

**UNDER THE COMPANIES ACT, 1956 (1 OF 1956)**  
**COMPANY LIMITED BY SHARES**  
**MEMORANDUM OF ASSOCIATION**  
**OF**  
**SOUTHERN MAGNESIUM AND CHEMICALS LIMITED**

- I.** The name of the company is **SOUTHERN MAGNESIUM AND CHEMICALS LIMITED.**
- II.** The Registered Office of the Company will be situated in the State of **Telangana, Hyderabad**
- III.** The objects for which the Company is established are :

(A) The main objects to be pursued by the Company on its Incorporation are :-

- 1. To manufacture Magnesium metal and different alloys of magnesium and other non ferrous metal products and to melt, refine, cast, roll, extrude, and to forge or carry on any other process out of magnesium ingots, billets or scrap in any form on contract basis or on own account, and to manufacture, import, export, buy and sell, repair, alter, improve, exchange, let out on hire all machinery and other implements useful or necessary for purposes of carrying on any of the objects of the company and/or for sale in the market.
- 2. To develop salt farms and to recover, or refine common salt, Industrial Salt, Potassium Chloride, Potassium Bromide, Magnesium Chloride, Calcium Sulphate (Gypsum), Bromine or other chemicals and salts and to manufacture Soda Ash, Caustic Soda or other Chemicals, and metals from (and on) land acquired from any person, organisation State or Central Government by purchase or lease.
- 3. To establish, provide, maintain and construct factories for the manufacture of Electro-Chemical and Electro-Metallurgical products, such as, Calcium Carbide, Ferro Silicon, Silicon Carbide, Calcium Cyanamide, Magnesium, Sodium etc., and to carry on business of manufacturers, importers, exporters dealers and stockists in ferrous and non-ferrous metals, ferro-alloys, alloy steel and all other Electro- Metallurgical and Electro-Chemical Products.

4. To carry on the business of manufacturers of ferrous and non-ferrous metals, alloy steels, ferro-alloys, metallurgical prospectors, explorers, contractors, agents and to establish workshops for the manufacture of any equipment required for any of the industries which the Company can undertake and to deal in such equipment.
5. To buy, sell, manufacture, and deal in minerals, plants, machinery, implements, appliances conveniences, and to take on lease or licence, concessions or otherwise in India or elsewhere, mines, mining rights on any land and to explore, work, export, develop, turn to account the same and to crush, win get, carry, smelt, calcine, refine dress, amalgamate, manipulate or prepare for market ore, metal and minerals substances of all kinds and to carry on any other metallurgical operation which may seem conducive to any of the objects of the Company.

(B) The Objects incidental or ancillary to the attainment of the main Objects:-

1. To sink wells and shafts, and to make, build, and construct, lay down, acquire and maintain factories, engines, machinery, tramways, docks, quarries, reservoirs, culverts, mains and other works and things necessary or convenient for working obtaining, storing, selling, manufacturing and conveying salt, brine, and other chemical products, or otherwise for the purpose of the company.
2. To carry on any other business which may seem to the company capable of being conveniently carried on in connection with the business of the Company or calculated directly or indirectly to enhance the value of or render profitable any of the company's property or rights.
3. Subjects to the provisions of section 58-A of this Act and the rules made there under and the directions of RBI as may be applicable to receive on deposit or borrow or raise moneys in any manner on interest or otherwise and secure the repayment of moneys so obtained in any manner considered expedient from time to time and in particular by issue of debentures or debenture stock, perpetual or redeemable, unsecured or charged upon all or any of the Company's property (both present and future) including its uncalled capital and goodwill, and to exchange, vary, extend, purchase, redeem, pay off or reissue from time to time such securities.
4. To purchase, take on lease or in exchange, hire or otherwise acquire any real and personal property and any rights, interest or privileges and in particular any land, buildings, easements, machinery, plant, equipment, stock or any property (movable or immovable) whether absolutely or conditionally and either solely or jointly with others and pay consideration there for in cash or by issue of shares in or debentures of the company or by transfer of or exchange with any property of the Company or partly in either manner and to spend any money considered advisable for surveying, exploring, developing and altering of any land, building, easements, machinery plants industrial schemes, projects.

5. To apply for, purchase or otherwise acquire or obtain or deal with any patents, patent rights, inventions, licences, permissions concessions, processes, devices, trademarks, formulae and the like conferring any exclusive or limited right (either in point of time or otherwise), to use the same or any secret or other information as to any invention which may be seen capable of being used for any purpose of the company, and to use, exercise develop or grant licences in respect of or otherwise turn to account any such patents, inventions, licences, permissions, concessions, processes, devices, trademarks, formulae, and the information so acquired.
6. To construct and erect buildings, sheds, roads or houses on any land leased or purchased or to be leased or purchased by the Company and to enlarge alter and improve existing buildings, sheds, roads, houses thereon for the purpose of Offices, machinery, plant and appliances as may be considered necessary for the purpose of carrying on the business of the company or any part thereof.
7. To appoint agents, dealers, distributors, brokers, auctioneers or to be represented by them anywhere in India or abroad and to have branches or establishment otherwise anywhere in India and abroad.
8. To advance money for purchases to such persons with or without security and on such terms as may seem expedient and in particular to customers and others having dealings with the company and to guarantee the performance of contracts by any such persons.
9. To draw, make, accept endorse discount, execute and issue promissory notes, bills of exchange, hundies, bills of lading, warrants, debentures and other negotiable or transferable instruments.
10. To open and operate current, overdraft, Loan, Cash Credit or deposit account or accounts with any bank, Company firm or person.
11. To procure the incorporation, registration or other recognition of the Company in any country, state or place and to establish and regulate agencies for the purpose of the company's business and to apply or join in applying to any Parliament, Local Government Municipal or other Authority or Body, for any Acts of Parliament, Laws, decrees, concessions, orders, rights of privileges that may seem conducive to the attainment of Company's objects or which may seem calculated directly or indirectly to prejudice the Company's interests.
12. To aid financially or otherwise any body corporate whose shares or capital stock, bonds or other securities or evidences of indebtedness are held by the Company, to subscribe for and endorse the shares, stocks, bonds, debentures notes, securities of undertakings of any such body corporate and to execute any guarantee in connection therewith or otherwise or for the payment of money or for the performance of any obligation or undertaking, and to do any and all acts of things designed to project, preserve improve and enhance the value of any shares, stocks, bonds, debentures or other securities or evidences of indebtedness held by the company.
13. To adopt such means for making known the products or goods dealt in by the Company as may seem expedient from time to time including advertisements, issue of circulars or

any publications, exhibitions, competitions, granting prizes, rewards and donations and purchase and display of works of art.

14. To enter into partnership or into any arrangement for sharing profits, union of interest, co-operation, joint adventure, reciprocal concessions or otherwise with the Government of India or any State Government in India or foreign State or any municipal or local authority, partnership, person, firm or company carrying on or engaged in or about to carry on or engage in or any business or transaction capable of being conducted so as directly or indirectly to benefit the Company.
15. To amalgamate or enter into partnership or any joint or profit sharing arrangement with and to co-operate in any way with or assist or subsidise any company, firm or person.
16. To enter into any compromise or arrangement with its members of any class of them or with its creditors or any class of them for any purpose what so ever or in connection with a scheme for re-construction or amalgamation with any other company or companies.
17. To pay out of the funds of the company to the promoters and others, if any all the costs, charges and expenses with respect to the promotion, formation, registration and establishment of the company and other expenses and re-imbursements of deposits, advance for purchases, for the business of the company made prior to incorporation of and commencement of business by the company and all expenses on the issue of its capital including underwriting or other commission, broker's fees and charges in connection therewith, and to remunerate or make donations (by cash or other assets or by the allotment of fully or partly paid shares or by a call or option on shares, debentures, debenture stock or securities of this or any other company, or in any other manner whether out of the Company's capital or profits or otherwise) to any person or persons for services rendered or to be rendered in introducing any property or business to the Company or in placing or assisting to place or guaranteeing the subscription of shares, debentures stocks, or other securities of the Company or for any other reason which the company may think proper, subject to the provisions of Section 76 of the Companies Act, 1956.
18. To take over, approve adopt or ratify all steps taken and commitments, made by the promoters for the proposed business of the Company prior to its incorporation and commencement of business
19. To establish, promote, or concur in establishing or promoting any Company or companies for the purpose of acquiring all or any of the property, rights and liabilities of the Company or for undertaking any other business and to place or guarantee the placing of, or to underwrite, subscribe, or otherwise acquire all or any part of the shares, debentures or other securities of any such other company.
20. To promote and form Companies by subscribing to the share capital or otherwise and or subsidise or organise other concerns in India or abroad either solely or in partnership with others and incur any expenses there for including expenses for the negotiation and

establishment of business by such other Company reimbursement of which may be obtained from the other company after commencement of business by that company.

21. To purchase or otherwise acquire and takeover by any method competent in law all or any part of the goodwill, business, undertaking, property, assets and/or liabilities of any person or company for any consideration and to conduct and develop or wind up and liquidate such business and purchase and take steps for the acquisition of existing and new licenses in connection with any such business.
22. To sell, let, lease, exchange, mortgage, dispose of or grant rights over all or any of the property, assets or undertaking of the Company for cash or kind including share, stocks debenture or other securities of any other Company or for any consideration whatsoever.
23. To improve, manage, develop, enfranchise, dispose of, turn to account or otherwise deal with all or any part of the property and rights of the Company.
24. Subject to the provisions of the Act, to issue any shares of the Company at par premium or discount or for consideration other than cash.
25. To act as agents, brokers or trustees for any person or company and to undertake and perform sub-contracts either along or jointly with others or by or through any sub-agents, sub-contractors, trustees or otherwise.
26. To take any steps in respect of any legislation or proposed legislation or for any proceedings or applications which may directly or indirectly be in interest of the Company or its members.
27. To establish and support or aid in the establishment and support of associations, institutions, funds, trusts, and conveniences calculated to benefit employees or ex-employees of the Company or its predecessors in business or the dependents or connections of such persons, and to grant them pensions and allowances and to make payments towards insurance for their benefit.
28. To provide and maintain places, facilities and conveniences for the persons in the welfare and benefit of the employees of the company or for the persons in the locality of the Company's operations or otherwise for the public benefit, including places of amusement and recreation, places of worship, pleasure grounds, parks, grounds, reading rooms, market stores, shops, dairies, poultries, hospitals and other public places of convenience.
29. To subscribe to, establish or otherwise aid or support (in cash or kind) or guarantee money to any charitable, benevolent religious, scientific national or other institutions or objects of a public character, or which have any moral or other claim to support or aid by the Company by reason of the locality of its operations or otherwise or for any exhibition or for any public, general or useful object or otherwise and to grant relief or make donations to such persons and in such cases as may seem expedient.
30. To foster, assist, promote or encourage in any manner any where scientific, economic commercial, social, technical, literary, cultural or other research work and publish books periodicals, reports, pamphlets, journals, magazines, research paper, discourses

make or take cine films, plates, pictures, paintings, slides, and to have and operate any presses devices or other accessories for such purposes.

31. To make experiments, project reports, studies for the conduct of any business which are directly or indirectly connected with the business of the company.
32. To lend moneys, securities or other property either with or without security and on such terms and conditions as may be deemed expedient and to guarantee the performance of contracts by any person of Companies provided the Company shall not carry on the business of banking.
33. To invest and deal with the money not immediately required upon such securities and in such manner as may from time to time be determined.
34. To enter into any agreements for collaborations for the purpose of Company's business either in India or outside India.
35. In the event of winding up to distribute all or any of the property amongst the members in specie or kind subject to the provisions of the Companies Act, 1956.
36. To file defend any legal suit, Civil or Criminal for and on behalf of the Company, and to pay all costs out of the funds of the Company and to appoint agent or agents with power, general or special, for the purpose of the Company's affairs.
37. To enter into contracts, agreements and arrangements with any other Company for the Carrying out, by such, other Company on behalf of the Company, of any of the objects for which the Company is formed.
38. To undertake and execute any trusts, which may seem to the Company either gratuitous or otherwise.

(C) The Other Objects:

1. To carry on the business of mechanical engineers, iron founders, manufacturers of agricultural implements and their machinery, fitters, toy makers, brass founders, metal makers, metallurgists, ladlers, galvanisers, annealers, printers, electrical engineers, water supply engineers, packing case makers, dealers in steel frames, printers, carriers, automobile consultants, electric platers, wood workers, builders, tool makers and pattern makers.
2. To carry on the business of manufacturers of and dealers in all kinds of plastic materials, vinyl chloride, polyvinyl chloride, polyethylene, polyolefins, vinyl acetate and copolymers or other products obtained by chlorination, oxygen, nitrogen, hydrogen, halogen and hydrocarbon gases, including ethylene, acetylene and propylene.
3. To carry on the business or research, design and manufacture of welding electrodes, welding equipment, gas cutting equipment machinery fluxes, wires and rods of ferrous and non-ferrous metals.
4. To purchase, take on lease, any plantation, cultivable land, agricultural farms or any other Land or any interest therein and to work, improve, develop and turn to account the same.

5. The liability of the members is limited.
6. The authorised share Capital of the company is Rs. 5,00,00,000 (Rupees Five Crores only) divided into 40,00,000 (Forty Lakhs only) equity shares of Rs.10/- Each and 10,00,000 (Ten lakhs Only) 5% Redeemable Cumulative Preference Shares of Rs. 10/-.

The Company has power from time to time to increase or reduce its capital and to issue any shares in the original or new capital as equity or preference shares and attach to any class or classes of such shares preferential rights, privileges or priorities in payment of assets, or otherwise over any other shares and to subject the same to any restrictions, limitations or conditions, and to vary the regulations of the company as far as necessary to give effect to the same and upon sub-division of a share to apportion the right to participate in profits in any manner subject to the provisions of the Companies Act, 1956,

We the several persons, whose names and addresses are subscribed, hereunder, are desirous of being formed into a company in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of the Company set opposite to our respective names.

Sl No	Name description, occupation, addresses of subscribers with their signatures	No. of Equity shares taken by each subscriber	Names, addresses, Occupations of witnesses to the Signature of subscribers with their signatures
1	Tatavarti Ramgopal S/o T. Subba Rao, 706, Brindavan Apartments, A. C. Guards, Hyderabad-29 Company Executive	10 (TEN)	SD/- GULLAPALLI BHAVANI S/O G. D. PRASADA RAO, 6-1-1233/1-E, SUBHODAYA APARTMENTS, HYDERABAD-500001  CHARTERED ACCOUNTANT
2.	Kothapalli Sita Rama Raju S/o Appala Raju Plot No: 17, Udayanagar, Hyderabad-38 Company Executive	10(TEN)	
3.	Sankaran Radhakrishnan Nair S/o N. Sankara Pillai 8-2-686/8/5/1, Road No:12, Banjara Hills, Hyderabad-34 Company Executive	10 (TEN)	
4.	Nuthakki Bhanu Prasad S/o N. Ramaseshaiah, Business Road No:7, Banjara Hills, Hyderabad-34	10 (TEN)	
5.	Nuthakki Anantha Lakshmi W/o Nuthakki Bhanu Prasad Road No:7, Banjara Hills, Hyderabad-500034 Housewife	10 (TEN)	
6.	Nuthakki Ram Prasad S/o Nuthakki Bhanu Prasad Road No:7, Banjara Hills, Hyderabad-500034 Company Executive	10 (TEN)	
7.	Nuthakki Rajender Prasad S/o Nuthakki Bhanu Prasad Road No:7, Banjara Hills, Hyderabad-500034 Business	10 (TEN)	
	Total Number Of Equity Shares Taken	----- 70 (SEVENTY) -----	

Place: HYDERABAD

DATED: 4<sup>TH</sup> FEBRUARY, 1985



**THE COMPANIES ACT, 1956 (1 OF 1956)**  
**COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION**  
**OF**  
**SOUTHERN MAGNESIUM AND CHEMICALS LIMITED**

**Preliminary**

**Table 'A' not to apply but Company to be governed by these Articles**

1. The regulations contained in Table "A" of the First Schedule to the Companies Act, 1956 shall not apply to the Company and the regulations contained herein shall be the regulations for the Management of the Company and for the observance of its members and their representatives.

**Interpretation**

2.
  - 1) In these regulations unless the context otherwise requires.
    - a) "The Company" or "This Company" means **SOUTHERN MAGNESIUM AND CHEMICALS LIMITED**.
    - b) "The Act" or "The Said Act" means the Companies Act, 1956 and every modification or re-enactment thereof and references to Sections of the Act shall be deemed to mean and include reference to Sections enacted in modification or replacement thereof.
    - c) "These regulations" means these Articles of Association as originally framed or as altered from time to time.
    - d) "the office" means the Registered Office for the time being of the Company.
    - e) "the seal" means the common seal of the Company.
    - f) Words importing the singular shall include the plural and vice versa, words importing the masculine gender shall include the feminine gender and words importing persons shall include bodies corporate and all other persons recognised by law as such.
    - g) "month" and "year" means a calendar month and calendar year respectively.
    - h) "Board" means a meeting of the Directors duly called and constituted or as the case may be, the Directors assembled at Board, or the requisite number of Directors entitled to pass a Circular resolution in accordance with these Articles.
    - i) "Capital" means the capital for the time being raised or authorised to be raised for the purposes of the Company.

j) "Directors" means the Directors for the time being of the Company, or as the case may be, the Directors assembled at a Board.

k) "The Register" or "Register of Members" means the Register of members to be kept pursuant to Section 150 of the Act.

l) The Proxy includes Attorney duly constituted under a power of attorney.

m) Expressions referring to writing shall be construed as including references to printing, lithography, photography and other modes of representing or reproducing words in visible form.

n) 'Executors' or Administrators' means a person who has obtained probate or letters of Administration, as the case may be, from some competent court having effect in India and shall include an Executor or administrator or the holder of a certificate, appointed or granted by such competent court and authorised to negotiate or transfer the shares of the deceased member.

2. Unless the context otherwise required, the words or expressions contained in these regulations shall bear the same meaning as in the Act any Statutory modification thereof, in force at the date at which these regulations become binding on the Company.

### **Shares and Share Capital**

#### **CAPITAL AND ITS ALTERATION**

##### **Share Capital**

3. The authorised share Capital of the company is Rs. 5,00,00,000 (Rupees Five Crores only) divided into 40,00,000 (Forty Lakhs only) equity shares of Rs.10/- Each and 10,00,000 (Ten lakhs Only) 5% Redeemable Cumulative Preference Shares of Rs. 10/-.

##### **Increase of Share Capital**

4. The Board may from time to time with the sanction of the Company by ordinary Resolution increase the Share Capital of the Company by such sum, to be divided into shares of such amount and such class with such rights and privileges attached thereto, as may be specified in the Resolution.

##### **New Capital same as existing capital**

5. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares, shall be considered as part of the existing capital, and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

##### **Redeemable preference shares**

6. Subject to the provisions of the section 80 of the Act, the Company shall have power to issue preference shares, and such preference shares may with the sanction of an Ordinary Resolution be issued on the terms that they are, or at the option of the Company, cumulative or otherwise, and shall carry such fixed rate of dividend not exceeding 13% or such other rate as may be fixed by the Central Government from time to time subject to payment of Income Tax or otherwise and are liable to be

redeemed in such manner as the Company before the issue of shares may, in special resolution determine.

#### **Preference shares rights as to dividend and in winding up**

7. The holders of preference shares shall be entitled to be paid out of the profits which the Directors shall determine by way of dividend at such rate per annum, free of Company's tax but to subject to deduction of tax at the prescribed rate and to a right in a winding up to be paid all arrears of preferential Dividend whether earned, declared or not, upto the date of commencement of the winding up in priority to the Equity Shares but shall not confer any further right to participate in the profits or assets of the Company.

#### **Reduction of Share Capital**

8. The Company may (Subject to provisions of Sections 78, 80, 100 to 105 inclusive, of the Act) from time to time:
  - i) by Special Resolution and subject to confirmation by the Court reduce its share capital any way, and in particular and without prejudice to the generality of the foregoing power:
    - a) extinguish or reduce the liability on any of its shares in respects of share capital not paid up;
    - b) either with or without extinguishing or reducing the liability on any of its shares, pay off any paid up share capital which is in excess of the wants of the Company; and may, if and so far as is necessary, alter its Memorandum by reducing the amount of its share capital and of its share accordingly.
  - ii) by Special Resolution reduce any manner and with and subject to any incident authorised and consent required by law;
    - a) Any capital redemption account; or
    - b) any share premium account

#### **Address of share holders**

9. Every share holder shall name to the company a place in India to be registered as his address, and such address shall for all purposes be deemed his place of residence,

### **SHARES**

#### **Consolidation sub-division of shares**

10. The company may from time to time by Ordinary Resolution:
  - a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - b) Sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum subject nevertheless, to the Provisions of Clause (d) of Sub-Section (1) of Section 94 of the Act; and
  - c) Cancel any shares which, at the date of passing of the Resolution in that behalf have not been taken or agreed to be taken by any person.

### **Shares at the disposal of the Directors**

11. Subject to the provisions of the Companies Act, 1956 and these articles, the share shall be under the control of the Directors, who may allot or otherwise dispose of the same to such persons, on such terms and conditions, and at such times as the directors think fit. Provided that where at any time it is proposed to increase the subscribed capital of the Company by the issue of new shares then, subject to the provision of Section 81 of the Act, the Board shall issue such shares in the manner provided therein, save that the Board may determine whether or not any offer or shares made in such manner shall include a right exercisable by any person concerned to renounce all or any of the shares offered to him in favour of any other person.

### **Directors may allot shares as fully paid up**

12. The Directors may allot and issue shares in the Capital of the Company in payment or part payment or for any property sold or transferred, goods or machinery supplied or for services rendered to the Company, or the conduct of its business and any shares, which may be so allotted, may be issued as fully paid up shares and if so issued shall deemed to be fully paid up shares.

### **Issue of further shares**

13. Subject to the provisions of section 85, 86, 87 and 88 of the Act, the new, shares shall be issued at such time or times and on such terms and conditions and with such rights and privileges as may be specified in the Resolution creating the shares.

### **How issue of new shares are to be regulated**

14. The provisions of Section 81 of the Act shall regulate any increase of the subscribed capital of the Company by issue of new shares.

### **Shares at a discount**

15. Subject to the provisions of Section 79 of the Act, the Board of Directors may issue shares of a class already issued at a discount.

### **Application money**

16. The amount payable on application on each share of the company offered to the public for subscription shall not be less than 5 per cent of the nominal value of the shares.

### **Acceptance of shares**

17. Any application signed by or on behalf of any applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles; and every person who thus or otherwise accepts any shares and whose name is on the register shall, for the purposes of these Articles, be a Member.

### **Liability of members as to the unpaid capital**

18. Every member, or his heirs, executors or administrators, shall pay to the Company the portion of the shares which may for the time being remain unpaid thereon, in such amounts, at such time or times, and such manner, as the Board shall, from time to time, in accordance with the Company's regulations require or fix for the payment thereof.

### **Joint Holding or Shares**

19. Share may be registered in the name of any person, the joint holder or any limited company, but not more than four persons shall be registered as joint holders of any share.

### **Liability of Joint Holder**

20. The joint holders of a share shall be severally and jointly liable to the payment of instalments and calls due on such shares.

### **Company not bound to recognise any interest to share other than that of registered holder**

21. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof; but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

### **Trusts not recognised registered holder absolute owner**

22. Except as required by law, no person shall be recognised 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 recognise (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 of any share except an absolute right to the entirety thereof in the registered holder.

### **Subsequent issue of shares shall not effect the rights of earlier issues**

23. 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 of issue of further shares ranking pari passu therewith.

### **Variation of rights of shareholders**

24. i) The rights and privileges if any, attached to the different classes of shareholders for the time being (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Section 106 and 107 of the Act, and whether or not the Company is being wound up, be varied modified or affected with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a Resolution passed at a separate General Meeting of the holders of not less than three-fourths of these shares.
- ii) To every such separate General Meeting the Provisions contained in 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.

#### **Restriction on Allotment**

25. The Board shall observe the restrictions as to allotment of shares to the public contained in Section 69 and 70 of the Act, and shall cause to be made the returns as to allotment, provided for in Section 75 of the Act.

#### **Restriction on purchase of its own shares**

26. Except as provided under Section 77 of the Act no part of the companies funds shall be employed in the purchases of or for financial assistance in any shape towards the purchase of the shares of the Company.

#### **Payment of interest out of capital**

27. Where any shares in a company are issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provision of any plant which cannot be made profitable for a lengthy period, the Board may sanction on behalf of the Company:

a) Payment of interest on so much of that share capital as is for the time being paid up for the period and subject to the conditions and restrictions mentioned in sub-sections (3) to (7) of Sections 208 of the Act, and

b) Charge the sum so paid by the way of interest to capital as part of the cost of construction of the work or building or the provision of the plant.

#### **BROKERAGE AND COMMISSION**

##### **Brokerage**

28. The Company may on any issue of shares or debentures pay such brokerages as may be reasonable and lawful.

##### **Commission**

29. In addition to the payment of any reasonable sums as brokerage, the Company may, at any time, pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures or debenture stock in the company, or procuring or agreeing to procure subscriptions (whether absolutely or conditionally) for any shares, debentures or debenture-stock in the Company, but so that (if the commission shall be paid or payable out of the capital or out of profits) the statutory conditions and requirements shall be observed and complied with, and the amount or rate of commission shall not exceed 5 percent of the price at which the shares are issued and 2.5 of the price at which debentures are issued.

##### **Method of payment of commissions**

30. The Commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

#### **CONVERSION OF SHARES INTO STOCK**

##### **Conversion of shares into stock and reconversion into shares**

31. The Company may by ordinary Resolution:

a) Convert any paid up shares into stock; and

b) Re-convert any stock into paid up shares of any denomination.

### **Transfer of stock**

32. The holder of stock may transfer the same or any part thereof in the same manner as and subject to the same regulations under which, the share from which the stock arose might, before the conversion have been transferred, or as near thereto as circumstances admit. Provided that the Board may, from time to time, fix the minimum amount to stock transferable so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

### **Rights of stock holder**

33. The holder of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets of the Company on a winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

### **Applicability of Articles to stock**

34. Such of the Articles of the Company (other than those relating to the share warrants) as are applicable to paid up shares shall apply to stock and the word "Share" and "Shareholder" in these presents shall include "stock" and "stock holder" respectively.

## **SHARE CERTIFICATE AND SHARE WARRANTS**

### **Shareholders Register**

35. The Company shall cause a Register of Members to be kept in accordance with the provisions of Section 150 of the Act.

### **Share Certificate**

36. Every person whose name is entered as a member in the register of members shall be entitled to receive within three months after the applications for the registration of the transfer of any share (or within such other period as the conditions of issue shall provide):

- a. One certificate for all shares without payment or
- b. Several certificates, each for one or more of such shares, upon payment of two rupees for every certificate after the first.

Provided that any sub-division, consolidation or splitting of certificates required in marketable lots shall be done by the Company free of any charges.

### **Shares progressively numbered and signature of certificates**

37. Every share certificate shall be numbered, shall specify the amount paid-up thereon and shall be issued under the common seal of the Company and shall be signed by two Directors and Secretary or any other person authorised for the purpose by the Board of Directors; particulars of every share certificate issued shall be entered in the Register of members against the name of the person to whom it has been issued indicating the date of issue.

#### **One Certificate for joint share holder**

38. In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for share to one of several joint holders shall be sufficient delivery to all such holders.

#### **Fresh certificate in case of loss of original certificate**

39. If a share certificate is torn through, defaced, lost or destroyed, it may be renewed on payment of such fee, if any, not exceeding two rupees, and on such terms, if any, as to evidence and indemnity and the payment of out of pocket expenses incurred by the company in investing evidence as the Directors think fit, provided that while issuing a share certificate the Company complies with the Companies (Issue of Share Certificates) Rules, 1960.

#### **First named joint holder deemed sole holder**

40. If any share stands in the names of two or more persons, the person first named in the register shall, as regards receipt of dividend, the service of notices, and subject to the provisions of these Articles, all or any other matter connected with the Company, except the issue of share certificates, voting at meeting, and the transfer of the shares, be deemed the sole holder thereof.

#### **A director may sign with a mechanical device**

41. A director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Directors shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

### **SHARE WARRANTS (WITH THE PREVIOUS APPROVAL OF THE CENTRAL GOVERNMENT)**

#### **Share Warrant**

42. The Company may issue share warrants subject to and in accordance with the provisions of Sections 114 and 115 of the Act, and accordingly the Board may in its discretion, with respect to any share which is fully paid up, on application in writing signed by the person registered as holder of the share and authenticated by such evidence, if any, as the Board may, from time to time, require as to the identity of the person signing the application and on receiving the certificates, if any of the shares, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time, require, issue a share warrant.

#### **Register of bearer of share warrant**

43. i. The bearer of a share warrant may at any time during office hours deposit the warrant at the office of the Company and so long as the warrant remains deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending and voting and exercising the other privileges of a member at any meeting held after expiry of two clear days from the time of deposit, as if his name were inserted in the Register of members as the holder of the shares included in the deposited warrant.
- ii. Not more than one person shall be recognised as the depositor of the share warrant.



iii. The Company shall on two days written notice, return the deposited share warrant to the depositor.

#### **Restriction on**

44. i. Subject as herein otherwise expressly provided, no person shall, as a bearer of share warrant, sign a requisition for calling o meeting of the Company, or attend, or vote, or exercise, any other privilege of a member at a meeting of the Company, or be entitled to receive any notice from the Company.
- ii. The bearer of a share warrant shall be entitled n all other respects to the same privileges and advantages as if he were named in the Register of members as the holder of the shares included in the warrant and he shall be a member of the Company.

#### **New warrant in case of loss, etc**

45. The Board may from time to time make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of a defacement, loss or destruction.

### **Transfer and Transmission of Shares and Debentures**

#### **TRANSFER OF SHARES**

##### **Register of Transfers**

46. The Company shall keep a "Register of Transfers" and therein shall fairly and distinctly enter particulars of every transfer or transmission of any share.

##### **Instrument of transfer and other evidence produced for transfer**

47. The Company shall not register a transfer of shares, in, or debentures of, the Company, unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation, if any of the transferee, has been delivered to the Company along with the Certificates relating to the shares of debentures, or if no such certificate is in existence, along with the letter of allotment of the shares or debentures. The transferor shall remain the holder of such share until the name of the transferee is entered in the Register in respect thereof.

##### **Form of Transfer deed**

48. The instrument of transfer shall be in the form prescribed by the Act or as near thereto as circumstances will admit.

##### **Application for transfer**

49. a) An application for the registration of a transfer of the shares may be made by either the transferor or by the transferee.
- b) If the application for transfer involves partly paid up shares, the transfer shall not be effected unless the Company gives notice of the transfer to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
- c) Notice to the transferee shall be deemed to have been duly given if it is despatched by pre-paid registered post to the transferee at the address given in the instrument of

transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

d) If no objection is received from the transferee within two weeks from the receipt of the notice the transfer shall be effected and the transferee's name entered in the Register of members in such manner and subject to the same conditions as if the application had been made by the transferee for transfer.

e) No transfer shall be made in the name of an infant, insolvent or a person of unsound mind.

#### **Directors may refuse to register transfer**

50. The Board may, at its discretion but subject to the right of appeal conferred by Section 111 of the Act, refuse to register the transfer of, or the transmission by operation of law of the right to, any shares of interest of a member in the Company.

#### **Notice of refusal of transfer to be given**

51. If, pursuant to any such power, the Company refuses to register any such transfer or transmission of right, it shall, within two months from the date on which the instrument of transfer, or the intimation of such transmission as the case may be, was delivered to the Company, send notice of the refusal to the transferee or the transferor or to the persons giving intimation of such transmission, as the case may be.

#### **Transfer to be left at office and evidence given**

52. Every instrument of transfer duly stamped shall be left at office for registration accompanied by the certificates of the shares to be transferred and any other evidence that the Board may require to prove the title of the transfer or his right to transfer the shares together with fee hereinafter mentioned. The instrument of transfer, unless declined by the Board to be registered, be retained, by the company.

#### **Fee for registration of transfer**

53. A fee not exceeding Rupees two, or as may be determined by the Board from time to time, may be charged for each transfer or transmission and shall be paid before the registration thereof.

#### **Suspension of registration of transfer by advertisement**

54. The registration of transfers may be suspended at such times and for such duration as the Board may from time to time, determine after giving not less than seven days previous notice by advertisement in some newspapers circulated locally where the registered office of the company is situated.

Provided that such registration shall not be suspended for more than thirty days at one time and forty five days in a year.

### **TRANSMISSION OF SHARES**

#### **Survivorship and succession**

55. i) On the death of a member, the survivor or survivors where the members was a joint holder, and his legal representatives where he was a sole holder, shall be the only person recognised by the Company as having any title to his interest in the shares.

ii) Nothing in clause (i) above shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

**Registration of persons entitled to share other than by transfer**

56. i) Any person becoming entitled to a share in consequence persons of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided. elect either;

a) register himself as holder of the share

or

b) to make such transfer of the share as the deceased or the insolvent member could have made.

ii) The Board shall in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

**Procedure for transfer of shares arising out of the proceeding Article**

57. i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

ii) If the person aforesaid shall elect to transfer the share he shall testify his election by executing an instrument of transfer of the shares.

iii) All the limitations, restrictions and provisions of these articles relating to the right of 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 or transfer were a transfer signed by that member.

**Rights of persons acquiring shares by transmission**

58. A person becoming entitled to a share by reason of the 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 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 registered himself or transfer the share, and if the requirements of the notice are not complied with, within ninety days, the Board may, thereafter, withhold payment of all dividends, bonus, or other moneys payable in respect of the share until the requirements of the notice have been complied with.

**Company does not incur liability or responsibility on transfer**

59. a) The Company shall not incur any liability or responsibility whatever in consequence of its 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 of members) to the prejudice of persons having or claiming equitable right, title or interest to or in the same shares notwithstanding that the Company may have notice of such equitable right, title or interest or notice prohibiting registration of such transfer

and may have entered such notice, or referred thereto in any book of the Company and the Company shall not be bound or required to attend or give effect to any notice which may be given to it, or any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall think fit.

b) The provision of these Articles shall apply mutatis mutandis to the transfer of, or the transmission by operation of law of the right to, debentures of the Company.

### **Calls, Lien forfeiture and surrender of Shares**

#### **CALL ON SHARES**

##### **Calls on shares issued to be made uniformly**

60. The Board shall make, on the issue of shares, calls for the capital on a uniform basis on all shares falling under the same class, For the purpose of this Article, Shares of the same nominal value on which different amounts have been paid up shall not be taken to come under the same category.

##### **Board to make calls**

61. The Board may, from time to time, by a resolution passed at the meeting of the Board (and not by circular resolution) make calls upon the shareholders in respect of all moneys unpaid on their shares (whether on account of nominal value of the shares or by way of premium) and each shareholder shall pay the amount of every call so made on him at the time and place appointed by the board. A call may be made payable by instalments.

##### **Notice to call**

62. Fourteen days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid, provided that before the time for payment of such call, the Board may by notice in writing to the members revoke the same or extend the time for payment thereof.

##### **When call deemed to have been made**

63. A call shall be deemed to have been made at the time when the Resolution authorising the call was passed by the Board.

##### **Amount payable on allotment or a fixed date to be deemed a call**

64. i. Any amount which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the shares or by way of premium, shall, for purposes of these Articles, be deemed to be a call duly made and payable on the date on which the amount becomes payable by the terms of issue.

ii In case of non-payment of such sum all the relevant provisions of these presents as to payment of interest and expenses, forfeiture or otherwise shall apply as if such amount had become payable by virtue of a call duly made and notified.

##### **Payment and interest on unpaid calls**

65. The Board shall have power to charge interest on unpaid calls at such rates as may be decided by the board but not exceeding 12% per annum.

#### **Evidence on legal action for call**

66. On the trial or hearing of any action for the recovery of any money due on any call, it shall be sufficient for the Company to prove that the name of the member sued is entered in the Register as the holder or one of the holders of the shares in respect of which such debt accrued that the Resolution, making the call, is duly recorded in the minutes book and that notice, if any, of such call was duly given to the member sued in pursuance of these Articles and it shall not be necessary to prove any other matter whatsoever but the proof of the matter aforesaid shall be conclusive evidence of the debt.

#### **Payment of Calls in advance**

67. 1. The Board may, if it thinks fit receive from any member willing to advance the same, all or any part of the sum due upon any shares held by him in excess of the sums called up, and upon the sum so paid or satisfied in advance, or so much thereof as from time to time exceeds the sum called upon the shares in respect of which such advance has been made, the Board may, until the same would but for such advance becoming presently payable, pay interest at such rate as agreed upon between the Board and the Member paying the sum in advance but in no case exceeding 12% and the board may at any time repay the sum advanced to such member.

2) No member paying any such sum in advance shall be entitled to voting rights in respect of the money so paid by him until the same would, but for such payment, become presently payable.

#### **Call payable a debt to Company**

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

#### **Several liability of joint holders**

69. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

#### **Company's right to adjust amount due to a member**

70. The Board may without the consent of the member apply any amount due by the Company to such member, in or towards payment of any amount due to the Company on account of call or otherwise.

### **LIEN ON SHARES**

#### **Lien of shares**

71. 1) The Company shall have a first and paramount lien:
- a) On every share (not being a fully paid share) for all moneys (whether presently payable or not) called, or payable at a fixed time in respect of that share; and
  - b) On all shares (not being fully paid shares) standing registered in the name of single person for all moneys, presently payable by him or his estate to the Company.

Provided that the Board of Directors, may at any time declare any shares to be wholly or in part exempt from the provisions of this class.

2) The company's lien, if any, on a share shall extend to all dividends payable thereon.

#### **As to enforcing a lien by sale**

72. The Company may sell, in such manner as the Board thinks fit, any share on which the Company has a lien, provided that no sale shall be made:

a) Unless a sum in respect of which the lien exists is presently payable or

b) Until the expiration of fourteen days after a notice in writing demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the register holder for the time being of the share or the person entitled thereto by reason of his death or insolvency and stating that if the amount so demanded is not paid within the period specified at the Registered Office of the Company the said shares shall be sold.

#### **Application of proceeds of sale**

73. 1) The net proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

2) The residue, if any, subject to a like lien for sums not personally payable as existed upon the shares at the date of sale, be paid to the person entitled to the shares at the date of the sale,

#### **Validity of sale**

74. Upon any sale after forfeiture for enforcing a lien in exercise of the powers herein before given; the Board may authorise some persons to execute an instrument of transfer of the shares sold, and cause the purchaser's name to be entered in the register of respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceeding, or to the application of the purchase money and after his name has been entered in the register in respect of such shares, the validity of the sale shall not be disputed by any person by an irregularity or invalidity in the proceedings in reference to the sale and the remedy of any persons aggrieved by the sale shall be in damages only and against the company exclusively.

### **FOREITURE OF SHARES**

#### **Notice when call or instalment not paid**

75. If any member fails to pay any call, instalment or any interest thereon or any amount whatsoever due to the Company, on or before the day appointed for payment of the same, or any such extension thereof as aforesaid, whether demanded or not by the Company. Board may, at any time thereafter and during such time, as the call, instalment interest or such amount, remains unpaid, serve a notice on such member or any person, if any, entitled to the share by transmission requiring him to pay the amount due, together with any interest that may have accrued and all expenses that the company may have incurred by reason of such non-payment.

#### **Contents of notice**

76. The notice aforesaid shall name another day not being less than 14 days from the date of the notice and a place or places, on and at which such call or instalment and interest and expenses aforesaid or to be paid. The notices shall also state that in the event of non-payment on or before the time and at the place appointed, the shares in respect of which the call was made or instalment is payable will be liable to the forfeiture.

#### **Failure to comply with notice involves forfeiture of share**

77. If the requirements of the notice as aforesaid are not complied with, any shares in respect of which such notice has been given, may, at any time thereafter, before payment of all calls, instalments, interest and expenses due in respect thereon, be forfeited by a Resolution of the Board to that effect. Such forfeiture shall include all dividends and bonus, declared in respect of the forfeited shares and not actually paid before the forfeiture.

#### **Notice of forfeiture to a Member**

78. When any share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be, in any manner, invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

#### **Effect of forfeiture**

79. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the company in respect of share except only such of those rights as are expressly saved by these Articles.

#### **Disposal of forfeited shares**

80. The Board may sell, re-allot or otherwise dispose of forfeited share either to the original holder thereof or to any other person upon such terms and in such manner as thinks fit.

#### **Power to annul forfeiture**

81. The Board may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

#### **Liability on forfeiture**

82. i) A person 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 moneys which at the date of forfeiture were presently payable by him to the Company together with interest thereon from the time of forfeiture until payment at such rate not exceeding 12% as the Board may determine.
- ii) The liability of such person shall cease only if and when the Company shall have received payment in full of all such moneys in respect of the shares.
- iii) The Board may enforce the payment of moneys so due.

#### **Part Payment shall not affect the right of forfeiture**

83. Either a judgement or decree in favour of the Company for calls or other moneys due on any shares, or any part payment or satisfaction thereof or the receipt by the company of a portion of any money which shall from time to time be due from any member on his shares either towards principal or interest or any indulgence granted by the company in regard to payment of any such money shall not preclude the company thereafter from proceeding to enforce forfeiture of such shares as herein provided.

#### **Declaration of forfeiture**

84. A duly verified declaration in writing that the Declarant is a Director or the Secretary of the Company and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the fact therein stated as against all persons claiming to be entitled to the share.

#### **Cancellation of share certificates in respect of forfeited shares**

85. Upon any sale re-allotment or other disposal under the provisions of the preceeding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

#### **Company's right to transfer share in the name of the purchaser**

86. The company may receive the consideration, if any, given for the share on any sale or disposal, thereof and may execute a transfer of the share as sold or disposed and the transferee shall there upon be registered as the holder of the share.

#### **The transferee not bound to see to the application of purchase money**

87. The transferee shall not be bound to see to the application of the purchase money, if any, nor his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

#### **Surrender of Shares**

88. Subject to the provisions of the Act, the Board may accept from any member the surrender on such terms and conditions as shall be agreed of all or any of his shares.

### **General Meeting of Members ANNUAL GENERAL MEETINGS**

#### **First Annual General Meeting**

89. The First Annual General Meeting of the Company shall be held within 18 months from the date of incorporation and if such a meeting is held within that period, it shall not be necessary for the company to hold any general meeting in the year of its incorporation or in the following year.

#### **Interval between Meetings**

90. Subsequent Annual General Meetings of the Company shall be held within 6 months after expiry of each company's financial year unless extended by the Registrar of Companies as provided under Section 166 of the Act and not more than fifteen months



shall elapse between the date of one Annual General Meeting and of the next Annual General Meeting.

#### **Calling of Annual General Meeting**

91. Every Annual General Meeting shall be called for at a time during 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 or town which the Registered Office of the company is situated and the notice calling the meeting shall specify it as the Annual General Meeting.

#### **EXTRA-ORDINARY GENERAL MEETING**

##### **Calling of Extra-Ordinary General Meeting**

92. 1) All General Meetings other than Annual General Meeting shall be called Extraordinary General Meetings.

2) The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall, on the requisition in writing by any member or members holding in the aggregate not less than one-tenth of such of the paid up capital of the company upon which all calls or other moneys then due have been paid as on the date, carries the right of voting in regard to the matter for which the meeting is requisitioned, forth with proceed to call an extra-ordinary General Meeting of the company and the following provisions shall have effect on such requisition:

i) The requisition shall set out the matter for the consideration for which the meeting is to be called and shall be signed by the requisitionists and deposited at the Registered Office of the Company. The requisition may consist of several documents in like form each signed by one or more requisitionists.

ii) If the Board does not, within twenty one days from the date of the deposit of valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters on a day not later than forty-five days from the date of deposit of the requisition, the requisitionists or such of their member as represent either a majority in value of the paid up share capital held by all of them or not less than one-tenth of such of the paid up share capital of the company as is referred to above in this Article, whichever is less, may themselves convene meeting but no such meeting shall be held after expiration of three months from the date of the deposit of the requisition.

iii) A meeting duly commenced before the expiry of the period of three months aforesaid may be adjourned to some day after the expiry of that period.

iv) Any meeting called under this Article by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Board and shall be held at the Office of the Company.

v) A requisition or notice by joint holders of shares may be signed by one or only some of them.

- 3) If at any time they are not within India, Directors capable of acting who are sufficient in number to form a quorum, any Director of the Company may call an

extra-ordinary General Meeting in the same manner as early as possible, as that in which such a meeting may be called by the Board.

4) The extra-ordinary general meeting may be called on any day of the week and at any place unlike Annual General Meeting.

### **NOTICE TO GENERAL MEETING**

#### **Notice to the General Meeting**

93. i) Not less than 21 days notice in writing specifying the place and the day and the hour of the meeting with a statement of business to be transacted thereat shall be given to every member of the Company, to persons entitled to a share in consequence of the death or insolvency of a member and to the Auditor or Auditors for the time being of the company.

ii) A general meeting may be convened giving shorter notice than specified in subsection (i) above if consent is accorded thereto, in the case of Annual General Meeting, by all the members entitled to vote thereat and in other cases by members of the Company holding not less than 95 percent of such part of the paid up share capital of the company as gives a right to vote at the meeting.

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

#### **Special notice to the Company**

94. i) Where by any provision contained in the Act or in the Articles, special notice is required of any resolution, notice of the intention to move the Resolution shall be given to the Company not less than fourteen days before the meeting at which it is to be moved, exclusive of the meeting day on which the notice is served or deemed to be served and the day of the Meeting.

ii) The Company shall, immediately after the notices of the intention to move any such resolution has been received by it, give its members notice of the Resolution in the same manner as it gives notices of the meeting or if that is not practicable, shall give them notice thereof either by advertisement in a newspaper having an appropriate circulation or in any other mode considered proper by the Board not less than seven days before the meeting

#### **Explanatory statement annexed to the Notice**

95. Where any items of the business to be transacted at any meeting is deemed to be special as provided under Section 173 of the Act, 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 and extent of the interest, if any, therein, if every Director and the Manager, if any.

#### **Time and place for inspection of a document mentioned in the Explanatory Statement**

96. Where any item of business consists of the according of approval to any document by the meeting the time and place where the document can be inspected shall be specified in the statement aforesaid

**Statement that a member entitled to attend and vote is entitled too proxy**

97. In every notice calling a meeting of any class of member having right to vote by proxy at the meetings, there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to one or more proxy need not be member of the Company.

**PROCEEDINGS AT THE GENERAL MEETINGS**

**Quorum**

98. Five members personally present shall be the quorum for a General Meeting

**Quorum shall be present at commencement of business**

99. No business shall be transacted at any General Meeting unless the quorum requisite shall be present at the commencement of business.

**Consequence of absence of quorum**

- 100.i) If within, half an hour from the time appointed for holding a meeting of the Company, the requisite quorum is not present, the meeting if called upon the requisition of or by members shall be dissolved.
- ii) In any other case the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Board may determine.
- iii) If at the adjourned meeting also the requisite quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be quorum.

**Chairman of meetings**

101. The chairman of the Board of Directors shall be entitled to preside as chairman at every General Meeting, If there is no Chairman or if at any meeting, he is not present within ten minutes after the time appointed for holding such meeting or is unwilling to act, then the Managing Director present thereat shall be entitled to take the chair and failing him the Members present shall elect any other Director as Chairman and if no Director be present or if all the Directors present decline to take the chair, then the members present shall elect one of themselves as Chairman of the meeting.

**Ordinary Business**

- 102.i) The Ordinary business of Annual General Meeting shall be (a) the consideration of the Accounts. The Balance Sheet and the reports of the Board of Directors and Auditors; (b) the declaration of dividend (c) the appointment of Directors in the place of those retiring and (d) the appointment of, and the fixing of the remuneration of the Auditors.

**Special Business**

- ii) All other business transacted at an Annual General Meeting and all business transacted at any other General Meeting shall be deemed special

**General Meeting not competent to discuss any business other than mentioned in the Notice**

103. No General Meeting Annual or Ex-ordinary shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notices upon which it was convened.

**Chairman to have a casting vote**

104. In the case of an equality of votes the Chairman shall both on a show of hands and at the poll have a casting vote in addition to the vote or votes to which he may be entitled as a Member.

**Poll**

105. i) If a poll is demanded on a question of adjournment or on the election of Chairman, it shall be taken forth with and if a poll is demanded on any other question it shall be taken in such manner and at such time not being latter than 48 hours from the time demand was made and at such place as the Chairman of the meeting directs and the results of the poll shall be deemed to be the decision of the meeting on Resolution on which the poll was taken.

ii) 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 a demand made in that behalf by the person or persons specified below:

a) By atleast five members having the right to vote on the resolution and present in person or by proxy.

b) By any member or members present in person or by proxy and having not less than one-tenth of the total voting power in respect of the resolution; or

c) By member or members present in person or by proxy and holding any shares in the Company conferring a right to vote on the resolution being shares on which an aggregate sum has been paid up which is not less than one-tenth of the total sum paid up on all the shares conferring the right.

iii) The demand for a poll may be withdrawn at any time before the poll is taken by the person or persons who made the demand.

iv) The Chairman shall have the right to determine on the admissibility or otherwise of a vote and such decision in respect thereof shall be final and conclusive.

**Manner of conducting a poll**

106. i) Subject to the provisions of the Act the (Chairman of the meeting shall have the power to regulate the manner in which a poll shall be taken;

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

**Appointment of Scrutinizer**

107. i) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him.

ii The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancy in the office of the scrutineers arising from such removal or from any other cause.

iii. Of the two scrutineers appointed under this Article, one shall always be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed.

#### **Questions of General Meeting how decided**

108. At any General Meeting, a resolution put to the vote of the Meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by at least five Members having the right to vote on the resolution and present in person or by proxy, or by the Chairman of the Meeting or by any member or members present in person or by proxy holding not less than one tenth of the total voting power in respect of the resolution or by any members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid-up which is not less than one-tenth of the total sum paid-up on all the shares conferring that right, and unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands been carried or carried unanimously, or by a particular majority or lost and an entry to that effect made in the Minute Book 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 the resolution.

#### **Business should proceed despite demand for poll**

109. The demand for a poll shall not prevent the meeting from transacting any business other than the question on which a poll has been demanded.

#### **Power to adjourn meeting**

110. The Chairman may, with the consent of the meeting, adjourn any General 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 that meeting.

#### **Notice to be given if adjourned for more than 30 days**

111.i) When a meeting is adjourned for thirty days or more notices of the adjourned meeting shall be given as in the case of an original meeting.

ii) Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

#### **Resolution passed at adjourned meetings**

112. Where a Resolution is passed at an adjourned meeting of:

a) a Company;

b) The holders of any class of shares in a Company; or

c) The Board of Directors of a Company; such Resolution shall for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

### **Minutes of General Meetings**

113. The Company shall cause minutes of all proceedings of General Meetings to be entered into Books kept for the purpose in accordance with Section 193 of the Act.

### **VOTING RIGHTS OF MEMBERS AND PROXIES**

#### **Vote by proxy, proxy may be a non-member**

114. i) Vote may be given either personally or by proxy;
- ii) A proxy other than the proxy of a corporate body shall not be entitled to vote except on a poll.
- iii) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself.
- iv) A proxy so appointed shall not have any right to speak at the meeting.

#### **Exercise of voting power by corporation**

115. A body Corporate (whether a Company within the meaning of the Act, or not), if it is a member of the Company within the meaning of the Act, may, by a resolution of its Board of Directors, or other governing body, authorise such person as it thinks fit, to act as its representative 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 the said body could exercise itself. A true copy of the Resolution duly signed by the Chairman or any Director of such body corporate shall be filed with the Company not less than twenty four hours before the time fixed for holding the meeting.

#### **Members not entitled to attend and vote at meetings when calls due**

116. No member shall be entitled to be present or to vote any general meeting either personally or by proxy or attorney whilst any calls or other moneys are due and presently payable to the Company on the shares of such member or regard to which the Company has, and has exercised any right of lien.

#### **Vote of members**

117. on a show of hands every member present in person and in the case of Corporation by a representative appointed under Section 187 of the Act shall have one vote and upon a poll every member holding ordinary shares and present in person or by proxy or attorney or by a representative under Section 187 of the Act shall have one vote for every ordinary share held by such member. The voting rights of preference shareholders shall be regulated in accordance with Section 87 (2) of the Act.

#### **Vote of deceased or unsound minor member**

118. Any person entitled to any shares under Article 47 may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares provided that forty eight hours before the commencement of the meeting or adjourned meeting, as the case may be, at which he proposed to vote, he satisfies the Board of his right to such shares or the Board had previously admitted his right to vote at such meeting in respect thereof. If a person is lunatic or is of unsound mind he may vote by his committee or other legal guardian may vote by proxy; if any member be a minor,

vote in respect of his share or shares shall be by his guardian, or any one of his guardians, if more than one, to be elected in case of dispute by the Chairman of the meeting.

#### **Votes of joint holders**

119. In the case of joint holders of any ordinary shares any one of such persons may vote at any meeting either personally or by proxy or attorney in respect of such shares as if we were solely entitled there to and in case more than one such joint holders are present at any meeting personally or by proxy or attorney that one of the said person whose name stands prior in the register of members in respect of such shares shall alone be entitled to vote in respect thereof, provided that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder represented by a proxy. Several executors or administrators of a deceased member in whose name shares stand shall for purposes of this Article be deemed joint holder of such shares.

#### **Mode of appointment and form of proxy**

120. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney in either of the forms set out in Schedule IX of the Act or as near thereto as circumstances permit.

#### **Instrument to be deposited at Office**

121. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of Authority (if required by the Company) shall be deposited at the office not less than 48 hours before the time for holding the meeting or adjourned meeting as the case may be at which the person named in such instrument proposed to vote. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

#### **Vote valid through proxy revoked**

122. A vote given in accordance with the terms of a power of attorney or of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the power of instrument of proxy or the transfer of share in respect of which the vote is given provided no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting.

#### **Proxy either for specified meeting or for a period**

123. An instrument of proxy may appoint a proxy either for the purposes of a particular meeting specified in the instrument and any adjournment thereof or it may appoint a proxy for the purposes of every meeting of the Company, or if every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.

#### **Members can use their votes differently**

124. On a poll taken at a meeting of a class of members of the company, a member of the class entitled to more than one vote of his proxy or other persons entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same manner all the votes he uses.

**Objection as to qualification of votes not to be raised except at meeting**

125. 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 rendered, and every vote not disallowed at such meeting shall be valid for all purposes.

Any objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.

**Board of Directors and Company Management  
DIRECTORS**

**Number of Directors**

126. Unless otherwise determined by the Company in the General Meeting the number of Directors shall neither be less than 3 nor more than 12 inclusive of Nominee Directors Technical Directors, Special Directors, and Debenture Directors, alternate and additional Directors, if any, and including any other kind of Director on the Board.

**First Directors**

127. The First Directors of the Company shall be:

- 1 Dr. Nuthakki Bhanu Prasad
- 2 Dr. S.R. Nair
- 3 Ram N. Prasad

**Appointment of alternate Directors**

128. i) The Board of Directors may appoint an alternate Director to act for a Director during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held.

ii) An alternate Director so appointed shall not hold office longer than the Original Director in whose place he has been appointed and shall vacate office on the return of the original Director to the State in which meetings of the Board or ordinarily held.

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

**Nominee Directors**

129. If the Directors enter into any contract with Industrial Development Bank of India (IDBI) or Industrial Finance Corporation of India Ltd., (ICICI) or Life Insurance Corporation of India (LIC) or Unit Trust of India (UTI) or any State Industrial Development and Investment Corporation, or any State Finance Corporation or with any other credit Institutions or the Government for providing financial assistance by way of Loan, Subscription to debentures, providing any guarantee or underwriting or subscriptions of shares of the Company, the Directors of the Company shall have the power to agree that subject to the provisions of Sec. 255 of the Companies Act, such institutions or the Government shall have the right to appoint or nominate by notice in writing addressed to the Company one or more Director of the Board of the Company during the such period and upon conditions as may be mentioned in the agreement and that such Director(s) shall not be liable to retire by rotation. The Directors may also agree that any such Director(s) may be removed by the person or persons entitled to



appoint or nominate them and such person or persons may appoint or nominate another or others in his or their place(s) and also fill in any vacancy, which may occur in the Board, Director(s) appointed or nominated under this article shall be entitled to exercise and enjoy all the rights and privileges exercised and enjoyed by the Directors of the Company including the payment of remuneration and travelling and halting expenses of such Director(s) as may be agreed upon by the Company with such person or persons aforesaid and shall also be entitled to attend General Meeting and Meetings of any Committee of which he is a member and receive notice, agenda, papers and minutes thereof.

#### **Appointment of Additional Director**

130. The Board of Directors may, from time to time and at any time appoint a person as an additional Director, who shall retire at the next Annual General Meeting of the Company but shall be eligible for re-election by the Company at that meeting provided that the number of Directors including such additional Directors shall not exceed the maximum strength fixed by these Articles.

#### **Filling up of vacancy or retiring Director**

131. i) At the Annual General Meeting at which a Director retires, the vacancy may be filled up by appointing the retiring Director, or some other person in accordance with the provisions of Section 257 of the Act.

ii) If the place of retiring Director is not filled up and the meeting has not expressly resolved not to fill the vacancy the provisions of Section 256(4) of the Act shall apply.

#### **Filling up of casual vacancies among Directors**

132. If the office of any Director appointed by the Company in General Meeting is vacated before his term of office will expire in the normal course the resulting casual vacancy may be filled by Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upto which the Director in whose place he is appointed would have held office if it had not been vacated as aforesaid.

#### **Share Qualification of Directors**

133. A Director shall not be required to hold any qualification shares.

#### **Directors may be Directors of companies promoted by the Company**

134. A Director may be or become a Director of any Company promoted by the Company, or in which it may be interested as a vendor, share-holder, or otherwise, and no such Director shall be accountable for any benefits received as Director or shareholder of such Company except in so far as section 309 (6) or Section 314 of the Act may be applicable.

#### **Company to appoint successors**

135. Subject to Section 258 and 261 of the Act the Company at the General Meeting at which a Director retires in manner aforesaid may fill up the vacated office by electing a person thereto.

#### **Provisions in**

136. a) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the

same day in the next week, at the same time and place or if that day is a public holiday, till the next succeeding day which is not a public holiday at the same time and place.

b) If at the adjourned meeting also the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless:-

i) at that meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost; or

ii) the retiring Director has, by a notice in writing addressed to the Company or its Board expressed his unwillingness to be so re-appointed; or

iii) he is not qualified or is disqualified for appointment; or

iv) a resolution, whether special or ordinary, is required for the appointment or re-appointment by virtue of any provisions of the Act; or

v) the proviso to sub-section (2) of Section 263 or sub-section (3) of Section 280 of the Act is applicable to the case.

#### **Travelling expenses incurred by Directors**

137. The Board may allow and pay to any Director for the purpose of attending a meeting such a sum as the Board may consider fair compensation for travelling, boarding, lodging and other expenses in addition to his fee for attending such meetings, and if any Director be called upon to go or reside outside the town where he normally resides on the Company's business, he shall be entitled to be reimbursed and repaid travelling or other expenses incurred in connection with the business of the Company.

#### **Remuneration of Directors**

138. i) The remuneration if any, payable to the Director shall be determined in accordance with and subject to the provisions of Section 198, 309, 314 of the Act.

ii) In addition to the remuneration payable to him as aforesaid, the Director shall be paid travelling, hotel and other expenses as determined by the Board from time to time for attending and returning from, meeting of the Board of Directors or any committee thereof, or in connection with the business.

iii) Every Director, shall be paid such fee as the Board of Directors determine for each meeting of the Board of Committee thereof attended by him. The fee so determined shall not exceed Rs.250 a meeting.

#### **Loan to Directors**

139. The Company shall not without obtaining the previous approval of the Central Govt. in that behalf make any loan to or give any guarantee or provide any security in connection with a loan made by any other person to or to any other person by:

a) any Director of the Company or of the Company which is the holding Company or any partner or relative of any such Directors.

b) any firm in which any such Director's relative is partners.

c) any private Company of which any such Director is a Director or member;

d) anybody corporate, the Board of Directors, Managing Director, or Manager whereof is accustomed to act in accordance with the Directors or instructions of the Board or any Director or Directors of the Company.

#### **Directors may contract with Company**

140. Director or his relative, a firm in which such Director or relative a partner, any other partner in such firm, or a private Company of which the Director is Member or Director may enter into any contract with the Company for the sale, purchase or supply of goods, material, services or for underwriting the subscription of any shares in, or debentures of the Company, provided the sanction of the Board is obtained by a resolution passed at the meeting of the Board before the date on which the contract is entered into or within three months thereof in accordance with Section 297 of the Act. No sanction, however, shall be necessary to any such contract for the sale or purchase of goods or materials from or to the Company.

#### **Director or his relative not to hold office of profit.**

141.i) Subject to the provisions of Section 314 of the Act, without the consent of the Company accorded by a special Resolution no Director of the Company shall hold any office of place of profit under the Company and no partner or relative of such Director, no firm in which such Director is a partner, no private Company of which such Director is a Director or member and no Director or Manager of such a private Company shall hold any office or place of profit under the Company carrying a total monthly remuneration of Rs.500 or more except that of Managing Director or Manager, Banker or trustee for the debenture holders of the Company.

ii) Notwithstanding anything contained in sub-clause (1) no partner or relative or Director or Manager, no firm in which such Director or Manager, or relative of either is a partner, no private Company of which such a Director or Manager or relative of either is a Director or Member shall hold any office or place or profit in the Company which carried a total monthly remuneration of not less than three thousand rupees, except with the prior consent of the Company by a special Resolution and the approval of the Government.

#### **Interested Directors not to participate or vote in Board's proceedings**

142. No Director of the Company shall as Director take any part in the discussion, or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in the contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time on any such discussion or vote and if he does vote his vote shall be void; Provided however that a Director may vote on any contract of indemnity against any loss which the Directors or any one or more of them may suffer by reason of becoming or being sureties or a surety for the Company.

#### **Duty of Director etc. to make disclosure**

143. Every Director, Managing Director, Manager or Secretary of the Company who is appointed or who relinquishes the office of Director, Managing Director, Manager, or Secretary of any other body corporate shall, within twenty days of his appointment,

disclose to the Company the particulars relating to the office in the other body corporate which are required to be specified under section 303 of the Act.

**Duty of Director and person deemed to be Director to make disclosure of shareholdings**

144. i) Every Director of the Company and every person deemed to be Director of the Company by virtue of sub-section (1) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as be necessary for the purpose of enabling the Company to comply holdings with the provisions of that Section.

ii) Any such notice shall be given in writing and if it is not given at a meeting of the Board, the person giving the notice shall take all reasonable steps to secure that it is brought up and read at the meeting of the Board next after it is given.

**Vacation of office by Directors**

145. The office of a Director shall become vacant, if:

- a) he is found to be of unsound mind by court of competent jurisdiction.
- b) he applies to be adjudicated an insolvent;
- c) he is adjudged an insolvents
- d) he is convicted by & court of any offence involving moral turpitude and sentenced, in respect of, to imprisonment for not less than six months;
- e) he absents himself from three consecutive meetings of the Board of Directors or from all meetings of the Board for a continuous period of three months which ever is longer without obtaining leave of absence, from the Board.
- f) he or any firm in which he is a partner or any private company of which he is Director accepts a loan or any guarantee or security for a loan from the Company in contravention of Section 295 of the Act.
- g) he acts in contravention of section 299 of the Act.
- h) he becomes disqualified by an order of the Act under section 203 of the Act.

**Retirement of Directors**

146. 1) At every annual General Meeting, one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number in not three or a multiple of their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.

2) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment but as between persons who became Directors on the same day, those who retire shall, in default of and subject to any agreement among themselves, be determined by lots.

3) At the Annual General Meeting at which a Director retires as aforesaid the Company may fill up the vacancy by appointing the retiring Director or some other person thereto.

4) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy the meeting shall stand adjourned till the

same day in the next week at the same time and place, or if that day is & Public Holiday till the next succeeding day which is not a Public Holiday at the same time and place. If at the adjourned meeting also the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless;

i) at the meeting or at the previous meeting resolution to the reappointment of such Director has been put to the meeting and lost;

ii) the retiring Director has, by a notice, in writing addressed to the Company or its Board of Directors expressed his unwillingness to be so reappointed.

iii) he is not qualified or is disqualified for appointment;

iv) a resolution, whether special or ordinary, is required for his appointment or reappointment in virtue of any provisions of the Act,

v) the proviso to sub-section (2) of Section 263 is applicable to the case.

5) When a director is to retire at any Annual General Meeting in virtue of sub-clause (2) hereof he shall be deemed for purposes of this clause to retire in virtue of sub-clause (2) of this clause.

#### **Removal of Director**

147. Subject to the provisions of Section 284 of the Act, the Company, may, by ordinary Resolution remove any Director (not being a nominated Director) before the expiry of his period of office.

#### **Notice of candidature**

148. No person than a retiring Director shall be eligible for election to the Office of Director at any General meeting unless the requirements of Section 257 are complied with.

#### **Consent to act as Director to be filed with Registrar of Companies**

149. A person other than a retiring Director, shall not act as a Director of the Company unless he has within 30 days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.

#### **Resolution for appointment of Directors in General meetings**

150. i) No motion at any General meeting of the Company shall be made for the appointment of two or more persons as Directors of the company by a single resolution unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it

ii) A resolution moved in contravention of Sub-clause (i) hereof shall be void whether or not objection was taken at the time to its being so moved. Provided that where a resolution so moved is passed, no provision for the automatic reappointment of the Directors retiring by rotation in default of another appointment shall apply.

iii) For the purpose of this clause a motion for approving a person's appointment, or for nominating a person for appointment, shall be treated as a motion for his appointment.

## **PROCEEDINGS OF THE BOARD OF DIRECTORS**

### **Meeting of Directors**

151. i) The Directors may meet together as a Board for the despatch of business, adjourn and otherwise regulate their meetings and proceedings, as they think fit, provided that a meeting of the Board of Directors shall be held at least once in every three calendar months.

ii) Save in emergency not less than 7 days notice in writing shall be given of every meeting of the Board. Such notice shall be given to every Director, for the time being in India and at his usual address in India to every other Director. Notice of the date of such meeting shall also be given by cable to every Director not for the time being in India.

### **Quorum of Board Meeting**

152. Subject to Section 287 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (excluding Directors, if any whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one), or two Directors, whichever is higher.

Provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of the remaining Directors who are not interested, shall be the quorum during such time, provided that such number is not less than two.

### **Chairman's appointment**

153. The Board shall nominate from time to time any of the Directors of the Company as Chairman and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman is not present within 15 minutes after the time appointed for holding the same, the Directors present may choose one of their members to be Chairman of the meeting.

### **When meeting to be convened**

154. A Director may, and the Manager or Secretary on the requisition of a Director shall, at any time convene a meeting of the Board.

### **Chairman to have casting vote**

155. Except as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of an equality of votes, the Chairman shall have a second or casting vote.

### **Power of Board meeting**

156. A meeting of the Board for the time being where a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Articles of the Company for the time being vested in or exercisable by the Board generally.

### **Delegation of powers**

157. Subject to the restrictions contained in Section 292 of the Act, the Board may delegate any of their powers to a Committee of Directors consisting of such Director or

Directors or one or more Directors and a Member or Members of the Company as it thinks fit or to the Managing Directors, Secretaries and treasurers, the manager or any other principal officer of the Company or a branch office or to one or more of them together and it may from time to time revoke and discharge any such Committee of the Board either wholly or in- part, and either as to persons or purposes, but every Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board. Provided that such delegation shall not be in respect of matters enumerated in sub-clauses (a), (b), (c), (d) or (e) of clause (1) (as modified by Explanation II thereof) of Section 292 save and except that the said powers may be delegated only to the extent permitted by and subject to the restrictions and limitations contained in clause (2), (3) and (4) of section 292.

#### **Acts of Directors valid not withstanding defective appointment**

158. All acts done by any meeting of the Board of Directors or of 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.

#### **Adjournment of Meeting**

159. If a meeting of the Board could not be held for want of a quorum, then the meeting shall automatically stand adjourned to such other time as may be fixed by the Chairman not being later than seven days from the date originally fixed for the meeting.

#### **Circular Resolution Valid**

160. No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation unless the Resolution has been circulated in draft, to all the Directors or to all the members of the Committee then in India (not being less in number than the quorum fixed for meeting of the Board or Committee, as the case may be) and to all other Directors or members at their usual address in India and has been approved by such of Directors as are then in India or by majority of such of them as are entitled to vote on the or by a majority of such of them as are entitled to vote on the Resolution.

#### **Directors to act as Board in certain circumstances though below the minimum**

161. The continuing Directors may act as a Board notwithstanding any vacancy in the body, but if the number falls below the minimum number fixed under three Articles, the Director shall not except for the purpose of filling the vacancy, summoning a General Meeting of the Company or for emergency, act as long as the number is below the minimum.

#### **Minutes of meetings of Directors to be recorded**

162. The Directors shall cause minutes of meetings of the Board of Directors to be duly entered in books provided for the purpose in accordance with the provisions of Section 193 and 194 of the Act.

### **POWERS OF DIRECTORS IN THE BOARD**

163. The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act to such regulation 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. Provided that the Board shall not, except with the consent of the Company in General Meeting:

- a) Sell, lease, or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking;
  - b) remit, or give time for the repayment of any debt due by a Director;
  - c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of compulsory acquisition of any such undertaking as is referred to in cause (a) or of any premises of properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
  - d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will 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.
  - e) contribute (subject to the limits laid down by sections 293 and 293A of the Act as amended by the Companies (Amendment) Act 1960) to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater
- i) Provided that the powers specified in Section 292 of the Act shall subject to these Articles be exercised only at meetings of the Board, unless the same be delegated to the extent therein stated.
  - ii) Provided further that in respect of the matter referred to in clauses (d) and (e) such consent shall be obtained by a resolution which shall specify the total amount upto which money may be borrowed by the Board under clause (d) or the total amount which may be contributed to a charitable or other fund in any financial year under clause (e)
  - iii) Provided further that "temporary loans" in clause (d) above shall means loans repayable on demand or within six months from the date of the loan such as short term,



cash credit arrangement, the discounting of Bills and the issue of other short term loans of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature.

### **Certain powers of the Board**

164. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by those Articles, but subject to the restrictions contained in the last preceding Articles, it has hereby declared that the Directors shall have the following powers, that is to say, powers:-

- 1) To pay the costs, charge and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.
- 2) To pay any charge to the Capital account of the Company and commission or interest lawfully payable there at under the provisions of Section 76 and 208 of the Act
- 3) Subject to Section 292, 297 and 360 of the Act to purchase or otherwise acquire for the Company and property rights or privileges which the Company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or other acquisition to accept such titles as the Directors may believe or may be advised to be reasonable satisfactory.
- 4) At their discretion and subject to the provisions of the Act 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, mortgages 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, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
- 5) To secure the fulfilment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.
- 6) To accept from any Member, so far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.
- 7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested, or for any other purposes, and to execute and do all such deeds, and things as may be required in relations to any such trust and to provide remuneration of such trustee or trustees.
- 8) To institute, conduct, defend, compound, or abandon, any legal proceedings by or against the company or its officers, or otherwise concerning the affairs of the company, and also to compound and allow time for payment or satisfaction of any debts due and to refer any claims or demands by or against the Company, and to offer any difference to arbitration either according to Indian law or according to any foreign law and either in India or abroad, and observe, perform or challenge any awards made thereon.

- 9) To act on behalf of the Company in all matters relating to bankrupts and insolvents.
- 10) To make and give receipts, releases, and other discharges for moneys payable to the Company and for the claims and demands of the Company.
- 11) Subject to the provisions of Sections 292, 293 (1) (a), 295, 369, 370, 372 and 373 of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof, upon such security (not being shares of the Company), or without security and in such manner as they may think fit, and from time to time to vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.
- 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 whether as principal or surety, 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, provisions, covenants and agreements as shall be agreed upon.
- 13) To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents, and to give the necessary authority for such purpose.
- 14) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company, and to give to any officer or other person employed in the Company, a commission on the profits of any particular business or transactions; and to charge such bonus or commission as part of the working expenses of the Company.
- 15) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and the wives, widows and families of the dependants or connections of such persons, by building, or contributing to the building of houses, dwellings, or chawls, or by grants of moneys, pensions, gratuities, allowances, bonus or other payments; or by creating and from time to time subscribing contributing to provident and other associations, institutions, funds, or trusts and by providing or subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance (subject to the limit laid down by Section 293 and 293A of the Act as amended by the Companies (Amendment Act) 1960) as the Board shall think fit, and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national, political or other institutions or objects which shall have any moral or other claim to support of aid by the Company, either by reason of locality of operation, or of public general utility or otherwise.
- 16) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to the Depreciation Fund, or to Insurance Fund, or as a Reserve Fund, or Sinking Fund or any special fund to meet contingencies or to repay debenture, or debenture-stock, or for special dividends or for

equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purposes referred to in the preceeding clause) as the Board may, in their absolute discretion, think conducive to the interest of the Company, and subject to Section 292 of the Act, to invest the several sums so set aside or so much thereof as require to be invested upon such investments (other than shares of the Company) as they may think fit and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purpose as the Board, in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof, may be matters to or upon which capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Board may think fit, with full power to transfer the whole or any portion of a reserve fund or division of a Reserve Fund to another Reserve Fund or division of a Reserve Fund and with full power to employ the assets constituting all or any of above funds including the Depreciation Fund, in the business of the Company or in the purchase or repayment of debenture or debenture-stock, and without being bound to pay interest on the same, and without being bound to keep the same separate from the other assets, with power however to the Board at their discretion to pay or allow to the Credit of such funds interest at such rate as the Board may think proper, not exceeding nine per cent per annum.

17) To appoint and at their discretion, remove or suspend such General Managers, Managers, Secretaries, Assistants, Supervisors, Scientists, Technicians, Engineers, Consultants, Legal, Medical or Economic Advisers, Research Workers, Labourers, Clerks, Agents and Servants for permanent temporary or special services as they may from time to time think fit, and to determine their powers and duties, and fix their salaries, or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit, And from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provisions contained in four next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.

18) To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.

19) From time to time and at any time to establish and Local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be Members of such Local Boards, and fix their remuneration.

20) Subject Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretion for the time being vested in the Board, other than their power to make calls or to make loans or borrow moneys; and so authorise the Members for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms, and subject to such conditions as the Board thinks fit and may at any time remove any person so appointed, and may annul or vary any such delegation.

21) At any time and from time to time by Power of Attorney under the seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow moneys) 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 think fit) made in favour of the Members or any of the Members of any Local Board established as aforesaid or in favour of any company or the shareholders, directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit; and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.

22) Subject to sections 294, 297 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company 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.

23) From time to time give guarantees to banks and financial institutions in respect of loans and/or advances sanctioned to Company's subsidiaries.

#### **Certain Powers to be exercised by the Board only at meetings**

165. The Board of Directors shall exercise the following powers on behalf of the Company only by means of resolution passed at meetings of the Board.

- a) the power to make calls on shareholders in respect of money unpaid on their shares;
- b) the power to issue debentures;
- c) the power to borrow moneys other than on debentures;
- d) the power to invest the funds of the Company; and
- e) the power to make loans;

provided that subject to the provisions of Section 292 (2) (3) and (4) of the Act, the Board of Directors may delegate to any Committee of Directors, the Manager or any Principal officer of the Company, the powers specified in clause (c), (d) and (e) of this Article.

#### **Delegation of powers by the Board of Directors**

166. The Board of Directors may delegate all or any of such powers, authorities and discretions to the Managing Director or of other officer/s of the Company on such terms and conditions as they think fit.

#### **Right to appoint Debenture Directors**

167. If and when the debentures of the Company are issued, the holders thereof shall have the right to appoint and from time to time to remove and re-appoint a Director or directors in accordance with the provisions of the Trust Deed securing the debentures. The Director appointed under this article is herein referred to as the Debenture Director

and the term debenture director means the director for the time being in office under this article.

#### **Directors can hold Office**

168. Subject to the provisions of Section 314 of the said act, a Director may hold any office or place of profit under the Company except that of an Auditor, upon such terms and conditions as to the remuneration, tenure of office etc., as may be determined by the Board from time to time.

### **MANAGING DIRECTOR**

#### **Appointment of Managing Director or wholetime Director**

169. Subject to the provisions of the Act, the Board shall have power to appoint from time to time any one or more of the Directors as managing director(s) or whole-time director(s) such period and on such terms and conditions as they think fit, for such a period not exceeding (five) 5 years at a time. A Director so appointed shall not whilst holding that office be subject to retirement by rotation. The Board shall fix from time to time the terms, remuneration, authorities and powers of the Managing Director(s) or whole time Director(s).

#### **Day to day management vested in Managing Director**

170. The Management of the day affairs of the Company shall vest with the Managing Director who shall discharge his duties under the general superintendence and control of the Board of Directors and shall be subject to any directions given or imposed by the Board of Directors from time to time. He shall be the Chief Executive of the Company and all other full time Directors, if any and executives and functionaries of the Company shall be subordinates to him and shall report to him.

### **SECRETARY**

#### **Board may appoint Secretary**

171. Subject to the Provisions of the Act, a Secretary shall be appointed for the Company by the Board of Directors for such time, at such remuneration and upon such condition as thinks fit and the Secretary so appointed may be removed by the Board.

#### **Director as Secretary**

172. Subject to the provisions of Section 383A, a Director may be appointed as Secretary

### **COMMITTEE OF DIRECTORS**

#### **Committee of the Directors**

173. The Directors may, from time, appoint an Executive Committee consisting of not less than three and the following provisions shall apply thereto, that is to say:
- a) The Directors may from time to time determine who shall be members of the Executive Committee provided that atleast one of the members of the Executive Committee shall be a Director and all of the members thereof shall be either one or more directors or the Manager, Secretary, employee or Shareholders of the Company.
  - b) Subject to the provisions of the Act, the Directors may, at any time and from time to time, make such regulations as they think expedient in regard to the Executive Committee and in particular in regard to its powers and duties.

- c) Two members of the Executive Committee or one-third the number thereof, whichever is less, shall form a quorum and shall be competent to exercise all or any of the powers and duties vested in the Executive Committee by the Directors.
- d) Subject to any regulations made by the Directors and subject to the provisions hereof, the Executive Committee shall make such regulations as it things fit regarding its own meetings and proceedings. Minutes of all meeting or proceeding of the Executive Committee shall be placed before the Board at the next convenient meeting thereof.
- e) Subject to the provisions of the Act, the Directors may from time to time fix and determine the remuneration to be paid to each member of the Executive Committee and such remuneration may, subject as aforesaid, be by way of salary, commission, or participation in, profits or otherwise, or by all or any of those modes, and shall be in addition to any member of the Executive Committee as a Director or otherwise under the provisions of these Articles.

## **BORROWING POWERS**

### **Power to Borrow**

174. Subject to the provisions of these Articles and of the Act, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property (both present and future) and uncalled capital or any part thereof and to issue debentures, stock and other securities whether outright or as security for and debt liability or obligations of the company or of any third party.

Provided however, whether the moneys to be borrowed together with the money already borrowed (apart from temporary loans) obtained from the Company's business in the ordinary course of the business to be exceeded the aggregate of the paid up capital of the company and its free reserves (not being reserves set apart for any specific purpose) the Board shall not borrow such moneys without the consent of the company in a General Meeting.

If any uncalled capital of the company be included in or charged by any mortgage or other security, the Directors may under the Company's seal authorise the person in whose favour such mortgage or security is executed or any other person in trust for him to make calls on the members in respect of such uncalled capital and the provisions herein before contained in regard to calls shall mutatis mutandis apply to calls made under such authority and such authority may be made exercisable either conditionally and either to the exclusion of the Directors power or otherwise and shall be assignable if expressed so to be.

### **The payment or repayment of moneys borrowed**

175. The payment of moneys borrowed as aforesaid maybe secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by a resolution passed at a meeting of the Board (and not by circulation) by the issue of debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being.

### **Terms of issue of Debentures**

176. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise, may be assignable from any enquiries between the Company and person to whom the same may be issued and may be issued on the condition that they shall be convertible into shares of any authorised denomination, and with privileges, and conditions as to redemption, surrender drawings allotment of shares attending (but not voting) at general meetings, appointment of Directors and otherwise. Provided that debentures with the right to allotment of or conversion into shares shall not be issued except with sanction of the Company in General meeting.

### **Register of Mortgages**

177. The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages-debentures and charges specifically affecting the property of the Company and shall cause the requirements of section 118, 125 and 127 to 144 (both inclusive) of the Act in that behalf to be duly completed with, (within the time prescribed by the said Sections or such extensions thereof as may be permitted by the Court or the Registrar) so far as they fail to be complied with by the Board.

### **Register and Index of Debenture Holders**

178. The company shall, if at any time it issues debentures, keep a Register and Index of debenture-holders in accordance with Section 152 of the Act.

### **Execution of Negotiable Instruments, etc.**

179. All cheques, promissory notes, hundies, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be by such person and in such manner as the Board may from time to time by resolution determine.

### **COMMON SEAL**

#### **The Common Seal of the company, its custody and use**

180. 1) The Board shall provide a Common Seal for the purposes of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given and in the presence of a Director of the Company or some other person appointed by the Directors for the purpose.

2) The Company shall also be at liberty to have an official seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.

#### **Deeds how executed**

181. Every Deed or other instrument to which the Seal of the Company is required to be affixed shall unless the same is executed by a duly constituted attorney be signed by one Director or by some other person appointed by the Directors for the purpose, provided nevertheless that certificates of shares shall be sealed as provided as per the Articles in that regard here in before contained in accordance with the Companies (Issue of Share Certificates) Rules, 1960.

### **Foreign Register**

182. The Company may keep in any State or Country outside India, a branch register of members or debenture holders resident in that State or Country (hereinafter called as "Foreign Register") and shall within one month from the date of opening of any foreign register, fill with the Registrar, notice of the situation of the office where such register is kept and in the event of any change of situation of such office or of its discontinuance shall within one month from the date of such or discontinuance as the case may be file, notice with the Registrar of such change or discontinuance. As regards the provisions relating to Foreign Register, the Company shall have regard to Section 158 of the Act.

### **Books of Accounts, Audit, Dividends and Reserves**

#### **Books of Accounts**

183. The Board Shall cause proper books of accounts with respect to the following to be kept at the Registered Office of the Company or at such other place as the Board considers necessary:

- a) all sums of money received and expended by the company; and the matter in respect of which the receipt and expenditure take place;
- b) all sales and purchases of goods by the company; and the assets and liabilities of the Company.

The books of account shall be open to inspection by any Director during business hours.

#### **Inspection of Books and Accounts**

184. No member (not being a Director) shall have any right to inspect the Books and Accounts except as provided in the Companies Act, or authorised by the Board of Directors, or by any resolution of the Company in General Meeting.

#### **Balance Sheets & Profit and Loss Account**

185. At every Annual General Meeting of the Company held pursuant to Articles 70 the Board of Directors shall lay before the Company a Balance Sheet as at the end of the period specified in Section 210 of the Act and a Profit & Loss Account for that period.

The Balance Sheet shall be in the form set out in part-1 of Schedule VI or as near thereto as circumstances admit; and the Profit & Loss account shall comply with the requirements of part-II of Schedule VI of the Act.

#### **Documents to be annexed to the Balance Sheet**

186. The documents, as required under Section 212 of the Act, in respect of subsidiary companies (if and when so required) shall be attached to the Balance Sheet of the Company.

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

The Board's Report in regard to the matters specified under Section 217 of the Act shall be attached to the Balance Sheet laid before the Company in Annual General Meeting.



### **Authentication of Balance Sheet and Profit & Loss Account**

187. Every Balance Sheet and Profit & Loss Account shall be signed on behalf of the Board (after due approval by the Board) by the Secretary, if any, and by not less than two Directors, one of whom shall be a Managing Director, if there is one.

When only one of the Directors of the Company is for the time being in India, the Balance Sheet and the Profit and Loss Account shall be signed by such Director and shall be attached thereto a statement explaining the reason for non-compliance with the provision aforesaid.

### **Filing Balance Sheet with Registrar**

188. Subject to the provisions of Section 220 of the Act, three copies of the Balance Sheet and Profit and Loss Account shall be filed with the Registrar of Companies.

## **AUDIT**

### **Appointment and remuneration of Auditor**

189. The appointment of Auditors and fixation of their remuneration shall be regulated in accordance with the provisions of the Act applicable to the Company from time to time.

### **First Auditors to be appointed by the Board**

190. The first Auditors of the Company shall be appointed by the Board within one month of the date of registration of the Company, and the Auditor or Auditors so appointed shall hold office until the conclusion of the first Annual General Meeting provided that the Company may, at a General Meeting, remove any such Auditor or all of such Auditors and appoint in his or their places any other person or persons who have been nominated for appointment by any member of the Company and of whose nomination notice has been given to the members of the Company not less than fourteen days before the date of the meeting; provided further that if the Board fails to exercise its powers under this article, the Company in General Meeting may appoint the first Auditor or Auditors.

### **Accounts audited and approved are conclusive**

191. Every account of the Company when audited and approved by General Meeting shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Wherever any such error is discovered within that period the account shall forthwith be corrected, and henceforth shall be conclusive.

## **DIVIDENDS**

### **Declaration of dividend**

192. The Annual General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.

### **Interim dividend**

193. i) The Board of Directors may from time to time pay to the Members such interim dividends as appear to it to be justified by the profits of the Company.

ii) Dividends shall be paid by the company in respect of any shares there into the registered holder of such shares or to his bankers or to the bearer of a share warrant (if issued) or to his banker.

iii) A transfer of share shall not pass the right to any dividend declared thereon before the registration of the transfer.

#### **Payment**

194. Warrant in respect of a dividend shall be posted or the payment shall be made to the persons entitled to the payment of the dividend within forty two days from the date of declaration of dividend unless it becomes impossible for any of the reasons given under the proviso to Section 207 of the Act.

#### **Setting aside sums as reserves**

195. The Board may, subject to section 205 of the Act, before recommending any dividend, 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 provision for meeting the contingencies or for the equalising dividends; and pending such application, may at the like discretion either be employed in the business of the company or be invested in such investment (other than shares of the Company) as the Board may, from time to time think fit.

#### **Dividends in proportion to the amount paid on shares**

196. 1) The Board may also carry forward any profits which it may think prudent not to divide without setting them aside as a reserve.

2) The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

3) Subject to the rights of persons, if any entitled to share with special rights as to dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid.

4) No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of his article as paid on the share.

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

#### **Debts may be deducted and dividends retained whilst members remain indebted**

197. i) The Board may deduct from any dividend payable to any member 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.

ii) No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money be due or owing from him to the

company; in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons.

#### **Dividend in Specific**

198. The Company may at General Meeting, in declaring dividend, make a call on the members of so much of amount as is equal to the dividend payable to the members and set off the same against the dividend payable by the Company to them.

i) The Company may at General Meeting in declaring dividend or bonus may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets and the Board shall give effect to the Resolution of the Meeting.

ii) Where any difficulty arises with regard to such distribution the Board may settle the same as it deemed expedient and in particular may issue fractional certificate and fix the value for distribution of such specific assets or any part thereof and may determine that cash payment shall be made to any members on the basis of the value so fixed in order to adjust rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Board.

#### **Remittance of dividend to members**

199. i) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheques or warrant sent through the post direct 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.

ii) Every cheque or warrant shall be made payable to the order of the person to whom it is sent.

iii) The Company shall not be responsible for the loss of any cheque warrant or money order sent by post as aforesaid.

#### **Receipts for payment**

200. 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.

#### **Dividend not claimed**

201. All dividends not claimed or remaining unpaid shall be regulated in accordance with the provisions of Section 205A and 2058 of the Act.

#### **Dividend not to carry interest**

202. No dividend shall bear interest against the Company.

#### **Capital paid up in advance at interest not to earn dividend**

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

#### **Retention or dividends until completion of transfer under Articles**

204. The Board may retain the dividends payable upon shares in respect of which any person under Article 50 is entitled to become a Member, or which any person under

that Article is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.

#### **Transfer of shares must be registered**

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

#### **Dividend and call together**

206. Any General Meeting declaring a dividend may on the recommendation of directors make a call on the Member 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 time as the dividend; and the dividend may, if so arranged between the Company and the Members, be set off against the calls.

### **CAPITALISATION OF PROFITS AND RESERVES**

#### **Capitalisation of Profits and Reserves**

207. 1) The Company in General Meeting may upon the recommendation of the Board resolved:

- a) That it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and
- b) That such be accordingly set free for distribution in the manner specified in clause (2) below amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

2) The sum of aforesaid not be paid in cash but shall be applied subject to the provisions contained in clause (3) hereof other in or towards:

- i) paying up any amount for the time being unpaid on any shares held by such members respectively
- ii) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up to and amongst such members in the proportions aforesaid; 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 account may, for the purposes of this Article only be applied in the paying up of unissued share. Shares to be issued to members of the Company as fully paid bonus shares.

4) The Board shall give effect to the resolution of the Company in pursuance of the preceding articles.

#### **Powers of Board**

208. 1) Whenever such a resolution as aforesaid shall have been passed, the Board shall:

- a) Make all appropriations and application 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 effect thereto
- 2) The Board shall have full powers;
  - a) to make such provisions by the issue of fractional certificates or by payments in cash or otherwise , as it thinks fit, in the case of shares or debentures becoming distributable in fractions 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 to which they may be entitled upon such capitalisation or (as the case may be) for the payment by the company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts or any part of the amounts remaining unpaid on their existing shares.
  - c) Any agreement made under such authority shall be effective and binding on all such members.

## **SERVICE OF DOCUMENTS AND NOTICES**

### **Service of documents or notices on Members by Company**

209.1) A document of notice be served or given by the Company or 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, in India supplied by him to the Company for serving documents or notices on him.

2) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a Member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgment due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the Member and such service shall be deemed to have been effected in the case of a Notice of a meeting, at the expiration of forty eight hours after the letter containing the document or notice is posted and in any other case, at the time at which the letter would be delivered in the ordinary course, of post.

### **By advertisement**

210. A document or notice advertised in a newspaper circulating in the neighbourhood of the office shall be deemed to be duly served or sent on the day on which the advertisement appears on or to every Member who has no registered address in India, and has not supplied to the company an address within India for the serving of document on or the sending of notices to him.

### **On joint holder**

211. A document or notice may be served or given by the Company on or to the joint-holder of a share by serving or giving the documents or notice on or to the joint-holder named first in the Register of Members in respect of the share.

#### **On personnel representatives, etc.**

212. A document or notice may be served or given by the Company on or to the persons entitled to a share in a 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 assignee of the insolvent or by any like description, at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.

#### **To whom documents or notices must be served or given**

213. Documents or notices of every General Meeting shall be served or given in some manner herein before authorised on or to (a) every Member, (b) every person entitled to a share in consequence of the death or insolvency of a Member and (c) the auditor or auditors for the time being of the Company.

Provided that when the notice of the meeting is given by advertising the same in a newspaper circulating in the neighbourhood of the registered office of the Company under Article 206, the statement of material facts referred to in Article 91 need not be annexed to the notice, as required by that Article but it shall merely be mentioned in the advertisement that the statement has been forward to the members of the Company.

#### **Members bound by documents or notices served on or given to previous holder**

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

#### **Document or notice by Company and signature thereto**

215. Any document or notice to be served or given by the Company may be signed by a Director or some person duly authorised by the Board of Directors for such purpose and the signature thereto may be written, printed or lithographed.

#### **Service of document or notice by Member**

216. All documents or notices to be served or given by Members or to the Company or any officer thereof shall be served or given by sending it to the Company or officer at the office by post under a certificate of posting or by registered past, or by leaving it at the office.

#### **Copies of Memorandum & Articles of Association to be sent by the Company**

217. Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Company to every Member at his request within seven days of the request on payment of the sum of Rupee one for each copy.

#### **Indemnity and Secrecy**

##### **Indemnity**

218. Every Officer or agent for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any

proceedings, whether Civil or Criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 633 in which relief is granted to him by the Court.

#### **Secrecy**

219. Every Director, Manager, Auditor, Trustee, Member of a Committee Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall observe a strict secrecy respecting all transactions of the Company with the customers and the state of accounts with individuals and matters relating thereto and shall not reveal any of the matters which may come to his knowledge in the discharge of his duties, except when required so to do by the directors or by a meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

#### **Members not entitled to information**

220. No member shall be entitled to require discovery of or any information respecting any detail of the Company's trading of any matter which is or 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 members of the Company to communicate.

#### **Restrictions of business premises and books**

221. No member not being a Director, Auditor, Secretary or other officer of the Company and authorised in that behalf by the Directors shall, under any circumstances be entitled to inspect the works or any place of business of the Company or any of the books or paper of the Company without the authority in writing of the Directors, unless authorised so to do by the resolution of a General Meeting.

#### **Officers not bound to answer question disclosing trade secrets**

222. Any Director or Officer of the Company will be entitled if he thinks fit, to decline to answer any question concerning the business of the Company which may be put to him on any occasion (including any meeting of the Company) on the ground that the answer to such questions would disclose or tend to disclose the trade secrets of the Company.

#### **Distribution of Surplus Assets**

223. If the Company shall be wound-up and the surplus assets shall be more than sufficient to repay the whole of the paid-up capital, the excess shall be distributed among the members in proportion to the capital paid-up or which ought to have been paid up on the equity shares held by them respectively at the commencement of the winding up, but the clause is to be without prejudice to the rights of the holders of shares issued upon special conditions.

#### **Winding up**

##### **Powers of the Liquidator**

224. i) In a winding up the Liquidator may, irrespective of the powers conferred on him by the Companies Act, and as an additional power, with the authority of a special Resolution sell the undertaking of the company or the whole or any part of its assets, for shares fully or partly paid-up or the obligations of or other interest in any other company and may by the contract of sale agree for the allotment to the members direct of the proceeds of sale in proportion to their respective interests in the company. Any

such sale or arrangement or the Special Resolution confirming the same way, subject to the provisions of Article 12 thereof provide for the distribution or appropriation of the shares or other benefits to be received in compensation otherwise than in accordance with the legal rights of the contributories of the company, and in particular, any class may be given preferential or special rights, or may be excluded altogether or in part, and further by the contract a time may be limited at the expiration of which shares obligations or other interest not accepted or required to be sold shall be deemed to have been refused, and be at the disposal of the liquidator of the purchasing company.

ii) If the Company shall be wound up, the liquidator may, with the sanction of a special Resolution of the Company and any other sanction required by the Act, divide among the members in specie or kind, the whole or any part of the Assets of the Company whether they shall consist or property of the same kind or not.

iii) For the purpose of aforesaid the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such divisions shall be carried out as between the members of different classes of members.

iv) The liquidator may, with the like sanction vest the whole or any part of such assets in trustees upon such trust for the benefit of the contributories or the liquidator, with the like sanction shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.



Sl No	Name description, occupation, addresses of subscribers with their signatures	No. of Equity shares taken by each subscriber	Names, addresses, Occupations of witnesses to the Signature of subscribers with their signatures
1	Tatavarti Ramgopal S/o T. Subba Rao, 706, Brindavan Apartments, A. C. Guards, Hyderabad-29 Company Executive	10 (TEN)	SD/- GULLAPALLI BHAVANI S/O G. D. PRASADA RAO, 6-1-1233/1-E, SUBHODAYA APARTMENTS, HYDERABAD-500001  CHARTERED ACCOUNTANT
2.	Kothapalli Sita Rama Raju S/o Appala Raju Plot No: 17, Udayanagar, Hyderabad-38 Company Executive	10(TEN)	
3.	Sankaran Radhakrishnan Nair S/o N. Sankara Pillai 8-2-686/8/5/1, Road No:12, Banjara Hills, Hyderabad-34 Company Executive	10 (TEN)	
4.	Nuthakki Bhanu Prasad S/o N. Ramaseshaiah, Business Road No:7, Banjara Hills, Hyderabad-34	10 (TEN)	
5.	Nuthakki Anantha Lakshmi W/o Nuthakki Bhanu Prasad Road No:7, Banjara Hills, Hyderabad-500034 Housewife	10 (TEN)	
6.	Nuthakki Ram Prasad S/o Nuthakki Bhanu Prasad Road No:7, Banjara Hills, Hyderabad-500034 Company Executive	10 (TEN)	
7.	Nuthakki Rajender Prasad S/o Nuthakki Bhanu Prasad Road No:7, Banjara Hills, Hyderabad-500034 Business	10 (TEN)	
	Total Number Of Equity Shares Taken	----- 70 (SEVENTY) -----	

Place: HYDERABAD

DATED: 4<sup>TH</sup> FEBRUARY, 1985