

**CERTIFIED TRUE COPY ALONG WITH EXPLANATORY STATEMENTS OF THE RESOLUTION PASSED BY MEMBERS OF THE COMPANY THROUGH POSTAL BALLOT DATED 15<sup>TH</sup> JULY, 2014**

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**RESOLUTIONS**

**1. Increase in Authorised Share Capital**

To consider and if thought fit, to pass the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to Section 13, 61 and any other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (share Capital and Debentures) Rules, 2014 as may be applicable and subject to such approvals, consent, sanctions and permissions of appropriate authorities, Departments or bodies as may be necessary, the Authorized share Capital of the Company be increased from Rs. 40,00,00,000/- (Rupees Forty Crores) divided into 3,00,00,000 (Three Crore) Equity Shares of Rs 10/- (Rupees Ten) each and 10,00,000 (Ten Lakh) Cumulative Redeemable Preference Shares of Rs 100/- (Rupees Hundred) each to Rs. 80,00,00,000 (Rupees Eighty Crores) divided into 4,50,00,000 (Four Crore Fifty Lakhs ) equity shares of Rs 10/- (Rupees Ten) each and 35,00,000 (Thirty Five Lakh) Cumulative/Non-Cumulative Redeemable Preference Shares of Rs 100/- (Rupees Hundred) each with a right to receive dividends from year to year at a rate or rates not exceeding 15 % per annum as may be determined by the Board of Directors at the time of Issue of these shares, with power to increase or reduce such capital from time to time, in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the capital for the time into Equity share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or Special rights, privileges or conditions and that, if whenever the capital of the Company is divided into shares of different classes, the rights of any such claims may be varied, modified, affected, extended, abrogated or surrendered as provided in Articles of Association of the Company and the legislative provisions for the time being in force.

**RESOLVED FURTHER THAT** Clause V of the Memorandum of Association of the Company be and is hereby altered to read as follows

**V.** the Authorised Capital of the Company is Rs. 80,00,00,000/- (Rupees Eighty Crores) divided into 4,50,00,000 (Four Crore Fifty Lakhs ) Equity Shares of Rs 10/- (Rupees Ten) each and 35,00,000 (Thirty Five Lakh) Cumulative/Non-Cumulative Redeemable Preference Shares of Rs 100/- (Rupees hundred) each with a right to receive dividends from year to year at a rate or rates not exceeding 15 % per annum as may be determined by the



Board of Directors at the time of Issue of these shares, with power to increase or reduce such capital from time to time, in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the capital for the time into Equity share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or Special rights, privileges or conditions. If and whenever the capital of the Company is divided into shares of different classes, the rights of any such claims may be varied, modified, affected, extended, abrogated or surrendered as provided in Articles of Association of the Company and the legislative provisions for the time being in force. “

**RESOLVED FURTHER THAT the existing Article 4A of the Articles of Association be deleted and substituted by new Article 4A as under**

**4A.** The Authorised Capital of the Company is Rs. 80,00,00,000/- (Rupees Eighty Crore) divided into :-

4,50,00,000 (Four Crore Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each and 35,00,000 (Thirty five Lakh) Cumulative/Non-Cumulative Redeemable Preference shares of Rs. 100/- (Rupees Hundred) each with a right to receive dividends from year to year at a rate or rates not exceeding 15 % per annum as may be determined by the Board of Directors at the time of Issue of these share each with the rights, privileges and conditions attached thereto as per the relevant provisions contained in that behalf in these presents with the power to increase or reduce the capital and to divide the shares in the capital of the company for the time being into Equity Share Capital and/ or Preference Share Capital with qualified or special rights, privileges or conditions as may be determined in accordance with these presents and to modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be permitted by the Act provided by these presents.

**2. Issue of 1% Non-Cumulative Non-Convertible Redeemable preference Shares of Rs. 100 each**

To consider and if though fit, to pass the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 55 read with Section 42 and 62 and all other applicable provisions if any of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) read with Rule 9 of the Companies (Share Capital and Debentures) Rules, 2014 and enabling provisions of Memorandum and Articles of Association of the Company and Listing Agreements entered into by the Company with the Stock Exchanges where the Securities of the Company are listed and subject to the approvals, consents, Permissions and/or Sanctions, as may be required from any appropriate authority, institution or body (herein after collectively referred to as “the Appropriate Authority”) and subject to such terms, conditions, alterations, corrections, changes, variations and/or modifications (herein after referred to as “the requisite approvals”) and which may be agreed by the Board of Directors of the Company (herein after referred to as “the Board” which term shall be deemed to include any committee duly constituted by the Board or any committee which the board may have constituted or are here after constitute, to exercise one or more of its power including the powers conferred on the Board by this Resolution), the

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consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot 15,00,000 (Fifteen Lakhs) 1% Non-Cumulative Non-convertible Redeemable preference Shares of Rs. 100/- (Rupees Hundred) each to M/s. Essar Information Technology Limited having its Registered office at Essar House, 11, K. K. Marg, Mahalaxmi, Mumbai 400034 for a total consideration of Rs. 15,00,00,000 (Rupees Fifteen Crores) on such terms and conditions and in such manner as the Board may think fit.

**RESOLVED FURTHER THAT** 15,00,000 1% Non-Cumulative Non-Convertible Redeemable preference Shares of Rs. 100/- (Rupees Hundred) each shall be subject to the following conditions.

- a. The preference shares shall be redeemed at the option of Investor in one or more tranches at any time between 5<sup>th</sup> year from the date of allotment and before expiry of 7<sup>th</sup> year from the date of allotment and the shares shall be redeemed at par.
- b. Such shares will have priority with respect to payment of dividend or repayment of capital vis-à-vis Equity shares.
- c. The Shareholder of such shares will not be entitled to participate in surplus fund.
- d. The shareholders of such shares shall be entitled to participation in surplus assets and profits, on winding up which may remain after the entire capital has been repaid.
- e. The payment of dividend on such shares shall be on Non-Cumulative basis.
- f. The shareholders of such shares shall have no option of conversion of Preference Shares into Equity Shares.
- g. In case the dividend on such shares remains unpaid for a period of 2 years or more, the shareholders of such shares shall have a right to vote on all the resolutions placed before the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby authorised on behalf of the Company to take all actions and to do all such acts, deeds, matters and things as it may at its discretion be necessary, desirable or expedient to effect the issue or allotment of 15,00,000 1% Non-Cumulative Non-Convertible Redeemable preference Shares of Rs. 100/- (Rupees Hundred) each and to resolve and settle all questions and difficulties that may arise in the proposed issue and allotment to M/s. Essar Information Technology Limited and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit without being required to seek any further 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 FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred by the above resolutions to any Director or to any Committee of Directors or any other officers or officers of the Company to give effect to the aforesaid resolution. ”

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### 3. Borrowing powers of the Board of Directors

To consider and if thought fit, to pass the following Resolution as a **Special Resolution**:

**“RESOLVED THAT** in supersession of the earlier resolutions, pursuant to the provisions of Section 180 (1) (c) and (2) and other applicable provisions, if any, of the Companies Act 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to such approval(s) of the appropriate authorities, as may be necessary, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include any committee of Directors for the time being authorized by the Board of Directors to exercise the powers conferred on the Board by this resolution), to borrow and raise money from time to time, from any one or more Banks, Individuals, Foreign Institutional Investors, Overseas Corporate Bodies, Overseas Mutual Funds, Pension Funds, Gratuity Funds, Hedge Funds, or any other Funds, Trusts, Institutions, bodies, entities, or persons, whether incorporated or not and whether Indian or foreign, and whether by way of cash credit, term loans, advances, deposits, loans or bill discounting, deferred payment credits/guarantees, issue of Debentures, Securities, Bonds or other debt instruments, external commercial borrowings or by way of any other permitted mode of borrowings, whether convertible or not; and whether unsecured or secured by mortgage, charge, hypothecation, lien, pledge or any other kind of security created on the assets and/or properties of the Company, subsidiaries, joint ventures, associates, or of any other persons or individuals, whether movable or immovable, tangible or intangible, or stock in trade (including raw materials, spare parts and components, in stock or in transit and work in progress), or by any kind of guarantees and all or any of the undertakings of the Company, notwithstanding that the monies to be borrowed, together with the monies already borrowed by the Company (apart from temporary loans obtained from the Companies bankers in the ordinary course of Business) will or may exceed the aggregate of the paid up share capital of the Company and its free Reserves, so that the total amount upto which the monies may be borrowed by the Company and outstanding at any time shall not exceed the sum of Rs. 1000 Crores (Rupees One Thousand Crores) exclusive of interest and other charges on such borrowings, AND THAT the Board of Directors be and is hereby further authorized to execute such debenture trust deeds and/or Mortgage, charge, hypothecation, lien, guarantees/ assurance deeds and other deeds, promissory notes, deposit receipts, loan or security documents, agreements, instruments, receipts, or writings containing such conditions and covenants as the Director may think fit.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to finalize, settle and execute such documents/deeds/writings/papers/agreements as may be required (including deciding the terms and conditions of the borrowings and utilization of the funds so borrowed), to delegate all or any of the powers conferred on it to any committee of Directors or any Director or any other officer(s) or agent or representative of the Company; and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable, and to settle any question, matter, difficulty or doubt that may arise in this regard.”

### 4. Creation of Charges

To consider and if thought fit, to pass the following Resolution as a **Special Resolution**:



**“RESOLVED THAT** pursuant to the provisions of Section 180 (1) (a) and other applicable provisions, if any, office Companies Act, 2013 (including any statutory modification(s)ore-enactment(s) thereof for the time being in force) (hereinafter referred to as ‘the Act’), consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company(hereinafter referred to as the “Board”, which term shall be deemed to include any Committee of Directors for the time being authorised by the Board of Directors to exercise the powers conferred on the Board by this resolution) to mortgage and/or create charge, in addition to the mortgages/charges created/to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the movable, immovable or any other type and kinds of properties, assets and /or rights of the Company(whether tangible or intangible), in favour of the Lender(s) /Agent(s) and/or Trustee(s), or other appropriate authorities/persons, for securing the borrowings of the Company availed / to be availed in any form or manner, in foreign currency and / or rupee currency, including by way of term and other loan(s), cash credit, overdraft, advances, deposits, bill discounting, deferred payment credits/guarantees, debentures, Securities, Bonds or other debt instruments, external commercial borrowings, (comprising Fully / Partly Convertible and/or Non-Convertible, with or without detachable or non-detachable Warrants and/or Secured Premium Notes and /or Floating Rates Notes/Bond or other debt instruments), or byway of any other permitted mode of borrowings, whether convertible or not; issued/to be issued by the Company, from time to time, subject to the limits approved under Section 180 (1) (c) of the Act and other time to time applicable provisions, if any, of the Act; together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Agent(s) / Trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation / revaluation /fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s), Debenture Trust Deed(s) or any other document(s) entered into / to be entered into between the Company and the Lender(s)/Agent(s)and/or Trustee(s), in respect of the said loans/borrowings/debentures and containing such specific terms and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board and the Lender(s)/Agent(s)/Trustee(s)/other appropriate authorities/persons.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to finalise, settle and execute such documents/deeds/writings/papers/agreements as may be required (including deciding the terms and conditions of securing the borrowing), to delegate all or any of the powers conferred on it to any Committee of Directors, or any Director or any other officer(s) or agent or representative of the Company; and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable, and to settle any question, matter, difficulty or doubt that may arise in this regard.”

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**EXPLANATORY STATEMENTS**

**ITEM NO. 1**

The present Authorised Share Capital of the Company is Rs. 40,00,00,000 consisting of 3,00,00,000 Equity shares of Rs. 10 each/- and 10,00,000 Preference Shares of Rs. 100/- each. To meet its growth objectives, to strengthen the financial position and also, to meet adequate working requirements of the Company, the Company is required to generate medium/long term recourses, and hence, it is proposed to issue 15,00,000 1% Non-Cumulative Non-Convertible Redeemable preference Shares of Rs. 100/- (Rupees Hundred) each aggregating to Rs. 15,00,00,000 (Rupees Fifteen Crores). The Authorised Capital of the Company is therefore required to be increased from Rs. 40,00,00,000 (Rupees Forty Crores) to Rs. 80,00,00,000 (Rupees Eighty Crores) consisting of 4,50,00,000 Equity shares of Rs. 10/- (Rupees Ten) each and 35,00,000 1% Cumulative/Non- Cumulative Redeemable preference Shares of Rs. 100/- (Rupees Hundred) each.

The Board has accordingly decided to seek approval of the members for amendment of the Memorandum and Articles of the Association and recommends the passing of the Special Resolution as set out at Item 1 above.

None of the Directors, Key Managerial Personnel of the Company or their relatives is concerned or interested in the resolution.

**ITEM NO. 2**

To meet its growth objectives, to strengthen the financial position and also, to meet adequate working requirements of the Company, the Company is in requirement to generate medium/long term recourses, and has approached M/s. Essar Information Technology Limited to bring in Capital by subscribing to 15,00,000 1% Non-Cumulative Non-Convertible Redeemable preference Shares of Rs. 100/- (Rupees Hundred) each aggregating to Rs. 15,00,00,000 (Rupees Fifteen Crores). The said company has agreed to bring in Rs 15,00,00,000 (Rupees Fifteen Crores) by subscribing to 15,00,000 1% Non-Cumulative Non-Convertible Redeemable preference Shares of Rs. 100/- (Rupees Hundred) each.

The material facts concerned with and relevant to issue of 15,00,000 1% Non-Cumulative Non-Convertible Redeemable preference Shares of Rs. 100/- (Rupees Hundred) each are as follows

Sr. no.	Material facts relevant to the issue	Details
A	The size of the issue	Rs 15,00,00,000 ( Rupees Fifteen Crores only)
	Number of Preference Shares	15,00,000
	Nominal value of each Share	Rs. 100/- (Rupees Hundred)
B	Nature of Shares	Non-Cumulative, Non-Convertible, Non-Participating Redeemable

C	Objective of the issue	To meet growth objectives, to strengthen the financial position and also, to meet adequate working requirements									
D	Manner of issue of shares	The shares shall be issued to M/s. Essar Information Technology Limited at a time									
E	Price at which Shares are proposed to be issued	Rs. 100/- (Rupees Hundred)									
F	Basis on which price has been arrived at	1% Non-Cumulative Non-Convertible Redeemable preference Shares shall be issued at nominal value of Rs. 100/- (Rupees Hundred) per Share and shall be redeemed at Rs. 100/- (Rupees Hundred) per Share.									
G	Terms of issue and dividend rate	The shares shall carry coupon rate of 1% p.a. and if the dividend remains unpaid for a period of 2 years the holder of the shares shall have a voting right on all the resolutions placed before the meeting of the Company.									
H	Terms of redemption	The preference shares shall be redeemed at the option of Investor in one or more tranches at any time between 5 <sup>th</sup> year from the date of allotment and before expiry of 7 <sup>th</sup> year from the date of allotment and the shares shall be redeemed at par.									
I	Manner and mode of redemption	The Preference Shares shall be redeemed out of profits of the Company or out of the proceeds of the fresh issue									
J	Expected dilution in Equity Share Capital	Since Preference Shares are non-convertible and redeemable, there will be no dilution in Equity Share Capital of the Company.									
K	Current shareholding pattern of the company* (as on 31.3.2014)	<table border="1"> <thead> <tr> <th>Category</th> <th>No. of shares</th> <th>% of holding</th> </tr> </thead> <tbody> <tr> <td>Promoters</td> <td>21349848</td> <td>75%</td> </tr> <tr> <td>Public</td> <td>7116616</td> <td>25%</td> </tr> </tbody> </table> <p>*Detailed shareholding pattern is available on the website of the Company i.e. <a href="http://www.agcnetworks.com">www.agcnetworks.com</a> and is also available on the website of BSE Ltd. i.e. <a href="http://www.bseindia.com">www.bseindia.com</a> and National Stock Exchange of India Ltd. i.e. <a href="http://www.nseindia.com">www.nseindia.com</a>.</p>	Category	No. of shares	% of holding	Promoters	21349848	75%	Public	7116616	25%
Category	No. of shares	% of holding									
Promoters	21349848	75%									
Public	7116616	25%									

The Board has accordingly decided to seek approval of the members for amendment of the Memorandum and Articles of the Association and recommends the passing of the Special Resolution as set out at Item 2 above.

None of the Directors, Key Managerial Personnel of the Company or their relatives is concerned or interested in the resolution.

**ITEM NO. 3 & 4**

On 18<sup>th</sup> January, 2011, Members of the Company by way of an Ordinary Resolution had accorded its consent to the Board of Directors to borrow funds and to mortgage and/ or create charge on all or any one of the movable/ immovable properties or such other assets of the Company to the extent of Rs. 1000 Crore (Rupees One Thousand Crore) in excess of the paid up capital and free reserves of the company.

Consequent to notification of Section 180 of the Companies Act, 2013 consent of the Company is required by way of Special resolution to borrow funds in excess of the Paid up Capital and Free Reserves of the Company and to create security for the same. Accordingly Item No. 3 & 4 have been proposed for your consideration and approval.

**For the avoidance of doubts it is clarified that the proposed resolutions No. 3 & 4 do not increase the amounts that may be borrowed by the Board of Directors or the amount of charges that may be created that had already been approved by the members of the company. It is further to be noted that these resolutions are for complying with the provisions of the new Companies Act, 2013, and do not increase the current borrowing powers of the Board.**

The Board has accordingly decided to seek approval of the members for amendment of the Memorandum and Articles of the Association and recommends the passing of the Special Resolution as set out at Item 3 and 4 above.

None of the Directors, Key Managerial Personnel of the Company or their relatives is concerned or interested in the resolution.

Certified to be true

For AGC Networks Limited



Pratik Bhanushali  
Company Secretary