

## ARTICLES OF ASSOCIATION

OF

### WELSPUN ENTERPRISES LIMITED (Formerly Welspun Projects Limited)

The following regulations comprised in these Articles of Association were adopted pursuant to members' resolution passed at the \_\_\_\_\_ held on \_\_\_\_\_, 2015 in substitution for and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company.

#### **Table `F' Not to Apply**

1. (a) The regulations contained in the Table marked "F" in Schedule I of the Companies Act, 2013 (hereinafter called the Act or the said Act) shall not apply to the Company, except in so far as the same are repeated, contained or expressly made applicable in these Articles or by the said Act.

#### **Company To Be Governed By These Articles**

- (b) The regulations for the management of the Company and for the observance of the members thereto and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of or addition to its regulations by Special Resolution as prescribed or permitted by Section 14 of the Act, be such as are contained in these Articles.

## INTERPRETATION

#### **Headings Not Authoritative**

2. (a) The headings used in these Articles shall not affect the construction hereof.

#### **Interpretation Clause**

In the Interpretation of these Articles, the following expressions shall have the following meanings, unless repugnant to the subject or context :

#### **`The Company' or `This Company'**

The Company" or "This Company" means "WELSPUN ENTERPRISES LIMITED", Public Company incorporated under the Companies Act, 1956.

#### **`The Act'**

"The Act" or "The said Act" means the Companies Act, 2013 (Act 18 of 2013) and the rules, notifications, clarifications, circulars and orders issued thereunder and subsequent amendments thereto or any statutory modifications or re-enactments thereto or any statutory modifications or re-enactments thereof for the time being in force;

#### **"Affiliate"**

"Affiliate" means, in relation to any Person, any entity Controlled, directly or indirectly, by that Person, or any entity that Controls, directly or indirectly, that Person, or any entity under common Control with that Person;

**“Annual Business Plan”**

“Annual Business Plan” means the region-wise annual revenue plan and the annual project plan comprising, *inter alia*, the projected growth plan and the detailed expenditure and investment plan for the relevant Financial Year;

**“Applicable Law”**

“Applicable Law” means all applicable laws, bye-laws, statutes, rules, regulations, orders, ordinances, notifications, protocols, treaties, codes, guidelines, policies, notices, directions, writs, injunctions, judgments, decrees or other requirements or official directive of any court of competent authority or of any competent Governmental Authority, including any International Trade Governmental Authority, or Person acting under the authority of any competent Governmental Authority of the Republic of India, including any International Trade Governmental Authority;

**‘Alter And Alteration’**

“Alter” and “Alteration” shall include the making of additions and omissions;

**‘Annual General Meeting’**

“Annual General Meeting” means a general meeting of the members held in accordance with the provisions of Section 96 of the Act and adjourned holding thereof;

**‘Articles’**

“Articles” means the Articles of Association of the Company as originally framed or as altered from time to time;

**‘Auditors’**

“Auditors” means and includes those persons appointed as such for the time being by the Company;

**“Board or “Board of Directors”**

“Board” or “Board of Directors” mean a meeting of the Directors duly called and constituted, or as the case may be, the Directors assembled at a Board either in person or through electronic mode, or the requisite number of Directors assembled at a Board either in person or through electronic mode, or the requisite number of Directors entitled to pass a circular resolution in accordance with these Articles, or the Directors of the Company collectively;

**“Body Corporate” of “Corporation”**

“Body Corporate” or “Corporation” includes a Company incorporated outside India but does not include:

- (i) a co-operative society registered under any law relating to co-operative societies; and
- (ii) any other body corporate (not being a Company as defined in the Act) which the Central Government may, by notification in the official gazette, specify in this behalf;

**“Capital”**

“Capital” means the Share Capital for the time being raised or authorized to

be raised, for the purpose of the Company;

**“Charter Documents”**

“Charter Documents” means the Memorandum of Association and the Articles of Association of the Company;

**“Company”**

“Company” means “WELSPUN ENTERPRISES LIMITED” a public company incorporated under the Companies Act, 1956;

**“Controlling”, “Controlled by” or “Control”**

“Controlling”, “Controlled by” or “Control” with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person whether through the ownership of voting securities, by agreement or otherwise, or the power to elect more than one-half of the directors, partners or other individuals exercising similar authority with respect to such Person;

**“Corporation”**

“Corporation shall be include a Company whether incorporated and formed under the Act or not;

**“Debentures”**

“Debentures” include debenture-stock, bonds and other instruments of the Company evidencing debt, whether constituting a charge on the assets of the Company or not;

**“Directors”**

“Directors” means the Directors for the time being of the Company or, as the case may be, the Directors assembled at a meeting of the Board either in person or through electronic mode or acting by Circular Resolution under the Articles;

**“Dividend”**

“Dividend” includes any interim dividend;

**“Document”**

“Document” includes summons, notice, requisition order, declaration form and registers, whether issued, sent or kept in pursuance of the Act or any other law for the time being in force or otherwise, maintained on paper or in electronic form;

**“Equity Shares”**

“Equity Shares” mean the equity shares of the Company, having a face value of Rs. 10 (Rupees Ten ) each;

**“Extraordinary General Meeting”**

“Extraordinary General Meeting” means general meeting of the members other than Annual General Meeting duly called and constituted and any adjourned holding thereof;

**“Financial Statements**

“Financial Statements” shall mean, the financial statements of the Company prepared in accordance with Applicable Law and shall include without limitation, the balance sheet as at the end of the financial year and profit and loss account for the financial year, the cash flow statement for the financial year, the notes to the financial statements, directors report, the auditor’s report and all disclosures as prescribed in Schedule II of the Act, a statement of changes in equity; and any explanatory note annexed to, or forming part of any of these documents;

**“GDRs**

“GDRs” means global depository receipts issued by the Company by whatever name called created by foreign depository outside India and authorized by the Company making an issue of such GDRs;

**“Gender”**

Words importing the masculine gender also include, where the context requires or admits, the feminine gender;

**“INR or Rs”**

“INR or Rs” means the Indian Rupees;

**“Key Managerial Personnel”**

“Key Managerial Personnel” means:

- (i) the chief executive officer or the Managing Director or the manager of the Company;
- (ii) the Secretary;
- (iii) the chief financial officer; and
- (iv) such other officer as may be prescribed under the Act;

**“Managing Director”**

“Managing Director” means a Director who by virtue of an agreement with the Company or of a resolution passed by the Company in general meeting or by its Board of directors or by virtue of its Memorandum or Articles of Association is entrusted with substantial powers of management;

**“Meeting” or “General Meeting”**

“Meeting” or “General Meeting” means a meeting of Members;

**“Member”**

“Member” means (i) the subscriber to the memorandum of the company who shall be deemed to have agreed to become member of the company, and on its registration, shall be entered as member in its register of members; (ii) every other person who agrees in writing to become a member of the company and whose name is entered in the register of members of the company; (iii) every person holding shares of the company and whose name is entered as a beneficial owner in the records of a depository;

**“Memorandum”**

“Memorandum” means the Memorandum of Association of the Company as originally framed or as altered from time to time;

**“Month”**

“Month” means a calendar month;

**“National Holiday”**

“National Holiday” means and includes a day declared as national holiday by the Central Government.

**“Office”**

“Office” means the Registered Office for the time being of the Company;

**“Ordinary Resolutions”**

A resolution shall be an ordinary resolution when at a general meeting of which the notice required under the Act has been duly given, the votes cast (whether on a show of hands or on a poll, as the case may be in favor of the resolution (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the resolution by members so entitled and voting;

**“Paid-Up Share Capital “or “Share Capital Paid-Up”**

“Paid-Up Share Capital “or “Share Capital Paid-Up” means such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid-up in respect of shares issued and also includes any amount credited as paid-up in respect of shares of the company, but does not include any other amount received in respect of such shares, by whatever name called;;

**“Person”**

“Person” includes any individual, partnership, corporation, company, Governmental Authority, unincorporated organization, association, trust or other entity (whether or not having a separate legal entity);

**“Plural Number”**

Words importing the plural number also include, where the context requires or admits, the singular number, and vice-versa;

**“Promoters”**

“Promoters” means Mr. B. K. Goenka, Mr. Rajesh Mandawewala, Mrs. Dipali Goenka, B. K. Goenka Family Trust, Welspun Wintex Ltd, Welspun Mercantile Ltd, Krishiraj Trading Ltd, Welspun Investments & Commercial Ltd, Methodical Investment & Trading Company Pvt. Ltd., Welspun Syntex Ltd, Welspun Zuchhi Textile Ltd and/or Welspun Steel Ltd and shall include any Affiliate of any of the foregoing persons or any entity within the same “group” as defined under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

**“Promoters’ Affirmative Vote Items”**

“Promoters’ Affirmative Vote Items” means the following:

- (i) Undertaking any new line of business or causing or permitting the cessation of carrying on a material part of business or Amending the Memorandum or AOA;

- (ii) Issuance, sale, buy-back, redemption, alteration, or reorganization of share capital or otherwise any action that results in a change in the equity structure or any change to the terms of any equity or convertible securities or undertaking any listing or de-listing of the equity or other securities on any stock exchange;
- (iii) Approve, adopt, alter, revise the business plan or budget, incur any capital expenditure where the amount involved (whether in cash or otherwise), individually exceeds ) INR 125,000,000 (Indian Rupees One hundred Twenty Five million) or in the aggregate, in any financial year , exceeds INR 500,000,000 (Indian Rupees Five Hundred million) or invest in shares or securities or interest in any other entity or granting any loans or advances or giving any guarantees or indemnities other than, in the ordinary course of business, or investment in fixed deposits and debt mutual funds;
- (iv) Any sale, transfer, mortgage, creation of a charge, pledge or other disposal of all or any of the assets (including fixed, financial, shares, securities and intellectual property) or undertakings except those which are undertaken in the ordinary course of business consistent with past practice or except where the book value is less than (i) INR 32,500,000 (Indian Rupees Thirty Two million Five Hundred thousand) in case of individual sale, transfer, mortgage, creation of a charge, pledge or other disposal and: (ii) INR 167,000,000 (Indian Rupees one hundred sixty seven million) in the aggregate in any financial year or any transfer of or license any brand name, trade mark or any other intellectual property, other than licensing to service providers in the usual course of business;
- (v) Incurring any indebtedness or amending the terms of any indebtedness of an amount in excess of INR 150,000,000 (Indian Rupees one hundred fifty million) or in excess of INR 600,000,000 (Indian Rupees six hundred million) in any financial year or entering into, amending or terminating any derivatives, foreign exchange contracts, swaps, options or similar financial instruments, except in accordance with the approved business plan;
- (vi) Enter into, transfer, modify, sell, vest, sub-contract, terminate any (a) material contract including any contract of a value exceeding INR 50,000,000 (Indian Rupees fifty million) or period exceeding of 1 (one) year or more or (b) license or permit granted, or creation of any material right, title, or interest in favor of any third person or commence, institute, settle, compromise, abandon or defend any legal proceeding, action, suit, arbitration, or other legal action exceeding the monetary equivalent of INR 25,000,000 (Indian Rupees twenty five million);
- (vii) Merger, de-merger, amalgamation, reconstruction, voluntary dissolution, liquidation, winding up or re-organization or enter into, terminate or amend any material joint venture or strategic partnership with any person;
- (viii) Appointing, removing, terminating, amending the terms of the Managing Director or CEO and/or Chairman and/or any key employee being any of the departmental heads and the ten highest paid employees; and
- (ix) Approval of financial statements, declaration of dividends or making any distributions, changing the financial year, accounting standards or tax policies or practices other than as required under applicable law or, any

change termination, appointment or amendment to the material terms of, the statutory or internal auditors;

**“Promoters’ Representative”**

“Promoters’ Representative” means the representative of the Promoters who shall be entitled to exercise the voting and other rights on behalf of the Promoters and shall be B K Goenka Family Trust or such other person(s) agreed between the Promoters;

**“Promoters’ Threshold Shareholding”**

“Promoters’ Threshold Shareholding” means 12% (Twelve percent) of the issued and paid up equity share capital of the Company;

**“Proxy”**

“Proxy” include attorney duly constituted under the power of attorney;

**“Register of Members”**

“Register of Members” means the Register of Members to be kept, pursuant to the Act maintained on paper or in electronic form;

**“Registrar”**

“Registrar” means the Registrar of Companies of the State in which the Registered Office of the Company is for the time being situated;

**“Regulations”**

“Regulations” or the Company’s Regulations means the regulations for the time being for the management of the Company;

**“Seal”**

“Seal” means the Common Seal of the Company for the time being;

**“Secretary”**

“Secretary” means a Company Secretary within the meaning of Section 2(1) (c) of the Companies Secretaries Act, 1980, and includes any individual possessing the prescribed qualifications and appointed as Secretary of the Company to perform the duties which may be performed by the Secretary under the “Act” and any other ministerial or administrative duties;

**“Section”**

“Section” or “Sections” means a Section of the Act for the time being in force;

**“Share”**

“Share” means share in the Share Capital of the Company, and includes stock except where a distinction between stock and share is expressed or implied;

**“Special Resolution”**

A Resolution shall be a Special Resolution when -

- (i) the intention to propose the resolution as a special resolution has been duly specified in the notice calling the general meeting or other intimation given to the members of the resolution;
- (ii) the notice required under the Act has been duly given of the general

- meeting; and
- (iii) the vote cast in favor of the resolution (whether on a show of hands, or no a poll, as the case may be) by members who, being entitled so to do vote in person, or where proxies are allowed by proxy, are not less than three times the numbers of the votes, if any, cast against the resolution by members so entitled and voting.

**“These Presents”**

“These Presents” means the Memorandum of Association and the Articles of Association as originally framed or as altered from time to time in accordance with the Act<sup>1</sup>;

**“Variation” and “Vary”**

“Variation” shall include abrogation and “Vary” shall include abrogate;

**“Written” and “In Writing”**

“Written” and “In Writing” include printing, lithography and any other mode or modes of representing or reproducing words in a visible form or partly one and partly the other;

**“Year” and “Financial Year”**

“Year” means a calendar year and “Financial Year” shall have the meaning assigned thereto by Section 2(41) of the Act;

**“Expression in the Act to bear the same meaning in Articles”**

- (b) Save as aforesaid, any words or expressions defined in the Act shall, where the subject or context bids, bear the same meaning in these Articles.

**Copies Of Memorandum and Articles to be Furnished by the Company**

3. Pursuant to Section 17 of the Act, Company shall, on being so required by a member, send to him within 7 (seven) days of the requirement and subject to the payment of a prescribed fee, a copy of each of the following documents, as in force for the time being.
- (i) The Memorandum;
- (ii) The Articles, if any;
- (iii) Every other agreement and every resolution referred to in Section 117(1), of the Act, if and in so far as they have not been embodied in the Memorandum or Articles.

**Company’s Funds may not be Applied in Purchase of or Lent for Shares of the Company**

4. (a) The Company shall not have the power to buy its own shares, unless the consequent reduction of capital is effected and sanctioned in pursuance of Sections 100 to 104 of the Companies Act, 1956 or Section 66 of the Act as may be applicable.
- (b) The Company shall not give, whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any



financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding Company.

Provided that nothing in this clause shall be taken to prohibit:

- i. the provision by the Company, in accordance with any scheme approved by the Company through special resolution for the time being in force, of money for the purchase of, or subscription for fully paid shares in the Company or its holding company, being a purchase or subscription by trustees of, or for shares to be held by or for the benefit of employees of the Company, including any Director holding a salaried office or employment in the Company; or
  - ii. the making by the Company of loans, within the limit laid down in Sub-Section (3)(c) of Section 67 of the Act, to persons (other than Directors or Key Managerial Personnel) bonafide in the employment of the Company, with a view to enabling those persons to purchase or subscribe for fully paid shares in the Company or its holding company to be held by them by way of beneficial ownership.
- (c) No loan made to any person in pursuance of clause (b) of the foregoing proviso shall exceed in amount, his salary or wages at that time for a period of six months.
- (d) Nothing in this Article shall affect the right of the Company to redeem any preference shares issued under these Act or under any previous applicable law in force.

4A Notwithstanding anything contained in the Articles, but subject to the provisions of Sections 68, 69 and 70 and other applicable provisions, if any, of the Act as amended from time to time and subject to such regulations, conditions, approvals or consents as may be laid down for the purpose, the Company shall have the power to buy-back its own securities, whether or not there is any consequent reduction of capital. If and to the extent permitted by law, the Company shall have the power to re-issue the securities so bought back.

#### **Share Capital and Variation of Rights**

5. (a) The Authorised Share Capital of the Company is Rs. 1,800,000,000/- (Rupees One Hundred Eighty Crores Only) divided into 180,000,000/- (Eighteen Crore) Equity Shares of Rs.10/- (Rupees Ten Only) each with power to increase or reduce the capital for the time being and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, cumulative, convertible, preference, guaranteed, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, alter, modify, amalgamate or abrogate any such rights, privileges or conditions in such a manner as may for the time being be provided for by the Articles of Association of the Company or by the law in force for the time being.
- (b) Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company, the holders of the equity shares shall be entitled to be

repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid-up on such equity shares respectively at the commencement of the winding up.

**Increase/Reduction and Alteration of Capital**

6. The Company may from time to time in general meeting increase its share capital by the issue of new shares of such amounts as it thinks expedient.

**On what Conditions the New Shares may be Issued**

- (a). Subject to the provisions of Section 43 to 47, 55 and 62 of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto by the general meeting creating the same as shall be directed and if no direction be given then as the Directors shall determine and in particular such shares may be issued subject to the provisions of the said Sections with a preferential or qualified right to dividends and in distribution of assets of the Company and subject to the provisions of Section with special or without any right of voting and subject to provisions of Section 55 of the Act any preference shares may be issued on the terms that they are or at the option of the Company are liable to be redeemed.

**Further Issue of Capital**

- (b) Where at any time it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued share capital or out of the increased share capital.
- (i) such further shares shall be offered to the person who at the date of offer, are holders of the equity shares of the Company, in proportion as nearly as circumstances admit, to the capital paid up on those shares at that date.
  - (ii) the offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than 15 days and not exceeding 30 days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.
  - (iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favor of any other person and the notice shall contain a statement of this right.
  - (iv) After the expiry of the time specified in notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company and shareholders.
  - (v) Notwithstanding anything contained in the preceding sub-clause, the Company may:
    - (a) by a special resolution offer further shares to any person or persons, and such person or persons may or may not include the person/s who at the date of the offer, are the holders of the equity shares of the Company or to employees of the Company under the scheme of employees stock option; or

- (b) Notwithstanding anything contained in sub-clause (a) above, but subject, however, to Section 62(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares, or to subscribe for shares in the Company.

**Directors may Allot Shares as Fully Paid Up.**

- (c) Subject to the provisions of the Act and these Articles, the Directors may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or, machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up or partly paid up otherwise than in cash, and if so issued, shall be deemed to be fully paid up or partly paid up shares as the case may be.

**Same as Original Capital**

- (d) Except so far as otherwise provided by the conditions of issue or by these presents any capital raised by the creation of new shares shall be considered as part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls, installments, transfers, transmission, forfeiture, lien, surrender voting and otherwise.

**Power to Issue Redeemable Preference Shares**

- 7. (a) Subject to the provisions of Section 55 of the Act, the Company may issue preference shares, which are, or at the option of the Company are, liable to be redeemed:

Provided that :

- (i) No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption;
  - (ii) no such shares shall be redeemed unless they are fully paid;
  - (iii) the premium, if any, payable on redemption shall have been provided for out of the profits of the company or out of the Company's securities premium account before the shares are redeemed;
  - (iv) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed; and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 55 of the Act, apply as if the capital redemption reserve account were paid up share capital of the Company.
- (b) Subject to the provisions of Section 55 of the Act and subject to the provisions on which any shares may have been issued, the redemption of preference shares may be effected on such terms and in such manner as may be provided in these Articles or by the terms and conditions of their issue and subject

thereto in such manner as the Directors may think fit.

- (c) The redemption of preference shares under these provisions by the Company shall not be taken as reducing the amount of its authorized share capital.
- (d) Where in pursuance of this Article, the Company has redeemed or is about to redeem any preference shares, it shall have power to issue shares up to the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued; and accordingly, the share capital of the Company shall not, for the purpose of calculating the fees payable under Section 403 of the Act, be deemed to be increased by the issue of shares in pursuance of this clause.

Provided that where new shares are issued before the redemption of the old shares, the new shares shall not so far as relates to stamp duty be deemed to have been issued in pursuance of this clause unless the old shares are redeemed within one month after the issue of the new shares.

- (e) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

#### **8. Provision in Case of Redemption of Preference Shares**

The Company shall be at liberty at any time, either at one time or from time to time as the Company shall think fit, by giving not less than six months' previous notice in writing to the holders of the preference shares to redeem at par the whole or part of the preference shares for the time being outstanding by payment of the nominal amount thereof with dividend calculated up to the date or dates notified for payment (and for this purpose the dividend shall be deemed to accrue and due from day to day) and in case of redemption of part of the preference shares the following provisions shall take effect :

- (a) The shares to be redeemed shall be determined by drawing of lots which the company shall cause to be made at its registered office or at such other place as the Directors may decide, in the presence of one Director at least; and
- (b) Forthwith after every such drawing, the Company shall notify to the shareholder whose shares have been drawn for redemption its intention to redeem such shares by payment at the registered office of the Company or at such other place as the directors may decide at the time and on the date to be named against surrender of the Certificates in respect of the Shares to be redeemed and at the time and date so notified each such shareholder shall be bound to surrender and thereupon the Company shall pay the amount payable to such shareholders in respect of such redemption. The Shares to be redeemed shall cease to carry dividend from the date named for payment as aforesaid. Where any such certificate comprises any shares which have not been drawn for redemption, the Company shall issue to the holder thereof a fresh certificate therefore.
- (c) Subject to the provisions of the Articles, the Company shall be entitled to

create and issue further Preference Shares ranking in all or any respects pari passu with the preference shares then outstanding. PROVIDED in the event of its creating and/or issuing further preference shares ranking pari passu with the Preference Shares then outstanding the Company would do so only with the consent of the holders of not less than three-fourths of the preference shares then outstanding.

- (d) The Redeemable Preference Shares shall not confer upon the holders thereof the right to vote their in person or by proxy at any general meeting of the Company save to the extent and in the manner provided by Section 47 of the Act.
- (e) The rights, privileges and conditions for the time being attached to the Redeemable Cumulative Preference Shares may be varied, modified or abrogated in accordance with the provisions of these Articles and of the Act.

#### **Cumulative Convertible Preference Shares**

9. Subject to the provisions of the Act and the guidelines issued by the Central Government from time to time under the Provisions of the Act, the Company may issue Cumulative Preference Shares (CCP) in such manner as the Board of directors of the Company may decide and specifically provide for :

- (i) the Quantum of issue;
- (ii) the terms of the issue with particular reference to the conversion of CCP into the equity shares of the company;
- (iii) the rate of cumulative preferential dividend payable on CCP, the voting rights to be attached to CCP and any other terms and conditions which may be attached to the issue of CCP as permissible in law.

#### **Reduction of Capital**

10. The Company may from time to time by special resolution, subject to confirmation by the Court or Tribunal as applicable and subject to the provision of Sections 52, 55 and 66 of the Act reduce its share capital and any Capital Redemption Reserve Account or Premium Account in any manner for the time being authorized by law in particular without prejudice to the generality of the power may be:

- (a) extinguishing or reducing the liability on any of its shares in respect of shares capital not paid up;
- (b) either with or without extinguishing or reducing liability on any of its shares, cancel paid up share capital which is lost or is unrepresented by available assets; or
- (c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid up share capital which is in excess of the wants of the Company; and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its share capital and of its shares accordingly.

**Division, Sub-division, consolidation, Conversion and Cancellation of Shares**

11. Subject to the provisions of Section 61 of the Act, the Company in general meeting may by an ordinary resolution alter the conditions of its Memorandum as follows, that is to say, it may:
- (a) increase its authorized share capital by such amount as it thinks expedient;
  - (b) consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares. Provided that no consolidation and division which results in changes in the voting percentage of shareholders shall have effect unless it is approved by the Court or Tribunal as applicable
  - (c) sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum subject nevertheless to the provisions of the Act in that behalf and so however that in the sub-division the proportion between the amount paid and the amount, if any unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and so that as between the holders of the shares resulting from such sub-division one or more of such shares may, subject to the provisions of the sub-division one or more of such shares may, subject to the provisions of the Act, be given any preference or advantage over the others or any other such shares;
  - (d) convert, all or any of its fully paid up shares into stock, and re-convert that stock into fully paid up shares of any denomination;
  - (e) cancel, shares which at the date of passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

12. Not used.

**Modification of Rights**

13. If at any time the share capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the share of that class) may, subject to the provisions of Section 106 and 107 of the Companies Act, 1956 or Section 48 of the Act (as applicable) and whether or not the Company is being wound up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourth in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at separate general meeting of the holders of the shares of that class. This Article shall not derogate from any power which the Company would have if this Article were omitted. The Provisions of these Articles relating to general meeting shall mutates mutandis apply to every such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined in Articles 103 is not present, those persons who are present shall be the quorum.

## SHARES AND CERTIFICATES

### **Issue of Further Shares not to Affect Right of Existing Shareholders**

14. The right or privileges conferred upon the holders of the shares of any class issued with preference or other rights, shall not unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied or modified or affected by the creation or issue of further shares ranking pari passu therewith.

### **Provisions of Section 43, 45, 46 and 47 of the Act to apply**

15. The provisions of Section 43, 45, 46 and 47 of the Act in so far as the same may, be applicable shall be observed by the company.

### **Register of Members and Debenture holders**

16. (a) The Company shall cause to be kept a Register of Members and an Index of Members in accordance with Section 88 of the Act and Register and Index of Debenture holders in accordance with Section 88 of the Act. The Company may also keep foreign Register of Members and Debenture holders in accordance with Section 88 of the Act.
- (b) The Company shall also comply with the provisions of Sections 92 of the Act as to filing of Annual Returns.
- (c) The Company shall duly comply with the provisions of Section 94 of the Act in regard to keeping of the Registers, indexes, copies of Annual Returns and giving inspections thereof and furnishing copies thereof.

### **Commencement of Business**

17. The Company shall comply with the provisions of Section 11 of the Act.

### **Restriction on Allotment**

18. The Board shall observe the restriction as to allotment of shares to the public contained in Section 39 of the Act shall cause to be made the return as to allotment provided for in Section 39 of the Act.

### **Shares to be Numbered Progressively and no share to be subdivided**

19. The shares in the capital shall be numbered progressively accordingly to the several denominations and except in the manner herein before mentioned no share shall be subdivided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

### **Shares at the Disposal of the Directors**

20. Subject to the provisions of Section 62 of the Act and these Articles the shares in the Capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons. In such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 53 of the Act) at a discount and at such time as they may from time think fit and with the sanction of the Company in General Meeting to give to any person the option to all for any shares either at par or at a premium during such time and for such consideration as the Directors may

think, fit, and may issue and allot shares in the Capital of the Company on payment in full or part for any property sold and transferred or for services rendered to the company in the conduct of its business, and any shares which may be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares.

**Every Shares Transferable etc.**

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- (i) The shares or other interest of any member in the Company shall be movable property, transferable in the manner provided by these Articles.
  - (ii) each share in the Company shall be distinguished by its appropriate number.
  - (iii) A Certificate under the Common Seal of the Company, specifying any shares held by any member shall be, prima facie, evidence of the title of the member of such shares.

**Application of Premium Received on Issue of Shares**

- 22.
- (a) Where the Company issues at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of value of the premium on these shares shall be transferred to an account to be called "the securities premium account", and the provisions of the Act relating to the reduction of the Share Capital of the Company shall except as provided in this Article, apply as if the securities premium account were paid up share capital of the Company.
  - (b) The share premium account may, notwithstanding, anything in clause (a) above, be applied by the Company:
    - (i) In paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
    - (ii) In writing off the preliminary expenses of the Company;
    - (iii) In writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; or
    - (iv) In providing for the premium payable on the redemption of any redeemable preference shares or any debentures of the Company.
    - (v) For the purchase of its own shares or other securities as provided under Section 68 of the Act.

**Sale of Fractional Shares**

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- If and wherever, as the result of issue of new or further shares or any consolidation or sub-division of shares, any shares are held by members in fractions, the Directors shall, subject to the provisions of the Act and these Articles if any, sell those shares, which members hold infractions, for the best price reasonably obtainable and shall pay and distribute to and amongst members entitled to such shares in due proportion, the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Directors may authorize and person to transfer the shares sold to the purchaser thereof, comprised in any such transfer and he shall not be bound to see the applications of the purchase money nor shall his title to the shares be affected by any irregularity or irregularity or invalidity in the proceedings in reference to the sale.

**Acceptance of Shares**



24. An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose names is on the Register of Members shall for the purpose of these Articles be a member. The Directors shall comply with the provisions of Section 39 and 40 of the Act in so far as they are applicable.

**Deposits and Calls etc. to be a Debt Payable immediately**

25. The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, immediately, on the insertion of the name of the holder of such shares, become a debt, due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

**Company not Bound to Recognize any Interest in Shares other than of Registered Holder**

26. Save as herein provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share as the absolute owner thereof, and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognize any benami, or partial or other claim or claims or right to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof and the provision of Section 88 of the Act shall apply.

**Declarations of Person not Holding Interest in Shares**

27. When any declaration is filled with the Company under the provisions of Section 89 of the Act by any holder of shares who does not hold beneficial interest in such shares specifying the particulars of the person holding beneficial interest in such shares or by a person who holds beneficial interest in any shares of the Company but is not the registered holder thereof, the Company shall make a note of such declaration in its register of members and file, within 30 days from the date of receipt of the declaration by it, a return with the registrar with regard to such declaration.

**Issue of Certificates of Shares to be Governed by Section 46 of the Act etc.**

28 (a) The issue of certificates of shares or of duplicate or renewal of certificates of shares shall be governed by the provisions of Section 46 and other provisions of the Act, as may be applicable and by the Rules or notifications or orders, if any, which may be prescribed or made by competent authority under the Act or Rules or any other law. The Directors may also comply with the provisions of such rules or regulations of any stock exchange where the shares of the Company may be listed from the time being.

(b) The Certificate of title of shares shall be issued under the Seal of the Company and shall be signed by such Directors or Officers or other authorized persons as may be prescribed by Rules made under the Act from time to time and subject thereto shall be signed in such manner and by such persons as the Directors may determine from time to time.

- (c) The Company shall comply with all rules and regulations and other directions which may be made by any competent authority under Section 46 of the Act.

**Limitation of Time of Issue of Certificate**

- 29. (a) Every member shall be entitled, without payment, to one Certificate for all the shares of each class or denomination registered in his name, or to several certificates, each for one or more of such shares and the Company shall complete and deliver such Certificates within the time provided by Section 56 of the Act unless the conditions of issue thereof otherwise provide. Every Certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of the shares in respect of which it is issued and the amount paid up thereon and shall be in such form as the Directors shall prescribe or approve provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one Certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.
- (b) The Company may not entertain any application for split of share/debenture certificate for less than 100 shares/debentures (all relating to the same series) or marketable lots whichever is lower.
- (c) Notwithstanding anything contained in Clause (a) above the Directors shall, however, comply with such requirements of the Stock Exchange where shares of the Company may be listed or such requirements of any rules made under the Act or such requirements of the Securities contracts (Regulation) Act, 1956 as may be applicable.

**Issue of new Certificates in Place of one defaced Lost or Destroyed**

- 30. If any certificate be worn out, defaced, mutilated or torn if there be no, further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate be lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every Certificate under this Article shall be issued without payment of fees. Out of pocket expenses incurred by the Company in investing the evidence as to the loss or destruction shall be paid to the Company if demanded by the directors.

Provided that notwithstanding what is stated above the directors shall comply with such Rules or Regulation or requirements of any stock Exchange or the Rule made under the Act or the Rules made under Securities Control (Regulation) Act, 1956 or any other Act, on Rules applicable in this behalf.

The provisions of the Article under this heading shall mutatis mutandis apply to debentures of the Company.

**UNDERWRITING COMMISSION AND BROKERAGE**

**Power to pay Certain Commission and Prohibition of Payment of All other Commission Discounts etc.**

- 31. (A). The Company may pay a commission to any person in consideration of :

- (i) his subscribing or agreeing to subscribe whether absolutely or conditionally, for any shares in or debentures of the Company, subject to the restrictions specified in section 40 of the Act, or
  - (ii) his procuring or agreeing to procure subscriptions whether absolute or conditional for any share in or debentures of the Company, if the following conditions are fulfilled, namely :
    - (a) the commission paid or agreed to be paid does not exceed in the case of shares five percent of the price at which the shares are issued and in the case of debentures, two and half percent of the price of which the debentures are issued;
    - (b) the amount or rate percent of the commission paid or agreed to be paid, on shares or on debentures offered to the public for subscription, is disclosed in the Prospectus, and in the case of shares or debentures not offered to the Public for subscription, is disclosed in the Statement lieu of Prospectus and filed before the payment of the commission with the Registrar and where a circular or notice not being a prospectus inviting subscription for the shares or debentures is issued is also disclosed in that circular or notice;
    - (c) the number of shares or debentures which such persons have agreed for a commission to subscribe, absolutely or conditionally is disclosed in the manner aforesaid and
    - (d) a copy of the contract for the payment of commission is delivered to the Registrar at the time of delivery of the prospectus or the statement in lieu of prospectus for registration.
- (B) Save as aforesaid and save as provided in Section 53 of the Act, the Company shall not allot any of its shares or debentures or apply any of its moneys, either directly or indirectly, in payment of any commission, discount or allowance, to any person in consideration of :
- (i) his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in, or debentures of the Company or;
  - (ii) his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in, or debentures of the Company or;
  - (iii) his procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any shares in, or debentures of the Company whether the shares, debentures or money be so allotted or applied by, being added to the purchase money of any property acquired by the Company or to the contract price of any work to be executed for the Company, or the money be paid by as the nominal purchase money or contract price, or otherwise.
- (C) Nothing in this Article shall affect the power of the Company to pay such brokerage as it has hereto before been lawful for the Company to pay.
- (D) A vendor to, promoter of, or other person who receives payment in shares, debentures or money from the Company shall have and shall be deemed

always to be have had power to apply any part of the shares, debentures or money so received for payment of any commission, the payment of which if made directly by the Company would have been legal under Section 40(6) of the Act.

- (E) The commission may be paid or satisfied (subject to the provisions of the Act and these articles) in cash, or in shares, debentures or debenture-stocks of the Company.

## CALLS

### **Directors May Make Calls**

32. The Directors may from time to time and subject to Section 49 of the Act and subject to the terms on which any shares/debentures may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such calls as they think fit upon the members/debenture-holders in respect of all moneys unpaid on the shares/debenture held by them respectively and each member/debenture holder shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by installments as may be decided by the Board. A call may be postponed revoked as the Board may determine.

### **Calls To date From Resolution**

33. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed and may be made payable by members/debenture-holders on a subsequent date to be specified by the Directors.

### **Notice of Call**

34. One month notice in writing shall be given by the Company of every call made payable otherwise than on allotment specifying the time and place of payment provided that before the time of payment of such call, the Directors may by notice in writing to the members/debenture-holders to revoke the same.

### **Directors may Extend Time**

35. The Directors may, from time to time, at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members/debenture-holders who on account of residence at a distance or other cause, the Directors may deem fairly entitled to such extension, but no member/debenture holder shall be entitled to such extension, save as a matter of grace and favor.

### **Sums Deemed to be Calls**

36. Any sum, which by the terms of issue of a share/debenture becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share/debenture or by way of premium, shall for the purpose of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and

expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified.

**Installments on Shares to be Duly Paid**

37. If by the condition of allotment of any shares the whole or part of the amount of issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being and from time, shall be the registered holder of the share or his legal representative.

**Calls on Shares of the Same Class to be made on Uniform Basis**

38. Where any calls for further Share Capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class.

**Explanation :** For the purpose of this provision, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

**Liability of Joint Holders of Shares**

39. The joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such shares.

**When Interest on Call or Installment Payable**

40. If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof or any such extension thereof, the holder for the time being or allottee of the share in respect of which a call shall have been made or the installment shall be due, shall pay interest as shall be fixed by the Board from the day appointed for the payment thereof or any such extension thereof to the time of actual payment but the Directors may waive payment of such interest wholly or in part.

**Partial Payment not to Preclude forfeiture**

41. Neither a judgement nor a decree in favor of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of any such payment preclude the forfeiture of such shares as herein provided.

**Proof on Trial of Suit for Money due on Shares**

42. On the trial or hearing of any action or suit brought by the Company against any member or his legal representative for the recovery of any money claimed to be due to the Company in respect of any shares it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered appears in the Register of Members as the holder or one of the holders, at or subsequent to the date at which the money is sought to be recovered is alleged to have become due, of the shares in respect of which such money is sought to be recovered and that the resolution making the call is duly recorded in the Minutes Book; and that the notice of such call was duly given to the member or his representatives, sued in pursuance of

these presents; and it shall not be necessary to prove the appointment of the Directors who made such calls nor that a quorum of directors was present at the Board at which any call was made, nor that the meeting of which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

**Payment in Anticipation of Calls may Carry Interest**

43. (a) The Directors may, if they think fit, subject to the provisions of Section 50 of the Act, agree to and receive from any member willing to advance the same whole or any part of the money due upon the shares held by him, beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, to the member paying such sum in advance and the directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends . The Directors may at any time repay the amount so advanced.
- (b) The member shall not however be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provision of these Articles shall mutatis mutandis apply to the calls on debenture of the Company.

**LIEN**

**Company's Lien on Shares/Debentures**

44. The Company shall have a first and paramount lien upon all the shares and/or debentures (other than fully paid-up shares and/or debentures) registered in the name of each Member and/or debenture holder (whether held singly or jointly with others) in respect of all moneys called or payable at a fixed time in respect of such shares whether the time for payment thereof shall have actually arrived or not and shall extend to all dividends, interest right and bonuses from time to time declared in respect of such shares and/or debentures. Unless otherwise agreed the registration of transfer of shares and/or debentures shall operate as a waiver of Company's lien, if any, on such shares and/or debentures. The Directors may at any time declare any share and/or debenture wholly or in part exempt from the provisions of this Article.

**As to Enforcing Lien by sale**

45. For the purpose of enforcing such lien, the Board may sell the shares/debentures subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and/or debenture and may authorize one of their members or appoint any officer or Agent to execute a transfer thereof on behalf of and in the name of such member/debenture holder. No sale shall be made until such period, as may be stipulated by the Board from time to time, and until notice in writing of the intention to sell shall have been served on such

member and/or debenture holder or his legal representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

**Application of Proceeds of Sale**

46. (a) The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares and/or debentures at the date of the sale.
- (b) The Company shall be entitled to treat the registered holder of any share or debenture as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or by statute required) be bound to recognize equitable or other claim to, or interest in, such shares or debentures on the part of any other person. The Company's lien shall prevail notwithstanding that it has received notice of any such claims.

**FORFEITURE**

**If Call or Installment not Paid Notice must be given**

47. (a) If any member or debenture holder fails to pay the whole or any part of any call or installment or any money due in respect of any share or debentures either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors may at any time thereafter, during such time as the call or any installment or any part thereof or other moneys remain unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or debenture holder or on the person (if any) entitled to the share by transmission requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
- (b) The notice shall name a day not being less than fourteen days from the date of the services of the notice and a place or places, on and which such call, or installment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment of call amount with interest at or before the time and at the place appointed, the shares or debentures in respect of which the call was made or installment or such part or other moneys is or are payable will be liable to be forfeited.

**In Default of Payment Shares or Debentures to be Forfeited**

48. If the requirements of any such notice as aforesaid are not complied with any share/debenture in respect of which such notice has been given, may at any time thereafter before payment of all calls or installments, interest and expenses or other moneys due in respect thereof, be forfeited by a resolution of the Directors to that effect. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company. In respect of the payment of any

such money, shall preclude, the company from thereafter proceeding to enforce a forfeiture of such shares as herein provided. Such forfeiture shall include all dividends declared or interest paid or any other moneys payable in respect of the forfeited shares or debentures and not actually paid before the forfeiture.

**Entry of Forfeiture in Register of Member/Debenture holders**

49. When any shares / debentures shall have been so forfeited, notice of the forfeiture shall be given to the member or debenture holder in whose name it stood immediately prior to the forfeiture and any entry of the forfeiture with the date thereof, shall forthwith be made in the Register of members of debenture holders but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.

**Forfeited Share/Debenture to be Property of Company and may be sold**

50. Any share or debenture so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of either to the original holder or to any other person upon such terms and in such manner as the Directors shall think fit.

**Power to Annul Forfeiture**

51. The Directors may, at any time, before any shares or debentures so forfeited shall have been sold, re-allotted or otherwise disposed of, annul forfeiture thereof upon such conditions as they think fit.

**Shareholders or Debenture holders Still Liable to pay Money Owing, at Time of Forfeiture and Interest.**

52. Any member or debenture holder whose shares or debentures have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, installments, Interest, expenses and other money owing upon or in respect of such shares or debentures at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Directors may determine, and the Directors may enforce the payment of the whole or a portion thereof, if they think fit, but shall not be under any obligation to do so.

**Effect of Forfeiture**

53. The forfeiture of a share or a debenture shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share or debenture and all other rights incidental to the share or debenture, except only such of these rights as by these Articles are expressly saved.

**Certificate of Forfeiture**

54. A Certificate in writing under the hand of one Director and countersigned by the Secretary or any other Officer authorized by the Directors for the purpose, that the call in respect of a share or debenture was made and notice thereof given and that default in payment of the call was made that the forfeiture of the share or debenture was made by a resolution of Directors to that effect shall be conclusive evidence of the facts stated therein as against all persons entitled to such share or debenture.



**Validity of Sales under Article 43 and 50**

55. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers here in above given, the Directors may, if necessary, appoint some person to execute an instrument of transfer of the shares or debentures sold and cause the purchaser's name to be entered in the Register of members or Register of debenture holders in respect of the shares or debentures sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money and after his name has been entered in the Register of member or debenture holders in respect of such shares or debenture the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be for damages only and against the Company exclusively.

**Cancellation of Share/Debenture Certificate in Respect of Forfeited Shares/Debentures**

56. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate/s originally issued in respect of the relative shares or debentures shall (unless the same shall on demand by the relative shares or debentures surrendered to it by the defaulting member or debenture holder) stand cancelled and become null and void and be of no effect, and the directors shall be entitled to issue a duplicate certificate/s in respect of the said share or debentures to the person/.s entitled thereto.

**Title of Purchaser and Allottee of Forfeited Shares/Debentures**

57. The Company may receive the consideration, if any, given for the share or debenture on any sale, re-allotment or other disposition thereof, and the person to whom such share or debenture is sold, re-allotted or disposed of may be registered as the holder of the share or debenture and shall not be bound to see to the application of the consideration, if any, nor shall his title to the share or debenture be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share or debenture.

**Surrender of Shares or Debenture**

58. The Directors may, subject to the provisions of the Act, accept a surrender of any share or debenture from or by any member or debenture holder desirous of surrendering them on such terms as they think fit.

**TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES**

**Register of Share or Debenture**

59. The Company shall keep a book to be called the "Register of transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

**Form of Transfer**

60. The Instrument of transfer shall be in writing and all the provisions of Section 56 of the Act, shall be duly complied with in respect of all transfer of shares and registration thereof.

**Instrument of Transfer to be Executed by Transferor and Transferee**

61. Every such instrument of transfer shall be signed both by the Transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of members in respect thereof.

**Directors may Refuse to Register Transfer.**

62. (a) Subject to the provision of Article 241, Section 58 of the Act and subject to the provisions of Securities Contract (Regulations) Act, 1956 and the rules and regulations made there under, the directors may, at their own absolute and uncontrolled discretion, decline by giving reasons to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases Directors shall within 30 days from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has alien on the shares.
- (b) Nothing in Section 56 of the Act shall prejudice this power to refuse to register the transfer of, or the transmission by operation of law of the rights to, any shares or interest of a member in, or debentures of the Company.

**Transfer of Share**

63. (a) An application of registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee and subject to the provisions of Clause (a) of this Article, the Company shall unless object is made by the transferee, within two weeks from the date of receipt of the notice, enter in the Register of members the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.
- (b) For the purpose of clause (a) above notice to the transferee shall be deemed to have been duly given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered to him in the ordinary course of post.
- (c) It shall not be lawful for the Company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee has been delivered to the Company along with the Certificate relating to the shares and if no such Certificate is in existence, along with the letter of allotment of shares. The Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer, provided that where it is proved to the satisfaction of the Directors of the Company that an

instrument of transfer signed by the transferor and the transferee has been lost, the Company may, if the Directors think fit, on an application in writing made by the transferee and bearing the stamp required by an instrument of transfer register the transfer on such terms as to indemnify as the Directors may think fit.

- (d) Nothing in clause (c) above shall prejudice any power of the Company to register as share holder any person to whom the right to any share has been transmitted by operation of law.
- (e) Nothing in this Article shall prejudice any power of the Company to refuse to register the transfer of any share.

**Custody of Instrument of Transfer**

- 64. The instrument of transfer shall after registration be retained by the Company and shall remain in their custody. All instruments of transfer which the Directors may decline to register; shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine.

**Transfer Books and Register of Members when Closed**

- 65. The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situated, to close the Transfer books. The Register of members or Register of debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year.

**Transfer to Minors etc.**

- 66. Only fully paid shares or debentures shall be transferred to a minor acting through his/her legal or natural guardian. Under no circumstances, shares or debentures be transferred to any insolvent or a person of unsound mind.

**Title to Share of Deceased Holder**

- 67. The executors or administrators of a deceased member (not being one or two or more joint holders) or the holder of a Succession Certificate or the legal representative of a deceased member (not being one or two or more joint holders) shall be the only persons whom the Company will be bound to recognize as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognize such executors or administrators or the legal representatives unless they shall first obtained probate or Letters of Administration or a Succession Certificate, as the case may be, from a duly constituted competent court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with the production of probate or Letters of Administration or a Succession Certificate upon such terms as to indemnity or otherwise as the Directors in their absolute discretion may think necessary and under Article 66 register the name of any person who claims to be absolutely entitled to the shares standing in the name of deceased member, as a member.

**Registration of Persons Entitled to Share Otherwise than by Transfer**

68. (a) Subject to the provisions of Article 74 any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these present, may with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that the sustains the character in respect of which he proposes to act under this Article or of such titles as the Directors shall think sufficient, either be registered himself as a member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as a member in respect of such shares. Provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favor of his nominee on instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be free from any liability in respect of such shares.
- (b) A transfer of the share or other interest in the Company of a deceased member thereof made by his legal representative shall although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the instrument of transfer.

**Claimant to be Entitled to Same Advantage**

69. The person entitled to a share by reason of the death lunacy, bankruptcy or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled as if he were registered holder of the shares except that he shall not before being registered as a member in respect of the share, be entitled in respect of it, to exercise any right conferred by membership in relation to the meeting of the Company provided that the Board may at any time give notice requiring any such persons to elect either to be registered himself or to transfer shares and if the notice is not compelled within sixty days, the Board shall thereafter withhold payment of all dividends, interests, bonuses or other moneys payable in respect of the share until the requirements of the notice have been compelled with.

**Persons Entitled may Receive Dividend without being Registered as Member**

70. (a) A person entitled to a share by transmission shall, subject to the rights of the Directors to retain such dividends, bonuses or moneys as hereinafter provided be entitled to receive, and may give a discharge for any dividends, bonuses or other moneys payable in respect of the share/debenture.
- (b) This Article shall not prejudice the provisions of Article 45 and 56.

**Refusal to Register Nominee**

71. The Directors shall have the same right to refuse on legal grounds to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

**Directors may require Evidence of Transmission**

72. Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register any such transmission

until the same be so verified or until or unless an Indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

**No Fees on Transfer or Transmission**

73. No fee shall be charged for registration of transfer, probate, succession Certificate and Letters of Administration, Certificate of Death or Marriage, Power of Attorney or similar other documents.

**The Company not liable for Disregard of a Notice Prohibiting Registration of Transfer**

74. The Company shall incur no liability, or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner there or (as shown or appearing in the Register of members) to be prejudice or persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Directors shall so think fit.

**Not more than Four Persons as Joint Holders**

75. The Company shall be entitled to decline to register more than four persons as the holder of any shares.

The provisions of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law of debenture of the Company.

**JOINT HOLDERS**

**Joint Holders**

76. Where two or more persons are registered as the holders of any share /debenture, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles.

- (i) In the case of a transfer of share/ debenture held by joint holders, the transfer will be effective only if it is made by all the joint holders.
- (ii) The Joint holder of any share/debenture shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of such share/debenture.
- (iii) On the death of anyone or more of such joint holders the survivor or

survivors shall be the only person or persons recognized by the Company as having any title to the share/debenture, but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on share/debentures held by him jointly with any other person.

- (iv) Any one of such joint holders may give effectual receipts of any dividends, interest or other moneys payable in respect of such share/debenture.
- (v) Only the person whose name stands first in the Register of Members/Debenture holders as one of the joint holders of any share/debentures shall be entitled to the delivery of the certificate relating to such share/debenture or to receive notice (which expression shall be deemed to include all documents as defined in Article (2) (a) hereof and any document served on or sent to such person shall be deemed service on all the joint holders.
- (vi) (a) Any one of two or more joint-holders may vote at any meeting either personally or by attorney or by proxy in respect of such joint-holders be present at any meeting personally or by proxy or by attorney than that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting provided always that joint holder present at any meeting personally shall be entitled to vote in preference to a joint-holder present by Attorney or proxy although the name of such joint holder present by an Attorney or proxy stands first or higher (as the case may be) in the Register in respect of such shares.
- (b) Several executors or administrators of a deceased member in whose (deceased member) sole name any share shall for the purpose of this clause be deemed joint holders.

#### **Borrowing Powers**

77. Subject to the provisions of Section 73, 179, 180 of the Act and of these Articles and subject to any restriction imposed by Reserve Bank of India, Board of Directors, may from time to time at its discretion, by a resolution passed at a meeting of the Board, accept deposits from members either in advance of calls or otherwise, and generally accept deposits, raise loans or borrow or secure the payment of any sum moneys to be borrowed together with the moneys already borrowed including acceptance of deposits apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, exceeding the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) or up to such amount as may be approved by the shareholders from time to time. The Board of Directors shall not borrow such moneys without the sanction of the Company in General Meeting. No debt incurred by the Company in excess of the limit imposed by this Article shall be paid or effectual unless the

tenderor proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.

**Bonds, Debentures etc. to be subject to control of Directors.**

78. Any bonds, debentures, debenture-stocks or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

Provided that bonds, debentures, debenture-stock or other securities so issued or to be issued by the Company with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in general meeting.

**Securities may be Assignable free from Equities.**

79. Debentures, debenture-stocks, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

**Power to issue shares at Discount**

80. With the previous authority of Company in General Meeting and upon otherwise complying with the provisions of Section 53 of the Act, it will be lawful for the Directors to issue at a discount, shares of a class already issued.

**Debentures with voting rights not to be issued**

81. (a) The Company shall not issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business.
- (b) Certain charges mentioned in Section 77 of the Act shall be void against the liquidators or creditors unless registered as provided in Section 77 of the Act.
- (c) The term `charge' shall include mortgage in these Articles.
- (d) A contract with the Company to take up and pay for any debentures of the Company may be enforced by a decree or specific performance.

**Limitation of Time for Issue of Certificate**

82. The Company shall, within six months after the allotment of any of its debentures or debenture-stock, and within one month after the application for the registration of the transfer of any such debentures or debenture stocks have complete and deliver the Certificate of all the debentures and the Certificate of all debenture stocks allotted or transferred unless the conditions of issue of the debentures or debenture-stocks otherwise provide.

The expression `transfer' for the purpose of this clause means a transfer duly stamped and otherwise valid and does not include any transfer which the Company is for any reason entitled to refuse to register and does not register.

**Right to Obtain Copies of and Inspect Trust Deed**

83. (i) A copy of any Trust Deed for securing any issue of debentures shall be forwarded to the holders of any such debentures or any member of the Company at his request and within seven days of the making thereof on payment of Rs.50 (Rupees Fifty for each copy).
- (ii) The Trust Deed referred to in item (i) above also be open to inspection by any member or debenture holder of the Company in the same manner, to the same extent, and on payment of these same fees, as if it were the Register of members of the Company.

**Mortgage of Uncalled Capital**

84. If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall, subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled capital in trust for the person in whose favor such mortgage or security is executed.

**Indemnity May be given**

85. If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

**Registration of Charges**

86. (a) The provisions of the Act relating to registration of charges shall be complied with.
- (b) In case of a charge created out of India and comprising solely property situated outside India, the provisions of Section 77 of the Act shall also be complied with.
- (c) Where a charge is created in India but comprised property outside India, the instrument, creating or purporting to create the charge under Section 77 of the Act or a copy thereof verified in the prescribed manner, may be filed for registration, notwithstanding that further proceedings may be necessary to make the charge valid or effectual according to the law of the country in which the property is situated, as provided by Section 77 of the Act.
- (d) Where any charge on any property of the Company required to be registered under Section 77 of the Act has been so registered, any person acquiring such property or any part thereof or any share or interest therein shall be deemed to have notice of the charge as from the date of such registration.
- (e) Any creditors or member of the Company and any other person shall have the right to inspect copies of instruments creating charges and the Company's Register of Charges in accordance with and subject to the provisions of Section 85 of the Act.



**Trust not Recognized**

87. No notice of any trust, express or implied or constructive, shall be entered on the register of Debenture holders.
88. Not used.
89. Not used.
90. Not used.
91. Not used.
92. Not used.
93. Not used.
94. Not used.

**GENERAL MEETINGS**

**Annual General Meeting**

95. Subject to the provisions contained in Section 96 and 129 of the Act, as far as applicable, the Company shall in each year hold, in addition to any other meetings, a general meeting as its annual general meeting, and shall specify, the meeting as such in the notice calling it, and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.

**Time and Place of Annual General Meeting**

96. Every annual general meeting shall be called at any time during business hours that is between 9 am to 6 pm, on a day that is not a National Holiday, and shall be held either at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situated, and the notice calling the meeting shall specify it as the annual general meeting.

**Section 101 to 109 of the Act shall apply to Meeting**

97. Sections 101 to 109 of the Act with such adaptation and modifications, if any as may be prescribed, shall apply with respect to meeting of any class of members or debenture holders of the Company in like manner as they would with respect to general meetings of the Company.

**Powers of Directors to Call Extraordinary General Meeting**

98. The Directors may call an extraordinary general meeting of the Company whenever they think fit.

**Calling of Extra Ordinary General Meeting on requisition**

99. (a) The Board of Directors of the Company shall on the requisition of such number of members of the Company as is specified in clause (d) of this Article, forthwith proceed duly to call an Extra-ordinary general meeting of the Company.
- (b) The requisition shall set out the matters for the considerations of which the meeting is to be called, shall be signed by requisitioners, and shall be deposited at the registered office of the company.
- (c) The requisition may consist of several documents in like forms, each signed

by one or more requisitionists.

- (d) The number of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold at the date of the deposit of the requisition not less than one tenth of such of the paid up share capital of the Company as at that date carried the right of voting in regard to that matter.
- (e) Where two or more distinct matters are specified in the requisition the provisions of clause (a) above, shall apply separately in regard to each such matter; and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that clause is fulfilled.
- (f) If the Board does not, within twenty one days from the date of deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters then on a day not later than forty five days from the date of the deposit of the requisition, the meeting may be called by the requisitionists themselves within a period of three months from the date of requisition.

**Explanation :** For the purpose of this clause, the Board shall in the case of a meeting at which Resolution is to be proposed as a special Resolution, be deemed not have duly convened the meeting if they do not give such notice thereof as is required by Section 114 of the Act.

- (g) A meeting, called under Clause (f) above, by the requisitionists or any of them:
  - (i) shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board; but
  - (ii) shall not be held after the expiration of three months from the date of the deposit of the requisition.

**Explanation :** Nothing in Clause (g) (ii) above, shall be deemed to prevent a meeting only commenced before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period.

- (h) Where two or more persons hold any shares or interest in the Company jointly, requisition, or a notice calling a meeting, signed by one or some of them shall, for the purpose of this Article, have the same force and effect as if it had been signed by all of them.
- (i) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company; and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

**Length of Notice for Calling Meeting**

100. (a) A general Meeting of the Company may be called by giving not less than clear

twenty one days' notice in writing or through electronic mode in such manner as may be prescribed.

- (b) A General Meeting of the Company may be called after giving shorter notice than that specified in clause(a) if consent is accorded thereto by not less than ninety-five per cent of the members entitled to vote at such meeting;

Provided that where any members of the Company are entitled to vote only on such resolution or resolution to be moved at the meeting and not on the others, those members shall be taken into account for the purposes of this clause in respect of the former resolution or resolutions and not in respect of the latter.

**Contents and Manner of Service of Notice and Persons on whom it is to be served.**

101. (a) Every notice of a meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted there at.

- (b) Notice of every meeting of the Company shall be given:

- (i) to every member of the Company, in any manner authorized by Section 20 of the Act;
- (ii) to the persons entitled to a share in consequence of a death or insolvency of a member, by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or assignees of the insolvent, or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred;
- (iii) to the auditor or Auditors for the time being of the Company in any manner authorized by Section 20 of the Act in the case of any member or members of the Company and
- (iv) to all the Directors of the Company,

Provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighborhood of the Registered Office of the Company under Section 20 of the Act, the statement of the material facts referred to in Section 102 of the Act need not be annexed to the notice as required by that Section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

- (c) The accidental omission to give notice to, or the non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings at the Meeting.

**Meeting by Electronic Mode.**

- (d) Notwithstanding anything mentioned in these Articles, the Company may hold General Meeting(s), Board Meeting(s) or Committee Meeting(s) with participation of entitled persons by electronic mode including voting and any other incidental thing(s) by electronic mode as may be permitted under applicable laws.

**Explanatory Statement to be Annexed to Notice**

- 102. (A) For the purpose of this Article:
  - (i) in the case of an annual general meeting, all business to be transacted at the meeting shall be deemed special with the exception of business relating to-
    - (a) the consideration of the accounts, balance sheet and the reports of the Board of Directors and auditors.
    - (b) the declaration of a dividend.
    - (c) The appointment of directors in the place of those retiring, and
    - (d) the appointment of and the fixing of the remuneration of the auditors, and
  - (ii) in the case of any other meetings, all business shall be deemed special.
- (B) Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including in particular the nature of the concern of interest, if any, therein of every promoter, Director, the manager, if any, and of every other Key Managerial Personnel as required under Section 102 of the Act.

Provided that where any item of special business as aforesaid to be transacted at a meeting of the Company relates to, or affects any other Company, the extent of shareholding interest in that other Company of any such person shall be set out in circumstances specified in the provision to sub-section (2) of section 102 of the Act.

- (C) Where any item of business consists of the according of approval to any document by the meeting, the time and place where the documents can be inspected shall be specified in the statement aforesaid.

**Quorum for Meeting**

- 103. (a) Subject to Article 103-A and 241, the quorum for a General Meeting of the Company shall be as under:
  - (i) five members personally present if the number of members as on the date of meeting is not more than one thousand;
  - (ii) fifteen members personally present if the number of members as on the date of meeting is more than one thousand but up to five thousand;
  - (iii) thirty members personally present if the number of members as on the date of the meeting exceeds five thousand.

- (b) (i) If within half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting, if called upon by requisition of members, shall stand dissolved.
- (ii) In any other case, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Board may determine.
- (c) No business shall be transacted at any general meeting unless the requisite quorum be present at the commencement of the business.

**Quorum**

103-A A valid quorum of any meeting of the shareholders of the Company shall require the presence of the Promoters' Representative.

**Adjourned Meeting to Transact Business**

- 104. (a) If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be the quorum.
- (b) where a resolution is passed at an adjourned meeting of the Company, the resolution shall, for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

**Chairman of General Meeting**

- 105 (a) No business shall be discussed or transacted at any general meeting except the election of a Chairman whilst the Chair is vacant.
- (b) (i) The Chairman of the Board of Directors shall be entitled to take the Chair at every general meeting, if there be no Chairman or if at any meeting he shall not be present within 15 (fifteen) minutes after the time appointed for holding such meeting or is unwilling to act, subject to Article 182, the Director present may choose one of themselves to be the Chairman and in default of their doing so, the members present shall be willing to take the Chair, the members present shall choose one of themselves to be the Chairman.
- (ii) If at any meeting a quorum of members shall be present, and the Chair shall not be taken by the Chairman or Vice-Chairman of the Board or by a Director at the expiration of 15 minutes from the time appointed for holding the meeting or if before the expiration of that time all the Directors shall decline to take the Chair, the members present shall choose one of their members to be the Chairman of the meeting.

**Chairman with Consent may adjourn the Meeting**

106. The Chairman with the consent of the meeting may adjourn any meeting from the time to time and from place to place in the city, town or village where the registered office of the Company is situated.

**Business at the Adjourned Meeting**

107. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

**Notice of Adjourned Meeting**

108. In case of adjournment of a meeting or of a change of day, time or place of meeting under, the company shall give not less than three days' notice to the members..

**In What cases Poll taken With or Without Adjournment**

109. Any poll duly demanded on the election of a Chairman of a meeting or aforesaid, any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

**PROXIES**

**Proxies**

110. (a) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a member or not) as his proxy to attend and vote instead of himself. A member (and in case of joint holder, all holders) shall not appoint more than one person as proxy. A proxy so appointed shall not have any right to speak at the meeting.

A proxy shall not be entitled to vote except on a poll.

- (b) In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and ` is entitled to appoint a proxy to attend and vote instead of himself, and that a proxy need not be a member.
- (c) The instrument appointing a proxy or any other document necessary to show the validity or otherwise relating to the appointment of a proxy shall be lodged with the Company not less than 48 (forty eight) hours before the meeting in order that the appointment may be effective thereat.
- (d) The instrument appointing a proxy shall :
- (i) be in writing, and
  - (ii) be signed by an appointer or his attorney duly authorized in writing or, if the appointer is a body corporate, by under its seal or be signed by an officer or any attorney duly authorized by it.
- (e) Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in usual common form or in such other form as the Directors may approve from time to time.
- (f) An instrument appointing a proxy, if in any of the forms set out in to the Companies (Management and Administration) Rules 2014 shall not be questioned on the ground that it fails to comply with any special requirements specified for such instrument by these Articles.

- (g) Every member entitled to vote at a meeting of the Company, or on any resolution to be moved thereat, shall be entitled during the period beginning 24 (twenty four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged at any time during the business hours of the Company, provided not less than 3 (three) days' notice in writing of the intention so to inspect is given to the Company.

## VOTES OF MEMBERS

### **Restrictions on Exercise of Rights of Members who have not paid Calls etc.**

111. (a) No members shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right of lien.
- (b) Where the shares of the Company are held in trust, the voting power in respect of such shares shall be regulated by the provisions of Section 89 of the Act.

### **Restriction on Excise of Voting Right in Other cases to be void**

112. A member is not prohibited from exercising his voting right on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in Article 108.

### **Equal Rights of Share Holders**

113. Any shareholder whose name is entered in the Register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class.

### **Promoters Affirmative Vote Items**

- 113-A Notwithstanding anything contained in these Articles, no decision on any of the Promoters' Affirmative Vote Items shall be taken or implemented or agreement entered into by the Company or its subsidiaries at a meeting of shareholders, by postal ballot or otherwise, without the affirmative vote or written consent of the Promoters' Representative.

### **Voting Rights of GDRs holders**

- 113-B Neither the holder of the GDRs nor the custodian in whose favor the Equity Shares underlying the GDRs shall have voting rights with respect to the Equity Shares underlying the GDRs, until such GDRs are surrendered for withdrawal of the Equity Shares underlying the GDRs.

### **Voting to be by show of Hand in First Instance**

114. Any at general meeting a resolution put to vote at the meeting shall unless a poll is demanded under Section 109 of the Act or the voting is carried out electronically be decided on a show of hands.

- (a) Subject to the provisions of the Act, upon show of hands every members

entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have vote in proportion to his share in the paid-up equity share capital of the Company.

- (b) No member not personally present shall be entitled to vote on a show of hands unless such member is a body corporate present by proxy or by a representative duly authorized under Sections 112 or 113 of the Act, in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.

**Service of Notice, Reports, Documents and other communications by electronic mode.**

- (c) Notwithstanding anything mentioned in these Articles, the Company may send any communication including notice of general meeting, annual report etc. to any persons by electronic mode as may be permitted under applicable laws.

**Voting rights of members of unsound mind and minors**

- 115. A member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may, on poll vote by proxy; if any member be a minor the vote in respect of his share or shares shall be by his guardians or any one of his guardians or, any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting.

**Votes in respect of Shares of Deceased or Insolvent Members etc.**

- 116. Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the transmission clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder or such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposed to vote, he shall satisfy the Directors of his right to such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

**Custody of Instrument**

- 117. If any such instrument of appointment be confirmed to the object of appointing proxy or substitute for voting at meeting of the Company, it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects a copy thereof examined with the original, shall be delivered to the Company to remain in the custody of the Company.

**Validity of Votes given by Proxy notwithstanding Death of Members etc.**

- 118. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or of any power of attorney under which such proxy was signed or the transfer of the share in respect of which the votes is given, provided that no intimation in writing of the death, revocation or transfer shall have been



received at the registered office of the Company before the meeting.

**Time for Objections for Vote**

119. No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by an agent or proxy or representative not disallowed at such meeting or poll shall be deemed valid for all purposes or such meeting or poll whatsoever.

**Chairman of any Meeting to be the Judge of any Vote**

120. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered of such meeting. The Chairman present at the time of taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

**Chairman's Declaration of result of Voting by show of Hands to be Conclusive**

121. A declaration by the Chairman in pursuance of Section 107 of the Act that on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favor of or against such resolution.

**Demand for Poll**

122. (a) Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than five lacs Rupees or such higher amount as may be prescribed under the Act has been paid up.
- (b) The demand for a poll may be withdrawn at any time by the person or persons who make the demand.

**Demand for poll not to prevent Transaction of other Business**

123. The Demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

**Time of taking Poll**

124. (a) a poll demanded on a question of adjournment shall be taken forthwith.
- (b) a poll demanded on any other question (not being a question relating to the election of a Chairman which is provided for In Section 104 of the Act) shall be taken at such time not being later than 48 (forty eight) hours from the time when the demand was made, as the Chairman may direct.

**Right a member to use his Votes differently**

125. On a poll taken at a meeting of the Company a member or other person entitled to vote for him as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

**Scrutineers at Poll**

126. Where a poll is to be taken, the scrutineer shall be appointed in accordance with the provisions of the Act.<sup>2</sup>

**Manner of taking Poll and Result thereof**

127. Subject to the provisions of the Act, the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.

The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

**Casting Vote**

128. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place at which the poll is demanded shall be entitled to a casting vote or votes to which he may be entitled as member.

**Representation of Body Corporate**

129. A body corporate (whether a Company within the meaning of the Act or not) if it is a member or creditor (including a holder of debentures) of the Company may in accordance with the provisions of Section 113 of the Act authorize such person by a resolution of its Board of directors as it thinks fit, to act as its representative at any meeting of the Company or of any class of members of the Company or at any meeting of creditors of the Company.

**Representation of the President of India or Governors**

130. (a) The President of India or the Governor of State if he is a member of the Company may appoint such person as he thinks fit to act, as his representative at any meeting of the Company or at any meeting of any class of members of the Company in accordance with provisions of Section 112 of the Act or any other statutory provision governing the same.
- (b) A person appointed to act as aforesaid shall for the purposes of the Act be deemed to be a member of such a Company and shall be entitled to exercise the same rights and powers (including the right to vote by proxy) as the Governor could exercise, as member of the Company.
- (c) The Company shall observe the provisions of Section 112 of the Act, in regards to the Public Trustee.

**Circulation of Members Resolution**

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131. The Company shall comply with provisions of Section 111 of the Act, relating to circulation of members resolutions.

**Special Notice**

132. Where by any provision contained in the Act or in these articles special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company in accordance with the provisions of the Act, not earlier than three months and not less than fourteen days before the meeting of which it is to be moved exclusive of the day on which the notice is served or deemed to be served and the day of the meeting. The Company shall immediately after the notice of the intention to move any such resolution has been received by it, give its members notice of the resolution in the same manner as it gives notice of the meeting, or if that is not practicable, shall give them notice thereof either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the meeting.

**Resolution Requiring Special Notice**

133. The Company shall comply with provisions of Section 115 of the Act relating to resolution requiring special notice.

**Resolution Passed At Adjourned Meeting**

134. The provisions of Section 116 of the Act shall apply to resolution passed at an adjourned meeting of the Company, or of the holders of any class of shares in the Company and of the Board of Directors of the Company and the resolution shall be deemed for all purposes as having been passed on the date on which in fact they were passed and shall not be deemed to have been passed on any earlier date.

**Registration of Resolutions and Agreements**

135. The Company shall comply with the provisions of Section 117 of the Act relating to registration of certain resolutions and agreements.

**Minutes of Proceedings of General Meeting and of Board and Other Meetings**

136. (a) The Company shall cause minutes of all proceedings of general meetings, and of all proceedings of every meeting of its Board of Directors or of every Committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned or passing of resolution by postal ballot, entries thereof in books for that purpose with their pages consecutively numbered.

(b) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed:

i. in the case of minutes of proceedings of the Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.

ii. In the case of minutes of proceedings of the general meetings by

Chairman of the said meeting within the aforesaid period, of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorized by the Board for the purpose.

- (c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (e) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (f) In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes of the meeting.
  - (i) the names of the Directors present at the meetings, and
  - (ii) In the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from or not concurring in the resolution.
- (g) Nothing contained in Clause (a) to (d) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting :
  - (i) is, or could reasonably be regarded, as defamatory of any person.
  - (ii) is irrelevant or immaterial to the proceedings; or
  - (iii) is detrimental to the interests of the Company.

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusions of any matter in the minutes on the grounds specified in this clause.

- (h) The minutes of meetings kept in accordance with the provisions of Section 118 of the Act shall be evidence of the proceedings recorded therein.

**Presumptions to be Drawn where Minutes duly drawn and Signed.**

137. Where minutes of the proceedings of any general meeting of the Company or of any meeting of its Board of Directors or a Committee of the Board have been kept in accordance with the provisions of Section 118 of the act then, until the contrary is proved, the meeting shall be deemed to have been duly called and held, and all proceedings thereat to have duly taken place and in particular all appointments of directors or Liquidators made at the meeting shall be deemed to be valid and the minutes shall be evidence of the proceedings recorded therein.

**Inspection of Minutes Books of General Meetings.**

138. (a) The books containing the minutes of the proceedings of any general meeting of the Company shall :

- (i) be kept at the registered office of the Company, and
  - (ii) be open, during the business hours to the inspection of any member without charge and by any other person on payment of fee of Rupees 50/- or such other fee as may be prescribed for each inspection<sup>3</sup>, subject to such reasonable restrictions as the Company may, in general meeting impose so however that not less than two hours in each day are allowed for inspection.
- (b) Any member shall be entitled to be furnished within seven days after he has made a request in that behalf to the Company, with a copy of any minutes referred to in Clause (a) above, on payment of thirty-seven paise for every one hundred words or fractional part thereof required to be copied, subject to a maximum of Rs. 10 for each page.<sup>4</sup>

**Publication of Reports of Proceedings of General Meetings**

139. No document purporting to be a report of the proceedings of any general meeting of the Company shall be circulated or advertised at the expenses of the Company unless it includes the matters required by Section 118 of the Act to be contained in the Minutes of the proceedings of such meeting.

**MANAGERIAL PERSONNEL**

**Managerial Personnel**

140. The Company shall duly observe the provisions of Section 196 of the Act regarding prohibition of simultaneous appointment of different categories of managerial personnel therein referred to.

**Board of directors**

141. Until otherwise determined by the Company in general meeting, the number of Directors shall not be less than 3 (three) and more than 15 (fifteen). The appointment of the Directors exceeding 15 (fifteen) will be subject to the provisions of Section 149 of the Act.

142. Not used

**Debenture Directors**

143. Any Trust Deed for securing debentures of debenture-stocks may, if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of debentures or debenture-stocks, of some person or persons to be a Director or Directors of the Company and may empower such Trustees or holders of Debentures or debenture-stocks from time to time, to remove and reappoint any Director/s so appointed. The Director/s so appointed under this Article is herein referred to as "**Debenture Director**" and the term "**Debenture Director**" means the Director for the time being in office under this Article. The Debenture Director(s) shall not be bound to

hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

**Nominee Director**

144. Notwithstanding anything to the contrary contained in these Articles, but subject to Article 241, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), the Industrial Credit and Investment Corporation of India Limited (ICICI), Industrial Finance Corporation of India (IFCI) and Life Insurance Corporation of India (LIC) or any other Finance Corporation or Credit Corporation or to any other Finance Company or Body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC and Unit Trust of India (UTI) or any other Financing Corporation or Credit Corporation or any other Financing Company or Body (each of which IDBI, IFCI, ICICI, LIC and UTI or any or any other Finance Corporation or any other Financing Company or Body is hereinafter in this Article referred to as "the Corporation") continue to hold debentures in the Company as a result of underwriting or by direct subscription or private placement, or so long as direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director or Directors whole time or non-whole time (which Director or Director is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any shares qualification in the Company. Also at the option of the Corporation such Nominee director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds debentures in the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of any guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold debentures/shares in the Company or on the satisfaction of the liability of the arising out of any guarantee furnished by the Corporation.

The Nominee Director/s so appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which the Nominee Director/s is / are as

also the minute of such meetings. The Corporation shall also be entitled to receive all such notices and minute. The Company shall pay to the Nominee Director/s sitting fees and expenses which the other Directors of the Company are entitled but if any other fees, commission, monies or remuneration in any form is payable to the Director of the Company, the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or by such Nominee Director/s in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to the Corporation or as he case may be to such Nominee Director/s.

Provided that if any such Nominee Director/s is an officer of the Corporation the sitting fee in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

**Special Director**

145. (a) In connection with any collaboration arrangement with any company or corporation or firm or person for supply of technical know-how and/or machinery or technical advice, the Directors may authorize such Company, Corporation, firm or person (hereinafter in this clause referred to as "Collaborator") to appoint from time to time, any person or persons as Director or Directors of the Company (hereinafter referred to as "Special Director") and may agree that such Special Director shall not be liable to retire by rotation and need not possess any qualification shares to qualify him for the office of such Director, so however, that such Special Director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon between the Company and such Collaborator under the collaboration arrangements or any time thereafter.
- (b) The Collaborator may at any time and from time to time remove any such Special Director appointer by it and may at the time of such removal and also in the case of death or resignation of the person so appointed at any time, appoint any other person as a Special Director in his place and such appointment or removal shall be made in writing signed by such company or corporation or any partner or such person and shall be delivered to the Company at its registered office.
- (c) It is clarified that every collaborator entitled to appoint a Director under this Article may appoint one or more such person or persons as a Director(s) and so that if more than one Collaborator is so entitled there may at any time be as many Special Director as the Collaborators eligible to make the appointment.

**Promoters Nominee Directors**

- (d) The Promoters shall have the right to nominate, appoint, remove or re-elect at least 4 (four) individuals as directors on the Board of Directors of each of the Company and its subsidiaries ("Board") ("Promoters Nominees"), from time to time. Subject to applicable law, out of the 4 (four) Promoters Nominees, 1 (one) director shall not be liable to retire by rotation.

- (e) The Promoters shall have the right to nominate, appoint, remove or re-elect at least 1 (one) of the Promoter Nominees for appointment to each committee of the Board of the Company and its subsidiaries, including without limitation, the audit committee, the remuneration committee, the budget committee and any other committee, whether now existing or formed at any time in the future.

**Limit on Number of Non-Retiring Directors**

146. Subject to the provisions of Section 152 of the Act, the number of Directors appointed under Articles 143, 144 and 145 shall not exceed in the aggregate one-third of the total number of Directors for the time being in office.

**Appointment of Alternate Director**

147. The Board may appoint an alternate Director to act for a Director (hereinafter called "the Original Director") during his absence for a period of not less than three months from India. An alternative Director so appointed shall not hold office as such for a period longer than that permissible to the original Director in whose place he had been appointed and shall vacate if and when the original director returns to India.

**Appointment of Additional Director**

148. Subject to the provisions of Section 161 of the Act, Board of Directors shall have power at any time to appoint any person as an additional Director to the Board, but so that the total number of Directors shall not exceed the maximum number fixed by the Articles. Any Director so appointed shall hold the office only up to the next annual general meeting of the Company and shall then be eligible for reappointment.

**Appointment of Director to fill the Casual Vacancy.**

149. Subject to the provisions of Section 161 of the Act, the office of any Director appointed by the Company in general meeting is vacated before his term of office expires in the nominal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated as aforesaid but he shall then be eligible for re-election.

**Individual Resolution for Director Appointment**

150. At a general meeting of the Company a motion shall not be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it. Resolution moved in contravention of this article shall be void whether or not objection was taken at the time of its being so moved. Provided that where a resolution so moved is passed no provision for the automatic reappointment of retiring director by virtue of these articles and the Act in default of another appointment shall apply.

**Qualification of Director**



151. A Director need not hold any shares in the Company to qualify him for the office of a Director of the Company.

**Remuneration of Directors**

152. (a) Subject to the provisions of Act, a Managing Director or a director who is in the whole-time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by the other.
- (b) Subject to the provisions of the Act, a Director, who is neither in the whole-time employment nor a Managing Director may be paid remuneration either:
- (i) by way of monthly, quarterly or annual payment, or
  - (ii) by way of commission if the Company by a special resolution has authorized such payment
- (c) Every Director shall be paid such amount of remuneration by way of fee not exceeding such sum as may be prescribed by the Act or the Central Government from time to time, as may be determined by the Board for each meeting of the Board or Committee thereof attended by him.

**Traveling and Other Expenses**

153. The Board may allow and pay to any Director for the purpose of attending a meeting such sum either as fixed allowance and/or actual as the Board may consider fair compensation for traveling, board and lodging and incidental and/or actual out of pocket expenses incurred by such Director in addition to his fees, for attending such meeting to and from the place at which the meetings to and from the place at which the meetings of the Board Committees thereof or general meetings of the Company are held from time to time or any other place at which the Director executes his duties.

**Remuneration for Extra Services**

154. If any Director, being willing shall be called upon to perform extra services or to take any special exertions for any of the purposes of the Company and in that event the Company may, subject to the provisions of the Act, remunerate such Director either by a fixed sum or by a percentage of profit or otherwise, as may be determined by the Directors but not exceeding that permitted under Section 197 of the Act and such remuneration may be either in addition to or in substitution for his share in the remuneration above provided.

**Increase in Remuneration of Directors to require Government Sanction**

155. Any provision relating to the remuneration of any Director including the Managing Director or Joint Managing Director or whole time Director or executive Director whether contained in his original appointment or which purports to increase or has the effect of increasing whether directly or indirectly the amount of such remuneration and whether that provisions are contained in the articles or in any agreement entered into by the Board of Directors shall be subject to the provisions of Section 196, 197 and 203 of the Act and in accordance with the conditions specified in Schedule V and to the extent to which such appointment or any provisions for remuneration thereof

is not in accordance with the Schedule V, the same shall not have any effect unless approved by the Central Government and shall be effective for such period and be subject to such conditions as may be stipulated by the Central Government and to the extent to which the same is not approved by the Central Government, the same shall become void and not enforceable against the Company.

**Director Not to Act when Number Falls Below Minimum**

156. When the number of Directors in Office falls below the minimum fixed above, the Directors, shall not act except in emergencies or for the purposes of filling up vacancies or for summoning a general meeting of the Company and so long as the number is below the minimum they may so act notwithstanding the absence of the necessary quorum.

**Eligibility**

157. A person shall not be capable of being appointed a Director if he has the disqualifications referred to in Section 164 of the Act.

**Directors Vacating Office**

158. (a) The office of a Director shall be vacated if :
- (i) he is found to be of unsound mind by a Court of competent jurisdiction;
  - (ii) he applied to be adjudicated an insolvent;
  - (iii) he is adjudicated an insolvent;
  - (iv) he is convicted by a Court, of any offence involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the expiry of the sentence; Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be
  - (v) eligible to be appointed as a director in any company
  - (vi) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call unless the Central Government by Notification in the Official Gazette removes the disqualification incurred by such failure;
  - (vii) he absents himself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board;
  - (viii) he, whether by himself or by any person for his benefit or on his account or any firm in which he is partner or any private company of which he is a Director, accepts a loan or any guarantee or security for a loan, from the Company in contravention of Section 185 of the Act;
  - (ix) he is removed in pursuance of Section 169 of Act;
  - (x) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company;
  - (xi) he resigns his office by notice in writing given to the Company;
  - (xii) he has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company;

- (xiii) he acts in contravention of the provisions of section 184 relating to entering into contracts or arrangements in which he is directly or indirectly interested;
  - (xiv) he fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of section 184;
- (b) Notwithstanding anything in sub-clauses (iii), (iv) and (v) of Clause (a) above, the disqualifications referred to in these sub-clauses shall not take effect:
- (i) for thirty days from the date of the adjudication, sentence or orders;
  - (ii) where any appeal or petition is preferred within thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed off, or
  - (iii) where within the seven days aforesaid, any further appeal, or petition is preferred in respect of the adjudication, sentence, conviction or order and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed off.

**Removal of Directors**

159. (a) The Company may (subject to the provisions of Section 169 and other applicable provisions of the Act and these Articles) remove any director other than ex-officio directors or special directors or debenture directors or a nominee director or a director appointed by the Central Government in pursuance of Section 242 of the Act, before the expiry of his period of office.
- (b) Special notice as provided by Section 115 of the Act shall be required of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.
- (c) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting.
- (d) Whether notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding a reasonable length) and requests their notification to members of the Company, the Company shall unless the representations are received by it too late for it do so.
- (i) In the notice of the resolution given to members of the Company state the fact of representations having been made, and
  - (ii) send a copy of the representation to every member of the company whom notice of the meeting is sent (whether before or after receipt of the representations by the Company), and if a copy of representations, is not sent as aforesaid because they were received too late or because of the company's default, the Director may (without prejudice to his right

to be provided orally) require that the representations be read out at the meeting, provided that copies of the representations need not be sent or read out at the meeting if so directed by the Court.

- (e) A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in general meeting or by the Board in pursuance of Section 161 of the Act be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the intended appointment has been under clause (b) hereof. A Director so appointed shall hold office until the date up to which his predecessor would have held office if he had not been removed as aforesaid.
- (f) if the vacancy is not filled under clause (e) above it may be filled as a casual vacancy in accordance with the provisions, in so far as they may be applicable, of Section 161 of the Act, and all the provisions of that Section shall apply accordingly;
- (g) Nothing contained in this Article shall be taken :
  - (i) as depriving a person removed there under of any compensation or damages payable to him in respect of the termination of his appointment as Director or of any appointment terminating with that as director; or
  - (ii) as derogating from any power to remove a Director which may exist apart from this Article.

**Directors may Contract with Company**

160. Subject to the restrictions imposed by these Articles and by Section 179, 180, 185, 186, 188, 196 and any other provisions of the Act, no Director, Managing Director, or other officer or employee of the Company shall be disqualified from holding his office by contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director, managing director, Joint Managing Director, Executive Director other officer or employee shall be in any way interested, be avoided, nor shall be Director, Managing Director or any officer or employee so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason only of such Director, officer or employee holding that office or of the fiduciary relation thereby established, but the nature of his or their interest must be disclosed by him or them in accordance with provisions or Section 184 of the Act where that section be applicable.

**Disclosure of Directors' Interest**

161. (1) Every Director of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the Company, shall disclose the nature of his concern of interest at a meeting of the Board of Directors, in the manner provided in Section 184 of the Act.
- (2) (a) In the case of proposed contract or arrangement, the disclosure required

to be made by a Director under clause (1) shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not, at the date of that meeting, concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after he be so concerned or interested.

- (b) In case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.
- (3) (a) For the purpose of clause (1) and (2) a general notice given to the Board by a Director to the effect that he is a Director or a member of specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notices, entered into with that body corporate or firm, shall be deemed to be sufficient disclosure of concern or interest in relation to any contract or arrangement so made.
- (b) any such general notice, shall expire at the end of the financial year in which it is given, but may be renewed for further period of one financial year at a time by a fresh notice given in the last months of financial year in which it would otherwise expire.
- (c) No such general notice and no renewal thereof, shall be of effect unless other it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.
- (d) Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into between the Company and any other company where any one or two or more of Directors together holds or hold not more than two percent of the paid up share capital in other company.

**Board Resolution necessary for Certain Contracts**

162. (1). Except with the consent of the Board of Directors of the Company and of the Shareholders where applicable, the Company shall not enter into any contract or arrangement with any related party (as defined in the Act) in contravention of Section 188 of the Act-
- (i) for the sale, purchase or supply of any goods, materials or services; or
  - (ii) selling or otherwise disposing of, or buying, property of any kind;
  - (iii) leasing of property of any kind;
  - (iv) availing or rendering of any services;
  - (v) appointment of any agent for purchase or sale of goods, materials, services or property;
  - (vi) such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company;
  - (vii) underwriting the subscription of any securities or derivatives thereof, of the company:

- (2). Nothing contained in clause (1) shall affect any transactions entered into by the Company in its ordinary course of business other than transactions which are not on an arm's length basis.
- (3) Notwithstanding anything contained in clauses (1) and (2) the Company may, in circumstances of urgent necessity enter, without obtaining the consent of the Board and the Members (where applicable), into any contract with a related party (as defined in the Act); but in such a case the consent of the Board and the Members where applicable shall be obtained at a meeting within three months of the date of which the contract was entered into.
- (4) Every consent of the Board required under this Article shall be accorded by a resolution of the Board and the consent required under Clause (1) shall not be deemed to have been given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.
- (5) If the consent is not accorded to any contract under this Article anything done in pursuance of the contract will be avoidable at the option of the Board.

**Disclosure to the Members of Directors' Interest in Contract in Appointing Manager Managing Director or Secretaries and Treasures**

163.

If the Company -

- (a) enters into a contract for the appointment of a Manager or Managing Director of the Company in which contract any Director of the Company is in any way directly or indirectly concerned or interested; or
- (b) varies any such contract already in existence and in which a Director is concerned or interested as aforesaid, the provisions of Section 190 of the Act shall be complied with.

164.

Not used.

**Loans Director etc.**

165.

Save as otherwise provided in the Act, the Company shall not, directly or indirectly, advance any loan, including any loan represented by a book debt, to any of its directors or to any other person in whom the director is interested or give any guarantee or provide any security in connection with any loan taken by him or such other person except :-

- (a) give any loan to a managing or whole-time director –
  - (i) as a part of the conditions of service extended by the company to all its employees; or
  - (ii) pursuant to any scheme approved by the members by a special resolution; or
- (b) in the ordinary course of its business provide loans or gives guarantees or securities for the due repayment of any loan and in respect of such Loan an interest is charged at a rate not less than the bank rate declared by the Reserve Bank of India.

**Loans to Companies**

166. The Company shall observe the restrictions imposed on the Company in regard to making any loans, giving any guarantee or providing any security to the Companies or bodies corporate under the same management as provided in Section 185 of the Act.

**Interested Director not to Participate or vote in Board's Proceedings**

167. No Director of the Company shall as a Director take any part in the discussion of or vote on any contract or arrangement entered into, or to be entered into, by or on behalf of the Company, if he is in any way whether directly or indirectly concerned, or interested in such contract or arrangement nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote and if he does vote on any contract of indemnity against any loss which it or any one of more of its number may suffer by reason of becoming or being sureties or surety for the Company. Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into between two companies where any of the directors of one company or two or more of them together holds or hold not more than two percent of the paid up share capital of the other company.-

This Article is subject to the provisions of Section 184 of the Act.

**Register of Contracts in which Directors are interested**

168. The Company shall keep one or more Registers in which it shall be entered separately particulars of all contracts and arrangements to which Sections 184 and 188 of the Act applies.

**ROTATION AND APPOINTMENT OF DIRECTORS**

**Director may be Director of Companies Promoted by the Company**

169. A Director may be or become a Director of any company in which it may be interested as a vendor, shareholder, or otherwise and no such Director shall be accountable for any benefits received as Director or shareholder of such Company except in so far as Section 197) or Section 188 of the Act may be applicable.

Subject to provisions of Section 152 of the Act, not less than two thirds of the total number of Directors shall :

- (a) be persons whose period of office is liable to determination by retirement of Directors by rotation, and
- (b) save as otherwise expressly provided in the Act, be appointed by the Company in general meeting.

The remaining Directors shall, in default of and subject to any regulations in the Articles of the Company, also be appointed by the Company, in general meeting.

**Ascertainment of Directors Retiring by Rotation and Filling up Vacancy**

170. (a) At every annual general meeting one-third of such directors for the time being

as are liable to retire by rotation, or if their number is not three or multiple of three, then the number nearer to one-third, shall retire from office.

The Debenture Directors, Corporate Directors, Special Directors, Independent Directors shall not be subject to retirement under this Article and shall not be taken into account in determining the number of Directors to retire by rotation. In these Articles a "Retiring Director" means a Director retiring by rotation.

- (b) The Directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall, in default of and subject to any agreement amongst themselves, be determined by lot. A Retiring Director shall be eligible for re-election.
- (c) At the annual general meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director or some other person thereto.
- (d) I. if the place of the retiring Director is not so filled up and that meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place or if that day is a national holiday, till the next succeeding day which is not a national holiday, at the same time and place.  
II. if at the adjourned meeting also, the place of the retiring Director is not filled up and that the meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless-
  - (a) at that meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost;
  - (b) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so reappointed;
  - (c) he is not qualified or is disqualified for appointment;
  - (d) a resolution, whether special or ordinary, is required for his appointment or re-appointment in virtue of any provisions of the Act.

**Right of Persons Other than Retiring Directors to Stand for Directorship.**

171. (a) A person who is not a retiring Director shall in accordance with Section 160 of the Act and subject to the provisions of the Act, be eligible for appointment to the office of Director at any general meeting if he or some member or members intending to propose him has, not less than fourteen days before the meeting left at the registered office of the Company a notice in writing under



his hand signifying his candidature for the office of director or the intention of such member or members to propose him as a candidate for that office, as the case may be along with a deposit of such sum as may be prescribed by the Act or the Central Government from time to time, which shall be refunded to such person or as the case may be to such member, if the person succeeds in getting elected as the director or gets more than twenty-five per cent of total valid votes cast.

- (b) The Company shall inform its members of the candidature of a person for the office of director or the intention of a member(s) to propose a person as a candidate for that office by serving individual notices on the members in the manner provided under Section 160 of the Act.

**Consent of Candidates for Directorship to be Filed with the Registrar**

172. Every person who is proposed as a candidature for the office of Director of the Company shall sign and file with the Company and with the Registrar, his consent in writing to act as a Director, if appointed, in accordance with the provisions of Section 152 of the Act in so far as they may be applicable.

**Company may Increase or Reduce the Number of Directors or Remove any Director**

173. Subject to the provisions of Sections 149, 151 and 152 of the Act, and these Articles the Company may, by special resolution, from time to time, increase or reduce the number of Directors and may prescribe or alter qualifications.

**Appointment of Directors to be Voted individually.**

174. (1) No motion at any general meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution that it shall be so made, has been first agreed to by the meeting without any vote being given against it.
- (2) A resolution moved in contravention of clause (1) hereof shall be void, whether or not objection was taken at the time of its being so moved, provided that for the automatic re-appointment of retiring Director in default of another appointment as hereinabove provided shall apply.
- (3) For the purpose of this Article, a motion for approving a person's appointment, or for nominating a person for appointment, shall be treated as a motion for his appointment.

**Notice of Candidature for Office of Directors Except in Certain Cases**

175. (1) No person, not being a retiring Director, shall be eligible for election to the office of Director at any general meeting unless he or some other member intending to propose him has, at least fourteen days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of a Director or the intention of such member to propose him as a Director for office as the case may be along with a deposit of One lakh Rupees which shall be refunded to such person or, as the case may be, to such member, if the person succeeds in getting elected as a Director or gets more than twenty-five per cent of total votes cast.

- (2) The Company shall inform its members of the candidature of the person for the office of Director or the intention of a member to propose such person as a candidate for that office by serving individual notices on the members not less than seven days before the meeting. Provided that it shall not be necessary for the Company to serve individual notices on the members as aforesaid if the Company advertises such candidature or intention not less than seven days before the meeting in at least two newspapers circulating in the place where the Registered Office of the Company is located, of which one is published in the English language and the other in the regional language of that place.
- (3) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 160 of the Act signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director shall sign and file with the Company his consent in writing to act as a Director if appointed.
- (4) A person, other than-
  - (a) a Director, re-appointed after retirement by rotation or immediately on the expiry of his term of office, or
  - (b) an additional or alternate Director or a person filling a casual vacancy in the office of a Director under Section 160 of the Act, appointed as a Director or re-appointed as an additional or alternate Director immediately on the expiry of term of office shall not act as a Director of the Company unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director

**Register of directors and Notification of Change to Registrar**

176. (1) The Company shall keep at its Registered Office a Register containing the particulars of its Directors and key managerial personnel and other persons mentioned in Section 170 of the Act which shall include the detail of securities held by each of them in the Company or its holding, subsidiary of Company's holding company or company and shall send to the Registrar a Return containing the particulars specified in such Register and shall otherwise comply with the provisions of the said Section in all respects.
- (2) Such Register shall be kept open for inspection by any member or debenture holder to the Company as required by section 171 of the Act.

**Disclosure by Director of Appointment to any other Body Corporate**

177. Every Director (including a person deemed to be a Director of the Company) Managing Director, Key Managerial Personnel, Manager or Secretary of the Company who is appointed to or relinquishes office of Director, Managing Director, Manager or Key Managerial Personnel, Secretary of any other body corporate shall within thirty days of his appointment to, or as the case may be, relinquishment of such office disclose to the company the particulars relating to the office in the other body corporate which are required to be specified under Section 170 of the Act.

178. **Disclosure by Directors of their Holdings of Shares and Debentures of the Company.**

Every director and every person deemed to be Director of the Company shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section. Any such notice shall be given in writing and if it is not given at a meeting of the Board the person giving the notice shall take all reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

179.

**Meeting of Directors**

The Directors may meet together as a Board for transaction of business from time to time and shall so meet at least four times in every year in such manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board and they may adjourn and otherwise regulate their meetings and proceedings as they deem fit. The provisions of this Article shall not be deemed to be contravened merely by reason of the fact that meeting of the Board, which had been called in compliance with the terms herein mentioned, could not be held for want of quorum.

**When Meeting to be Convened**

180.

Any Director of the Company may and the Manager or Secretary on the requisition of a Director shall, at any time, summon a meeting of the Board.

**Directors Entitled to Notice**

181.

Notice of every meeting of the Board of the Company shall be given in writing to every Director for the time being in India and at his usual address in India.

**Appointment of Chairman**

182.

The Promoters shall have the right to nominate, appoint, remove or re-elect the Chairman of the Board of the Company and its subsidiaries.

183.

**Quorum**

A valid quorum of any Board meeting or meeting of the committee of the Board of the Company and its subsidiaries or any adjournment thereof, subject to Section 174 of the Act, shall require the presence of at least 1 (one) of the Promoter Nominees.

**Board may Appoint Managing Director**

184.

- (a) In addition to the Promoters Nominees, the Promoters shall have the right to nominate, appoint, remove or re-appoint the Managing Director and/or Chief Executive Officer of the Company and its subsidiaries.
- (b) Any Managing Director or/s or whole time Director/s so appointed shall not be required to hold any qualification shares.
- (c) Subject to the provisions of Sections 196, 197, and 203 of the Act and also subject to the limitations, conditions and provisions of Schedule V to the Act, the appointment and payment of remuneration to the above Director/s shall be subject to approval of the members in general meeting and of the Central Government if required.

- (d) Subject to the superintendence, control and direction of the Board the day to day management of the Company shall be vested with the Managing Director/s or Whole-time Director/s Managing Director/s if any, with Power to the Board to distribute such day to day management functions in any manner as deemed fit by the Board subject to the provisions of the Act and these Articles.

**Meeting of Committee, How to be Governed**

185. The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meeting and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors.

**Resolution by Circular**

186. No Resolution by circular shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation unless such Resolution has been circulated in draft, together with necessary papers, if any, to all the Directors, or to all the members for the Committee at the respective addresses registered with the Company and has been approved by the majority of the Directors or Members of the Committee or by a majority of such of them as are entitled to vote on the Resolution.

**Directors May Appoint Committees**

187. Subject to the restrictions contained in Section 179 of the Act, the Board may delegate any of their powers to Committees of the Board consisting of two or more members of its body as it thinks fit. The Chairman shall have a casting vote at committee meetings and the Board may from time to time, revoke and discharge such Committee of the Board either wholly or in part and either as to persons or purposes, but every Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may, from time to time, be imposed on it by the Board. All acts done by any such committee of the Board in conformity with such regulations and in fulfillment of the purposes of its appointment but not otherwise, shall have the like force and effect as if done by the Board.

188. Not used.

**Acts of Board or Committee Valid Notwithstanding Defect of Appointment**

189. All acts done by any meeting of the Directors or by a Committee of Directors, or by any person acting as a Director, shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or they or any of them were or was disqualified or that their or his appointment had terminated by virtue of any provisions contained in the Articles or the Act, be as valid as if every such person has been duly appointed and was qualified to be a Director.

**POWER OF DIRECTORS**

**Certain Powers to be Exercised by the Board**

190. (a) Without derogating from the powers vested in the Board of Directors under

these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at meetings of the Board –

- (i) to make calls on shareholders in respect of money unpaid on their shares;
- (ii) to authorize buy-back of securities under section 68;
- (iii) to issue securities, including debentures, whether in or outside India;
- (iv) to borrow monies;
- (v) to invest the funds of the company;
- (vi) to grant loans or give guarantee or provide security in respect of loans;
- (vii) to approve financial statement and the Board's report;
- (viii) to diversify the business of the company;
- (ix) to approve amalgamation, merger or reconstruction; or
- (x) any other matter required to be transacted under the Act and the rules made thereunder in a physical meeting of the Board of the Company.

Provided that the Board may by resolution passed at the meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company or in the case of a branch office of the Company, a principal officer of the branch office, the powers specified in sub-clauses (iv) to (vi) to the extent specified in clauses (b), (c) and (d) respectively on such conditions as the Board may prescribe.

- (b) Every resolution delegating the power referred to sub-clause (iv) of clause (a) shall specify the total amount outstanding at anyone time up to which moneys may be borrowed by the delegate,
- (c) Every resolution delegating the power referred to in sub-clause (v) of clause (a) shall specify the total amount up to which the funds of the Company may be invested and the nature of the investments which may be made by the delegate.
- (d) Every resolution delegating the power referred to in sub-clause (vi) of clause (a) shall specify the total amount up to which loans may be made by the delegates, the purpose for which the loans may be made and the maximum amount up to which loans may be made for each such purpose in individual case.
- (e) Nothing in this article contained shall be deemed to affect the right of the Company in general meeting to impose restrictions and conditions on the exercise by the Board of any of the powers referred to in sub-clauses (i) to (xxv) of clause (a) above.

**Restriction on Powers of Board**

191. (a) The Board of Directors of the Company shall not except with the consent of the Company in general meeting :
- (i) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company more than one undertaking of the whole or substantially the whole of any such

undertaking;

- (ii) invest, otherwise than in trust securities, the amount of compensation received by it as a result of any merger or amalgamation;
  - (iii) borrow moneys, where the money to be borrowed, together with moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of its paid-up share capital and free reserves; or
  - (iv) remit, or give time for the repayment of, any debt due from a director;
  - (v) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees any amount, the aggregate of which in any financial year, exceed five percent of its average net profits as determined in accordance with the provisions of Section 198 of the Act during the three financial years, immediately preceding, whichever is greater.
- (b) Nothing contained in sub-clause (a) above shall affect:
- (i) the title of a buyer or other person who buys or takes a lease of any property, investment or undertaking as is referred to in that clause in good faith and after exercising due care and caution, or
  - (ii) the selling or leasing of any property of the Company where the ordinary business of the Company consists of, comprises such selling or leasing.
- (c) Any resolution passed by the Company permitting any transaction such as is referred to in sub-clause (a) (i) above, may attach such conditions to the permission as may be specified in the resolution, including conditions regarding the use, disposal or investment of the sale proceeds which may result from the transaction. Provided that this clause shall not be deemed to authorize the Company to effect any reduction in its capital except in accordance with the provisions contained in that behalf in the Act.
- (d) No debt incurred by the Company in exercise of the limit imposed by sub-clause (iii) of clause (a) above, shall be valid or effectual, unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by that clause had been exceeded.
- (e) Due regard and compliance shall be observed in regard to matters dealt with by or in the Explanation contained in sub-section (1) Section 180 of the Act and in regard to the limitations on the power of the Company contained in Section 181 of the Act.

#### **General Powers of the Company Vested in Directors**

192. Subject to the provisions of the Act, the management of the business of the Company shall be vested in the Directors and the Directors may exercise all such powers and do all such acts and things as the Company is by the

Memorandum of Association or otherwise authorized to exercise and do and not hereby or by the stature or otherwise directed or required to be exercise or done by the Company in General Meeting, but subject nevertheless to the provisions of the Act and other and act and of the Memorandum of Association and these articles and to any regulations, but being inconsistent with the Memorandum of Association and these articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

**Specific Powers Given to Directors**

193. Without prejudice to the general powers conferred by Article 192 and the other powers conferred by these presents and so as not in way to limit any or all of these powers, it is hereby expressly declared that the Directors shall have following powers.

**To pay Registration Expenses**

- (i) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation establishment and registration of the Company;
- (ii) To pay and charge to the capital account of the Company any interest lawfully payable thereon under the provisions of Section 40 of the Act;

**To Acquire Property**

- (iii) Subject to the provisions of the Act and these articles to purchase or otherwise acquire any lands, buildings, machinery, premises, hereditaments, property effects, assets, rights, credits, royalties, bounties and goodwill of any person, or Company carrying on the business which this company is authorized to carry on, at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or acquisition to accept such title as the Board may deliver or may be advised to be reasonably satisfactory.

**To Purchase Lands, Buildings, Etc.**

- (iv) Subject to the provisions of the Act to purchase, or take on lease for any term or terms of years, or otherwise acquire any mills or factories or any land or lands, with or without buildings and outhouses thereon, situate in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit; and in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory;

**To Construct Buildings**

- (v) To effect, construct, enlarge, improve, alter, maintain, pull down rebuild or reconstruct any buildings, factories, offices, workshops or other structures, necessary or convenient for the purpose of the Company and to acquire lands for the purposes of the Company.

**To Mortgage, Change Property**

- (vi) To let, mortgage, charge, sell or otherwise dispose of subject to the provisions of Section 180 of the Act, any property of the Company either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as they think fit and to accept payment or satisfaction for the same in cash or otherwise, as they may think fit;

**To Pay for Property Etc.**

- (vii) At their discretion to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, debenture-stocks or other securities of the Company, and any such shares stock of other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, debenture-stock or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;

**To Insure**

- (viii) To insure and keep insured against loss or damage by fire or otherwise, for such period and to such extent as they may think proper, all or any part of the building, machinery, goods, store, produce and other movable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power;

**To Open Accounts**

- (ix) Subject to Section 179 of the Act, open accounts with any bank or bankers or with any Company, firm or individual and to pay money into and draw money from any account from time to time as the Directors may think fit;

**To Secure Contracts**

- (x) To secure the fulfillments of any contracts of engagements entered into by the Company by mortgage or charge of all or any of the properties of the Company and its unpaid capital for the time being or in such other manner as they may think fit;

**To Attach to Shares such Conditions**

- (xi) To attach to any shares to be issued as the consideration for any contract with or property acquired by the Company, or in payment for services rendered to the Company, such conditions, subject to the provisions of the Act, as to the transfer thereof as they may think fit;

**To Accept, Surrender, of Shares**

- (xii) To accept from any member on such terms and conditions as shall be agreed, a surrender of his shares or any part thereof subject to the provisions of the Act;

**To appoint Attorney**

- (xiii) To appoint any person or persons (whether incorporated or not), to accept



and hold in trust for the Company any property belonging to the Company or in which it is interested for any other purposes and to execute and do all such deeds and things as may be requisite in relation to any such trusts and to provide for the remuneration of such trustee or trustees;

**To Bring and Defend Actions**

- (xiv) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its Officers or otherwise concerning the affairs of the Company and also subject to the provisions of Section 180 of the Act to compound and allow time for payment or satisfaction of any debts due, or of any claims or demands by or against the Company;

**To Refer to Arbitration**

- (xv) To refer, subject to the provisions of Section 180 of the Act, any claims or demands by or against the Company to arbitration and observe and perform the awards;

**To Act on Insolvency Matters**

- (xvi) To act on behalf of the company in all matters relating to bankrupts and insolvents;

**To Give Receipts**

- (xvii) To make and give receipts, release and other discharges for moneys payable to the Company and for the claims and demands of the Company subject to the provisions of Section 180 of the Act;

**To Authorize Acceptance**

- (xviii) To determine from time to time as to who shall be entitled to sign bills, notes, receipts, acceptances, endorsements, cheques, dividend/interest warrants, release, contracts and documents on the Company's behalf;

**To Invest Moneys**

- (xix) Subject to the provisions of Sections 179, 180 and 186 of the Act, to invest and deal with any of the moneys of the Company, not immediately required for the purpose thereof, upon such shares, securities, or investments (not being shares in this Company) and in such manner as they may think fit, and from time to time to vary or release such investments;

**To Provide For Personal Liabilities**

- (xx) To execute in the name and on behalf of the Company in favor of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company, such mortgages of the Company's property (present and future) as they may think fit and any such mortgage may contain a power of sale and such other powers, covenants' and provisions as shall be agreed on;

**To Give to Directors Etc. An Interest in Business**

- (xxi) Subject to such sanction as may be necessary under the Act or the articles, to give to any Director, Officer, or other persons employed by the Company, an interest in any particular business or transaction either by way of commission on the gross expenditure thereon or otherwise or a share in the general profits

of the Company, and such interest, commission or share of profits shall be treated as part of the working expenses of the Company.

**To Provide for Welfare of Employees**

- (xxii) To provide for the welfare of employees or ex-employees of the Company and their wives, widows, families, dependants or connections of such persons by building or contributing to the building of houses, dwelling, or chawls or by grants of money, pensions allowances, gratuities, bonus or payments by creating and from time to time subscribing or contributing to payment by creating and from time to time subscribing to provident and other funds, institutions, or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendances and other assistance as the Directors shall think fit;

**To Subscribe to Charitable and Other Funds**

- (xxiii) To subscribe, or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national, public or any other useful institutions, object or purposes for any exhibition;

**To Maintain Pension Funds**

- (xxiv) To establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments to any persons who are or were at any time in the employment or services of the Company, or of any Company which is a subsidiary of the Company or is allied to or associated with the Company or with any such Subsidiary Company, or who are or were at any time Directors or Officers of the Company or of any such other Company as aforesaid, and the wives, widows, families and dependants of any such persons and, also to establish and subsidize and subscribe to any institutions, associations, clubs or funds collected to be for the benefit of or to advance the interest and well being of the Company or of any such other Company as aforesaid, and make payments to or towards the insurance of any such person as aforesaid and do any of the matters aforesaid, either alone or in conjunction with any such other Company as aforesaid.
- (xxv) To decide and allocate the expenditure on capital and revenue account either for the year or period or spread over the years.

**To Create Reserve Fund**

- (xxvi) Before recommending any dividend, to set aside out of profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund or Reserve Fund or Sinking Fund or any other special fund to meet contingencies or to repay redeemable preference shares, debentures, or debenture stock or for special dividends or for equalizing dividends or for repairing, improving, extending and maintaining any part of the property of the Company, and for such other purposes as the Directors may, in their absolute discretion, think conducive to the interests of the Company and to invest the several sums so set aside or so much thereof as required to be invested upon such investments (subject to the restrictions imposed by Section 179 and 180 and other provisions of the Act) as the directors may

think fit, and from time to time, to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company in such manner and for such purposes as the Directors (subject to such restrictions as aforesaid) in their absolute discretion think conducive to the interests of the Company notwithstanding that the matters to which the Directors apply or upon which the Capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Directors think fit, and to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in repayment or redemption of redeemable preference shares, debentures or debenture-stock and that without being bound to keep the same separate from other assets or to pay interest on the same, with power, however to the Directors at their discretion, to pay or allow to the credit of such fund interest at such rate as the Directors may think proper.

**To Appoint Officers Etc.**

- (xxvii) The Board shall have specific power to appoint officers, clerks and servants for permanent or temporary or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require securities in such instances and of such amounts as the Board may think fit and to remove or suspend any such officers, clerks and servants.

**To Authorize by Power of Attorney**

- (xxviii) At any time and from time to time by power of attorney to appoint any person or persons to be the Attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these presents) and for such period and subject to the conditions as the Directors may from time to time think fit and any such appointment (if the Directors may think fit) be made in favor of any Company or the members, directors, nominees, or managers of any company or firm or otherwise in favor of an fluctuating body or person whether nominated, directly or indirectly by the Directors and any such power of attorney may contain any such powers for the protection or convenience of persons dealing with such Attorneys as the Directors may think fit; and may contain powers enabling any such delegates or Attorneys as aforesaid to sub-delegate all or any of the powers, authorities, and discretions for the time being vested in them.

**To Authorize, Delegate**

- (xxix) Subject to the provisions of the Act, generally and from time to time and at any time to authorize empower or delegate to (with or without powers of sub-delegation) and Director, Officer or Officers of Employee for the time for the time being of the Company and/or any other person, firm or Company all or any of the powers authorities and discretions for the time being vested in the Directors by these presents, subject to such restrictions and conditions, if any as the Directors may think proper.

**To Negotiate**

- (xxx) To enter into all such negotiations, contracts and rescind and/or vary all such contracts and to execute and do all such acts, deeds, and things in the name

and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company.

- (xxxii) From time to time to make vary any legal bye-laws for the regulations of the business of the Company, its officers and servants.

**Promoters Affirmative Vote at Board and Committee**

193-A Notwithstanding anything contained in these Articles, no decision on any Promoters' Affirmative Vote Item shall be taken or implemented or agreement entered into by the Company or its subsidiaries, at a meeting of Board or any committee of the Board of directors (including resolutions by circulation), in each case, without the affirmative vote of at least 1 (one) of the Promoter Nominees or the written consent of the Promoters' Representative

193-B The rights of the Promoters as contained in Articles 103(a), 113-A, 145(d), 145(e), 182, 184(a), 183 and 193-A shall continue so long as the Promoters shareholding in the Company is not less than the Promoters' Threshold Shareholding.

193-C The Company shall provide the option to its shareholders and directors to participate in meetings of the shareholders, Board and committees of the Board through electronic mode, in compliance with Applicable Laws.

**Secretary**

194. Subject to the provisions of Section 203 of the Act, the Directors may, from time to time appoint and, at their discretion remove any individual (hereinafter called 'the Secretary' who shall have such qualifications as the authority under the Act may prescribe to perform any functions, which by the Act or these Articles are to be performed, by the Secretary, and to execute any other purely ministerial or administrative duties which may from time to time be assigned to the Secretary by the Directors. The Directors may also at any time appoint some persons (who need not be the Secretary) to keep the registers required to be kept by the Company.

**Seal**

195. (I) The Board of Directors shall provide a Common Seal for the purpose of the Company, shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for its safe custody for the time being under such regulations as the Board may prescribe.

(II) The Seal shall never be used except by the authority, of the Directors or a committee of the Directors, previously given and every deed or other instrument to which a seal of the Company is required to be affixed shall, unless the same is executed by a duly constituted attorney for the Company or by an officer duly authorized in that behalf by resolution of the Board, be signed by one Directors at least in whose presence the seal shall have been affixed, provided nevertheless that the certificate of shares issued by the Company shall be sealed and signed as provided in the next following Article

Provided however that the certificates of shares shall be signed in the name

manner as the certificates of the shares required to be signed in conformity with the provisions of the Companies (Share Capital and Debentures) Rules 2014 and their statutory modification for the time being in force.

196. **Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer**

Subject to the provisions of the Act:

- (i) A Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer may be removed by means of resolution of the Board;
- (ii) A director may be appointed as Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer.
- (iii) A provision of this Act or these regulations requiring or authorizing a thing to be done by or to a director and Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer.

**Dividends Out of Profits Only**

197. (i) No Dividend shall be declared or paid by the Company for any financial year except out of the profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both or out of money provided by the Central Government or State Government for the payment of dividend in pursuance of a Guarantee given by the Government and except after the transfer to the reserves of the Company of such percentage out of the profits for that year not exceeding ten per cent as may be prescribed or voluntarily such higher percentage in accordance with the rules as may be made by the Central Government in that behalf.

PROVIDED HOWEVER whether owing to inadequacy or absence of profits in any year, the Company propose to declare out of the accumulated profits by the Company in previous years and transferred by it to the reserve, such declaration of dividend shall not be made except in accordance with such rules as may be made by the Central Government in this behalf.

- (ii) The depreciation shall be provided to the extent specified in Schedule II to the Act.
- (iii) No dividend shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalization of the profits or reserves of the Company for the purpose of issuing fully paid up bonus

shares or paying up any amount for the time being unpaid on any shares held by members of the Company.

**Interim Dividend**

198. The Board of Directors may from time to time, pay to the members such interim dividends as in their judgement the position of the Company justifies.

**Debts May be Deducted**

199. The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

**Capital Paid Up in Advance and Interest Not to Earn Dividend**

200. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not whilst carrying interest, confer a right to dividend or to participate in profits.

**Dividends in Proportion to Amount Paid-Up**

201. All Dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion of the period in respect of which the dividends is paid but if any share is issued in terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.

**Right to Dividend, Right Shares and Bonus Shares to be held in Abeyance Pending Registration of Transfer of Shares**

202. Where any instrument of transfer of shares has been delivered to any Company for registration and the transfer of such shares has not been registered by the Company, it shall notwithstanding anything contained in any other provision of this Act, shall -

(a) transfer the dividend in relation to such shares to the special account referred to in Section 123 unless the Company is authorized by the registered holder of such shares in writing to pay such dividend to the transferee specified in such instrument of transfer; and

(b) keep in abeyance in relation to such shares any offer of rights shares under Section 62 and any issue of fully paid-up bonus shares in pursuance of Section 123.

**No Member to receive Dividend whilst indebted to the Company and the Company's Right of Reimbursement Thereof**

203. No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, while any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however, either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company.

**Effect of Transfer of Shares**

204. A transfer of shares does not pass the right to any dividend declared thereon

before the registration of the transfer.

**Dividends How Remitted**

205. The dividend payable in cash may be paid by cheque, direct credit to the beneficiaries bank account or warrant sent through post direct to the registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders which is first named on the register of members or to such person and to such address as the holder or the joint holder may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay-slip or receipt lost in transmission or for any dividend lost, to the member of person entitled thereto by forged endorsement of any cheque or warrant or the fraudulent recovery of the dividend by any other means.

**Notice of Dividend**

206. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holder of share in the manner herein provided.

**Unpaid Dividend or Dividend Warrant Posted**

207. (a) Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in the name of the Company "WELSPUN ENTERPRISES LIMITED" and transfer to the said Account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.
- (b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund maintained by the Central Government under the Act. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholder to whom the money is due.

208. No unclaimed dividend shall be forfeited by the Board.

**Dividend and call together**

209. Any General Meeting declaring as dividend may on the recommendations of the Directors make a call on the Members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend; and the dividend may, if so arranged between the Company and members be set off against the calls.

**CAPITALISATION**

**Capitalization**

210. (a) Any general meeting may resolve that any amount standing to the credit of the Securities Premium Account or the Capital Redemption Reserve

Account or any moneys, investment or other assets forming part of the undivided profits (including profits or surplus moneys arising from the realization and where permitted by law, form the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve, Reserve or any Reserve fund or any other fund of the Company or in the hands of the Company and available for dividend may be capitalized. Any such amount (excepting the amount standing to the credit of the Securities Premium Account and/or the Capital redemption Reserve Account) may be capitalized:

The sum aforesaid shall not be paid in cash but shall be applied, either in or towards—

- (i) paying up any amounts for the time being unpaid on any shares held by such members respectively;
  - (ii) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
  - (iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii);
  - (iv) for the purchase of its own shares or other securities subject to the provisions of Section 68 of the Act.
  - (v) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
- (b) Such issue and distribution under Sub-clause (a) (i) above and such payment to the credit of unpaid share capital sub-clause (a) (ii) above shall be made to, among and, in favor of the members of any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under sub-clause (a) (ii) above shall be made on the footing that such members become entitled thereto as capital;
- (c) The Directors shall give effect to any such resolution and apply portion of the profits, General Reserve Fund or any other fund or account as aforesaid as may be required for the purpose of making payment in full for the shares, debentures or debenture-stock, bonds or other obligations of the Company so distributed under sub-clause (a)(i) above or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under sub-clause above provided that no such distribution or payment shall be made unless recommended by Directors and if so recommended such distribution and payment shall be accepted by such members as aforesaid in full satisfaction of their interest in the said capitalized sum.



- (d) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates or coupons and fix the value for distribution of any specific assets and may determine that such payments be made to any members on the footing of the value so fixed and may vest any such cash, shares, fractional certificates or coupons, debentures, debenture-stock; bonds or other obligations in trustees upon such trusts for the person entitled thereto as may seem expedient to the Directors and generally may make such arrangement for the acceptance, allotment and sale of such shares, debenture, debenture-stock, bonds or other obligations and fractional certificates or coupons or otherwise as they may think fit.
- (e) Subject to the provisions of the Act and these Articles, in cases where some of the shares of the Company are fully paid and others are partly paid only, such capitalization may be effected by the distribution of further shares in respect of the fully paid shares, and in respect of the partly paid shares the sums so applied in the extinguishments or diminution of the liability on the partly paid shares shall be so applied prorata in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares respectively.
- (f) When deemed requisite a proper contract shall be filed with the Registrar of Companies in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the members entitled as aforesaid and such appointment shall be effective.

## ACCOUNTS

### **Accounts**

211. The provisions of Sections 128 to 138 of the Act shall be complied with in so far as the same be applicable to the Company.

### **Books of Accounts to be kept**

212. (a) The Company shall keep at its Registered Office proper books of accounts as required by Section 128 of the Act with respect to :
- (i) All sums of money received and expected by the Company and the matters in respect of which the receipt and expenditure take place;
  - (ii) All sales and purchases of goods and services by the Company;
  - (iii) the assets and liabilities of the Company; and
  - (iv) the items of cost as may be prescribed under Section 148 of the Act and applicable to the Company.

Provided that all or any of the books of account aforesaid may be kept at such other place in India as the Board of Directors so decide, the Company shall, within seven days of the decision file with the Registrar a notice-in writing

giving full address of that other place.

- (b) If the Company shall have a branch office, whether in or outside India, proper books of account relating to the transaction effected at that office shall be kept at that office and proper summarized returns made up to date at intervals of not more than three months, shall be sent by the branch office to the Company at its Registered Office or other place in India, as the Board thinks fit, where the said books of the Company are kept.
- (c) All the aforesaid books shall give a fair and true view of the affairs of the Company or of its branch office as the case may be with respect to the matters aforesaid, and explain the transactions.
- (d) The books of account shall be open to inspection by any Director during business hours as provided by Section 128 of the Act.
- (e) The books of account of the Company relating to a period of not less than eight years immediately preceding the current year together with the vouchers relevant to any entry in such books of accounts shall be preserved in good order.

**Inspection by Members**

213. The Directors shall from time to time determine whether and to what extent and at what times and place and under what conditions or regulation the account, books and documents of the Company or any of them, shall be open to the inspection of the members, and no member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by statute or authorized by the Directors or by a resolution of the Company in general meeting.

**Statement of Account to be furnished to General Meeting**

214. The Board of Directors shall lay before each annual general meeting a Financial Statements for the financial year of the Company which shall not precede the day of the meeting by more than six months or such extended period as shall have been granted by the Registrar of Companies under the provisions of the Act.

**Financial Statement**

215. (a) Subject to the provisions of Section 129 of the Act, every Financial Statement of the Company shall be in the forms set out in Schedule II of the Act, or as near there to as circumstances admit.
- (b) So long as the Company is a holding Company having a subsidiary the Company shall conform to Section 129 and other applicable provisions of the Act.
- (c) If in the opinion of the Board, any of the current assets of the Company have not a value on realization in the ordinary course of business at least equal to the amount at which they are stated, the fact that the Board is of that opinion shall be stated.

216. (a) **Authentication of Financial Statement**  
The Financial Statement shall be signed in accordance with the provisions of Section 134 of the said Act.

(b) The Financial Statement, shall be approved by the Board of Directors before they are submitted to the auditors for report thereon,

217. **Profit and Loss Accounts to be Annexed and Auditors' Report to be attached to the Balance Sheet.**  
The Profit and Loss Account shall be annexed to the Balance and the Auditors' Report including the Auditor's separate, special or supplementary report, if any, shall be attached thereon.

218. (a) **Board's Report to be Attached to Balance Sheet**  
Every Balance Sheet laid before the Company in General Meeting shall have attached to it a Report by the Board of Directors with respect to the State of the Company's affairs; the amounts if any which it purposes to carry to any reserves in such Balance Sheet; the amount if any which it recommends to be paid by way of dividends; material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the Balance Sheet relates and the date of the Report and the conservation energy, technology absorption, foreign exchange earnings and out-go in such manner as may be prescribed and such other matters as prescribed under Section 134 of the Act.

(b) The Report shall so far as it is material for the appreciation of the state of the Company's affairs by its members and will not in the Board's opinion be harmful to the business of the Company or of any of its subsidiaries deal with any changes which have occurred during the financial year in the nature of the Company of Company's business, or of the Company's subsidiaries or in the nature of the business in which the Company has an interest.

(c) The board shall also give the fullest information and explanation in its Report or in cases falling under the proviso to Section 129 of the Act in an addendum to that Report, on every reservation, qualification or adverse remark contained in the Auditor's Report.

(d) The Board's Report and addendum (if any) thereto shall be signed by its Chairman if he is authorized in that behalf by the Board; and where he is not so authorized shall be signed by such number of Directors as are required to sign the Financial Statements of the Company by virtue of sub-clauses (a) and (b) of Article 216.

(e) The Board shall have the right to charge any person not being a Director with the duty of seeing that the provisions of sub-clauses (a) and (b) of this Article are complied with.

(f) Every Financial Statement of the Company when audited and approved and adopted by the members in the annual general meeting shall be conclusive except as regards in matters in the respect of which modifications are made thereto as may from time to time be considered necessary by the Board of

Directors and or considered proper by reason of any provisions of relevant applicable statutes and approved by the shareholders at a subsequent general meeting.

**Right of Members to copies of Financial Statement and Auditor's Report**

219. A copy of every financial statement and the auditor's report and every other document required by law to be annexed or attached, as the case may be; to the balance sheet which is to be laid before the Company in General Meeting, shall be made available for inspection at the Registered Office of the Company during the working hours for a period of 21 days before the date of the meeting. A statement containing the salient features of such documents in the prescribed form or copies of the documents aforesaid as may be permitted by Section 136 of the Act and as the Company may deem fit, will be sent to every member of the Company and to every Trustees for the holders of any debentures issued by the Company, not less than 21 days before the meeting as laid down in Section 136 of the Act. Provided that it shall not be necessary to send copies of the documents aforesaid to:

- (a) to a member or holder of the debenture of the Company who is not entitled to have the notice of general meeting of the Company sent to him and whose address the Company is unaware;
- (b) to more than one of the joint holder of any shares or debentures some of whom are and some of whom are not entitled to have such notice sent to them, by those who are not so entitled.

**A copy of financial statement etc. to be filed with Registrar**

220. After the financial statements have been laid before the Company at the annual general Meeting, a copy of the financial statement duly signed as provided under Section 137 of the Act together with a copy of all documents which are required to be annexed there shall be filed with the Registrar so far as the same be applicable to the Company.

**AUDIT**

**Financial Statement to be audited**

221. Every Financial Statement shall be audited by one or more Auditors to be appointed as hereinafter mentioned.

**Appointment of Auditors**

222. The Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with Section 139 to 148 of the Act.

**Audit of Branch Office**

223. The Company shall comply with the provisions of Section 143 of the Act in relation to the audit of the accounts of branch offices of the Company, except to the extent to which any exemption may be granted by the Central Government, in that behalf.

**Auditors to have access to the Books of the Company**

224. (a) The Auditor/s of the Company shall have a right of access at all times to the books and vouchers of the Company and shall be entitled to require from the

Directors and Officers of the Company such information and explanation as may be necessary for the performance of the duties of the Auditor/s.

- (b) All notice of and other communications relating to, any general meeting of the Company which any member of the Company is entitled to have sent to him shall also be forwarded to the Auditors of the Company and the Auditor shall, unless otherwise exempted by the Company, be entitled to attend any general meeting and to be heard at any general meeting which he attends to any part of the business which concerns him as Auditor.
- (c) The Auditors shall make a report to the members of the Company on the accounts examined by him and on every financial statements, and on every other document declared by the Act to be part of or annexed to the financial statements, which are laid down before the Company in annual general meeting during his tenure of office, and the Report shall, after taking into account the provisions of this Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of these Articles and the Act or under any order made under Section 143(11) of the Act and to the best of his information and knowledge, the said accounts, financial statements give a true and fair view of the state of the Company's affairs as at the end of its financial year and profit or loss and cash flow for the year and such other matters as may be prescribed.
- (d) The Auditor's Report shall also state-
  - (i) Whether he has sought and obtained all the information and explanation which to the best of his knowledge and belief were necessary for the purpose of his audit and if not, the details thereof and the effect of such information on the financial statements;
  - (ii) Whether, in his opinion, proper books of accounts as required by law have been kept by the Company so far as appears from his examination of those books and proper returns adequate for the purpose of his audit have been received from branches not visited by him;
  - (iii) Whether the report on the accounts of any branch office audited under Section 143 by a person other than the Company's auditor has been forwarded to him as required by clause © sub-section (3) of the Section and how he has dealt with the same in preparing the Auditor's Report;
  - (iv) whether the Company's balance sheets and profit and loss account dealt with in the report are in agreement with the books of accounts and returns.
  - (v) whether, in his opinion, the financial statements comply with the accounting standards;
  - (vi) the observations or comments of the auditors on financial transactions or matters which have any adverse effect on the functioning of the Company;

- (vii) whether any director is disqualified from being appointed as a director under sub-section (2) of Section 164;
- (viii) any qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith; and
- (ix) any other information required to be disclosed in the Auditor's Report under the Act.

**Accounts When Audited and Approved to be Conclusive**

225. Every financial statement when audited and approved by a General Meeting shall be conclusive except where it appears to the directors that –

- (a) the financial statement of the Company; or
- (b) the report of the Board,

do not comply with the provisions of section 129 or section 134 they may prepare revised financial statement or a revised report in respect of any of the three preceding financial years after obtaining approval of the Tribunal on an application made by the Company in such form and manner as may be prescribed and a copy of the order passed by the Tribunal shall be filed with the Registrar.

**Authentication of Documents and Proceedings**

226. Save as otherwise expressly provided in the Act or these Articles, a document or proceeding requiring authentication by the Company may be signed by a Key Managerial Personnel or an officer of the Company duly authorised by the Board in this behalf and need not be under its Seal.

**DOCUMENTS AND NOTICES**

**Service of Documents on Members By the Company**

227. (i) A document or notice may be served by the Company on any member thereof either personally or by sending it by registered post or speed post or by courier service or electronic means to him at his registered address or if he has no registered address in India, to the address if any, within India, supplied by him to the Company for serving documents or notices to him

(ii) Where a document or notice is sent by post or courier service:

(a) Service thereof shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or the notice provided that where a member has intimated to the Company in advance that documents should be sent to him by Registered Post with or without acknowledgement due and has deposited with the Company a sum of sufficient to defray the expenses of doing so, service of the documents or notice shall not be deemed to be affected unless it is sent in the manner intimated by the members; and

(b) Such service shall be deemed to have been affected:

- (i) In the case of a notice of meeting at the expiration of forty-eight hours after the letter containing the same is posted; and
  - (ii) in any other case at the time at which the letter would be delivered in the ordinary course of post.
  - (iii) A document or notice advertised in a newspaper circulation in the neighborhood of the Registered Office of the Company shall be deemed to be duly served on the day on which the advertisement appears, on every member of the Company who has no registered address in India and has not supplied to the Company an address within India for the giving of notices to him.
  - (iv) A document or notice may be served by the Company on the joint holders of a share by serving it to the joint holder named first in the Register in respect of the share.
- (iii) A document or notice may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a pre-paid letter, addressed to them by name, or by title of representatives of the deceased, or assignees of the insolvent or by any like description, at the address if any, in India supplied for the purpose by the person claiming to be so entitled or until such an address has been so supplied, by serving the document or notice in any manner in which it might have been served if the death or insolvency had not occurred.
  - (iv) The signature to any document or notice to be given by the Company may be written or printed or lithographed.

**To Whom Documents must be Served or Given.**

228. Document of notice of every general meeting shall be served or given in the same manner herein before authorized on or to (a) every member, (b) every person entitled to a share in consequence of the death or insolvency of a member, c) directors and (d) the auditor or auditors for the time being of the Company, PROVIDED that when the notice of the meeting is given by advertising the same in newspaper circulation in the neighborhoods of the office of the Company under Article 100, a statement of material facts, referred to in Article 101 need not be annexed to the notice as is required by that Article, but it shall merely be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

**Members Bound by Documents or Notice Served on or Given to Previous Holders**

229. Every person, who by operation of law, transfer or other means whatsoever, has become entitled to share shall be bound by every document or notice in respect of such share which prior to his name and address being entered on the Register of Members, shall have duly served on or given to the person from whom he derived his title to such share.

**Service of Documents on Company**

230. A document may be served on the Company or an Officer thereof by sending it to the Company or Officer at the Registered Office of the Company by Registered Post or by speed post or by courier services or by electronic means or by leaving it at its Registered Office.

**Service of Documents by Company on the Registrar of Companies**

231. Subject to provisions in the Act, a document may be served on the Registrar of Companies by sending it to him at his office by Registered Post, or speed post or by courier services or by delivering it to or leaving it for him at his office or address or by such electronic or other mode as may be prescribed under the Act.

**REGISTERS AND DOCUMENTS**

**Registers and Documents to be Maintained By the Company**

232. The Company shall keep and maintain Registers, Books and documents as required by the Act or these Articles.

**Inspection of Registers**

233. Subject to provisions of the Act and the provisions in the Articles, the Registers maintained under the Act and the minutes of all proceedings of General Meetings shall be open to inspection during any working day during business hours and extracts may be taken there from and copies thereof may be required by any member of the Company in the same manner to the same extent and on payment of the same fees as in the case of the Register of Members of the Company i.e., by any member, debenture holder, other security holder or beneficial owner without payment of fee and by any other person on payment of fee of Rupees 50/- for each inspection. Subject to provisions of the Act and the provisions in the Articles, the copies of entries in the Registers maintained under the Act shall be furnished to the persons entitled to the same on payment of Rs. 10/- for each page. .

**WINDING UP**

**Distribution of Assets**

234. (a) Subject to the provisions of the Act, if the Company shall be wound up and the assets available for distribution among the members as such shall be less than sufficient to repay the whole of the paid up capital such assets shall be distributed so that, as nearly, as may be, the losses shall be borne by the members in proportion to the Capital paid up, or which ought to have been paid up, at the commencement of winding up, on the shares held by them respectively. And if in winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the Capital paid up at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the Capital at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively.

(b) But this clause will not prejudice the rights of the holders of shares issued upon special terms and conditions.

**Distribution in Specie or Kind.**



235. Subject to the provisions of the Act :

- (a) If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution and any other sanction required by the Act, divide amongst the contributories, in specie or kind the whole or any part of the assets of the Company, and may, with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them as the liquidators with the like sanction shall think fit.
- (b) If thought expedient, any such division may, subject to the provisions of the Act, be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given (subject to the provisions of the Act) preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined or any contributory who would be prejudiced thereby shall have the right; if any to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 Companies Act, 1956 or Section 319 of the Act (as applicable).
- (c) In case any shares to be divided as aforesaid involves a liability to calls or otherwise, any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution, but notice in writing direct the liquidators to sell his proportion and pay him the net proceeds and the Liquidators shall, if practicable act accordingly.

236. Not used.

#### **SECURITY CLAUSE**

##### **Secrecy Clause**

- 237. (a) Every Director, Key Managerial Personnel, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Director, before entering upon his duties sign a declaration pleading himself to observe a strict secrecy respecting all transactions and affairs of the company with the customers and the state of the accountants with individuals and in matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
- (b) No Member or other person (not being a Director) shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading, or any matter which may relate to the conduct of the business of the company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

#### **INDEMNITY AND RESPONSIBILITY**

### **Directors and Others Right to Indemnity**

238. Every Director, Key Managerial Person, Managing Director, Whole-time Director, Manager, Secretary and other Officer or employee or authorised representative of the Company shall be indemnified by the Company and for this purpose may have relevant third party insurances procured by the Company in their favour, for all costs, fees, penalty, deposit, losses and expenses (including travelling expenses) which such Director, Key Managerial Person, Manager, Secretary, Officer or employee or authorized representative may suffer or is likely to suffer in any way during the course of discharge of his duties including expenses and the amount for which such indemnity is provided, shall immediately attach as a lien on the property of the Company and have priority between the members over all other claims. Provided that no Director, Managing Director, Key Managerial Personnel, Whole-time Director, Manager, Secretary and other Officer or employee or authorized representative of the Company shall be entitled to be indemnified by the Company or have insurance procured therefor in circumstances where any amounts directly or indirectly arise out of or in connection with any fraud, gross negligence, breach of trust or material and willful default on the part of such Director, Managing Director, Whole-time Director, Manager, Secretary and other Officer or employee or authorized representative of the Company.

### **Director and Other Officers not Responsible for the Acts of Others**

239. Subject to the provisions of the Act, no Director, Managing Director, Whole-time Director or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the nominees of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, within whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgement or oversight on his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties or in relation thereto, unless the same happens through his own dishonesty.

An independent director, and a non-executive director not being a promoter or a Key Managerial Personnel, shall be liable only in respect of acts of omission or commission by the Company which had occurred with his knowledge attributable through Board processes and with his consent or connivance or where he has not acted diligently.

## **SOCIAL OBJECTIVE**

240. **Social Objective**  
The Company shall have among its objectives the promotion and growth of the national economy through increased productivity, effective utilization of material and manpower resources and continued application of modern scientific and managerial techniques in keeping with the national aspirations

and the Company shall be mindful of its social and moral responsibilities to the consumers, employees, shareholders, society and the local community.

#### MINORITY PROTECTION RIGHTS

241. (1) The provisions in this Article 241 shall prevail notwithstanding anything to the contrary in any other Article.
- (2) For the purposes of this Article 241 and Schedule 1, except where the context otherwise requires, the following terms shall have the following meanings:
- (i) **“Accounting Principles”** shall mean generally accepted accounting principles in India as set forth in pronouncements of the Institute of Chartered Accountants of India and in the Act and as in effect from time to time;
  - (ii) **“Adjourned Meeting”** has the meaning ascribed to it in Article 241(5)(iii);
  - (iii) **“Anti-Corruption Laws”** shall mean laws, regulations or orders of any International Trade Governmental Authority or international organization prohibiting the provision of a financial or other advantage for a corrupt purpose or otherwise in connection with the improper performance of a relevant function, including without limitation the Indian Prevention of Corruption Act, 1988, U.S. Foreign Corrupt Practices Act (FCPA), the UK Bribery Act, 2010, and similar laws governing corruption and bribery, whether public, commercial or both to the extent applicable to the Company;
  - (iv) **“Big Four Accounting Firms”** means KPMG, Ernst & Young, Deloitte, Haskins and Sells and Price Waterhouse & Co.;
  - (v) **“Board”** means the board of directors of the Company;
  - (vi) **“Business Day”** means any day on which banks generally are open in India, Cyprus and Mauritius for the transaction of normal banking business but does not include Saturdays and Sundays;
  - (vii) **“Business”** means, *inter alia*: (a) the business of engineering, procurement, construction and maintenance of infrastructure assets including roads, water pipelines, bus terminals, buildings, tunnels among others; (b) the business of analysing, drilling wells and exploring oil and gas blocks to extract gas within and outside India; and (c) the business of building, operating renewable, thermal and other forms of power plants and the marketing, trading and sale of power units;
  - (viii) **“Cash Component”** means INR 7,950,000,000 (Rupees Seven Billion Nine Hundred and Fifty Million) as on April 1, 2012 and as reduced

from time to time pursuant to any agreement in writing between Welspun Corp Limited and the Company;

- (ix) **“Competitor”** means any Person who at the time of the Transfer, is engaged in any one or more of the Business, in India or outside India, and either, earns or has earned, during any of the 3 (Three) immediately preceding financial years, more than 50 (Fifty) % of its revenues from any one or more of the Business, or generates or has generated, during any of the 3 (Three) immediately preceding financial years, revenue of more than US\$ 200,000,000 (United States Dollars Two Hundred million) from any one or more of the Business, or an Affiliate of such Person. Provided, however, that a financial investor shall at no time be considered to be a Competitor;
- (x) **“Embargoed Person”** shall mean: (i) any entity or individual that is identified on any applicable official government asset freeze or economic sanctions list, including but not limited to the U.S. “Specially Designated Nationals and Blocked Persons” List (SDN List), the EU Consolidated List, and the UN Consolidated List; and (ii) any entity that is owned or controlled by the foregoing, whether or not identified in any list;
- (xi) **“Encumbrance”** means any mortgage, pledge, options, equitable interest, assignment by way of security, hypothecation, right of other Persons, claim, security interest, encumbrance, title defect, title retention agreement, voting trust agreement, interest, option, lien, charge, commitment, restriction or limitation of any nature whatsoever, including restriction on use, voting rights, transfer, receipt of income or exercise of any other attribute of ownership, right of set-off, any arrangement (for the purpose of, or which has the effect of, granting security), or any other security interest of any kind whatsoever, or any agreement, whether conditional or otherwise, to create any of the same;
- (xii) **“Equity Securities”** means Equity Shares or preference shares of the Company or rights or options to acquire the Equity Shares or preference shares of the Company or securities convertible into or exchangeable for Equity Shares or preference shares of the Company, including, GDRs ;
- (xiii) **“Export Control and Economic Sanctions Laws”** shall mean laws, regulations, and orders imposing trade sanctions on countries, individuals or entities and/or regulating the export, re-export, transfer, disclosure or provision of commodities, software, technology or services including, without limitation, (i) US restrictions pursuant to the Foreign Assets Control Regulations, 30 C.F.R. Parts 500-599, the Iran Sanctions Act of 1996, (Public Law 104-172, 50 U.S.C. 1701 note, as amended most recently by the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (Public Law 111-195)) the Export Administration Regulations (EAR), 15 C.F.R. parts 730-774, the International Traffic

in Arms Regulations (ITAR), 22 C.F.R. parts 120-130; (ii) EU and EU Member State export controls administered pursuant to Council Regulation (EC) 428/2009, economic and financial sanctions or restrictive measures imposed pursuant to EC Regulations, and similar national export control and sanctions measures of member states; and (iii) similar export control and sanctions laws, regulations and orders of India and other jurisdictions to the extent applicable to the Company;

- (xiv) **“Financial Year”** shall mean the accounting year of the Company commencing each year on 1st April and ending on 31st March of the following year;
- (xv) **“Governmental Authority”** means any government authority, statutory authority, government department, ministry, secretariat, agency, commission, board, tribunal, court or other law, rule or regulation making entity having jurisdiction on behalf of the Republic of India, or any state or other subdivision thereof or any municipality, district or other subdivision thereof, and includes the Stock Exchanges;
- (xvi) **“International Trade Governmental Authority”** shall mean any legislature, agency, bureau, branch, department, division, commission, court, tribunal, public international organization or other government body charged with administering or with authority to impose penalties under, International Trade Laws;
- (xvii) **“International Trade Laws”** shall mean Export Control and Economic Sanctions Laws and Anti-Corruption Laws;
- (xviii) **“Investors”** mean Insight Solutions Ltd, a company incorporated under the laws of Mauritius having the address C/o GFin Corporate Services Ltd., 9th Floor, Orange Tower, Ebene, Mauritius and Granele Limited, a company incorporated under the laws of the Republic of Cyprus and having the address Alter Domus, 11 Limassol Avenue, Galatariotis Building, 2112, Nicosia, PO Box 27282, 1643 Nicosia, Cyprus (which expression shall, unless it be repugnant to the subject or context thereof, be deemed to mean and include each of their successors and permitted assigns and Affiliates including, Granele Limited, a company incorporated under the laws of Cyprus), collectively, and individually they shall be referred to as an **“Investor”**;
- (xix) **“Investor Nominees”** has the meaning ascribed to it in Article 241(5)(i)(a);
- (xx) **“Investor Ownership Percentage”** means the percentage of Equity Securities held by any Investor in the fully diluted issued and paid up equity capital of the Company ;
- (xxi) **“Material Adverse Effect”** means an event or state of facts,

including any change in Applicable Laws which has or is reasonably likely to have a material adverse effect on:

- (a) the business, property, operations, prospects, assets (including intangible assets), liabilities, results of operations or condition (financial or otherwise) of the Company; or
  - (b) the validity or enforceability of (A) any agreement entered into between the Company and the Investors or any of the documents executed pursuant thereto; and/or (B) the rights or remedies of the Investors herein or thereunder or the transactions contemplated herein or thereunder or the ability of the Company to comply with the obligations herein or thereunder;
- (xxii) **“New Equity Securities Subscription Proposal”** has the meaning ascribed to it in Article 241(8)(i);
- (xxiii) **“New Investor”** shall mean any third Person to whom the Investors have transferred any of the Equity Securities;
- (xxiv) **“Observer”** has the meaning ascribed to it in Article 241(5)(i)(e);
- (xxv) **“Percentage Threshold”** shall mean 7.5 (Seven point Five) % of the fully diluted issued and paid up equity share capital of the Company;
- (xxvi) **“Pre-emptive Equity Securities”** has the meaning ascribed to it in Article 241(8)(i);
- (xxvii) **Pre-emptive Subscription Notice”** has the meaning ascribed to it in Article 241(8)(i);
- (xxviii) **Pre-emptive Subscription Offer”** has the meaning ascribed to it in Article 241(8)(i);
- (xxix) **“Pre-emptive Offer Period”** has the meaning ascribed to it in Article 241(8)(ii);
- (xxx) **“Pre-emptive Subscription Response Notice”** has the meaning ascribed to it in Article 241(8)(ii);
- (xxxi) **“Related Party”** in relation to any Person, means any other Person who is treated as a related party of the first Person under the Act or the Accounting Principles other than such Person’s wholly owned subsidiaries;
- (xxxii) **“Stakeholder Participation Items”** means each of the item listed in Schedule 1 hereto.

- (xxxiii) “**Stock Exchanges**” means the National Stock Exchange of India Limited and the BSE Limited, where the Equity Shares of the Company are listed;
- (xxxiv) “**Subsidiaries**” means, for the purposes of Article 241(10) and (11), entities controlled in fact, by ownership or otherwise, directly or indirectly by the Company;
- (xxxv) “**Termination Date**” means, the date of the termination of the rights under this Article 241 as determined pursuant to Article 241(12);
- (xxxvi) “**Transfer**” means, with respect to any security, including any Equity Shares and GDRs, to directly or indirectly: (i) sell such security; or (ii) enter into an agreement or commitment providing for the sale of such security or any right or interest therein, or (iii) creation of an Encumbrance thereon, provided however, in the context of the Investors, Transfer shall not include any statutory lock-in prescribed under Applicable Laws; and
- (3) [Not used]
- (4) If the Company or any Affiliate of the Company intends to acquire any iron-ore mine, the Company shall and the Company shall ensure that its Affiliates shall, acquire such iron-ore mine on an arms-length basis, in a manner acceptable to, and with the prior written consent of, the Investors.
- (5) **Constitution of the Board and Committees of the Board**
- (i) The Investors shall be entitled to:
- (a) nominate for appointment 2 (two) individuals as directors on the Board (“**Investor Nominees**”). One of the Investor Nominees shall be a retiring director and the other shall be a non-retiring director.
- (b) nominate 1 (one) of the Investor Nominees for appointment to each committee of the Board, including without limitation, the budget committee, the audit committee, the international trade practices and governance committee and the remuneration committee.
- (c) require the removal/reappointment of the Investor Nominees from/to the Board or any committee thereof and to nominate other individuals as the Investor Nominees and upon receipt of any such request by the Company, the Company shall immediately take all necessary actions to cause such removal/appointment/re-appointment to be duly made.
- (d) subject to Applicable Law, nominate alternate directors to the Investor Nominees to attend any meetings of the Board or committees thereof during the absence of the Investor Nominees.
- (e) nominate, from time to time, observers to attend any Board or

committee meeting at which both the Investor Nominees cannot be present (“**Observer**”).

- (i) The Investor Nominees shall be entitled to attend and vote in any meeting of the Board. The Investor Nominees shall be entitled to attend and vote in any meeting of all committees of the Board.
- (ii) A valid quorum of any Board or committee meeting shall require the presence of at least one of the Investor Nominees. In the event at least one of the Investor Nominees is not present at any Board or committee meeting, then such meeting shall be automatically adjourned to the same time on the day falling 15 (Fifteen) days after the date of such meeting which has been adjourned pursuant to this provision or such other date as may be agreed to by an Investor Nominee in writing (“Adjourned Meeting”). In the event one of the Investor Nominees is not present at the Adjourned Meeting, then the directors then present shall constitute a quorum (provided that the directors present would otherwise constitute a quorum under these Articles) and subject to Article 241(7), shall have the right to discuss and decide all matters.
- (iii) The Investor Nominees shall have other rights at par with other non-executive directors of the Company and shall receive all such benefits as are received by such other non-executive directors of the Company.
- (iv) The Company shall constitute committees of the Board to be called (i) the ‘budget committee’; and (ii) the ‘international trade practices and governance committee’. One of the Investor Nominees shall be appointed as a member of the budget committee and the international trade practices and governance committee. The budget committee shall approve the annual budget and the Annual Business Plan of the Company and shall review the monthly performance of the Company and its Subsidiaries. The ‘international trade practices and governance committee’ shall oversee the development of the Company’s ethics and compliance policies and procedures and their implementation on an ongoing basis. The Board shall oversee the utilization of the Cash Component by the Company. The Company shall, within a period of 45 (Forty Five) days from the end of each quarter in a financial year, submit to the Board a report setting out the details of the utilization of the Cash Component by the Company. The Company agrees that the Cash Component shall be segregated by the Company from other funds of the Company and shall be held by it in a separate bank account,



the details of which will be notified to the Investors. The Cash Component shall be utilized by the Company for the conduct of the following businesses and the use of the Cash Component shall be fungible among the following businesses:

- (a) The business of engineering, procurement, construction and maintenance of infrastructure assets including roads, water pipelines, bus terminals, buildings, tunnels among others.
  - (b) The business of analysing, drilling wells and exploring oil and gas blocks to extract gas within and outside India.
  - (c) The business of building, operating renewable, thermal and other forms of power plants and the marketing, trading and sale of power units.
- (v) At least 10 (Ten) days before the end of any Financial Year the Company shall formulate the Annual Business Plan and the annual budget of the Company for the next Financial Year and the same shall be approved by the budget committee of the Company in accordance with Article 241(7).
- (vi) The Company shall send the notice and agenda of all Board meetings to all the Directors at least 15 (Fifteen) days before the scheduled date of any Board meeting, provided that with the consent of an Investor Nominee, a Board meeting may be held with shorter notice. Further, the Company shall forward all the relevant papers to all the Directors at least 7 (Seven) days before the scheduled date of any Board meeting except financial results which shall be provided at least 48 (Forty eight) hours before the scheduled date of any Board meeting, unless otherwise consented to by an Investor Nominee.

(6) **Stakeholder Information Rights**

- (i) The Company shall provide the following information to the Investors (on a standalone as well as consolidated basis):-
- (a) Financial results on a quarterly basis within 45 (Forty five) days of the end of each quarter;
  - (b) Audited Financial Statements at the end of the Financial Year within 90 (Ninety) days of the end of each Financial Year;
  - (c) Remuneration, or alteration thereof, of a key managerial personnel of the Company as required for the purposes of the board report the Act, within 7 (Seven) days of the finalization of the board report;
  - (d) Details of any litigation (including any winding up proceedings or notices under any Applicable Law), proceedings or disputes that if determined adversely may have a Material Adverse Effect;
  - (e) Details of any events, including events of force majeure, that are likely to have a Material Adverse Effect; and

- (f) Any other information relating to the Company and/or the Business that any of the Investors reasonably requires for any regulatory reasons.
- (ii) The Company shall provide the above information to the Investors after making the necessary disclosures to the Stock Exchanges, to the extent required by Applicable Law.
- (7) **Stakeholder Participation Rights**
  - (i) Subject to sub-clause (ii) below, unless approved in its Annual Business Plan, no decisions on any matter listed as an Stakeholder Participation Item in **Schedule 1** shall be taken or implemented by the Company and its subsidiaries whether at a meeting (including resolutions by circulation or postal ballot) of shareholders or board of directors or committees thereof, or otherwise, in each case, without the positive vote of the Investors or Investor Nominees, as the case may be or, if a person nominated by the Investors has not been appointed on the board of directors or committees thereof of the relevant company or if no Investor (or its Affiliate) holds any equity shares in the relevant company, without the prior written consent of the Investors.
  - (ii) In the event, in respect of any of the Stakeholder Participation Items listed in **Part B of Schedule 1**, at 2 (Two) consecutive meetings each (including resolutions by circulation or postal ballot) of the board of directors or any committee thereof or shareholders, of the Company or its subsidiaries, as the case may be, or otherwise wherever such Stakeholder Participation Item is presented, the Investors or the Investor Nominees do not vote in favor of the decision to approve the said Stakeholder Participation Item or, in the event, a person nominated by the Investors has not been appointed on the board of directors or committees thereof of the relevant company or if no Investor (or its Affiliate) holds any equity shares in the relevant company, or if the Investors do not give their prior written consent for such decision prior to 2 (Two) such consecutive meetings, notwithstanding sub-clause (i) above, a decision in respect of such Stakeholder Participation Item may be taken and implemented if approved, in accordance with Applicable Law, at the next meeting of the board of directors or any committee thereof or the shareholders of the Company or the subsidiaries, as the case may be.
  - (iii) Notwithstanding anything to the contrary contained in Article 241(7)(i) hereinabove, until the expiry of 48 (Forty Eight) months from January 24, 2014, the Investor shall not be entitled to exercise the Stakeholder Participation Rights in respect of the Company and/or its direct or indirect subsidiaries undertaking expenditure/financing expenditure by way of equity or debt/facilitating, by giving of guarantees or security, the financing by way of debt of expenditure, in the aggregate, up to the limits of Rs.795 crores (Rupees Seven Hundred Ninety Five Crores) *plus* interest and income earned thereon from April 1,2012, for any purpose as agreed to between the Company and the Investors in writing, taking into account

the expenditure already incurred by or on behalf of the Company and/or its direct or indirect subsidiaries, as the case may be, since April 1, 2012.

(8) **Pre-Emptive Subscription Rights**

- (i) In the event the Company proposes to issue any Equity Securities (except in connection with any stock split or sub-division of shares), as a result of which the Investor Ownership Percentage is likely to be diluted from its then existing level ("**New Equity Securities Subscription Proposal**"), within 5 (Five) Business Days of the date of the Board meeting at which the New Equity Securities Subscription Proposal has been approved, the Company shall, send a notice in writing, together with a certified true copy of the resolution of the Board approving the New Equity Securities Subscription Proposal, to the Investors ("**Pre-emptive Subscription Notice**"), setting out the terms and conditions of the New Equity Securities Subscription Proposal (including price), and offering the Investors a right to subscribe to such number of Equity Securities as would enable it to maintain its Investor Ownership Percentage (prior to such dilution) ("**Pre-emptive Equity Securities**"), on such identical terms (including price) as the New Equity Securities Subscription Proposal ("**Pre-emptive Subscription Offer**").
- (ii) The Investors shall have the right to respond to the Pre-emptive Subscription Notice by serving a notice in writing ("**Pre-emptive Subscription Response Notice**") on the Company within 9 (Nine) Business Days of the date of receipt of the Pre-emptive Subscription Notice ("**Pre-emptive Offer Period**") accepting or rejecting all or part of the Pre-emptive Subscription Offer. It is hereby clarified that the Investors shall, at all times, comply with all the restrictions stipulated under Article 241(13)(i).
- (iii) In the event, any approvals or consents are required for the subscription of the Pre-emptive Equity Securities, the Company and the Investors shall make their best efforts to obtain all such approvals within the Pre-emptive Offer Period and the Pre-emptive Offer Period shall stand extended by such period as may be required to obtain any such approvals or consents.
- (iv) In the event the Investors do not deliver a Pre-emptive Subscription Response Notice to the Company prior to the expiry of the Pre-emptive Offer Period, then, upon the expiry of the Pre-emptive Offer Period, the Company shall be entitled to offer the Equity Securities proposed to be issued by it pursuant to the New Equity Securities Subscription Proposal on the same terms and conditions and for the same consideration as is specified in the Pre-emptive Subscription Notice to any other Person. If the issue and allotment of such Equity Securities does not take place within a period of 60 (Sixty) days following the expiry of the Pre-emptive Offer Period, the provisions of this Article 241(8) shall once again apply.

- (v) The above mentioned process shall not apply in the case of a rights issue by the Company, in which case the process prescribed under Applicable Law shall be complied with by the Company. Provided however, in the event of a rights issue, the Company shall ensure that the Investors, in addition to the right to subscribe to their entitlement in the rights issue, have, subject to such restrictions as have been stipulated under 241(13)(ii), the right along with such other shareholders who have been approved by the Board (which approval of the Board shall not require consent of the Investors or the Investor Nominees), to subscribe to the portion unsubscribed by the shareholders, on a pro rata basis.

(9) **Transfer of Stakeholders Rights**

- (i) Subject to lock-in provisions under Applicable Law, each Investor shall be entitled to freely Transfer all or part of the Equity Securities held by it to any New Investor, including a Competitor or an Affiliate of the Investor. Provided however, the Investors shall not be entitled to Transfer to any Competitor, Equity Securities, in one or more tranches, in excess of 14.99 (Fourteen point Nine Nine) % of the fully diluted issued and paid up voting equity share capital of the Company.
- (ii) Subject to Article 241(12), so long as the Investors have not Transferred any of the Equity Securities held by them to any other Person, the Investors shall be solely entitled to exercise all the rights granted to the Investors under this Article 241.
- (iii) In the event the Investors Transfer all or part of the Equity Securities held by them to any Affiliates, the Investors shall exercise the rights under this Article 241 on behalf of themselves and such Affiliates.
- (iv) In the event, the Investors Transfer all or part of the Equity Securities held by them to the New Investor, not being a Competitor:
  - (a) if the Investors continue to hold Equity Securities (excluding GDRs) constituting at least the Percentage Threshold, the Investors shall be solely entitled to exercise all of the rights granted to the Investors under this Article 241 on behalf of both, themselves and the New Investor; or
  - (b) if the Investors do not hold Equity Securities (excluding GDRs) constituting at least the Percentage Threshold but the New Investor holds Equity Securities (excluding GDRs) constituting at least the Percentage Threshold, the rights of the Investors under this Article 241 shall be transferred to the New Investor and all references to the Investor in Article 241 (5) to (9) shall stand replaced by references to the New Investor; or
  - (c) if neither the Investors nor the New Investor hold Equity Securities (excluding GDRs) constituting at least the Percentage Threshold, all rights granted to the Investors under Article 241 (5) to (9) shall fall away.

- (v) In the event the Investors Transfer all or part of the Equity Securities held by them to a Competitor, all rights granted to the Investors under Article 241 (5) to (9) shall fall away.
  - (vi) The restriction under this Article 241(9)(v) or Article 241(13)(i) shall not be capable of being avoided, and shall not be avoided, by the Investors selling the entity that holds the Equity Securities to a Competitor.
- (10) **High Risk Trade Partners**  
With respect to all applicable International Trade Laws, the Company and its Subsidiaries shall not undertake any business directly or indirectly with or for the benefit of the Islamic Republic of Iran or the Republic of Sudan, or individuals or entities located in the Islamic Republic of Iran or the Republic of Sudan, without the explicit written consent of the Investors.
- (11) **Export Control and Economic Sanctions Laws**  
(i) The Company and its Subsidiaries shall, comply with applicable Export Control and Economic Sanctions Laws, and take no action that would knowingly subject the Investor to penalties under Export Control and Economic Sanctions Laws applicable to the Investors.  
(ii) The Company and its Subsidiaries shall provide a written notice to the Investors promptly, and in any event no later than 3 (three) Business Days after the earlier of its receipt of notice that the Company or any of its Subsidiaries has been or may be designated as an Embargoed Person or is or may be subject to a denial of export privileges or other trade sanctions under Export Control and Sanctions Laws.
- (12) **(i) The rights under this Article 241 shall terminate:**  
(a) *vis a vis* the Investors, in the event the percentage of Equity Securities (excluding GDRs) held collectively by the Investors in the fully diluted equity share capital of the Company falls below the Percentage Threshold or the Investors Transfer any of the Equity Securities (excluding GDRs) held by them to a Competitor, and *vis a vis* the New Investor, in the event the percentage of Equity Securities (excluding GDRs) held by the New Investor in the fully diluted equity share capital of the Company falls below the Percentage Threshold or the New Investor Transfers any of the Equity Securities (excluding GDRs) held by it to a Competitor; or  
(b) in the event, (i) the Investors' shareholding (together with the shareholding of each of their Affiliates) in the voting equity share capital of the Company has increased beyond 14.99 (Fourteen point Nine Nine) % of the fully diluted issued and paid up equity share capital of the Company on account of its voluntary action (other than on account of buy-back of Equity Securities by the Company or participation by the Investor in a rights issue by the Company subject to such restrictions as have been agreed to by the Investors as set out herein) and the Investors make a declaration to the Company or to the

Stock Exchanges under Applicable Laws to such effect, or (ii) <sup>5</sup>the Investors make a voluntary open offer for the Equity Shares despite not being required to do so under Applicable Laws; or

(c) with the mutual consent of the Investors and the Company.

(ii) In the event of termination of the rights under this Article 241 in accordance with the provision of sub-clause (b) above, the Company shall within 30 (Thirty) days of the termination, have the right to require the Investors to reduce their aggregate shareholding in the voting equity share capital of the Company to 14.99 (Fourteen point Nine Nine) % of the fully diluted issued and paid up equity share capital of the Company. In the event the Investors do reduce their aggregate shareholding in the voting equity share capital of the Company to 14.99 (Fourteen point Nine Nine) % of the fully diluted issued and paid up equity share capital of the Company within a period of 90 (Ninety) days from the termination of the rights under this Article 241, the rights under this Article 241 shall automatically, without any further action, revive and the Investors shall be entitled to exercise all their rights provided in this Article 241. In the event the Investors do not reduce their aggregate shareholding in the voting equity share capital of the Company to 14.99 (Fourteen point Nine Nine) % of the fully diluted issued and paid up equity share capital of the Company within the abovementioned period of 90 (Ninety) days, the rights under this Article 241 shall remain terminated. Provided however, notwithstanding any such termination, for the limited purpose of enforcing the breach of Article 241(13)(ii) committed by the Investors prior to the termination of rights under this Article 241, the Company shall have the right to cause the Investors to reduce their aggregate shareholding in the Company to 14.99 (Fourteen point Nine Nine) % of the fully diluted voting equity share capital of the Company and seek specific performance of such right within 90 (Ninety) days of the termination of rights under this Article 241. For the avoidance of doubt the Company shall not have a general right to seek specific performance of the provisions of Article 241(13)(ii) after the termination of this rights under this Article 241 for any other purpose.

(13) (i) The Investors agree and undertake that at no time until the termination of their rights in accordance with these Articles, they shall take any voluntary action which results in their total shareholding (together with the shareholding of their Affiliates) in the voting equity share capital of the Company increasing beyond 14.99 (Fourteen point Nine Nine) % of the fully diluted issued and paid up equity share capital of the Company, whether by exchange of the GDRs or by any other means whatsoever. The Investors agree and undertake that at no time they shall enter into any written agreement comprising of voting arrangements with any other shareholder of the Company, as a result of which their total voting rights in the voting equity share capital of the Company increase beyond 14.99 (Fourteen point Nine Nine) % of the fully diluted issued and paid up

equity share capital of the Company. Provided however, the Investors shall be permitted to hold shareholding in excess of the thresholds prescribed under this Article and shall not be liable for any breach of this Article in the event the thresholds prescribed under this are exceeded on account of (i) a buy-back of the Equity Securities by the Company; or (ii) subject to Article 241(13)(ii), a rights issue by the Company. However, once the Investors acquire Equity Shares in excess of the thresholds prescribed herein, the Investors shall not be permitted to transfer all their Equity Shares to any one New Investor if the same will result in the shareholding of the New Investor (together with its Affiliates) in the voting equity share capital of the Company increasing beyond 14.99 (Fourteen point Nine Nine) % of the fully diluted issued and paid up equity share capital of the Company.

- (ii) The Investors further agree and undertake that they shall not until the Termination Date, take any voluntary action which results in triggering the open offer requirements under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. The Investors shall not be liable for any breach of this Article 241(13)(ii) in the event the requirement of an open offer gets triggered on account of a buy-back of the Equity Securities by the Company.
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**Schedule 1**  
**Stakeholder Participation Items**  
**Part A**

- (i) Any new (a) acquisition of substantial fixed assets and intellectual property rights; or (b) direct or indirect purchase or acquisition of shares, debentures, bonds, obligations or any other securities or interest of whatsoever nature of, or making a capital contribution to, any other Person; or (c) provision of any guarantee outside the ordinary course of business; or (d) provision of any indemnity outside the ordinary course of business; or (e) provision of loan or security in respect of any obligations, in respect of any other Person; or (f) any other capital expenditure of whatsoever nature; in the aggregate exceeding US\$ 10,000,000 (United States Dollars Ten million only) in any Financial Year by the Company or any of its direct subsidiaries;
- (ii) Availing of any new debt by the Company or any of its direct subsidiaries such that the aggregate amount of the new debt is in excess of US\$ 30,000,000 (United States Dollars Thirty million only) in any Financial Year; availing of any new debt, or alteration of terms and conditions of, any debt by the indirect subsidiaries of the Company other than in the ordinary course of business;
- (iii) Entering into any new transactions with any Related Party by the Company or any of its direct or indirect subsidiaries (other than transactions in the ordinary course of business with Adani Welspun Exploration Limited) which in the aggregate exceed US\$ 3,000,000 (United States Dollars Three million only) in any Financial Year;
- (iv) Terminating, enforcing or making any change to any transactions with any Related Party by the Company or any of its direct or indirect subsidiaries (other than transactions in the ordinary course of business with Adani Welspun Exploration Limited) which in the aggregate exceeds US\$ 3,000,000 (United States Dollars Three million only) in any Financial Year;
- (v) Merger, amalgamation, de-merger, voluntary dissolution, liquidation, winding up, reconstruction, re-organization, buy-back, reduction in capital, change in capital structure (including, without limitation, any fresh issuance except in a rights issue or a bonus issue, consolidation, sub-division, reconstruction or conversion of the share capital) or re-capitalization of any nature; or (b) entering into any material joint venture or strategic partnership with any Person or the setting up or establishment of any subsidiary company, or the termination or modification of any term of any material existing joint venture, strategic partnership or the dissolution or winding-up of any existing subsidiary company, by the Company or any of its direct subsidiaries;
- (vi) Approval of and change or modification (other than any under performance or variance in performance) of the Annual Business Plan and the annual budget of the Company or any of its direct subsidiaries;
- (vii) Sale, transfer or other disposal of any fixed assets, financial assets and



intellectual property rights by the Company or any of its direct subsidiaries, other than fixed deposits and debt mutual funds, (a) in any one transaction in excess of US\$ 32,500,000 (United States Dollars Thirty Two million Five hundred thousand only); and (b) in the aggregate exceeding US\$ 50,000,000 (United States Dollars Fifty million only) in any Financial Year;

- (viii) New appointment or dismissal of the auditors except for the Big Four Accounting Firms by the Company or any of its direct subsidiaries; and
- (ix) Any substitution or modification of the main objects of the Company or any of its direct subsidiaries or a material alteration of the nature of the business conducted or entry into any new business other than the present business by the Company or any of its direct subsidiaries.

**Part B**

- (i) Creation of any new Encumbrance by the Company or any of its direct subsidiaries on its substantial assets (including any, fixed and/or financial assets and intellectual property rights), other than for working capital loans, (a) in any one transaction exceeding US\$ 30,000,000 (United States Dollars Thirty million only); and (b) in the aggregate exceeding US\$ 50,000,000 (United States Dollars Fifty million only) in any Financial Year. An automatic creation of an unpaid vendor's lien under Applicable Law is not included in the above;
- (ii) Approval and adoption of dividend declaration policy by the Company or any of its direct subsidiaries or any declaration of dividends (including interim dividends) or distribution of profits by the Company or any of its direct subsidiaries;
- (iii) Any material change to the accounting standards or tax policies employed by the Company or any of its direct subsidiaries other than as required by Applicable Law;
- (iv) Granting or entering into any license, sub-license, agreement or similar arrangement concerning any of the Company's intellectual property rights excluding any logo not owned by the Company other than in favour of a service provider of the Company for the purpose of Business in the usual course;
- (v) Any change to the name or the registered office of the Company or any of its direct subsidiaries;
- (vi) Any alteration in the memorandum or articles of association of the Company or any of its direct subsidiaries other than in respect of matters contemplated in clause (ix) of Part A of this Schedule; and
- (vii) Commencement, institution, settlement, compromise or abandonment of any new legal proceedings, actions or suits by the Company or any of its direct subsidiaries exceeding in the aggregate the monetary equivalent of US\$ 10,000,000 (United States Dollars Ten million only) in any Financial Year except any proceedings, actions or suits against the Investors.



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

Sr. No.	Names, Addresses, Descriptions, Occupations and Signature of the Subscribers	Number of Equity Shares taken by each Subscriber	Name, Address Description and Occupation of the Common Witness
1.	<b>Ashok Khurana</b> Son of Madhavdas Khurana 1, Vikram Society, Gotri Road, Baroda. Business Sd/-	6,12,384 (Six Lacs, Twelve Thousand Three Hundred Eightyfour)	Common Witness To All  <b>Mayur Parikh</b>  Son of  Rajendra Parikh  24, Laxmi Chambers, Navjeevan Press Road, Ahmedabad - 380 014.  Chartered Accountant  Sd/-
2.	<b>Manju Khurana</b> Son of Ashok Khurana 1, Vikram Society, Gotri Road, Baroda. Business Sd/-	21,481 (Twentyone Thousand Four Hundred Eightyone)	
3.	<b>Emsons Construction Pvt. Ltd.</b> G/2, Neelam Apartment, 88, Sampatrao Colony, Alkapuri, Baroda. Business Sd/-	2,37,163 (Two Lacs Thirtyseven Thousand One Hundred Sixththree)	
4.	<b>M/s. Classic Organisers Pvt. Ltd.</b> 601, Snehal Apartment, Fategunj, Baroda. Business Sd/-	100 (One Hundred)	
5.	<b>M/s. Emsons Textiles Pvt. Ltd.</b> G/2, Neelam Apartment, 88, Sampatrao Colony, Alkapuri, Baroda. Business Sd/-	100 (One Hundred)	
6.	<b>M/s. M. S. Khurana (Engineers &amp; Contractors) Pvt. Ltd.</b> G/9, Neelam Apartment, 88, Sampatrao Colony, Alkapuri, Baroda. Business Sd/-	61,558 Sixtyone Thousand Five Hundred Fiftyeight)	
7.	<b>Classic Inns Pvt. Ltd.</b> G/2, Neelam Apartment, 88, Sampatrao Colony, Alkapuri, Baroda. Business Sd/-	100 (One Hundred)	
<b>Total :</b>		<b>9,32,886</b> <b>Nine Lacs</b> <b>Thirtytwo</b> <b>Thousand Eight</b> <b>Hundred Eightysix</b>	



Place : Baroda

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Dated this 5th day of December, 1994.