necessary and entering into arrangement for listing, trading, depository services and such other arrangement and agreements, as may be necessary, and also to file application(s) and seek listing of the equity shares / Convertible Share Warrants representing the same in any or all of recognized Stock Exchange in India with a power on behalf of the company to settle any questions, queries, difficulties or doubts that may arise in regard to any such issue, offer or allotment of equity shares / Convertible Share Warrants and in compliance with any of the Rules and Regulations, as it may in its absolute discretion deem fit, without being required to seek any further clarification, consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

"RESOLVED LASTLY THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any Director or Directors or to any Committee of Directors or to any Officer or Officers of the company to give effect to this resolution."

Proposed as Special Resolution by : Mr. S S Naik  
Seconded by : Mr. N M Hegde

THE RESOLUTION WAS PUT TO VOTE BY SHOW OF HANDS AND WAS CARRIED BY OUT BY MAJORITY. (Votes in favour- 48, Votes against -3)

Thereafter Chairman thanked members for their active participation in the proceedings and declared that the meeting was closed.

Place : Hubli  
Date : 14-2-12



Dr. S S Hiremath  
Chairman for the Meeting

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For Murudeshwar Ceramics Ltd.



(SATISH R. SHETTY)  
Managing Director