

**THE COMPANIES ACT, 1956**  
**COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION**  
**OF**  
**ICDS SECURITIES LIMITED**

This Articles of Association were adopted in substitution for and to the entire exclusion of earlier Articles of Association at the Annual General Meeting of the members of the Company held on Tuesday, the 20<sup>th</sup> day of September, 2011.

**CONSTITUTION OF THE COMPANY:**

1. The regulations contained in table 'A' of the First Schedule to the Act shall not apply to the Company except in so far as they are embodied in the following Articles, which shall be the regulations for the management of the Company.

**INTERPRETATION:**

2. In these present, the following words and expressions shall have the following meanings, unless excluded by the subject or context:

“**Act**” shall mean the Companies Act, 1956, or any statutory amendment or re-enactment of the same.

“**Affiliate**” means, (i) with respect to any Party other than a natural person, any other Person who holds or in which such Party holds 50% or more of the paid-up share capital, directly or indirectly, or is controlling, controlled by or under common control with such Party; (ii) in the case of any Party that is a natural person, any other Person who is a relative of such Party as per the provisions of the Act. For the purposes of this definition, the term “control” (including with correlative meaning, the terms “controlled by” and “under common control” with) as applied to any Party, (i) means the (a) ownership or possession, directly or indirectly, of more than one half of the voting power of an enterprise, or (b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise, or (c) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the Person; and (ii) shall include the ownership or possession, directly or indirectly, of the power to direct or cause the direction of the management of that Person whether through ownership of voting securities or otherwise.

“**Articles of Association**” or “**Articles**” means the articles of association of the Company.

“**Board**” or “**Board of Directors**” means the board of directors of the Company.

“**BSE**” means the Bombay Stock Exchange Limited.

**“Business”** means:

- (a) the business of providing broking services in securities and derivative securities traded on the Indian capital markets; and
- (b) any other activities which the Company carries on in accordance with these Articles; and
- (c) includes the business of the Company pursuant to it being a self clearing member broker of the NSE in the (i) cash segment, (ii) derivative segment, and of the BSE in the (i) cash segment, and of the Bangalore Stock Exchange Limited; and
- (d) includes the business of the Company pursuant to it being a trading member of the NSE in the (i) currency derivative segment, and of the MCX in the (i) currency derivative segment and of the USE in the (i) currency derivative segment.

**“Business Day”** means a day (other than Saturday or Sunday) on which banks are open for business in Bangalore, India, and New York, USA.

**“Business Plan”** means the business plan as agreed between the Parties and subject to such amendments as may be agreed in writing from time to time by the Investor.

**“Call Option Notice/Put Option Notice”** has the meaning set out in Article 182(2)(c).

**“The Company”** or **“This Company”** means **ICDS SECURITIES LIMITED**.

**“Completion Date”** has the meaning as agreed between the Parties.

**“Completion”** has the meaning ascribed to it in the Subscription Agreement.

**“Claim”** includes any claim, notice, litigation, investigation, complaint, action, suit, cause of action, proceeding or demand including any of them arising at, brought under or in connection with any Law.

**“Confirmation Notice”** has the meaning set out in Article 11(4).

**“Deed of Adherence”** has the meaning set out in Article 10(4).

**“Defaulting Party”** has the meaning set out in Article 182(1).

**“Directors”** mean the directors of the Board, and

**“Director”** shall mean any of the directors of the Board.

**“Effective Date”** has the meaning as agreed between the Parties.

**“Encumbrance”** means any mortgage, pledge, equitable interest, assignment by way of

security, conditional sales contract, hypothecation, right of other Persons, claim, security interest, encumbrance, title defect, title retention agreement, voting trust agreement, interest, option, lien, charge, 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 commitment or understanding, whether conditional or otherwise, to create any of the same.

“**Event of Default**” has the meaning set out in Article 182(1).

“**Exercise Period**” has the meaning set out in Article 11(1).

“**Exercised Option Price**” has the meaning set out in Article 11(3).

“**Exercised Option Shares**” has the meaning set out in Article 11(2).

“**Fair Market Value**” shall mean the fair market value of the equity of the Company to be calculated by an independent valuer in accordance with the valuation guidelines agreed between the Parties.

“**Financial Year**” means the financial year of the Company, beginning on April 1 of a calendar year to March 31 of the following calendar year or as the Board may amend from time to time;

“**Fundamental Issues**” has the meaning set out in Article 104(3).

“**Further Shares**” has the meaning set out in Article 10(1).

“**Governmental Authority**” means any government, any state or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, or any other government authority, agency, department, board, commission or instrumentality or any political subdivision thereof, and any court, tribunal or arbitrator(s) of competent jurisdiction, and, any governmental or non-governmental self-regulatory organisation, agency or authority; having jurisdiction over the Company, the other Parties, any shareholder or the assets or operations of any of the foregoing, or any of the transactions contemplated hereby.

“**Indian GAAP**” means generally accepted accounting practices recommended by the Institute of Chartered Accountants of India and used by companies in India in the preparation of their audited accounts and financial statements.

“**INR**” or “**Rs.**” shall mean Indian Rupees, the legal currency of the Republic of India.

“**Insolvency Event**” means:

- (a) in the case of a corporation:
  - (i) being insolvent;
  - (ii) being in receivership, in receivership and management, in statutory management, in liquidation, in provisional liquidation, under administration, wound up, subject to any arrangement, assignment or composition, protected from creditors under any statute, dissolved (other than to carry out a reconstruction while solvent);
  - (iii) being otherwise unable to pay debts when they fall due; or
  - (iv) having something with the same or a similar effect under the laws of any jurisdiction; or
  
- (b) in the case of a natural person, the person:
  - (i) becomes, or is declared to be, mentally or physically incapable of managing his or her affairs;
  - (ii) is or states that he or she is unable to pay all of his or her debts as and when they become due and payable;
  - (iii) enters into, attempts to enter into, or convenes a meeting for the purpose of entering into, an arrangement, assignment or composition with his or her creditors; or
  - (iv) an event occurs in relation to the person which is analogous to anything referred to above or which has a substantially similar effect.

**"Investor"** means **SHK Ebene Limited**, a company incorporated under the laws of Mauritius and having its registered office at IFS Court, TwentyEight, Cybercity Ebene, Mauritius.

**"Investor Option"** has the meaning set out in Article 11(1).

**"Investor Offer Notice"** has the meaning set out in Article 37(2)(a).

**"Investor Offer Period"** has the meaning set out in Article 37(2)(b).

**"Investor Offer Price"** has the meaning set out in Article 37(2)(a).

**"Investor Offered Shares"** has the meaning set out in Article 37(2)(a).

**"Investor Shares"** means the Shares of the Company owned by the Investor.

**"Investor's Further Shares"** has the meaning set out in Article 10(1).

**"Issue Notice"** has the meaning set out in Article 10(2).

**"Issue Price"** has the meaning set out in Article 10(2).

“**Laws**” shall mean, with respect to any Person, all provisions of laws, statutes, ordinances, rules, regulations, permits or certificates of any Governmental Authority applicable to such Person or any of its assets or property, and all judgments, injunctions, orders and decrees of any Governmental Authorities in proceedings or actions in which such Person is a party or by which any of its assets or properties are bound.

“**Licence**” means, as required in connection with the Business, all statutory licences (including any financial services licences or authorities), approvals, certificates, authorisations, regulations, scheme participation, permit, concessions, permissions or exceptions necessary under any Law, or of or required by any Governmental Authority, regulatory, semi-governmental or municipal authority.

“**Listing Agreement**” means the listing agreement dated July 27, 1997 entered into between the Company and OTCEI.

“**Loss**” has the meaning set out in clause 16.

“**MCX**” means the Multi Commodity Exchange of India Limited.

“**Material Adverse Change**” means a material adverse change, effect or circumstance, considered alone or in combination, that affects:

- (i) the validity or enforceability of these Articles or of the rights or remedies of any of the Parties;
- (ii) the assets, business properties, liabilities, financial condition, operations, value or prospects of the Company; or
- (iii) the ability of any Party to perform its obligations under these Articles.

“**Memorandum of Association**” or “**Memorandum**” shall mean the memorandum of association of the Company.

“**Month**” shall mean the calendar month.

“**Nominee Director**” has the meaning set out in Article 103(1) and shall also include an alternate Director of such Nominee Director.

“**Non Defaulting Party**” has the meaning set out in Article 182(1)(a)(i).

“**NSE**” means the National Stock Exchange of India Limited.

“**Observer**” has the meaning set out in Article 103(9).

“**Offer Notice**” has the meaning set out in Article 36(2)(a).

“**Offer Period**” has the meaning set out in Article 36(2)(b).

“**Offer Price**” has the meaning set out in Article 36(2)(a).

“**Offered Shares**” has the meaning set out in Article 36(2)(a).

“**Office**” means the Registered Office for the time being of the Company.

“**Option Notice**” has the meaning set out in Article 11(2).

“**Option Shares**” has the meaning set out in Article 11(1).

“**OTCEI**” means The Over The Counter Exchange of India on which the Shares of the Company are listed.

“**Party**” or “**Parties**” means the Promoters, the Investor and the Company individually or collectively respectively.

“**Person**” means any natural person, limited or unlimited liability company, corporation, partnership (whether limited or unlimited), proprietorship, Hindu undivided family, trust, union, association, government or any agency or political subdivision thereof or any other entity that may be treated as a Person under applicable Law.

“**Promoter**” means Promoter 1 and Promoter 2 individually and collectively referred to as “**Promoters**”.

“**Promoter 1**” means **ICDS Limited**, a company incorporated under the Act and having its registered office at Syndicate House, Manipal 576 104, Karnataka, India.

“**Promoter 2**” means **Mr. Tonse Satish Upendra Pai**, aged 66 years and residing at 38, Ananth Nagar, Manipal – 576104, Karnataka, India

“**Promoter Shares**” means the Shares of the Company owned by the Promoters.

“**Proxy**” includes attorney duly constituted under a Power of Attorney.

“**Regulatory Approval**” means any approval, consent, permit, Licence, authorisation, certificate, exemption, filing or registration or other requirement under applicable Law including the approval of the Reserve Bank of India, the stock exchange(s) and/ or the other Governmental Authorities.

“**Related Party**” means a Related Party as defined in Accounting Standard 18 of Indian GAAP.

**“Restructuring Transaction”** has the meaning agreed between the Parties.

**“ROFR Response Notice”** has the meaning set out in Article 36(2)(b).

**“Sale Shares”** has the meaning set out in Article 36(3)(a).

**“Seal”** means the Common Seal of the Company.

**“SEBI”** means the Securities and Exchange Board of India.

**“SEBI Act”** means the Securities and Exchange Board of India Act, 1992, or any statutory amendment or re-enactment of the same.

**“Selling Shareholder”** has the meaning set out in Article 36(2)(a).

**“Shares”** mean the equity shares of the Company currently having a face value of Rs. 10/- (Rupees ten only) per equity share.

**“Share Capital”** means the aggregate of all authorised, issued and fully paid-up Shares and other securities of the Company from time to time.

**“Shareholders”** mean the shareholders of the Company at a given point in time.

**“Shareholders Meeting”** has the meaning set out in Article 106(3).

**“Subscription Agreement”** has the meaning agreed between the Parties.

**“Takeover Regulations”** mean the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

**“Tag-Along Notice”** has the meaning set out in Article 36(3)(a).

**“Tax”** or **“Taxes”** means all past, present and future claims for taxes, including without limitation, with respect to or on gross receipts, sales, turnover, ad valorem or value addition, use, consumption, property, income, franchise, capital, employment, social contributions, occupation or payroll, license, excise, estimated, property import, export, documents, profits, gains (including capital gains), severance, production, dividend distribution, withholding, dividend distribution, alternative or add-on minimum, transfer or environmental, and other customs and taxes, duties, assessments, charges or fees of any kind whatsoever, together with any interest, penalty, addition to tax or any additional amount imposed by any governmental authority or any other taxing authority, howsoever imposed, withheld, levied or assessed by any governmental authority or any other taxing authority.

**“Transfer”** means to sell, gift, assign, transfer, transfer of any interest in trust, mortgage,

alienate, hypothecate, pledge, encumber, grant a security interest in, amalgamate, merge or suffer to exist (whether by operation of law or otherwise) any Encumbrance on, any Shares or any right, title or interest therein or otherwise dispose of in any manner whatsoever voluntarily or involuntarily including, without limitation, any attachment, assignment for the benefit of creditors against the Company or appointment of a custodian, liquidator or receiver of any of its properties, business or undertaking, but shall not include transfer by way of testamentary or intestate succession.

“**Transaction Documents**” has the meaning agreed between the Parties.

“**USE**” means the United Stock Exchange.

“**Written Consent**” has the meaning set out in Article 106(3).

## **CAPITAL**

3. The Authorised Share Capital of the Company is as stated in Clause V of the Memorandum of Association of the Company.
4. Subject to the Act and these Articles:
  - a. The Company may cancel any unissued equity shares and issue redeemable preference shares and vice-versa and the Company may issue any part or parts of the issued shares upon terms and conditions and with such rights and privileges annexed thereto as the Company thinks fit and subject to the provisions of Section 86 of the Act and in particular may be issued such shares with such preferential or qualified right to dividends and in the distribution of the assets of the Company as the Company may subject to the aforesaid Articles determine in its general meeting.
  - b. The Board may, at its discretion issue any portion of the preference shares not already issued, as redeemable preference shares which are at option of the Company liable to be redeemed and subject to the provisions of Section 80 of the Act, on such terms as to dividends, preferential payment or return of the amount paid up thereon and as to conditions and terms of redemption as Directors may deem fit.
  - c. The Company may issue shares; either equity or any other kind with non-voting rights and the resolution authorising such issue shall prescribe the terms and conditions of the issue.

## **ALLOTMENT RETURN**

5. The Board shall duly comply with the provisions of Section 75 of the Act, with regard to all allotment of shares from time to time.
6.
  1. Subject to the provisions of Section 76 of the Act, the Company may at any time pay commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures or debenture-stocks or other securities of the Company or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares, debentures or debenture-stock or other securities the Company but so that the statutory conditions and requirements shall be observed and complied with. The amount of rate of commission shall not exceed the rate as may be fixed under the Act and SEBI guidelines wherever applicable.

2. The Company may also, on any issue, pay such brokerage as may be lawful and in accordance with SEBI guidelines wherever applicable.

**(RESTRICTION/ASSISTANCE) FOR PURCHASE OF ITS OWN SHARES:**

7. 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 or for any shares in the Company, nor shall the Company make a loan for any purpose whatsoever on the security of its shares, but nothing in this Article shall prohibit transactions mentioned in the provision to section 77 of the Act.

**INCREASE OF CAPITAL:**

8. 1. The Board may, at any time increase the subscribed capital of the Company by issue of the new shares out of the unissued part of the Share Capital in the original or subsequently created capital but subject to Section 81 of the Act and SEBI guidelines wherever applicable and the following provisions namely:
  - a. Where the offer and allotment of such shares are made within two years from the date of incorporation or the Company or within one year from first allotment of shares after incorporation, whichever is earlier, the Board shall be at liberty to offer the shares and allot to any person or persons at their discretion.
  - b. In respect of offers and allotments made subsequent to the date set out in clause (a) above, the Directors shall subject to the provisions of Section 81 of the Act and of clause (c) hereunder observe the following conditions:
    - i. Such new shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company in proportions as nearly as circumstances admit, to the capital paid up on those shares at that date.
    - ii. The offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than 15 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 referred to in sub-clause (ii) shall contain a statement of this right.
    - iv. After the expiry of the time specified in the notice aforesaid or earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose them off in such manner as it thinks most beneficial to the Company.
  - c. The Directors may with the sanction of the Company in General Meeting offer and allot shares to any person at their discretion provided that sanction is accorded either by
    - i. a special resolution passed at any General Meeting, or
    - ii. by an ordinary resolution passed at a General Meeting by majority of the

votes cast and with the approval of the Central Government in accordance with Section 81 of the Act.

2. Nothing in this clause shall apply to the increase in the subscribed capital of the Company caused by the exercise of an option attached to debentures issued or loans raised by the Company:

- i to convert such debentures or loan into shares in the Company; or
- ii. to subscribe for shares in the Company.

Provided that the terms of issue of such debentures or the term of such loans include a term providing for such option and such term:

- a. has been approved by a Special Resolution passed by the Company in General Meeting before the issue of the debentures or the raising of loans, and also
  - b. either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with rules, if any, made by the Government in this behalf.
3. Options or right to call on shares shall not be given to any persons except with the sanction of the Company in General Meeting.

#### **POWER OF GENERAL MEETING TO ISSUE SHARES**

9. In addition to and without derogating from the powers for that purpose conferred on the Board under Articles of the Company, the General Meeting may determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or holders of debentures of the Company or not) in such proportions and on such terms and conditions and either at a premium or at par, or (subject to compliance with the provisions of Section 79 of the Act) at a discount, as such General Meeting shall determine and full power to give to any person (whether a member or a holder of debentures of the Company or not) the option to call for or be allotted shares of any class of the Company either at a premium or at par, or (subject to compliance with the provisions of Section 79 of the Act) at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares.

#### **INVESTOR'S RIGHT OF PRE-EMPTION**

10. (1) Notwithstanding any other provision in these Articles, the Company shall not, on and from the Effective Date, issue any further Shares, preference shares, debentures, warrants, or other securities convertible or exchangeable into Shares (hereinafter defined as "**Further Shares**") of the Company, unless the Investor has been first offered a right to subscribe to such portion of the Further Shares which is pro rata to the Investor's shareholding in the Company ("**Investor's Further Shares**").

(2) The Company shall, by notice in writing ("**Issue Notice**") notify the Investor of the number of Further Shares proposed to be issued and the price at which the Further Shares are proposed to be issued ("**Issue Price**"). Within thirty (30) days of receipt of such Issue Notice, the Investor may agree to subscribe to or refuse to subscribe to the Investor's Further Shares at the Issue Price intimated by the Company in the Issue Notice, and shall communicate the

same to the Company.

(3) In the event that the Investor communicates its decision to the Company to subscribe to the Investor's Further Shares, the Promoters shall exercise their voting rights in favour of the Investor at any meeting of the Shareholders of the Company where the requisite resolution(s) to issue the Investor's Further Shares in favour of the Investor is proposed.

(4) Failure by the Investor to communicate its decision to subscribe to the Investor's Further Shares within the said period of thirty (30) days shall be deemed to be a refusal by the Investor to subscribe to the Investor's Further Shares. In the event that the Investor fails to communicate, or otherwise communicates refusal to subscribe to the Investor's Further Shares, the Company shall be free and fully entitled to issue the Further Shares at a price not less than the Issue Price. The Company may issue such Further Shares to an allottee only if it has agreed to be bound by the terms and conditions of these Articles and the Subscription Agreement by executing the deed of adherence in the format agreed between the Parties ("**Deed of Adherence**"). Such issue of the Further Shares shall be completed within sixty (60) days thereafter. In the event of a failure to so consummate the issue of Further Shares within the stipulated sixty (60) days period, the issue of Further Shares thereafter shall again be subject to the provisions of this Article 10.

## **INVESTOR'S OPTION TO SUBSCRIBE TO ADDITIONAL SHARES**

11. (1) Subject to the terms contained in this Article 11 and notwithstanding any other provision in these Articles, the Investor shall have the option (but not an obligation) ("**Investor Option**") to either subscribe to or acquire from the Promoters such number of additional Shares of the Company (in one or more tranches) such that the Investor's then shareholding in the Company increases to equal to or less than forty nine percent (49%) of the Share Capital of the Company ("**Option Shares**"). The Investor can exercise the Investor Option in part or in full at any time from the Completion Date till the end of four (4) years from the Completion Date ("**Exercise Period**") in the manner and at the price provided in this Article 11 and in accordance with Law.
- (2) With respect to each subsequent subscription or acquisition of Option Shares which the Investor wishes to undertake, the Investor shall deliver a written notice ("**Option Notice**") to the Company and the Promoters stating that, subject to agreement on the subscription price and approval of the same by the Investor's board of directors, the Investor intends to subscribe to or acquire from the Promoters all or specified number of Option Shares. The number of Option Shares proposed to be subscribed or acquired by the Investor in a tranche pursuant to an Option Notice shall be hereinafter referred to as the "**Exercised Option Shares**".
- (3) Within five (5) Business Days of receipt of the Option Notice, the Company shall confirm to the Investor the price per Share at which the Exercised Option Shares ("**Exercised Option Price**") can be issued or transferred to the Investor. The Company hereby undertakes that the accountant/ auditing firm/ merchant banker etc required to be appointed for determination of the Exercised Option Price shall be appointed by the Company with the Investor's consent. Subject to the minimum price per Share at which the Company can issue shares to the Investor in accordance with the applicable Law, the price per Exercised Option Share shall be the price per Share at which Subscription Shares are being issued to the Investor under the Subscription Agreement.
- (4) In the event, the Investor's board of directors is agreeable to subscribe to or acquire

Exercised Option Shares at the Exercised Option Price, the Investor shall send a written notice (“**Confirmation Notice**”) of the same to the Company and the Promoters.

- (5) The Company shall and the Promoters shall cause the Company to, as soon as possible and no later than five (5) Business Days of receipt of the Confirmation Notice, do the following and notify the Investor of the same by way of a written notice:
  - (a) If necessary under applicable Law, receive all the requisite Regulatory Approvals including approvals from the SEBI, BSE, NSE, USE and Bangalore Stock Exchange Limited in a form satisfactory to the Investor for issuance of or transfer of the relevant number of Option Shares to the Investor.
  - (b) If necessary, obtain all the necessary third party approvals in a form satisfactory to the Investor for issuance of or transfer of the relevant number of Option Shares to the Investor.
  - (c) Obtain an ‘in-principle’ approval for listing of the relevant Option Shares on the OTCEI from the OTCEI in accordance with the provisions of the Listing Agreement.
  - (d) Give a certificate to the Investor certifying that all the Warranties of the Company and the Promoters (under the Subscription Agreement) continue to be true and correct on the date of issue of such certificate and shall be true on the date of issuance of the relevant Option Shares (subject to such additional disclosures (if any) as may be acceptable to the Investor).
- (6) Upon fulfilment of the above mentioned conditions to the satisfaction of the Investor, the Investor shall (at the election of the Investor) (i) acquire the Exercised Option Shares from the Promoters at the Exercised Option Price or (ii) subscribe to the Exercised Option Shares at the Exercised Option Price and the Company shall allot, issue and deliver to the Investor or its nominee the Exercised Option Shares. The Exercised Option Shares (if being subscribed from and issued by the Company) will be issued as fully paid and will rank equally in all respects with all other Shares.
- (7) The Parties hereby undertake to comply with the provisions of the Takeover Regulations. If the Investor exercises the Investor Option so as to acquire the Exercised Option Shares from the Promoters and the Investor so desires then at the request of the Investor (and if and to the extent required by the Investor), the Promoters shall subscribe to such number of Shares which are equivalent to Exercised Option Shares at the Exercised Option Price. The provisions of Article 10 shall, at the option of the Investor, not apply in the event the rights and obligations under Article 11(7) are being exercised.

## **PROTECTION OF RIGHT OF INVESTOR**

12. If any right is granted by the Company to any future investors and/or to any third party to whom the Promoters have transferred their Shares in accordance with these Articles or if any right exists in favour of a third party investor which are more favourable than the rights granted to the Investor under these Articles and/or the other Transaction Documents, such right shall also be available to the Investor and/or its Affiliates and/or to the investment made by the Investor and/or its Affiliates to the extent they are relevant. For this purpose, the Company and the Promoters shall promptly provide the Investor with such information as may be required to enable the Investor to take a decision on the matter, including make suitable amendments to the Transaction Documents, the Memorandum and the Articles to ensure that the Investor is entitled to similar right.
13. **OPTION FOR INVESTORS TO HOLD THE SECURITY WITH A DEPOSITORY**

Definitions :

1. **For the purpose of this Article :-**

‘Beneficial Owner’ means a person or persons whose name is recorded as such with a depository

‘Depository’ means a Company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992; and

‘Security’ means such security as may be specified by SEBI from time to time.

2. **Dematerialisation of Securities :-**

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

3. **Options for Investors:-**

Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificate of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the Security.

4. **Securities in depositories to be in fungible form :**

All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 187C and 372A of the Act shall apply to depository in respect of the securities held by it on behalf of the beneficial owners.

5. **Rights of depositories and beneficial owners:**

- A. Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of affecting transfer of ownership of security on behalf of the beneficial owner.
- B. Save as otherwise provided in (A) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- C. Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and be subject to all the liabilities in respect of his securities which are held by a depository.

6. **Service of documents:**

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

## **7. Transfer of Securities**

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of depository.

## **8. Allotment of Securities dealt with in a depository**

Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

## **9. Distinctive numbers of Securities held in a depository**

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers of securities issues by the Company shall apply to securities held with a depository.

## **10. Registrar and Index of beneficial owners**

The Registrar and Index of beneficial owners by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.”

## **NON-RECOGNITION OF TRUST**

14. Except as required by law, no person shall be recognized by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect or any share except an absolute right to entirely thereof in the registered holder.

## **MODIFICATION OF RIGHTS**

15. Subject to these Articles, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms or issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class and all the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class in question. This Article is without prejudice to the power of the Company under Article 10 hereof and the Company’s right in general meeting to increase its capital, and the rights conferred upon the holders of the shares of any class issued with preferred 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 by the creation or issue of further shares ranking pari passu therewith.

## **SHARES WITH DISPROPORTIONATE RIGHTS**

16. The Company shall not issue any shares, not being preference shares, which carry voting rights in the Company as to dividend, capital or otherwise which are disproportionate to the rights attached to the holders of other shares not being preference shares.

## **ISSUE OF SHARES OTHER THAN FOR CASH**

17. 1. The Directors may allot and issue shares in the Capital of the Company as payment or part payment for any property sold or transferred, goods or machinery and appliances supplied or for services rendered to the Company in or about the formation or promotions of the Company or the acquisition and or conduct of its business; and any shares which may be so allotted, may be issued as fully paid up shares, if so issued, shall be deemed to be fully paid up shares.
2. The said power vested in the Board by this Article shall not be exercised except by the unanimous consent of all the Directors or with the previous sanction of a special Resolution passed at General Meeting of the Company.

## **JOINT HOLDERS**

18. Where two or more persons are registered as joint holders of any share, they shall be deemed to hold the same as joint tenants with benefit of survivorship, subject to the following provisions:
  - (a) The person whose name stands, first on the register in respect of such shares shall alone be entitled to delivery of certificate thereof.
  - (b) Any one of such persons may give effectual receipts for any dividend, bonus or return of capital payable in respect of such share and such joint holders shall be severally, as well as jointly liable for payment of all instalments and calls due in respect of such share/shares.
  - (c) Any one of such persons may vote at any meeting either personally or by proxy in respect of such shares, as if were solely entitled thereto, and if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share, shall alone be entitled to vote in respect thereof. Several executors or administrators, of a deceased member in whose names any share stands shall be for the purpose of this Article be deemed joint holders thereof.
  - (d) In case of death of any one or more of such joint holders, the survivors shall be the only persons, recognized by the Company as having any title to or interest in such share, 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 shares held by him jointly with any other person.
  - (e) All notices directed to be given to the members shall be given to whichever such persons is named first in the register and notice so given shall be sufficient notice to all the holders of such shares.

## **SHARE AND DEBENTURE CERTIFICATES**

19. Every certificate of title of shares shall be issued under the seal of the Company. Every share certificate and every document of title of the shares whether in renewal of an existing share certificate or other document of title or issued for the first time shall be issued under the authority of the Board of Directors and in accordance with provisions of the Companies (Issue of Share Certificates) Rules, 1960 or any modification thereof and in accordance with the provisions of law or other rule having the force of law applicable thereto.

20. Every person whose name is entered as a member in the Register shall be entitled to receive without payment.
- 1) one certificate for all his shares; or  
where the shares so allotted at any one time exceed the number of shares fixed as marketable lot in accordance with the usages of the Stock Exchange, or at the request of the share holder, several certificates one each per marketable lot and one for the balance.
  - 2) The Company shall within two months after the allotment or within one month after application for registration of the transfer of any shares or debentures complete and have ready for deliver, the certificates for all the shares and debentures so allotted or transferred unless the conditions of issue of the said shares or debentures otherwise provide.
  - 3) Every certificate shall be under the seal and shall specify the shares or debentures to which it relates and the amount paid up thereon.
  - 4) The provisions of clauses (2) and (3) above shall apply mutatis mutandis to debentures and debenture stock allotted or transferred.
  - 5) No fee shall be charged for the issue of new share certificate either for sub-division of the existing share certificates or for the consolidation of several share certificates into one or for issue of fresh share certificates in lieu of share certificates on the back of which there is no space of endorsement for transfer or for registration of any probate, letters of administration, succession certificate or like document.
  - 6) If a share certificate is defaced, lost or destroyed it may be renewed on payment of such fee, if any, not exceeding one rupee, and on such terms (if any) as to evidence and indemnity as the Director think fit
  - 7) In respect of any share held jointly by several persons, the Company shall not be bound to issue more than one certificate for the same share and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders. Subject as aforesaid the holders shall be entitled to apply for several certificates each for one or more shares held by them in accordance with Article 16 above.

#### **ENDORSEMENT OF TRANSFER**

21. In respect of any transfer of shares registered in accordance with the provisions of these articles, the Board shall direct an endorsement of the transfer and the name of the transferee and other particulars on the existing share certificate and authorize any Director or Officer of the Company to authenticate such endorsement on behalf of the Company or direct the issue of a fresh share certificate, in lieu of and in cancellation of the existing certificate.

#### **RENEWAL OF CERTIFICATE**

22. If a certificate be worn out, defaced, destroyed, or lost or if there is no further space on the back thereof for endorsement of transfer, it shall, if requested, be replaced by a new certificate free of charge provided however, that such new certificate shall not be granted except upon delivery of the worn-out or defaced or used up certificate for the purpose of cancellation, in accordance with the Companies (Issue of Share Certificates) Rules, 1960, or upon proof of destruction or loss and on such indemnity as the Board may require in the case of the

certificate having been destroyed or lost. Any duplicate certificate shall be marked as such.

## **LIEN OF SHARES**

23. The Company shall have a first and paramount lieu upon all the shares (other than fully paid shares) registered in the name of each member (whether solely, or jointly with other) and upon the proceeds of sale thereof for this debts, liabilities and engagements solely or jointly with any other person due to or made with the Company whether the period for the payment, fulfillment or discharge thereof shall have actually arrived at or not and such lien shall extend to all dividends from time to time declared or accrued in respect of such shares. The directors may, however, at any time, declare any shares to be wholly or partly exempt from the provisions of this Article.
24. The Board may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists in presently payable, nor until the expiration of fourteen days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of share, or the person entitled thereto by reason of his death or insolvency.
25. To give effect to such sale, the Board of Directors may authorize some person to transfer the shares sold to the purchaser thereof and the purchaser shall be registered as the holder of the shares comprised in any such transfer. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
26. The net proceeds of the sale after payment of the costs of the sale shall be received by the Company and applied or towards payment or 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 debts or liabilities not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

## **CALLS ON SHARES**

27. The Directors may from time to time (subject to the provisions of Section 91 of the Act) make such calls as they think fit upon the Members in respect of all moneys unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium). Each member shall be liable to pay the calls so made, to the persons or banking company, and at the times and places appointed by the Directors, and all calls shall be made payable at intervals of not less than two months. A call may be revoked or postponed as the Directors may determine.
28. The Board of Directors may, when making a call by resolution, determine the date on which such call shall be deemed to have been made not being earlier than the date of resolution making such call, and thereupon the call shall be deemed to have been made on the date so determined and if no such date is fixed the call shall be deemed to have been made on the date on which the resolution of the Board making the call was passed.

## **NOTICE**

29. Not less than fourteen days notice of any call shall be given specifying the date, time and place of payment provided, that before the time for payment of such call, the Directors may by notice in writing to the members, extend the time for payment thereof.
30. Any sum which by the terms of issue of share becomes payable on allotment or any fixed

date, whether on account or the nominal amount of the share or by way of premium, shall for all the purposes 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 the case of non payment all the relevant provisions of these Articles as to payments of interest, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

31. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
32.
  1. If a sum called in respect of the shares is not paid before or on the day appointed for payment thereof the person from whom the sum is due shall pay interest upon the sum at such rate not exceeding 20% per annum as may be fixed by the Board of Directors from the day appointed for the payment thereof to the time of the actual payment, but the Board of Directors shall be at liberty to waive payment of that interest wholly or in part.
  2. The provisions of this Article as to payment of interest shall apply in the case of non-payment of any sum which by the terms of issue of shares becomes payable at a fixed date, whether on account of the amount of the share or by way of premium, as if same had become payable by virtue of a call duly made and notified.

### **CALLS IN ADVANCE**

33. The Board of Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any share held by him, and upon all of any part of the moneys so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding (without the sanction of the Company in General Meeting) 12 % as may be agreed upon between the member paying the sum in advance and the Board of Directors but shall not in respect of such advances confer a right to the dividend or to participate in profits or to any voting rights.
34. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any share, nor any part payment or satisfaction there under, nor the receipt by the Company of a portion of any money which shall, from time to time, be due from any member in respect of any share, 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 or enforce a forfeiture of such shares as hereinafter provided.
35. If, by the condition of allotment of any share, in whole or part of the amount or issue price, thereof shall no 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 to time shall be registered holder of the share or his legal representative or representatives, if any.

### **TRANSFER RESTRICTIONS**

36. **TRANSFER RESTRICTIONS ON THE PROMOTERS**

#### ***(1) Promoters Lock-In***

- (a) The Promoters shall not Transfer the Promoter Shares save and except pursuant to the procedures set forth hereinafter in Article 36(2) and 36(3). In the event a Promoter is Transferring all or some of the Promoter Shares to a transferee other than the Investor, and the Investor has not exercised its tag-along rights in respect of all (and

not part) of its Shares, the Promoter shall do so only if the transferee has agreed to be bound by the terms and conditions of these Articles and the relevant Transaction Documents by executing the Deed of Adherence.

**(2) Right of First Refusal**

- (a) If a Promoter proposes to Transfer all or any Shares held by it in the Company (“**Selling Shareholder**”), the Selling Shareholder shall first give a written notice (“**Offer Notice**”) to the Investor. The Offer Notice shall state (i) the number of Shares of the Company proposed to be Transferred (“**Offered Shares**”) and the number of Shares in the Company the Selling Shareholder owns at that time, (ii) the name and address of the proposed transferee and (iii) the proposed price (including the proposed amount, form of consideration i.e. whether tangible or intangible and terms and conditions offered by such proposed transferee) (“**Offer Price**”), (iv) the proposed date of consummation of the proposed Transfer, (v) a representation that the proposed transferee has been informed of the “right of first refusal” and “tag-along rights” provided for in this Article 36 and in the event of an exercise by the Investor of the said tag-along rights, it has agreed to purchase all the Shares required to be purchased in accordance with the terms of this Article 36, and (vi) a representation that no consideration, tangible or intangible, is being provided, directly or indirectly, to the Selling Shareholder (including without limitation, by way of non-compete consideration) that will not be reflected in the price paid to the Investor on exercise of tag-along rights hereunder.
- (b) The Investor shall be entitled to respond to the Offer Notice by serving a written notice (the “**ROFR Response Notice**”) on the Selling Shareholder prior to the expiry of fifteen (15) days from the date of receipt of the Offer Notice (“**Offer Period**”) requiring the Selling Shareholder to sell the Offered Shares to the Investor at the Offer Price as mentioned in the Offer Notice. Such sale shall be completed within forty five (45) days of the expiry of the Offer Period or any other extended date mutually agreed to between the Parties.
- (c) In the event the Investor does not desire to exercise its right of first refusal as above, then the Investor may exercise tag along rights as set out below.

**(3) Tag Along Rights**

- (a) The Investor may respond to the Offer Notice by serving a written notice (the “**Tag-Along Notice**”) on the Selling Shareholder prior to the expiry of the Offer Period requiring the Selling Shareholder to ensure that the proposed transferee of the Offered Shares also purchases such number of the Shares as mentioned in the Tag-Along Notice (“**Sale Shares**”) at the Offer Price and on the same terms as mentioned in the Offer Notice, except that the Investor shall not be required to provide any representations or warranties, other than in respect of its title to such Sale Shares, to the proposed transferee.
- (b) The Selling Shareholder shall ensure that, along with the Offered Shares, the proposed transferee also acquires the Sale Shares specified in the Tag-Along Notice at the Offer Price (per Share) as applicable to the Offered Shares and the Investor shall not be required to provide any representations or warranties to the proposed transferee and the price paid for the Sale Shares includes the *pro rata* portion of other

consideration payable to the Selling Shareholder. In the event that the proposed transferee is unwilling or unable to acquire all of the Sale Shares and the Offered Shares upon the terms set out in the Offer Notice, then the Selling Shareholder and/or its Affiliates shall allocate the Offered Shares and Sale Shares to the proposed transferee on a pro-rata basis in proportion to their shareholding.

- (c) The proposed transferee shall purchase and pay for the Sale Shares simultaneously with the acquisition of the Offered Shares in accordance with the provisions of this clause. Such sale shall be completed within sixty (60) days of the expiry of the Offer Period.
- (d) In the event
  - (i) the Investor does not deliver a ROFR Response Notice or a Tag-Along Notice to the Selling Shareholder prior to the expiry of the Offer Period, then, upon the expiry of the Offer Period, or
  - (ii) if the Investor delivers a ROFR Response Notice but the acquisition of the Offered Shares by the Investor is not complete within the period specified in Article 36(2)(b) due to Investor's default,then the Selling Shareholder shall be entitled to sell and transfer the Offered Shares to the proposed transferee mentioned in the Offer Notice at the Offer Price and on the same terms and conditions specified in the Offer Notice. Any transferee purchasing the Offered Shares shall deliver to the Selling Shareholder on or before the date of consummation of the proposed Transfer specified in the Offer Notice payment in full of the Offer Price in accordance with the terms set forth in the Offer Notice. If completion of the sale and transfer to the proposed transferee does not take place within the period of forty five (45) days following the expiry of the Offer Period, the Selling Shareholder's right to sell the Offered Shares to such third party shall lapse and the provisions of this Article 36 shall once again apply to the Offered Shares.
- (e) Where the Investor requires prior legal, Governmental Authority, regulatory or Shareholder consent for an acquisition of Shares pursuant to these Articles then notwithstanding any other provision of these Articles, the Investor shall only be obliged to acquire or dispose of Shares once such consent or approval is obtained, and the Parties shall use their reasonable endeavours to obtain any such required approvals. Any period within which a transfer of Shares to the Investor has to be completed shall be extended by such further period as is necessary for the purpose of obtaining the above approvals. Provided that if any of the abovementioned approvals are finally withheld, then the Investor shall be deemed not to have offered to purchase the concerned Shares.
- (f) The Transfer restrictions in these Articles and/or in the constitutional documents of the Company shall not be capable of being avoided by the holding of Shares indirectly through a company or other entity that can itself be sold in order to dispose of an interest in Shares free of such restrictions. Any Transfer, issuance or other disposal of any shares (or other interest) resulting in any change in the control, directly or indirectly, of the Promoters shall be treated as being a Transfer of the Shares held by the Promoters, and the provisions of these Articles that apply in respect of the Transfer of Shares shall thereupon apply in respect of the Shares so

held.

### 37. TRANSFER RESTRICTIONS ON THE INVESTOR

(1) The Investor shall not Transfer the Shares to a third party which is not an Affiliate save and except pursuant to the procedures set forth hereinafter in Article 37(2) below. In the event the Investor is Transferring all or some of the Investor Shares to an Affiliate and/or a transferee other than a Promoter, it shall do so only if the Affiliate / transferee has agreed to be bound by the terms and conditions of these Articles and the relevant Transaction Documents by executing the Deed of Adherence.

#### (2) *Right of First Refusal*

(a) If the Investor wishes to Transfer any Shares held by it in the Company other than to an Affiliate, the Investor shall give a written notice ("**Investor Offer Notice**") to the Promoters. Such notice shall state (i) the number of Shares of the Company the Investor wishes to Transfer ("**Investor Offered Shares**") and the number of Shares in the Company the Investor owns at that time, (ii) the name and address of the proposed transferee, (iii) the proposed price (including the proposed amount, form of consideration i.e. whether tangible or intangible and terms and conditions offered by such proposed transferee) ("**Investor Offer Price**"), (iv) the proposed date of consummation of the proposed Transfer, and (v) a representation that the proposed transferee has been informed of the "right of first refusal" provided for in this Article 37.

(b) The Promoters shall be entitled to respond to the Investor Offer Notice by serving a written notice ("**Promoter ROFR Response Notice**") on the Investor prior to the expiry of fifteen (15) days from the date of the receipt of the Investor Offer Notice ("**Investor Offer Period**") requiring the Investor to sell the Investor Offered Shares to the Promoters at the Investor Offer Price as mentioned in the Investor Offer Notice. Such sale shall be completed within forty five (45) days of the expiry of the Investor Offer Period or any other extended date mutually agreed to between the Parties.

(c) In the event:

- (i) the Promoters do not deliver the Promoter ROFR Response Notice to the Investor prior to the expiry of the Investor Offer Period;
- (ii) the Promoters deliver a Promoter ROFR Response Notice for some (but not all) the Investor Offered Shares; or
- (iii) the Promoters deliver the Promoter ROFR Response Notice but the acquisition of the Investor Offered Shares by the Promoters is not completed within a period of ninety (90) days following delivery of such Promoter ROFR Response Notice due to no fault of the Investor;

then the Investor shall be entitled to sell and transfer the Investor Offered Shares to any third party on such terms and at such price which is not lower than the Investor Offer Price.

### TRANSFER AND TRANSMISSION OF SHARES

38. 1. The instrument of transfer shall be in writing and all provisions of section 108 of the Act and of any statutory modification thereof for the time being shall be duly

complied with in respect of all transfer of shares and the registration thereof.

The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee entered in the Register maintained in respect thereof.

2. The Board of Directors shall not register any transfer of shares unless a proper instrument of transfer duly stamped and executed by the transferor and the transferee has been delivered to the Company along with the certificate relating to the shares and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares.

Provided that where it is proved to the satisfaction of the Board of Directors that an instrument of transfer signed by the transferor and the transferee has been lost, the Company may, if the Board of Directors think fit on an application in writing made by the transferee and bearing the stamp required on an instrument of transfer, register the transfer on such terms as to indemnity, as the Board of Directors may think fit.

3. An application for the registration of the transfer of any share or shares may be made either by the transferor or by 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 the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the register 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.
  4. For the purpose of clause (3) notice to the transferee shall be deemed to have been duly given if dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered in the ordinary course of post.
  5. Nothing in clause (4) shall prejudice any power of the Board to register as a shareholder any person to whom the right to any share has been transmitted by operation of law.
  6. Nothing in this Article shall prejudice the power of the Board of Directors to refuse to register the transfer of any shares to a transferee whether a member or not.
  7. Nothing in this Article shall prejudice the rights conferred on the Investor under these Articles or the Transaction Documents, including Articles 10, 11 and 12.
39. The shares in the Company shall be transferred by instrument in writing in the prescribed form, duly stamped and in the manner provided under the provisions of Section 108 of the Act and any modification thereof and the rules prescribed thereunder,.
  40. The Board of Directors may decline to recognise any instrument of transfer unless
    - a. The instrument of transfer is accompanied by the certificate of shares to which it relates and such other evidence as the Board of Directors may reasonably require to show the right of transferor to make the transfer and
    - b. The instrument of transfer is in respect of only one class of shares

41. 1. Every endorsement upon the certificate of any share in favour of any transferee shall be signed by the Managing Director or by some other person for the time being duly authorised by the Managing Director in this behalf. In case any transferee of a share shall apply for a new certificate in lieu of the old or existing certificate he shall be entitled to receive a new certificate in respect of which the said transfer has been applied for a upon his delivering to cancel every old or existing certificate which is to be replaced by a new one.
2. Notwithstanding any other provisions to the contrary in these presents; no fee shall be charged for any of the following, viz.,
- a. for registration of transfers of shares and debentures, or for transmission of shares and debentures
  - b. for sub-division and consolidation of share and debenture certificates and for sub-division of letters of allotment and split, consolidation, renewal and pukka transfer receipts into denominations corresponding to the market units of trading;
  - c. for sub-division of renounceable letters of right.
  - d. For issue of certificates in replacement of those which are old, decrepit or worn out, or where the cages on the reverse for recording transfers have been, fully utilised:
  - e. for registration of any power of attorney, probate, letters of administration or similar other documents.
42. The registration of a transfer shall be conclusive evidence of the approval by the Directors of the transferee.

### **REGISTER OF MEMBERS**

43. The Company shall keep a book called Register of Members and therein shall entered the particulars of every transfer or transmission of any shares and all other particulars of shares required by the Act to be entered in such register.

### **CLOSURE OF REGISTER OF MEMBERS**

44. The Board of Directors may after giving not less than 7 days previous notice by advertisement in some newspapers circulating in the district in which the Registered office of the Company is situated close the Register of Members or the Register of Debenture holders for the period or periods not exceeding 45 days in each year but not exceeding 30 days at any one time.
45. The instrument of transfer shall, after registration, remain in the custody of the Company. The Board may cause to be destroyed all transfer deeds lying with the Company for a period of 6 years or more.
46. Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any shares by the allottee in favor of some other person.

### **TRANSMISSION OF SHARES**

47. In case of the death of a Member, the survivors where the deceased was a joint holder and the executors or administrators or personal representatives of the deceased where he was a sole or only surviving holder, shall be only persons recognised by the Company as having any title to

his interest in the shares, but nothing in this Article shall release the estate of a deceased joint holder from any liability in respect of any share in which had been jointly held by him.

Provided that if the member should have been a member of a joint Hindu family the Board on being satisfied to that effect and on being satisfied that the shares standing in his name in fact belonging to the joint family may recognise the survivors or the Karta thereof as having title to the shares registered in the name of such member.

Provided further in any case it shall be lawful for the Board in their absolute discretion to dispense with the production of probate or letters of administration or other legal representation upon such terms as to indemnity or otherwise as to the Board may deem just.

48. 1. Any person becoming entitled to a share in consequence of the death or insolvency of member may, upon such evidence being produced as may from time to time, be required by the Board and subject as hereinafter provided, elect either:
- a. to be registered himself as holder of the shares; or
  - b. to make such transfer of the shares as the deceased or insolvent member could have made.
2. The Board shall, in either case, have the same right to decline or suspend registration as they would have had, if the deceased or insolvent member had transferred the shares before his death or insolvency.

#### **NOMINATION OF SHARES / DEBENTURES**

49. (i) Every holder / joint holder of shares in or Debentures of the Company may at any time, nominate, in accordance with the provisions of and in the manner provided by the Section 109A of the Act and any amendments thereof from time to time, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of the holder / all the joint holders.
- (ii) Subject to the provisions of Section 109A of the Act and clause (i) above, any person who becomes a nominee by virtue of the provisions of the Act, upon the production of such evidence as may be required by the Board or any committee thereof, elect either to be registered himself as holder of the shares or debentures as the case may be, as the deceased shareholder or debenture holder as the case may be, could have made, in accordance with the provisions of and in the manner prescribed by Section 109B of the Act and any amendments thereto from time to time.

Provided that the Board, may at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses, or other moneys payable in respect of the share or debenture, until the requirement of the notice have been complied with.

- (iii) A person, being a nominee, becoming entitled to a share or debenture by reason of the death of the holder / joint holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of it to exercise any right conferred by membership in relation to meeting of the Company.

#### **DEVOLUTION OF RIGHTS:**

50.
  1. If the person so becoming entitled shall elect to be registered as holder of the shares himself, he shall deliver or send to the Company a notice in writing by him stating that he so elects.
  2. If the person aforesaid shall elect to transfer the shares, he shall testify his detection by executing a transfer of the share.
  3. All the limitations, restrictions and provisions of these Regulations to the rights to transfer and the registration of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice of transfer were a transfer signed by a member.
  4. A person becoming entitled to a share by reason of death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share 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 meetings of the Company. Provided that the Board may, at any time give notice requiring any such person to elect either to be register himself or transfer the shares and if the notice is not complied with in ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.
51. The Company shall incur no liability or responsibility whatever in consequence of their registering or giving effect to any transfer of shares made or purporting to be made by an apparent legal owner thereof (as shown or appearing in the Register) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable rights title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto in any books of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable rights, 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 the books of the Company, but the Company shall nevertheless be at liberty to have regard and attend to any such notice and give effect thereto, if the Board shall think fit, subject to the provisions of Section 187C.

## **FORFEITURE**

52. If any member fails to pay any call or installment of a call due in respect on any share on the day appointed for payment thereof, the Directors may at any time thereafter, during such time as the call or instalment remains unpaid, serve a notice on such member requiring him to pay such call or instalment together with interest at the rate aforesaid.
53. The notice shall name a further day (not earlier than fourteen days from the date of service thereof on or before which and the place, where the payment required by the notice is to be made, and shall state that in the event of nonpayment at or before the time and at the place appointed the shares on which the call was made will be liable to be forfeited.
54. If the requirements of any such notice as aforementioned are not complied with, any share in respect of which the notice has been given may at any time thereafter before the payment required by the notice has been made, be forfeited by a Resolution of the Board of Directors to that effect, such forfeiture shall include all dividends declared in respect of the forfeited shares, and not actually paid before the forfeiture.

55. A forfeited share shall become the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the person who was before forfeiture the holder thereof or entitled thereof or entitled thereto, or to any other person, upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer a forfeited share to any other person as aforesaid.
56. A member whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall notwithstanding the forfeiture remain liable to pay to the Company all monies which at the date of forfeiture were presently payable by him to the Company in respect of the shares, with interest thereon at 12 percent per annum from the date of forfeiture until payment, and the Directors may enforce payment without any allowance for the value of the shares at the time of forfeiture. His liability shall cease if and when the Company receives payment in full of the nominal amount of shares whether legal proceedings for the recovery of the same had been barred by limitation or not.
57. A statutory declaration in writing that the declarant is the director or the secretary of the Company, and that share has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and such declaration on the share on the sale, re-allotment or disposal thereof, together with the certificate for the share delivered to a purchaser or allottee thereof shall (subject to the execution of a transfer if the same be so required) constitute a good title to the share, and the person to whom the share is sold, reallocated or disposed off shall be registered as a holder of the share and shall not be bound to see to the application of the consideration if any nor shall his title to the share be affected by any irregularity or invalidity in the proceeding in reference to the forfeiture, sale re-allotment or disposal of the share.
58. The provisions of these Articles as to forfeiture shall apply in the case of any sum which by the terms of issue of a share, becomes payable at a fixed time whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and noticed.

#### **ALTERATION OF CAPITAL**

59. The Company may from time to time but subject to the provisions of Section 94 of the Act, after the conditions of its Memorandum as follows
  - a. Increase the 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.
  - c. Sub divide its shares or any of them, into shares of smaller amount than is fixed by the Memorandum, so however, that in the subdivision 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.
  - d. Cancel any shares, which, at the date of the passing of the resolution in that behalf, 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.
  - e. The resolutions whereby any share is subdivided may determine that as between the holders of the shares resulting from such sub-division one or more of such shares shall have some preference or special advantage as regards dividend, capital, voting or otherwise over or as compared with the others.

60. The new Shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.

### **REDUCTION OF CAPITAL**

61. 1. The Company may, by special resolution, reduce in any manner and with and subject to, any incident authorised and consent required by law:
- a. its share capital
  - b. any capital redemption reserve account or
  - c. any share premium account
2. The Company shall have power, subject to and in accordance with all applicable provisions of the Act to acquire, purchase and hold or resell any of its own fully or partly paid shares whether or not they are redeemable and may make payment out of capital in respect of such acquisitions/ purchases, on such terms and conditions and at such times as the Board of Directors may in its discretion decide and deem fit.

### **GENERAL MEETING:**

62. The Company shall in addition to other meetings hold a general meeting, which shall be styled as its Annual General Meeting at intervals and in accordance with the provisions specified below:
- a. The first Annual General Meeting of the Company shall be held within eighteen months of its incorporation.
  - b. There after an Annual General Meeting of the Company shall be held once in every calendar year within 6 months after the expiry of each financial year, subject however, to the power of the Registrar of Companies to extend the time within which such a meeting can be held for a period not exceeding 3 months and subject thereto not more than fifteen months shall elapse from the date of one Annual General Meeting and that of the next.
  - c. Every Annual General Meeting shall be called for at a time during the business hours on a day that is not a public 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.
  - d. Notice calling such meeting shall specify them as the Annual General Meetings.
  - e. All other meetings shall be referred to as Extra- ordinary General Meetings.

### **EXTRAORDINARY MEETINGS:**

63. The Board of Directors may whenever they think fit, convene an Extraordinary General Meeting at such time and at such places as they deem fit. Subject to such directions, if any, given by the Board, the Managing Director or the Secretary may convene an Extra-Ordinary General Meeting.
64. a. The Board of Directors shall on the requisition of such number of members of the Company as is specified below proceed duly to call an Extra-Ordinary General

Meeting of the Company and comply with the provisions of the Act in relation to meetings on requisition.

- b. The requisition shall set out matters for consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company or sent to the Company by registered post addressed to the Company at its registered office.
- c. The requisition may consist of several documents in like form, each signed by one or more requisitionists
- d. The number of members entitled to requisition a meeting with regard to any matter shall be such number of them as held at the date of the deposit or dispatch to the registered office of the requisition, not less than 1/10th of such of the paid-up capital of the Company as at that date carries the right of voting in regard to the matter set out in the requisition.
- e. If the Board of Directors do not, within twenty-one days from the date of deposit of requisition with regard to any matters, proceed duly to call a meeting for the consideration of these matters on a date not later than forty five days from the date of the deposit of the requisition the meeting may be called by the requisitionists themselves or such of the requisitionists as represent either majority in value of the paid-up share capital held by all of them or of not less than 1/10th of such paid-up capital of the Company as is referred to in sub clause (d) above.

#### **NOTICE OF GENERAL MEETINGS**

65. An Annual General Meeting and an Extraordinary General Meeting shall be called by twenty-one days notice in writing at the least. The notice shall be exclusive of the day for which it is given and shall specify the place, the day and the hour of meeting and the business to be transacted and in the case of special business an explanatory statement shall be annexed in accordance with provisions of Section 173 of the Act and such notice shall be given in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Act to all the Members and to the persons entitled to a share in consequence of the death or insolvency of a member and to the Auditors for the time being of the Company.

Provided that a General Meeting may be called after giving shorter notice if consent thereto is accorded in the case of the Annual General Meeting by all the members entitled to vote thereat and in the case of any other meeting, by members of the Company holding not less than 95% of that part of the paid-up share capital which gives the right to vote on the matters to be considered at the meeting provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for the purpose of this Article in respect of the former resolution or resolutions and not in respect of the latter.

66. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at the meeting.
67. a. All business shall be deemed special that is transacted at an Extraordinary General Meeting and also that is transacted at the Annual General Meeting with the exception of business relating to.
- i. The consideration of the accounts, balance sheet, report of the Directors and Auditors;

- ii. The declaration of dividend;
  - iii. The appointment of Directors in the place of those retiring; and
  - iv. The appointment and fixing of remuneration of the Auditors.
- 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 such item of business, including in particular the nature of the concern or interest if any therein of every Directors and the Managing Director, if any, where any item of business consists of the according of approval to any document by the meeting, the time and place where such document can be inspected shall be specified in the statement aforesaid.

Provided that where any item of special business as aforesaid is to be transacted at the meeting of the Company relates to or affects any other Company the extent of shareholding interest in that other Company of every Director and the Managing Director of the Company, shall also be set out in the statement, if the extent of such share holding interest is not less than twenty percent of the paid up share capital of that other Company.

## **PROCEEDING AT GENERAL MEETING**

### **Quorum**

68. No business shall be transacted at any General Meeting unless a quorum of members is present. Save as otherwise provided in these Articles, five members present in person shall be the quorum.

### **Adjournment of meeting**

69. If within half-an-hour from the time appointed for holding the meeting a quorum is not present, the meeting, if convened upon the request of the members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place or such other day and at such other time and place as the directors may determine, and if the adjourned meeting a quorum is not present, within half-an-hour from the time appointed for the meeting, the members present shall be quorum.
70. The chairman of the Board of Directors or in his absence some other Director nominated by the Directors, shall preside as Chairman at every General Meeting of the Company, but if at any meeting no such Chairman or other Director is present within fifteen minutes after the time appointed for the holding of the meeting or if he is not willing to act, the Directors present shall choose another director present to be the Chairman of the meeting, or if no director is present, or if all the directors present declined to take the chair, the member present shall choose one of the member present to be the chairman.
71. The Chairman of the meeting may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourned the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 30 days or more notice of the adjourned meeting shall be given as in the case of original meeting. Save as aforesaid it shall not be necessary to give any notice on an adjournment or of the business to be transacted at an adjourned meeting,

### **Demand for poll**

72. At any General Meeting, 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 of his own motion and shall be ordered to be taken by him on demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company —
- i. which confer a power to vote on the resolution not being less than 1/10th of the total voting power in respect of a resolution or
  - ii. on which an aggregate sum of not less than Rs. 50000 has been paid up.

Unless a poll be so demanded, declaration by the Chairman of the meeting that a resolution has, on a show of hands been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to the effect in the book 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 recorded in favour of or against such resolution.

### **Manner of taking poll**

73. 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, and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken. A demand for poll shall not prevent the continuance of a meeting for the transaction of any business other than on which a poll has been demanded. The demand for a poll may be withdrawn at any time by the person who made the demand.

### **Casting Votes**

74. 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 or at which the poll is demanded, shall not be entitled to a second or casting vote.
75. A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs (not being more than forty-eight hours from the time when the demand was made), and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

### **Votes of Members**

76. Every member who is a registered holder of ordinary shares, shall on every resolution placed before the Company be entitled in respect of such shares:
- a. On a show of hands, to one vote, if present in person:
  - b. On a poll, his voting right in respect of his equity shares shall be in proportion of his share of the paid-up capital in respect of the equity shares.

Every member who is a registered holder of preference shares, shall have a right to vote only in accordance with the provisions of sub-section (2) of Section 87 of the Act.

### **Seniority of Joint Holders**

77. In case of Joint holders, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.

#### **Voting by Member of Unsound Mind**

78. 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 a poll, vote by proxy, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the office or such other office of the Company as may from time to time be designated by the Directors, not less than forty eight hours before the time for holding the meeting or adjourned meeting at which such person claims to vote.
79. No member shall, unless the Directors otherwise determine, be entitled to vote at any General Meeting either personally or by proxy, or to exercise any privilege as a Member unless all calls or other sums presently payable by him in respect of shares of the Company have been paid.
80. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.

#### **PROXY**

81. On a poll, votes may be given either personally or by proxy.
82. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint any person whether a member or not as his proxy to attend and vote instead of himself, but the proxy so appointed shall not unless to be a member have any right to speak at the meeting and shall not be entitled to vote except on a poll.

#### **Instrument of Proxy**

83. 1. The instrument appointing a proxy shall be in writing under the hands of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation either under the common seal or under the hand of an officer or attorney so authorised. Any person may act as proxy whether he is a member or not.
2. A corporate body (whether a Company within the meaning of the Act or not) may, if it is a member or a creditor or a debenture holder of the Company, by the resolution of its Board of Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of members of the Company or at any meeting of the creditors of the Company held in pursuance of the provisions contained in any Debenture or Trust Deed as the case may be. The person so authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents, as that body could exercise if it were an individual member, creditor or holder of debentures of the Company.
3. So as an authorisation under clause (2) above is in force, the power to appoint proxy

shall be exercised only by the person so appointed as representative.

84. The instrument appointing a proxy or any other document necessary to show the validity or otherwise relating to the appointment of proxy, in order that the appointment may be effective, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.

#### **Remuneration for extra services**

85. If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from the town in which the registered office of the Company may be situated for any purposes of the Company or in giving special attention to the business of the Company or as a member of the Board, then subject to Section, 198, 309, 310 the Board may remunerate the Director so doing either by a fixed sum or by percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled.

#### **Powers and duties of Directors**

86. The business of the Company shall be managed by the Board of Directors, who may exercise all such powers of the Company as are not by the Act or any statutory modification thereof for the time being in force, or by these presents, required to exercised by the Company in General Meeting, subject nevertheless to any regulation of these presents, to the provisions of the said Act, and to such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in General Meeting, but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made
87. Without prejudice to the generality of the foregoing, but subject to these Articles and the Transaction Documents, it is hereby expressly declared that the Directors shall have the following powers, that is to say, power:
1. To carry on and transact the several kinds of business specified in clause III of the Memorandum of Association of the Company, subject to the provisions of law in that behalf.
  2. To draw, accept, endorse, discount, negotiate, and discharge on behalf of the Company all bills of exchange, promissory notes, cheques, hundies, drafts, railway receipts, clock warrants, delivery orders, Government promissory notes, other Government instruments, bonds, debentures stocks of Corporation, Local Bodies, port trusts, improvement trusts or other corporate bodies and to execute transfer deeds for transferring stocks, shares or stock certificates of the Government and other local or corporate bodies in connection with any business or any subject of the Company.
  3. 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 or 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 or other securities may be either specifically charged upon all or any of the property of the Company or not so charged.
  4. To engage and in their discretion to remove, suspend dismiss and remunerate bankers, legal advisers, accountants, cashiers, agents, commission agents, dealers, brokers

foremen, servants, employees of every description and to employ such professional or technical or skilled assistants as from time to time may in their opinion be necessary or advisable in the Interest of the Company and upon such terms as is duration of employment, remuneration or otherwise and may be required security In such Instances and to such amounts as the Directors think fit.

5. Subject to the provisions of Sections 100 to 105 of the Act, accept from any member on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof.
6. To secure the fulfillment of any contracts or agreements entered into by the Company by mortgage or charge of all or any of the property of the Company or in such other manner as they may think fit.
7. To institute, conduct, defend, compound or abandon any actions, suits and legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound or compromise or submit to arbitration the same actions, suits and legal proceedings.
8. To make and give receipts, releases and other discharges for money payable to the Company and for the claims and demands of the. Company.
9. To determine who shall be entitled to sign on the Company's behalf, bills of exchange, pro-notes, dividend warrants, cheques and other negotiable instruments, receipts, acceptance endorsements, releases, contracts, deeds and documents.
10. From time to time to regulate the affairs of the Company abroad in such manner as they think fit and in particular to appoint any person to be the attorneys or agents of the Company either abroad or in India with such powers including power to sub-delegate and upon such terms as may be thought fit.
11. To invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such securities as they think fit.
12. To execute in the name and on behalf of the Company in favour 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 think fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon.
13. To give to any person employed by the Company a commission on the profits, or any particular business or transactions, or a share in the general profits of the Company, and such commission or such share of profits shall be treated as part of the working expenses of the Company.
14. From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.
15. To enter into all such negotiations and contracts and rescind and vary all such contracts, and 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.
16. To pay gratuities, bonus, rewards presents, and gifts to employees or dependents of any deceased employees, to charitable institutions or purposes, to subscribe for

provident funds and other associations for the benefit of the employees.

88. Subject to the provisions of section 292 of the Act, and other provisions of the Act, the Board may delegate from time to time and at any time to committee formed out of the Directors all or any of the powers, authorities, and discretion for the time being vested in the Board and any such delegations may be made on such terms and subject to such conditions as the Board may think fit.
89. The Board may appoint, at any time and from time to time by a power of attorney under the Company's seal any person to be the attorney of the Company for such purposes and with such powers, authorities and discretions not exceeding those vested in or exercisable by the Board under these Articles and for such period and subject to such conditions as the Board may from time to time think fit, and any such appointment may, if the Board thinks fit, be made in favour of the members or any of the members of any firm or Company, or the members, directors, nominees or manufacturers of any firm or Company or otherwise in favour of any body or persons, whether nominated directly or indirectly by the Board, and any such power of attorney may contain such provision for the protection or convenience of persons dealing with such attorney as the Board may think fit.
90. The Board may authorise any such delegate, or attorney as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in it.

#### **Record of Minutes**

91.
  1. The Board shall duly comply with the provisions of the act and in particular with the provisions in regard to the registration of the particulars of mortgages and charges affecting the properties of the Company or created by it and to keeping a Register of the Directors and to sending to the Registrar an annual list of members and a summary of particulars of shares and stocks and copies of special resolutions and other resolutions of the Board as are required to be filled with the Registrar under Section 192 of the Act, and a copy of the Register of Directors and notification of any changes therein.
  2. The Company shall comply with the requirements of Section 193 of the Act in respect of keeping of the minutes of all proceedings of every General Meeting and of every meeting of the Board of any Committee of the Board.
  3. The Chairman of the meeting may exclude at his absolute discretion such of the matters as are or could reasonably be regarded as defamatory of any person, irrelevant or immaterial to the proceedings or detrimental to the interests of the Company.

#### **Secretary**

92. The Board shall have power to appoint as the Secretary a person possessing the prescribed qualifications and fit in their opinion for the said office, for such period and on such terms and conditions as regards remuneration and otherwise as they may determine. The Secretary shall have such powers and duties as may, from time to time be delegated or entrusted to him by the Directors.

#### **Powers as to commencement of business or branch.**

93. Any branch or kind of business which by the Memorandum of Association of Company or these presents expressly or by implication authorised to be undertaken by the Company may be undertaken by the Board at such time or times as they shall think fit and further may be suffered by them to be in abeyance whether such branch or kind of business may have been actually commenced or not so long as the Board may deem it expedient not to commence or

proceed with such branch or kind of business.

### **Delegation of Powers**

94. Subject to the provisions of Section 292, the Board may delegate all or any of their powers to any directors jointly or severally or to any one Director at their discretion.

### **Borrowing Powers**

95. 1. The Board of directors may from time to time but with such consent of the Company in General Meeting as may be required under Section 293 raise any moneys or sum of money for the purpose of the Company provided that the moneys to be borrowed by the Company apart from temporary loans obtained from the Company's bankers in the ordinary course of business shall not without the sanction of the Company in a General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose in particular, but subject to the provisions of Section 292 of the Act, the Board may from time to time at their discretion raise or borrow or secure the payment of any such sum of money for the purpose of the Company, by the issue of debentures, perpetual or otherwise including debentures convertible into shares of this or any other Company or perpetual annuities and in security of any such money so borrowed, raise or received, mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company, present or future, including its uncalled capital by special assignments or otherwise or to transfer or convey the same absolutely or in trust and to give the tenders powers of sale and other powers as may be expedient and to purchase, redeem or pay off any such securities. Provided that every resolution passed by the Company in General Meeting in relation to the exercise of the powers to borrow as stated above shall specify the total amount up to which moneys may be borrowed by the Board of Directors.
2. The Directors may by a resolution at a meeting of the Board, delegate the above powers to borrow money otherwise than on debentures, to a Committee of Directors or the Managing Director if any, within the limits prescribed.

Subject to the provisions of the above clause, the Directors may, from time to time, at their discretion, raise or borrow or secure the repayment of any sum or sums of money for the purpose of Company, at such time in such manner and upon such terms and conditions in all respects as they think fit, and in particular by promissory notes or by opening current accounts or by receiving deposits and advances with or without security or by issue of bonds perpetual or redeemable debentures or debenture-stock of the Company (both present and future) including its uncalled capital for the time being, or by mortgaging or charging or pledging any lands, buildings, goods or other property and securities of the Company, or by such other means as to them may seem expedient.

### **Assignment of Debentures**

96. Such debentures, debenture-stock, 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.

### **Terms of Debenture Issues**

97. a. Any such debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise, and with any special privileges as to redemption, surrender, drawings, allotment of shares of the Company, appointment of Directors or otherwise, Debentures, debenture-stocks, bonds or other securities with a right of conversion into or allotment of shares shall be issued only with the sanction of the Company in General Meeting.

b. Any trust deed for the securing of any debenture-stock and or any mortgage deed and or other bond for securing payment of moneys borrowed by or due by the Company and or any contract or an agreement made by the Company, with any person, firm, body corporate Government or authority who may render or agree to render any financial assistance to the Company by way of loans advanced or by guaranteeing of any loan borrowed or other obligations of the Company or by subscription to the share capital of the Company or provided assistance In any other manner, may provide for the appointment, from time to time by any such mortgage, lender, trustees or holders of debentures or contracting party as aforesaid, of one or more persons to be a Director or Directors of the Company. Such Trust Deed, mortgage deed, bond or contract may provide that the person appointing a Director as aforesaid may from time to time remove any Director so appointed by him and appoint any other person in his place and provide for filling up of any casual vacancy created by such person vacating office as such Director. Such power shall terminate on the discharge or repayment of the respective mortgage, loan or debt or debentures or on the termination of such contract and any person so appointed as Director under mortgage or bond or debenture trust deed or under such contract shall cease to hold office as such Director on the discharge of the same. Such appointment and provision in such document as aforesaid shall be valid and effective as if contained in these presents.

98. The Director or Directors so appointed by or under a mortgage deed, debenture trust deed or other bond or contract as aforesaid shall be called "Nominated Directors". The words "Nominated Director" shall mean the Director appointed as aforesaid and for the time being holding such office. The nominated Director shall not be liable to retire by rotation or to be removed from office of the Company. Such mortgage deed or bond or trust deed or contract may contain such auxiliary provisions as may be arranged between the Company and mortgagee, lender, trustee or contracting party as the case may be and all such provisions shall have effect notwithstanding any of the other provisions herein contained but subject to the provisions of the Act.

#### **Register of Charges/mortgages**

99. The Directors shall cause a proper register to be kept, in accordance with the Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified.

#### **Subsequent assignees of uncalled capital**

100. Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same, subject to such prior charge, and shall not be entitled, by notice to the shareholders or otherwise to obtain priority over such prior charge.

101. If the Directors or any of them any other persons, shall become personally liable for the payment of any sum primarily due from the Company the Board 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 other persons so becoming liable as aforesaid from any loss in respect of such liability.

#### **Powers to be exercised at a Board Meeting**

102.

1. The Board of Directors shall exercise the following powers on behalf of the Company and the said powers shall be exercised only by resolutions passed at the meeting of the Board:

- a. Power to make calls on shareholders in respect of moneys unpaid on their shares;
  - b. Power to buy-back the securities of the Company;
  - c. Power to issue debentures;
  - d. Power to borrow moneys otherwise than on debentures;
  - e. Power to invest the funds of the Company;
  - f. Power to make loans.
2. The Board of Directors by a meeting may delegate to any Committee of the Directors or to the Managing Director the powers specified in sub-clauses (d), (e) and (f) above.
  3. Every resolution delegating to power set out in sub-clause (c) above shall specify the total amount upto which moneys may be borrowed by the said delegate.
  4. Every resolution delegating the power referred to in sub-clause (e) above shall specify the total amount upto which the funds may be invested and the, nature of the investments which may be made by the delegate.
  5. Every resolution delegating the power referred to in sub-clause (f) above shall specify the total amount up to which the loans may be made by the delegate, the purposes for which the loans may be made and the maximum amount of loans which may be made for such purpose in individual cases.

## **DIRECTORS**

### 103. BOARD OF DIRECTORS

- (1) The Board shall at all times comprise a maximum of 12 (twelve) Directors, of whom, the Investor shall be entitled to appoint and maintain in office one non retiring Director (and to remove from office any directors so appointed and to appoint another in the place of the directors so removed) ("**Nominee Director**"). Subject to applicable Law and the requirement to appoint independent Directors on the Board, the Promoters shall be entitled to appoint and maintain in office the remaining Directors on the Board. In the event the shareholding of the Investor in the Company increases from 14.99% of the Share Capital of the Company, then the Investor shall be entitled to nominate such number of Directors of the Board which is pro rata to its shareholding in the Company and the number of Directors who the Promoters are entitled to appoint shall be reduced accordingly.
- (2) The Company and the Promoters shall ensure that the appointment or removal of a Nominee Director by the Board takes place forthwith (and in any event within 7 Business Days of such nomination or at the next Board meeting, whichever is earlier) upon receipt of a request from the Investor and further that, unless the Investor changes or withdraws such nomination, such person shall also be elected as a Director of the Company at the next general meeting of the Shareholders of the Company.
- (3) Without prejudice to the above, the Company and the Promoters shall exercise all powers and rights available to them so as to fix the number of Directors in accordance with this

Article 103 and to ensure that the persons nominated by the Investor are expeditiously appointed or removed (as the Investor may specify) as a Director of the Company.

- (4) The Nominee Director shall be entitled to be members of all the committees of the Board.
- (5) The Investor shall be entitled to from time to time nominate persons to be appointed as the alternate director to its Nominee Director; and the Company shall exercise all its rights and powers and take all requisite actions to ensure that such persons are appointed forthwith as the Nominee Director's alternate director.
- (6) Subject to the relevant provisions of the Act, the Company shall pay the Nominee Director all reasonable out of pocket expenses (including international air fares) incurred in order to attend Shareholder, Board, committee and other meetings of the Company or otherwise perform their duties and functions as directors of the Company or members of any committee of the Company.
- (7) The Nominee Director shall be a non-executive director and, subject to the provisions of the Act, shall not be responsible for the day-to-day management of the Company and shall not be liable for any failure by the Company to comply with applicable Law.
- (8) If required by the Investor, the Company shall obtain director's and officer's liability insurance with a carrier, for an amount and on terms satisfactory to the Investor.
- (9) Further, if the Investor does not appoint the Nominee Director, then the Investor shall be entitled to nominate 1 (one) person as an observer to the Board of the Company ("**Observer**") and each of its subsidiaries from time to time. The Observer will be entitled to obtain notices to all Board meetings along with the Directors as per Article 104.2 below. The Observer may participate in Board meetings by telephone or video conferencing or any other means of contemporaneous communication.
- (10) The Company and the Promoters shall jointly and severally indemnify the Nominee Director and the Observer (if any) against:-
  - (a) any act, omission or conduct of or by the Company, the Promoters or their employees or agents as a result of which, in whole or in part, the Nominee Director and the Observer (if any) are made party to, or otherwise incur any loss pursuant to, any action, suit, claim or proceeding arising out of or relating to any such conduct; or
  - (b) any action or failure to act undertaken by the Nominee Director or the Observer (if any) at the request of or with the consent of the Company or any of the Promoters; or
  - (c) contravention of any Law including, without limiting the generality of the foregoing, the Foreign Exchange (Management) Act 1999, SEBI Act and the rules and regulations issued thereunder, Laws relating to listing, provident fund, gratuity, labour, environment and pollution; and any action or proceedings taken against Nominee Director or Observer (if any) in connection with any such contravention or alleged contravention.

- (11) The Company shall ensure that its successors assume the obligation of indemnifying the Directors.

#### 104. CORPORATE GOVERNANCE

- (1) Subject to the provisions of these Articles and applicable Law, the Board shall be responsible for the management, supervision, direction and control of the Company.
- (2) At least 14 Business Day's notice of each Board meeting shall be given to each Director unless in any particular case a majority of the Directors (which majority shall include the Nominee Director or the Observer, as the case may be) agree otherwise. The agenda for each Board meeting and all papers connected therewith and/or proposed to be placed or tabled before the Board shall be circulated together with the notice and, no items save and except those specified in the agenda may be discussed at any Board meeting, except with the written consent of the Nominee Director (if any).
- (3) The quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being rounded off to one) or three Directors (whichever is higher), including at least one Nominee Director (if any), present throughout the meeting, unless otherwise agreed with the Investor's prior written consent. If the quorum is not present within one hour from the time when the meeting should have begun or if during the meeting there is no longer a quorum, the meeting shall be adjourned and reconvened at the same place and time seven (7) days later, or such shorter period as the majority of the Directors including one Nominee Director (if any) agrees, with the same agenda. At such reconvened meeting, the Directors present shall constitute the quorum; provided however that at such reconvened meeting, resolutions on certain issues listed in Article 105 below ("**Fundamental Issues**") can be passed, approved or authorized only if the Nominee Director (if any) is present in person at the reconvened meeting, unless the Investor's prior written consent has been received for one or more of such matters in accordance with Article 105 below.
- (4) A meeting of the Board shall be held at least once in every quarter and at least 4 (four) such meetings shall be held in every calendar year. The Directors may adjourn or otherwise regulate their meetings and proceedings as they may deem fit. Any Director may request, in writing, that a meeting of the Board be called, and upon such a request, a meeting of the Board shall be called.
- (5) If permitted by the Act, the Directors may participate in Board meetings by telephone or video conferencing or any other means of contemporaneous communication, provided each Person taking part in the meeting is able to hear the other Person taking part and provided further that each Director must acknowledge his presence for the purpose of the meeting and any Director not doing so shall not be entitled to speak or vote at the meeting. The Parties acknowledge, however, that as of the date hereof, the Act does not presently deem such participation to constitute presence "in person" for purposes of quorum.

- (6) A written resolution circulated to all the Directors or members of committees of the Board, and signed by all of them as approved, shall (subject to compliance with the relevant requirements of the Act) be as valid and effective as a resolution duly passed at a meeting of the Board or committee of the Board, called and held in accordance with the Articles (provided that it has been circulated in draft form, together with the relevant papers, if any to all the Directors).
- (7) The Shareholders Meeting shall take place in accordance with the provisions of the Act. The presence of one representative of the Investor shall be required to form quorum for a Shareholders Meeting.
- (8) As soon as possible and no later than 60 days from the Completion Date, the Company shall, on the basis of the recommendation by the Investor, nominate an executive or appoint an additional executive (if appropriate) who shall be responsible for preparing a Business Plan for the Company (as agreed with the Investor) for the development of Company's institutional broking and investment banking businesses in India and present it to the Board for approval.

#### 105. FUNDAMENTAL ISSUES

Notwithstanding anything contained in these Articles, any action with respect to the following Fundamental Issues shall be taken at the Board Meeting (alongside Shareholders Meeting, if required by Law), and only after the receipt of the unanimous consent of all the Directors of the Company or in the event the Investor has not appointed a Nominee Director, only after the receipt of the consent of the Investor at a Shareholders Meeting (or otherwise in writing, if no Shareholders Meeting is required to be held under Law). The Fundamental Issues shall be the following matters:

- (1) amendments or any proposal to amend the memorandum or articles of association of the Company or its subsidiaries including change in the maximum or minimum number of members of the board of directors provided in the said memorandum or articles of association;
- (2) commencement of any new line of business by the Company or its subsidiaries;
- (3) acquisition of other businesses, undertaking other / new businesses, discontinuing any of the existing businesses, creation of joint ventures/partnerships, creation or investment in subsidiaries or other non-liquid investments, except non-liquid investments upto Rs. 2,000,000 (Rupees Two Million Only), on a cumulative basis, in a Financial Year;
- (4) divestment of or sale, lease, license or exchange or pledge or in any other way proposing to dispose of any assets or undertaking of the Company in excess of Rs. 2,000,000/- (Rupees Two Million Only) on a cumulative basis, in any Financial Year or substantially all of the assets or undertaking of the Company;
- (5) increase, decrease or other alteration or modification in authorized or issued or paid up

share capital, or any change in the face value of the Shares or creation or issue of securities (including equity shares, preference shares, non-voting shares, warrants, options, buy back etc.) and the terms thereof and/or approve or disapprove any Transfer of Shares, provided that the affirmative vote of the Investor or as the case may be of the Nominee Director, for the purpose of this sub-clause, shall not be unreasonably withheld;

- (6) winding up and / or liquidation of the Company;
- (7) any deviations from the Business Plan prepared as per clause 3.1(o) of the Subscription Agreement or operating budgets by more than 10% of the approved Business Plan or operating budgets, as the case may be;
- (8) incurring of debts in excess of Rs. 2,000,000 /- (Rupees Two Million Only) in any Financial Year or increasing the existing debts of the Company by more than Rs. 2,000,000/- (Rupees Two Million Only) in any Financial Year;
- (9) giving or renewing any guarantee or security in respect of obligations of any third parties in excess of Rs. 2,000,000/- (Rupees Two Million Only);
- (10) any Related Party transactions including transactions between the Company and its Shareholder or their respective Affiliates, subsidiaries or other connected persons or entities;
- (11) any commitment or agreement to do any of the foregoing.

#### 106. EXERCISE OF RIGHTS

- (1) Without prejudice to the other provisions of these Articles, the Promoters and the Company shall exercise all powers and rights available to them (including their voting rights and their rights as and in respect of directors) in support of the provisions of these Articles and so as to procure and ensure that the provisions of these Articles are complied with in all respects by the Company and the Promoters.
- (2) The Promoters and the Company shall be jointly and severally liable to ensure the performance of these Articles. In respect of any obligation of any Promoters, the other Promoters shall also be jointly and severally liable for the fulfilment of such obligation.
- (3) Each Promoter shall vote or cause to be voted all Shares bearing voting rights beneficially owned by such Shareholder at any annual or extraordinary meeting of Shareholders of the Company (the “**Shareholders Meeting**”) or in any written consent executed in lieu of such a meeting of shareholders (the “**Written Consent**”), and shall take all other actions necessary, to give effect to the provisions of these Articles and to ensure that the Articles do not, at any time hereafter, conflict in any respect with the provisions of these Articles including, without limitation, voting to approve amendments and/or restatements of the restated Articles and remove directors that take actions inconsistent with these Articles or fail to take actions required to carry out the intent and purposes of these Articles. In

addition, each Promoter shall vote or cause to be voted all Shares beneficially owned by such Shareholder at any Shareholders Meeting or act by Written Consent with respect to such Shares, upon any matter submitted for action by the Company's Shareholders or with respect to which such Shareholder may vote or act by Written Consent, in conformity with the specific terms and provisions of the Articles.

- (4) In order to effectuate the provisions of these Articles, and without limiting the generality of Article 106(3), each Promoter (a) hereby agrees that when any action or vote is required to be taken by such Shareholder pursuant to these Articles, such Shareholder shall use its best efforts to call, or cause the appropriate officers and directors of the Company to call, one or more Shareholders Meetings to take such action or vote, to attend such Shareholders Meetings in person or by proxy for purposes of obtaining a quorum, or to execute or cause to be executed a Written Consent to effectuate such Shareholder action, (b) shall use its best efforts to cause the Board to adopt, either at a meeting of the Board or by unanimous written consent of the Board, all the resolutions necessary to effectuate the provisions of these Articles and (c) shall use its best efforts, to the extent not in violation of applicable Law, to cause the Board to cause the secretary of the Company, or if there be no secretary, such other officer of the Company as the Board may appoint to fulfil the duties of secretary, not to record any vote or consent contrary to the terms of this Article 106(4).

#### **Right of continuing Directors**

107. The continuing Directors may act notwithstanding any vacancy in the Board, but if and so long as their number is reduced below three, the continuing Directors or Director may act for the purpose of increasing the number of Directors to three or of summoning a General Meeting of the Company but for no other purpose.

#### **Election of Chairman**

108. 1. The Board may elect from their body of Directors a Chairman of its meeting and determine the period for which he is to hold office.
2. If no such Chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their members to be Chairman of the meeting.

#### **Question how decided**

109. 1. Save as otherwise expressly provided in the Act, a meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the regulations of the Company for the time being vested in or exercisable by the Directors generally and all questions arising at any meeting of the Board shall be decided by a majority of the votes.
2. In case of an equality of votes, the Chairman shall not have a second or casting vote.

#### **Delegation of powers of committee**

110. 1. The Board may, subject to the provisions of the Act, delegate any of its powers to

committees consisting of such member or members of the body as it thinks fit.

2. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulation that may be imposed on it by the Board.

#### **Chairman of a Committee**

111. 1. If the Chairman of the Board is a member of the Committee he shall preside over all meetings of the Committee. If the Chairman is not a member thereof, the Committee may elect a Chairman of its meeting. If no such Chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting the members present may choose one of their member to be chairman of the meeting.
2. The quorum of a committee may be fixed by the Board of Directors and until so fixed shall be two.

#### **Questions how determined**

112. 1. A Committee may meet and adjourn as it thinks proper.
2. Questions arising at any meeting of a Committee shall be determined by the sole member of the committee or by a majority of votes of the members present as the case may be and in case of an equality of vote, the Chairman shall have a second or casting vote in addition to his vote as a member of the Committee.

#### **Validity of Acts of Board / Commission**

113. All acts done by any meeting of the Board or of a Committee thereof or by any person acting as a Director shall notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid or that they or any of them were disqualified be as valid as if every such Director or such person had been duly appointed and was qualified to be a Director.

#### **Director may contract with the Company**

114. 1. Subject to the provisions of the Act, the Directors including the Managing Director, if any shall not be disqualified by reason of their office as such from contracting with the Company either as vendor, purchaser, lender, agent, broker or otherwise nor shall any contract or arrangement entered into by or on behalf of the Company with any Director or the Managing Director or with any Company or partnership of or in which any Director or the Managing Director shall be a member or otherwise interested be avoided nor shall any Director or the Managing Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director or Managing Director holding that office or of the fiduciary relation thereby established, but the nature of interest must be disclosed by him or them at the meeting of the Board at which the contract or arrangement is determined if the interest exists, or in any other case at the first meeting of the Board after acquisition of the interest.

Provided nevertheless that no Director shall take part in the discussion of or vote as a Director in respect of any contract or arrangement in which he is so interested as aforesaid and if he does so his vote shall not be counted, but he shall be entitled to be present at the meeting during the transaction of the business in relation to which he is

precluded from voting although he shall not be counted for the purpose of ascertaining whether there is quorum of Directors present. The provision shall not apply to any contract by or on behalf of the Company to give to the Directors or the Managing Director or any of them or any security by way of indemnity against any loss which they or any of them suffer by becoming or being sureties for the Company or to any contract or arrangements entered into or to be entered into with a public Company or a private Company which is a subsidiary of a public Company, in which the interest of the Director aforesaid consists solely in his being a Director of such Company and the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company or in his being a member holding not more than 2% of its paid up share capital.

2. A general notice that any Director is a Director or a member of any specified Company or is a member of any specified firm and is to be regarded as interested in any subsequent transaction with such Company or firm shall, as regards any such transaction, be sufficient disclosure under this Article and after such general notice it shall not be necessary to give any special notice relating to any particular transaction with such Company or firm.
3. A Director may be or become, a Director or member of any Company promoted by this Company or in which this Company may be interested as vendor, shareholder or otherwise and no such Director shall be accountable to the Company for any benefits received as a Director or member of such Company.

#### **Equal powers to Directors**

115. Except as otherwise provided in these Articles all the Directors of the Company shall have in all matters equal rights and privileges and be subject to equal obligations and duties in respect of the affairs of the Company.

#### **PROCEDURE FOR FILLING UP VACANCIES, ETC.**

##### **Casual Vacancy**

116. Any casual vacancy occurring in the Board of Directors may be filled up by the Directors, and the person so appointed shall hold office upto the date which the Director in whose place he is appointed would have held office if it had not been vacated as aforesaid.

##### **Additional Directors**

117. The Board of Directors shall have power at any time, and from time to time, to appoint one or more persons as Additional Directors, provided that the number of Directors and Additional Directors together shall not exceed the maximum number fixed under these Articles. Any Additional Director so appointed shall hold office upto the date of the next annual general meeting.

##### **Alternate Directors**

118. (i) The Board of Directors shall have power to appoint an alternate director to act for a director ("the original director") during his absence for a period of not less than 3 months from the date in which the meetings of the Board are ordinarily held.
- (ii) An alternate director, so appointed, shall not hold office as such for a period longer

than that permissible to the original director in whose place he has been appointed and shall vacate office if and when the original director returns to the state in which the meeting of the Board are ordinarily held.

- (iii) If the term of office of the original director is determined before he returns to the State aforesaid, any provision for automatic re-appointment of retiring directors in default of another appointment shall apply to the original, and not to the alternate director.

#### **ROTATION/RETIREMENT**

- 119. A. Not less than two-third of the total number of Directors of the Company for the time being holding office shall be Directors whose period of office is liable to be determined by retirement by rotation and who shall be appointed by the Company in General Meeting.
- B. At the first Annual General Meeting of the Company the whole of the Board of the Directors except non-retiring Directors shall retire from office and at the Annual General Meeting in every subsequent year, one-third of such of the Directors as are liable to retire by rotation for the time being or if their number is not three or multiple of three, the number nearest to one-third shall retire from office.

#### **Directors who will retire**

- 120. The directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall unless they otherwise agree among themselves be determined by lot.

#### **Eligibility for re-election**

- 121. A retiring Director shall be eligible for re-election and the Company at the Annual General Meeting at which a Director retires in the manner aforesaid may fill up the vacated office by electing a person thereto.

#### **Retiring Directors to retire after appointment of successors**

- 122. Subject to the provisions of Section 256 of the Act, if at any Meeting at which an election of Directors ought to take place, the place of the vacating directors is not filled up and the Meeting has not expressly resolved not to fill up 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 public holiday till the next succeeding day which is not a public holiday at the same time and place, and if at the adjourned Meeting the place of retiring Directors is not filled up and the Meeting has also not expressly resolved not to fill up the vacancy, then the retiring Directors or such of them as have not had their places filled up shall be deemed to have been re-appointed at the adjourned Meeting.

#### **Removal of Directors**

- 123. Subject to the provisions of Section 284 of the Act, and these Articles, the Company may by an ordinary resolution in General Meeting remove any Directors before the expiration of his period of office, and may by an ordinary resolution appoint another person instead; the person so appointed shall be subject to retirement at the same time as if he has become a Director on the day on which the Director in whose place he is appointed was last elected as Director.

#### **Right of any other person to stand for Directorship**

124. A person not being a retiring Director shall be eligible for appointment to the office of a Director at any General Meeting if he or some other member intending to propose him as a Director not less than 14 days before the meeting has left at the office of the Company a notice in writing under his hand signifying his candidature for the office of the Director or the intention of such member to propose him as a candidate for that office as the case may be.

#### **Vacation of office of Director**

125. The office of a Director shall be vacated, if:
- a. By notice in writing given to the Company he resigns his office, and such resignation is accepted at a meeting of the Board;
  - b. He is found to be of unsound mind by a Court of competent jurisdiction; or
  - c. He applies to be adjudicated or is adjudged an insolvent; or
  - d. He fails to pay calls made on him in respect of shares held by him, solely or jointly within six months from the last date fixed for the payment of the call unless the Central Government has by notification in the official gazette, remove the disqualification incurred by such failure; or
  - e. He is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months; or
  - f. He absents himself three consecutive meetings of the Board or from all the meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or
  - g. He (whether by himself or by any person for his benefit or on his account), or any firm in which he is a 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 295; or
  - h. He acts in contravention of section 299; or
  - i. He becomes disqualified by an order of Court under Section 203; or
  - j. He is removed in pursuance of Section 284; or
  - k. 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.

Provided that notwithstanding anything in sub-clause (c), (e) and (j) above, the disqualification referred to in those clauses shall not take effect:

- a. for thirty days from the date of the adjudication, sentence or order;
- b. where any appeal or petition is preferred within the 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 of; or

- c. 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 B of the disqualification, until such further appeal or petition is disposed of.

## **MANAGING DIRECTOR/WHOLE-TIME DIRECTORS**

### **Appointment**

126. A. The Board may from time to time appoint one or more persons to the office of the Managing Director or Managing Directors or whole-time Director(s).
- B. The Directors may from time to time resolve that there shall be either one or more Managing Directors or whole time Directors.
- C. In the event of any vacancy arising in the office of Managing Director or whole time directors, if the Directors resolve to increase the number of Managing Directors or whole-time Directors, the vacancy shall be filled by the Board of Directors and the Managing Director or whole-time Director so appointed shall hold the office for such period as the Board of Directors may fix, subject to the approval of the Central Government.
- D. If a Managing Director or Whole-time Director ceases to hold office as a Director, he shall ipso facto and immediately cease to be a Managing Director/Whole time Director.

The Managing Director and Executive Director are not liable to retire by rotation as long as they hold office as Managing Director or Executive Director.

### **Powers and duties**

127. The Managing Director/Wholetime Director shall subject to the supervision, control and direction of the Board and subject to the provisions of the Act, exercise such powers as are exercisable under these presents by the Board of Directors as they may think fit and confer such powers for such time and to exercised for such objects, purposes and upon such terms and conditions and with such restrictions as they may think expedient and they may confer such power either collaterally or singly, for all or any of the powers of the Board of Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any, of such powers. The Managing Directors, Wholetime Directors, may exercise all the powers entrusted to them by the Board of Directors in accordance with the Board's direction.

### **Remuneration**

128. Subject to the, provisions of the Act and subject to such sanction of the Central Government as may be required for the purpose, the Managing Directors/Wholetime Directors shall receive such remuneration (whether by way of salary, commission or participation in profits or partly in one way and partly in another) as the Company in General Meeting may from time to time determine,

### **Reimbursement of Expenses**

129. The Managing Director/Wholetime Director shall be entitled to charge and be paid for all actual expenses, if any, which they may incur for or in connection with the business of the Company. They shall be entitled to appoint part time employees in connection with the

management of affairs of the Company who shall be entitled to be paid by the Company any remuneration that they may pay to such part time employees.

### **Business to be carried on**

130. 1. The Managing Director/Wholetime Director shall have subject to the supervision, control and directions of the Board, the management of the whole of the business of the Company and of all its affairs and shall exercise all powers and perform all duties in relation to the Management of the affairs and transactions of the Company, except such powers and such duties as are required by law or by these presents to be exercised or done by the Company in General Meeting or by the Board of Directors and also subject to such conditions or restrictions imposed by the Companies Act, or by these presents.
2. The Managing Director and Executive Directors are not liable to retire by rotation as long as they hold office as Managing Director or Executive Director unless the shareholders otherwise determine.
3. The Board may, from time to time delegate to the Managing Director or Wholetime Director such of their powers and duties and subject to such limitations and conditions as they may deem fit. The Board may from time to time revoke, withdraw, alter or vary all or any of the power conferred on the Managing Director or the Wholetime Director by the Board or by these presents,

### **Common Seal**

131. The Board shall provide a common seal for the Company and they shall have power from time to time to destroy the same, substitute a new seal in lieu thereof, and the common seal shall be kept at the Registered Office of the Company and committed to the custody of the Managing Director or the Secretary if there is one.
132. The seal shall not be affixed to any instrument except by authority of a resolution of the Board of Committee and unless the Board otherwise determines every deed or other instrument to which the seal is required to be affixed shall, unless the same is executed by a duly constituted attorney, for the Company be signed by one Director at least in whose presence the seal shall have been affixed and countersigned by the Managing Director, Secretary or such other person as may from time to time be authorised by the Board provided nevertheless that any instrument bearing the seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority to issue the same.

### **Dividends and Reserves**

133. A. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these presents and subject to the provisions, as to the Reserve Fund, shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively on the last day of the year of account in respect of which such dividend is declared and in the case of interim dividends on the close of the last day of the period in respect of which such interim dividend is paid.
- B. Where capital is paid up on any shares in advance of calls, upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate In profits.

## **Declaration**

134. The Company in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

## **Interim Dividends**

135. The Directors may if they think fit from time to time pay to the Members such interim dividends as appear to the Directors to be justified, by the profits of the Company. If at any time the share capital of the Company is divided into different classes the Directors may pay such interim dividends in respect of the Equity Shares of the Company as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Directors act bona fide they shall not incur any responsibility to the holders of the shares conferring a preference for any damage that they may suffer by reason of the payment of an interim dividend on such Equity Shares. The Directors may also pay half-yearly or at other suitable intervals to be settled by them any dividend which may be payable at a fixed rate if they are of opinion that the profits justify the payment.

## **Dividends to be paid out of Profits only**

136. No dividend shall be payable except out of the profits of the year or any other undistributed profits except as provided by Section 205 of the Act.

## **Reserve Funds**

137. 1. The Board may before recommending any dividends set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provisions for meeting contingencies or for equalizing dividends and pending such application may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.

The Board may also carry forward any profits when it may think prudent not to divide, without setting them aside as Reserve.

## **Proportional Dividends**

138. Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share. All dividends shall be apportioned and pro-rata according to the amounts paid up on the shares during any proportion or proportions of the period in respect of which the dividend is paid except that if any share is issued on terms provided that it shall rank for dividend as if paid (in whole or in part) as from a particular date such share shall rank for dividend accordingly.

## **Deduction for arrears**

139. The Board may deduct from any dividend payable to any members all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

## **Adjustment of Dividends**

140. Any General Meeting declaring a dividend or bonus may 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 the members be set off against the call.

#### **Payment of Cheque or Warrant**

141. 1. Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through post direct to the registered address of the holder or in the case of joint holders to the registered address of that one of the joint holders who is first named in the register of members or to such person and to such address as the holder or joint holders may in writing direct.
2. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders may, direct the payment of the cheque or warrant if purporting to be duly endorsed shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.
3. Every such cheque or warrant shall be posted within forty two days from the date of declaration of dividend

#### **Receipt of Joint Holders**

142. Any one of two or more joint holders of a share may give effectual receipt for any dividends, bonuses or other moneys payable in respect of such shares.

#### **Notice**

143. Notice of any dividend that may have been declared shall be given to the persons entitled to share thereto in the manner mentioned in the Act.

#### **Dividends not to Bear interest**

144. No dividend shall bear interest against the Company.

145.

1. Where dividend has been declared by the Company has not been paid or the warrant in respect thereof had 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 transfer the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted within the said period of 30 days to a special account to be opened by the Company in that behalf in any scheduled bank to be called "Unpaid Dividend Account" of ICDS Securities Limited -
2. Any money transferred to the unpaid dividend account of a Company in pursuance of this section which remains unpaid or unclaimed for a period of 7 years from the date of such transfer shall be transferred by the Company to the Fund established under sub-section (1) of section 205C of the Act.
3. The Company, shall, when making any transfer under clause (2) to the Fund established under section 205C of the Act any unpaid or unclaimed dividend, furnish to such authority or committee as the Central Government may appoint in this behalf

a statement in the prescribed form setting forth in respect of all sums included in such transfer, the nature of the sums, the names and last known addresses of the persons entitled to receive the sum, the amount to which each person is entitled and the nature of his claim thereto and such other particulars as may be prescribed.

4. The Company shall be entitled to a receipt from such authority or committee, for any money transferred by it to the Fund and such a receipt shall be an effectual discharge of the Company in respect thereof.
5. No unclaimed dividend shall be forfeited by the Board of Director till the claim thereto becomes barred by the law and the Company shall comply with all the provisions of the Section 205 of the Act, in respect of unclaimed and unpaid dividend.

#### **Right to Dividend In case of transfer of shares**

146. Any transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

#### **Capitalization of profits**

147. 1. The Company in General Meeting, may on recommendation of the Board, resolve:
- a. That it is desirable to capitalize any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the Profit & Loss Account or otherwise available for distribution; and
  - b. That such sum is accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have entitled thereto if distributed by way of dividend and in the same proportion.
2. The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (3) either in or towards;
- I. paying up any amount for the time being unpaid on 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; or
  - III. partly in the way specified in sub-clause (I) and partly in that specified in sub-clause (II).
3. A share premium account and a capital redemption reserve fund may, for the purpose of this regulation only, be applied in paying up of unissued shares to be issued to members of the Company as fully paid bonus shares
4. The Board shall give effect to the resolutions passed by the Company in pursuance of this regulation.

#### **Powers of Declaration of Bonus**

148. 1. whenever such a resolution as aforesaid shall have been passed, the Board shall:
- a. make all appropriations and applications of the undivided profits resolved to

- be capitalised thereby and all allotments and issues of fully paid shares, if any, and
- b. Generally do all acts and things required to give affect thereto.
2. The Board shall have full power:
    - a. to make such provision, by the issue of fractional certificates or by payments in cash or otherwise as i thinks fit, in the case of shares or debentures becoming distributable in fraction; and also
    - b. to authorise any person to enter on behalf of all the members entitled thereto into an agreement with the Company providing for the allotment to them respectively credited as fully paid up of any further shares or debentures to which they may be entitled upon such capitalisation or (as the case may require) for the payment of by the Company on their behalf, by the application thereto of their respective proportions o the profits resolved to be capitalised of the amounts or any part of the amounts remaining unpaid on the shares
  3. Any agreement made under such authority shall be effective and binding on all such members. Accounts
- 149.
1. The Board of Directors shall cause true accounts to be kept of all sums of money received and expended by the Company and the matters in respect of which such receipts and expenditure takes place, of all sales and purchase of goods by the Company, and of the assets, credits, and liabilities of the Company.
  2. If the Company shall have a Branch Office, whether in or outside, proper books of account relating to the transactions effected at that office shall be kept at that office, and proper summarised returns made upto date at intervals of no more than three months, shall be sent by the Branch Office to the Company at its Registered Office or to such other place in India, as the Board thinks fit, where the main books of the Company are kept.
  3. All the aforesaid books shall give a fair and true view of the affairs of the Company or of its branch office, as se the case may be, with respect to the matters aforesaid and explain its transactions.

## **INFORMATION RIGHTS**

150. Subject to compliance with Article 154 below by the Company, the Company shall provide to the Investor, and to any Director of the Company, such information as they may request, including without limitation:-
- (a) as soon as available, but in any event within 180 days after the end of each fiscal year of the Company, a copy of the audited unconsolidated balance sheet of the Company as at the end of such fiscal year and the related consolidated statements of income, statements of changes in Shareholders' equity and statements of cash flows of the Company for such fiscal year, all in reasonable detail and stating in comparative form the figures as at the end of and for the previous fiscal year accompanied by an opinion / report of an independent certified public accountant of recognised standing, which

opinion / report shall state that such auditor's audit was conducted in accordance with Indian GAAP and that it is not subject to any qualification resulting from a limit on the scope of the examination of the financial statements or the underlying data; all such financial statements shall be complete and correct in all material respects and shall be prepared in conformity with Indian GAAP and applied on a consistent basis throughout the periods reflected therein except as stated therein;

- (b) as soon as available, but in any event not later than 45 days after the end of each quarter, the unaudited consolidated balance sheet of the Company as at the end of such quarter and the related unaudited consolidated statements of income, statements of changes in Shareholders' equity and statements of cash flows of the Company for such quarter and for the elapsed period in such fiscal year, all information in reasonable detail and stating in comparative form the figures as of the end of and for the comparable periods of the preceding fiscal year and budgeted figures for the period, certified by the chief financial officer of the Company or any other officer having equivalent duties and responsibilities in the Company; all such financial statements shall be complete and correct in all material respects and shall be prepared in conformity with Indian GAAP and applied on a consistent basis throughout the periods reflected therein except as stated therein and as soon as available, but in any event not later than 45 days after the end of each quarter, a quarterly management review detailing key operational performance indicators and statistics in a form reasonably satisfactory to the Investor;
- (c) monthly management review detailing key operational performance indicators and statistics within 14 days after the end of each month;
- (d) within 14 days after the end of each month, unaudited consolidated statements of income, statements of changes in Shareholder's equity and statements of cash flows of the Company for such month and for the period from the beginning of the current fiscal year to the end of such month, and an unaudited consolidated balance sheet as of the end of such month;
- (e) minutes of meetings of the Board, the Shareholders and the committee of the Company within 7 days of the occurrence of such meetings;
- (f) at least 30 days prior to the end of each fiscal year, an annual operating financial and capital budget for the next fiscal year, as approved by the Board and such other information as may be requested by the Investor in this regard;
- (g) details of Material Adverse Changes affecting the business, operations, condition (financial or otherwise), prospects, results of operations, properties, assets or liabilities of the Company, as soon as reasonably practical but no later than 3 days after such changes occur;
- (h) (without limiting (g) above) details of any actual or threatened investigations proceedings enquiries or other similar circumstances which adversely affect or can

reasonably be expected to adversely affect the reputation or ordinary course of business of the Company, as soon as reasonably practical but no later than 3 days after the Company becomes aware of such matters;

- (i) copies of all documents and other information regularly provided to any other security holder of the Company, including any management or audit or investigative reports provided to any other security holder, (at the same time as such information or documents are provided to the other security holder); and
  - (j) promptly but no later than 7 days after a request from the Investor, such other additional information as may be reasonably requested by the Investor, including business plans, capital expenditure budgets and management reporting information not set forth above.
151. The Investor may at any time require that the above information be provided to the Nominee Director or the Observer, in place of or in addition to the Investor.
152. The Company shall not provide any unpublished price sensitive information to the Investor under Article 150 above (unless the Company has first given the Investor notice of the nature of such information and the Investor has agreed to its disclosure).
153. The Company shall give full access to the Investor and its authorized representatives (including lawyers, accountants, auditors and other professional advisors) to visit and inspect all properties, assets, corporate, financial and other records, reports, books, contracts and commitments of the Company, and to discuss and consult its business, actions plans, budgets and finances with the directors and executive officers of the Company, upon reasonable notice. All costs incurred in connection with such inspection shall be borne by the Company.
154. The Investor will be entitled to share any information received from the Company with its Affiliates.
155. Accounting Principles  
The Company shall prepare its accounts and other financial statements in accordance with Indian GAAP and all other applicable Indian accounting standards. If required by the Investor, the Company shall, at its cost prepare its account and financial statements as per International Financial Reporting Standard /US GAAP.
156. Financial Year  
All financial records of the Company shall be maintained in the English language and the accounting year of the Company shall begin on 1st April and end on 31st March of the following year.
157. Books and Records  
The Company shall at all times maintain proper books of account and records, which shall contain accurate and complete records of all transactions, receipts, expenses, assets and liabilities of the Company. Such books and records shall be open for inspection by members of the Board.

**Place where the books of accounts to be kept**

158. The books of account shall be kept at the Office or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.

#### **Inspection by members**

159. The Board of Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and 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 authorised by the Directors or by the resolution of the Company in General Meeting.

#### **Statement of accounts**

160. The Board of Directors shall lay before each Annual General Meeting a profit and loss account for the financial year of the Company and a Balance Sheet made up as at the end of the financial year which shall be a date 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 under the provisions of the Act.

#### **Form of Balance Sheet and Profit and Loss Account**

161. 1. Subject to the provisions of Section 211 of the Act every Balance Sheet and Profit and Loss Account of the Company shall be in the form set out in Part I & II respectively of Schedule VI of the Act, or as near thereto as circumstances admit.
2. So long as the Company is holding Company having a subsidiary, the Company shall conform to section 212 and other applicable provisions of the Act.

#### **Authentication**

162. 1. A printed copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in General Meeting, together with a copy of the Auditors' Report shall, not less than twenty-one days before the date of the meeting, be sent to every Member of the Company. Provided that this Article shall not require a copy of those documents to be sent to any person of whose address the Company is not aware or to more than one of the joint holders of any shares.
2. The Balance Sheet and the Profit and Loss Account shall be approved by the Board of Directors before they are signed on behalf of the Board in accordance with the provisions of Section 215 of the Act and before they are submitted to the Auditors for their report thereon.  
Provided that when only one Director is for the time being in India, the Balance Sheet and Profit and Loss Account shall be signed by such Director and in such a case there shall be attached to the Balance Sheet and the Profit and Loss Account a statement signed by him explaining the reason of non-compliance of sub-clause (1).

#### **Annexures to the Balance Sheet**

163. The Profit and Loss Account shall be annexed to the Balance Sheet and the Auditors' Report shall be attached thereto.

#### **DIRECTORS' REPORT**

164. 1. Every Balance Sheet laid before the Company in Annual General Meeting shall have attached to it a report by the Board of Directors with respect to the state of Company's affairs, the amounts, if any, which it proposes to carry to any Reserves in such Balance Sheet, and the amount, if any, which it recommends to be paid by way of dividend, 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.
2. 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's business carried on by them and generally In the classes of business in which the Company has interest.
3. The Board's report shall also include a statement showing the name of every employee of the, Company, who if employed throughout the financial year was in receipt of remuneration for that year which In the aggregate was not less than the limits as specified under Section 217 of the Companies Act, 1966. The statement shall also indicate whether any such employee Is a relative of any Director or Managers of the Company and if so the names of the Directors and such other particulars prescribed.
4. The Board shall also give the fullest information and explanation in its report in cases falling under the provision to Sec. 222 in an addendum to that report, on every reservation, qualification or adverse remark contained in the Auditor's Report.
5. The Board's Report and addendum (if any) thereto shall be signed by the Chairman, if he is authorised in that behalf by the Board and where he is not so authorised shall be signed by such number of Directors as are required to sign the Balance Sheet and Profit and Loss Account of the Company by virtue of clause (2) of Article 167.
6. The Board shall have the right to charge any person being a Director with the duty of seeing that the provisions of sub-clauses (1) to (3) of this article are complied with.
7. The Board's report shall also include details as required under Section 217 of the Act.
165. The Company shall comply with the requirements of Section 219 of the Act.

## **AUDIT**

166. Every Balance Sheet and Profit and Loss Account shall be audited by one or more Auditors to be appointed as hereinafter set out.

### **167. AUDITOR**

- (1) The Investor may require the Company to appoint (and maintain such appointment at all times) statutory and internal auditors, from among the following (or their affiliates in India):
- (a) Ernst and Young
- (b) Deloitte, Touche and Tohmatsu

- (c) KPMG; and
- (d) PriceWaterhouseCoopers.

It is agreed between the parties that in the event the Investor requires the Company to appoint an auditor pursuant to this Article (and the Board gives notice to the Investor that the Board finds the cost of appointing an auditor mentioned in (a) to (d) above, unreasonable), the difference between the costs of the existing auditor of the Company and the cost in relation to the appointment of the above auditor (mentioned in (a) to (d) above) shall be borne by the Investor while the Investor remains a shareholder in the Company. It is further clarified for the avoidance of doubt, that all costs in respect of an auditor who is not mentioned in (a) to (d) above, shall be borne by the Company without any recourse to the Investor.

2. The Company at the Annual General Meeting in each year shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting and every Auditor so appointed shall be intimated of his appointment within seven days. Provided that before the appointment or re-appointment of Auditor or Auditors is made by the Company at any General Meeting a written certificate shall be obtained from the Company from Auditor or Auditors proposed to be so appointed to the effect that the appointment or appointments if made will be in accordance with the limits specified in sub-section 1-B of section 224. Every Auditor so appointed shall within 30 days of the receipt from the Company of the intimation of his appointment shall inform the Registrar of Companies in writing that he has accepted or refused to accept the appointment.
3. Subject to the provision of Section 224 (1 B) and Section 224 A at any Annual General Meeting, retiring Auditor by whatsoever authority appointed shall be reappointed unless.
  - a. he is not qualified for re-appointment; or
  - b. he has given to the Company notice in writing of his unwillingness to be reappointed, or
  - c. a resolution has been passed at that meeting appointing somebody instead of him or providing expressly that he shall not be reappointed; or
  - d. where notice has been given of an intended resolution to appoint some person on in the place of retiring Auditor and by reason of the death, in capacity or disqualification of that person or of all those persons, as the case may be the resolution cannot be proceeded with.
4. Where at an Annual General Meeting, no Auditors are appointed, the Central Government may appoint a person to fill the vacancy.
5. The Company shall, within seven days of the Central Government's power under sub-clause (4) becoming exercisable, give notice of that fact to the Government.
6. The Directors may fill any casual vacancy in the office of an Auditor, but while any such vacancy continues, the remaining Auditor or Auditors (if any) may act. Where such vacancy is cause by the resignation of an Auditor, the vacancy shall only be filled by the Company in General meeting.

7. A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless notice of a resolution of appointment of that person to the office of Auditor has been given by member to the Company not less than fourteen days before the meeting in accordance with Section 190 and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the member in accordance with the provisions of Section 190 and all other provisions of Section 225 shall apply in the matter, The provisions of this sub-clause shall also apply to a resolution that a retiring Auditor shall not be reappointed.
8. The persons qualified for appointment as Auditors shall be only those referred to in Section 226 of the Act
9. None of the persons mentioned in the Section 226 of the Act as or not qualified for appointment as Auditors shall be appointed as Auditors of the Company.
10. The Company or its Board of Directors shall not appoint or reappoint any person or firm as its Auditors if such person or firm is at the date of such appointment or reappointment holds appointment as Auditors or the specified member of Companies or more than the specified number of Companies.

#### **Branch office Audit**

168. The Company shall comply with the provisions of Section 228 of the Act in relation to the Audit of the accounts of Branch Office of the Company

#### **Remuneration**

169. The remuneration of the Auditors shall be fixed by the Company in general meeting except that the remuneration of any Auditor appointed by the Board to fill any casual vacancy may be fixed by the Board.

#### **Rights and Duties**

170.
  1. Every Auditor of the Company shall have a right of access at all times to the books of account 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 his duties as Auditor
  2. All notices of, and other communication 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 Auditor and the Auditor shall be entitled to attend any General Meeting and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor
  3. The Auditor shall make a report to the members of the Company on the accounts examined by him and on every Balance Sheet and Profit and Loss Account and on every other document declared by the Act to be a part of or annexed to the Balance Sheet or Profit and Loss Account which are laid before the Company in General Meeting during his tenure of office, and the report shall state whether, in his opinion and to the best of his information and according to the explanations given to him the said accounts give the information required by the Act in the manner so required and give a true and fair view
    - i in the case of the Balance Sheet of the state of the Company's affairs as at the

- end of its financial year and
- ii. in the case of the Profit and Loss Account of the profit or loss for its financial year
4. The Auditors' Report shall also state:
- a. Whether he has obtained all the information and explanations which to the best of his knowledge and belief were necessary for the purpose of his audit;
  - b. Whether in his opinion proper books of account 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;
  - c. Whether the report on the accounts of any branch office audited under Section 228 by a person other than the Company's Auditor has been forwarded to him as required by clause (c) of sub-section (3) of Section 228 of the Act and how he has dealt with the same in preparing the Auditors' Report
  - d. Whether the Company's Balance Sheet and Profit and Loss Account comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act.
  - e. Whether the Company's Balance Sheet and Profit and Loss Account dealt with by the Report are in agreement with the books of accounts and returns.
5. Where any of the matters referred to in items (i) and (ii) of sub-clause (3) above or in items (a), (b), (c), (d) and (e) of sub-clause (4) above is answered in the negative or with a qualification, the Auditors' Report shall state the reasons for the answer.
6. The accounts of the Company shall not be deemed as not having been properly drawn up on the ground merely that the Company has not disclosed certain matters if:
- a. those matters are such as the Company shall not be required to disclose by virtue of any provisions contained in the Companies Act or any other Act, and
  - b. those provisions are specified in the Balance Sheet and Profit and Loss Account of the Company.
7. The Auditors' Report shall be read before the Company in General Meeting and shall be open to inspection by any member of the Company.

#### **ANNUAL RETURNS**

171. The Company shall make the requisite Annual Returns in accordance with Section 159 and 162 of the Act.

#### **SERVICE OF DOCUMENT AND NOTICE**

172. A document may be served on the Company or an office thereof by sending it to the Company or officer at the Registered Office of the Company by post under a certificate of posting or by registered post, or by leaving it at its registered office.

### **Procedure for serving documents on members**

173. 1. A document (which expression for this purpose) shall be deemed to include and shall include any summons, notice, requisition, process, order, judgment or any other documents in relation to or in the winding up of the Company (may be served or sent by the Company) on or to any member either personally or by sending it by post to him to 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 giving of notices to him.
2. All notices shall, with respect to any registered shares to which persons are entitled jointly, be given to whichever of such persons is named first in the Register and notice so given shall be sufficient notice to all the holders of such share.
3. Where a document is sent by post
- a. Serving thereof shall be deemed to be affected by properly addressing, prepaying and posting a letter containing the notice, provide that where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the documents shall not be deemed to be affected unless it is sent in the manner intimated by the member; and
  - b. Unless the contrary is proved, such services shall be deemed to have been effected:
    - i. in case of a notice of a meeting, at the expiration of forty eight hours after the letter containing the notice is posted, and
    - ii. in any other case at the time at which the letter would be delivered in the ordinary course of post Members to notify address in India
174. Each registered holder of shares shall from time to time notify in writing to the Company some place in India to be registered at his address and such registered place of address shall for all purposes be deemed his place of residence.

### **Service on Members having no Registered Address**

175. If a member has no registered address in India and has not supplied to the Company an address within India, for the giving of notices to him, a document advertised in a newspaper circulating in the neighborhood of Registered Office of the Company shall be deemed to be duly served on him on the day on which advertisement appears.
176. A document 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 prepaid letter addressed to them by name or by the title or representatives of the deceased or assignees or 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 serving the document in any manner in which the same might have been served if the death or insolvency had not occurred.

### **Notice of General Meeting**

177. Subject to the provisions of the Act and these Articles, Notice of General Meeting shall be given
- i. To the members of the Company as provided by the Articles in any manner authorised by Articles 177 and 178 as the case may be or as authorised by the Act;
  - ii. To the persons entitled to a share in consequence of the death or insolvency of a member as provided by Articles 180 or as authorised by the Act;
  - iii. To the Auditor or Auditors for the time being of the Company, in the manner authorised by Article 177 as in the case of any member or members of the Company.

#### **NOTICE BY ADVERTISEMENT**

178. Subject to the provisions of the Act any document required to be served or sent by the Company on or to the members, or any of them and not expressly provided for by these presents, shall be deemed to be duly served or sent if advertised in a newspaper circulating in the District in which the Registered Office is situated.

#### **Members bound by document given to previous holders**

179. Every person, who by the operation of law, transfer or other means whatsoever shall become entitled to any shares, shall be bound by every document in respect of such share which, previously to his name and address being entered in the Register, shall have been duly served on or sent to the person from whom he derived his title to such share.
180. Any notice to be given by the Company shall be signed by the Managing Director or by such Director or Officer as the Directors may appoint. The signature to any notice to be given by the Company may be written or printed or lithographed.

#### **Authentication of documents**

181. 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 Director, the Managing Director, the Manager, the Secretary or an authorised officer of the Company and need not be under its seal.

#### **182. Event of Default**

- (1) An event of default (“**Event of Default**”) shall occur in relation to a Promoter or the Investor (“**Defaulting Party**”) if:
- (a) the Defaulting Party materially breaches or commits any material default under the provisions of any or all of these Articles / Subscription Agreement:
    - (i) and it does not remedy such breach within twenty (20) Business Days of receiving a notice of that breach from another Party (“**Non Defaulting Party**”) requesting the breach to be remedied; or
    - (ii) the breach is incapable of being remedied; or

- (b) An Insolvency Event has occurred in relation to the Defaulting Party and/or the Company; or
  - (c) any of the representations or warranties of the Defaulting Party is not true and correct in a material respect when made or deemed to be made; or
  - (d) the Company has not and the Promoters (as Defaulting Party) have not caused the Company to either:
    - (i) list the Company's Shares on any recognised stock exchange with one such recognised stock exchange being either BSE or NSE;
    - (ii) enter the Restructuring Transaction,
 

within three (3) years of the Completion Date or within such other extended time period agreeable to all the Parties; or
  - (e) the Company has not and the Promoters (as Defaulting Party) have not caused to Company to comply with Clause 36(3) of the Subscription Agreement; or
  - (f) the Company has not and/or the Promoters (as Defaulting Party) have not caused the Company to comply with the provisions of any or all of these Articles / Subscription Agreement and/or the Company materially breaches or commits any material default under the provisions of any or all of these Articles / Subscription Agreement:
    - (i) and it does not remedy such breach within twenty (20) Business Days of receiving a notice of that breach from another Party ("**Non Defaulting Party**") requesting the breach to be remedied; or
    - (ii) the breach is incapable of being remedied.
- (2) Consequence of Default under sub-clause(1) are as follows:
- (a) upon the occurrence of an Event of Default in relation to the Investor (as Defaulting Party), the Non Defaulting Party will be the Promoters, acting jointly; and
  - (b) upon the occurrence of an Event of Default in relation to a Promoter (as Defaulting Party), the Non Defaulting Party will be the Investor; and
  - (c) Subject to applicable Law, the Non-Defaulting Party may (at its option) by a written notice ("**Call Option Notice/ Put Option Notice**") to the Defaulting Party (with a copy to the Company) require the Defaulting Party to sell to the Non Defaulting Party all, but not less than all, of the Defaulting Party's shares at a cash price equivalent to the Fair Market Value of the Shares less 20% or to purchase from the Non-Defaulting Party all, but not less than all, of the Non-Defaulting Party's Shares at a cash price equivalent to the Fair Market Value of the Shares plus 20%. Transfer of the Shares, as the case maybe, shall take place at the registered / corporate office of the Company within 30 (thirty) days of receipt of the Call Option Notice/ Put Option Notice by the

Non Defaulting Party.

- (3) For the avoidance of doubt it is hereby clarified that the Promoters will be deemed to be the Defaulting Party if the Company is in breach of its obligations under these Articles and/or any of the events listed in Article 182(1) occur in relation to the Company.

## **WINDING UP**

### **Application of Assets**

183. Subject to the provision of the Act to preferential payments the assets of the Company shall on its winding up, be applied in satisfaction of its liabilities *pari passu* and, subject to such application shall be distributed among the members according to their rights and interests in the Company.

### **Division of Assets**

184. If the Company shall be wound up whether voluntarily or otherwise, the liquidators may, with the sanction of a special resolution, divide among the contributories in specie or kind, any part of the assets of the Company on trustees upon such trusts for the benefit of the contributories or any of them, as the liquidators with the like sanction shall think fit. In case any shares to be divided as aforesaid involve a liability to calls or otherwise any persons entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds and the liquidators shall, if practicable, act accordingly.

## **INDEMNITY AND RESPONSIBILITY**

### **Right to Indemnity**

185. a. Subject to the provisions of Section 201 of the Act, the Managing Director and every Director, Manager, Secretary and other Officer or Employee of the Company shall be indemnified by the Company against any liability, and it shall be the duty of Directors out of the funds of the Company to pay, all costs and losses and expenses (including traveling expenses) which any such Director, Officer or Employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Managing Director, Director, Officer or Employee or in any way in the discharge of his duties.
- b. Subject as aforesaid the Managing Director and every Director, Manager, Secretary, or other Officer or Employee of the Company shall be indemnified against any liability incurred by them or him in defending any proceedings whether civil or criminal in which judgement is given in their or his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is given to him by the Court.

### **Responsibility of acts of others**

186. Subject to the provisions of Sections 201 of the Act no Director or other Officer of the Company shall be liable for the act, 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 expense happening to the Company, or for the 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 moneys or 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, with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his officer or in relation thereto unless the same happen through his own willful act or default.

#### **SECRECY CLAUSE**

187. No member shall be entitled to inspect the Company works without the permission of the Director, or Managing Director, or to require discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interest of the Company to communicate to the public.

#### **Duties of Officers**

188. Every Directors, Managing Director, Manager, Secretary, Auditor, 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 Directors before entering upon his duties, or at any time during his term of office, sign a declaration pledging himself to observe strict secrecy respecting all transactions of Company and the state of accounts and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge / the discharge of his duties except when required so to do by the Directors or any meeting or by a Court of Law or by the person to whom such matters relate and expect to far as may be necessary / order to comply with any of the provisions of these Articles or law.

Sl. No.	Names and Addresses, Description and Occupation of Subscribers	Signature of the subscriber	Signature, Name, Address, Description and Occupation of the witness
1.	<p><b>MR. DINESH KUDVA</b> S/o. Mr. Mukund Kudva, "Anugraha" 219/4, C. V. Raman Avenue, Rajmahal Vilas Extn., Bangalore - 560 080. <i>Business</i></p>	Sd/-	
2.	<p><b>M.N. RAO</b> S/o. Sri M.S. Madhava Rao, C-503, Spartan Heights, Richmond Road, Bangalore - 560 025. <i>Company Executive</i></p>	Sd/-	
3.	<p><b>V.S. KALKOTWAR</b> S/o. S.L. Kalkotwar, 61, 3rd cross, R.K. Layout 2nd Stage, Padmanabhanagar, Bangalore - 560 070 <i>Service</i></p>	Sd/-	<p>Sd/- <b>S. JAYACHANDAR</b> Chartered Accountant S/o. K. Sankaranarayanan 52, 59th 'B' Cross, IV 'N' Block, Rajajinagar, Bangalore - 560 010</p>
4.	<p><b>RAJESH ASRANI</b> S/o. G.H. Asrani, Swamy Mansions, I floor, Flat : 3#20 Basappa Road, Shanthinagar Bangalore - 560 027. <i>Service</i></p>	Sd/-	

Dated this 22nd Day of May 1995 at Bangalore

Sl. No.	Names and Addresses, Description and Occupation of Subscribers	Signature of subscriber	Signature, Name, Address, Description and Occupation of the witness
5.	<b>V.P. DWARAKANATH</b> S/o. V. R. Padmanabhachar, No. 101/7, 6th Cross, Venkateshwara Layout, S.G. Palya, Bangalore - 560 029. <i>Service</i>	Sd-	
6.	<b>G.S. SHRIDHAR</b> S/o. G.R. Srikantiah, 896, 2 B Cross, 3 A Main, 7 Block, II Phase, Banashakari III Stage Bangalore - 560 085. <i>Service</i>	Sd-	
7.	<b>JAYANTHI NAYAK P.</b> D/o. P. V. Nayak, 'Krishna Kripa' Hayagreeva Nagar, Indrali - Udupi - 576 102 (S.K.) <i>Service</i>	Sd-	Sd/- <b>S. JAYACHANDAR</b> Chartered Accountant S/o. K. Sankaranarayanan 52, 59th 'B' Cross, IV 'N' Block, Rajajinagar, Bangalore - 560 010

Dated this 22nd Day of May 1995 at Bangalore.