

- (ii) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.
- (iii) issue of CCP and as permissible in law.

Reduction of Capital

7. the Company may from time to time by special resolution, subject to confirmation by the Court and subject to the provisions of Sections 78, 80 and 100 to 104 of the Act, reduce its share capital and any Capital Redemption Reserve Account or Premium Account in any manner for the time being authorised by law in particular without prejudice to the generality of the foregoing power may by:

- (a) extinguishing or reducing the liability on any of its shares in respect of share capital not paid up;
- (b) either with or without extinguishing or reducing liability on any of its shares, cancel paid up share capital which is lost or is unrepresented by available assets; or
- (c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid up share capital which is in excess of the wants of the Company;

and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its share capital and of its shares accordingly.

Division, Sub-division, Consolidation, Conversion and Cancellation of shares

8. Subject to the provisions of Section 94 of the Act, the Company in general meeting may by an ordinary resolution alter the conditions of its Memorandum as follows, that is to say, it may:

- (a) 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 originally fixed by the Memorandum subject nevertheless to the provisions of the Act in that behalf and so however that in the sub-division the proportion between the amount paid and the amount, if any unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and so that as between the holders of the shares resulting from such sub-division one or more of such shares may, subject to the provisions of the Act, be given by preference or advantage over the others or any other such shares;
- (c) convert all or any of its fully paid up shares into stock, and re-convert that stock into fully paid up shares of any denomination;
- (d) cancel, shares which at the date of such general meeting have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

Notice to Registrar or Consolidation of Share Capital, conversion of shares into stocks etc.

12 (a) If the Company has :

- (i) Consolidated and divided its share capital into shares of larger amount than its existing shares;
- (ii) Converted any shares into stocks;
- (iii) Re-converted any stock into shares;
- (iv) Sub-divided its share or any of them;

- (v) Redeemed any redeemable preference shares; or
- (vi) Cancelled any shares otherwise than in connection with a reduction of Share Capital under Sections 100 to 104 of the Act.

The Company shall within one month after doing so, give notice thereof to the Registrar specifying as the case may be, the shares consolidate, divided, converted, sub-divided, redeemed or cancelled or the stocks re-converted.

- (b) the Company shall thereupon request the Registrar to record the notice and make any alterations which may be necessary in the Company's Memorandum or Articles or both.

Modification of Rights

- 13. if at any time the share capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being wound up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at separate general meeting of the holders of the shares of that class. This Article shall not derogate from any power which the Company would have if this Article were omitted. The provisions of these Articles relating to general meeting shall mutatis apply to every such separate meeting but so that if at any adjourned meeting such holders a quorum as defined in Articles 111 is not present, those persons who are present shall be the quorum.

SHARES AND CERTIFICATES

Issue of Further shares not to Affect Right of Existing Shareholders.

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

Provisions of Sections 85 to 88 of the Act to apply.

- 15. the provisions of Sections 85 to 88 of the Act in so far as the same may, be applicable shall be observed by the Company.

Register of Members and Debentureholders

- 16 (a) the Company shall cause to be kept a Register of Members and an index of (a) Members in accordance with Sections 150 and 151 of the Act and Register and index of Debentureholders in accordance with Section 152 of the Act. The Company may also keep a foreign Register of Members and Debentureholders in accordance with Section 157 of the Act.
- (b) the Company shall also comply with the provisions of Sections 159 and 161 of the Act as to filing of Annual Returns.
- (c) The Company shall duly comply with the provisions of Section 163 of the Act in regard to keeping of the Registers, indexes, copies of Annual Returns and giving inspections thereof and furnishing copies thereof.

Restriction of Allotment

- 18 The Board shall observe the restriction as to allotment of shares to the public contained in Sections 69 and 70 of the Act and shall cause to be made the return as to allotment provided for in Section 75 of the Act.

Every Share Transferable etc.

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

Application of Premium Received on issue of Shares

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

Acceptance of Shares

24. An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall for the purpose of these Articles be a member. The Directors shall comply with the provisions of Sections 69, 70, 71, 72 and 73 of the Act in so far as they are applicable.

- 30A. a) Notwithstanding anything contained in these Articles, the shareholders/debenture holders of the Company shall be entitled to dematerialise its existing shares, debentures and other securities, rematerialise its securities held in the Depository and the Company shall offer fresh shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act and the rules framed there under, if any.
- b) Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository.
- c) The share in the capital shall be numbered progressively according to their several denominations. Provided that the provisions relating to progressive numbering shall not apply to the shares of the Company which are dematerialized or may be dematerialised in future or issued in future in dematerialised form. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

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- d) Every person subscribing to shares, debentures or other securities offered by the Company shall have the option to receive such shares, debentures or securities in physical form or to hold the same with a Depository in dematerialized form. Such a person who is the Beneficial owner of the securities can at any time opt out of a depository, if permitted and in the manner provided by law and the Company shall, in the manner and within the time prescribed, issue to the Beneficial owner the required Certificates.
- e) In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form by a Depository, the provisions of the Depositories Act shall apply.
- f) If the shares of the Beneficial owner are held with a Depository, the Company shall intimate such Depository, the details of allotment of the security, and on receipt of the information, the Depository shall enter in its records, the names of the allottees as the Beneficial owner of the security.
- g)(i) A Depository shall be deemed to be the registered owner of the securities for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner. Save as otherwise provided in (i) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it. Such voting rights shall be vested with the Beneficial owner of the shares of the Company.
- h) Beneficial owner deemed as absolute owner. Save as herein otherwise provided, the Company shall be entitled to treat the persons whose name appears as the Beneficial owner of the shares, debentures and other securities in the records of the Depository as the absolute owner thereof as regard receipt of dividends or bonus on shares, interest/ premium on debentures and other securities and repayment thereof or for service of notices and all or any other matters connected with the Company and accordingly the Company shall not (except as ordered by the Court of competent jurisdiction or as by law required) be bound to recognize any benami trust or equity or equitable, contingent or other claim to or interest in such shares, debentures or other securities as the case may be, on the part of any other person whether or not it shall have express or implied notice thereof but the Board shall be entitled at their sole discretion to register any share in the joint names of any two or more persons or the survivors or the survivors of them.
- i) Notwithstanding anything in these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
- j) The Company shall cause to keep a Register and Index of Members and Register and Index of Debenture holders in accordance with Section 151 and 152 of the Act respectively, and the Depositories Act, with details of shares and debentures held material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. Notwithstanding anything in these Articles to the contrary, the Register and Index of Beneficial owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members for the purposes of the Act. The Company shall have the power to keep in any state or country outside India a branch of Register of Members resident in that state or country.
- k) Notwithstanding anything contained in these Articles to the contrary, the Register and Index of Beneficial owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Debenture holders for the purposes of the Act.
- l) Nothing contained in Section 108 of the Act or these Articles shall apply to the transfer of shares, debentures or other securities effected by the transferor or transferee, both of

whom are entered as Beneficial owners in the records of the Depository, provided that in respect of the shares, debentures and other securities held by the Depository on behalf of a Beneficial owner, Sections 153, 153A, 153B, 187B, 187C and 372A of the Act, shall not apply.

- m) Issue of Certificates, if required, in the case of dematerialised shares/debentures/other securities and rights of Beneficial owner of such shares/debentures/other securities. Notwithstanding anything contained in these Articles, certificate, if required, for dematerialised share, debenture and any other security shall be issued in the name of the Depository and all the provisions contained in these Articles in respect of the rights of a member/debenture holder of the Company shall mutatis mutandis apply to the Depository as if it were a Member/debenture holder/security holder excepting that and notwithstanding that the Depository shall have been registered as the holder of a dematerialized share, debenture and any other security, the person who is the Beneficial owner of such shares, debentures and other securities shall be entitled to all the rights (other than those set out in these Articles) available to the registered shares, debentures and other securities, in the Company as set out in the other provisions of these Articles.
- n) If a Beneficial owner seeks to opt out of a Depository in respect of any security, the Beneficial owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company. The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial owner or the transferee as the case may be.
- o) Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares in physical form subject to the provisions of the Depository Act.
- p) Notwithstanding anything in the Act, or these Articles where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

LIEN

Company's Lien on Shares/Debentures

- 44. The Company shall have a first and paramount lien upon all the shares and/or debentures (other than fully paid-up shares and/or debentures) registered in the name of each Member and/or debenture holder (whether held singly or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of transfer of shares and/or debentures shall operate as a waiver of Company's lien, if any, on such shares and/or debentures. The Directors may at any time declare any share and/or debenture wholly or in part exempt from the provisions of this Article.

As to Enforcing Lien by Sale

- 45. For the purpose of enforcing such lien, the Board may sell the shares/debentures subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and/or debentures and may authorise one of their members or appoint any officer or Agent to execute a transfer thereof on behalf of and in the name of such member/debentureholder. No sale shall be made until such period, as may be stipulated by the Board from time to time, and until notice of at least 30 days in writing of the intention to sell shall have been served on such member and/or debentureholder or his legal representatives and default shall have been made by him or them in payment,

fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

Application of Proceeds of Sale

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

FORFEITURE

If Call or Installment not Paid Notice must be given

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

In Default of Payment Shares or Debentures to be Forfeited

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

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

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

Power to Annul Forfeiture

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

Shareholders or Debentures still liable to pay Money Owing at time of forfeiture and interest.

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

Effect of Forfeiture

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

Certificate of Forfeiture

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

TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES

Register of Shares or Debenture

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

Instrument of Transfer

60. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Act, shall be duly complied with in respect of all transfer of shares and registration thereof.

Instrument of Transfer to be Executed by Transferor and Transferee

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

Directors may refuse to Register Transfer

62. (a) Subject to the provisions of Section 111 of the Act and Section 22A of Securities Contract (Regulations) Act 1956 and the rules and regulations made thereunder, the Directors may, at their own absolute and uncontrolled discretion, decline by giving reasons to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the Shares. Transfer of Shares / Debentures in whatever lot shall not be refused.
- (b) Nothing in Sections 108, 109 and 110 of the Act shall prejudice this power to refuse to register the transfer of, or the transmission by operation of law of the rights to, any shares or interest of a member in, or debentures of the Company.

Transfer of Share

63. (a) An application of registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee and subject to the provisions of Clause (d) of this Article, the Company shall unless object is made by the transferee, within two weeks from the date of receipt of the notice, enter in the Register of members the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.
- (b) For the purpose of clause (a) above notice to the transferee shall be deemed to have been duly given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered to him in the ordinary course of post.
- (c) It shall not be lawful for the Company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee has been delivered to the Company alongwith the certificate relating to the shares and if no such Certificate is in existence, alongwith the letter of allotment of shares. The Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer, provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer signed by the transferor and the transferee has been lost, the Company may, if the Directors think fit, on an application in writing made by the transferee and bearing the stamp required by an instrument of transfer register the transfer on such terms as to indemnify as the Directors may think fit.
- (d) Nothing in clause (c) above shall prejudice any power of the Company to register as share holder any person to whom the right to any share has been transmitted by operation of law.
- (e) Nothing in this Article shall prejudice any power of the company to refuse to register the transfer of any share.

Transfer Books and Register of Members when closed

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

Persons Entitled may Receive Dividend without being Registered as Member

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

Directors may require Evidence of Transmission

72. Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

Fee on Transfer / Subdivision Consolidation of Shares and Debentures

73. (a) The Company shall not make any charge:
- (i) For registration of transfers and transmission of Shares and Debentures;
 - (ii) For Sub-division and/or consolidation of Shares and/or Debenture Certificates and for sub-division of letter of Allotment and Split, Consolidation, Renewal and Pucca Transfer Receipts into denominations corresponding to the market units of trading.
 - (iii) For Sub-division of renounceable letters of Right;
 - (iv) For issue of new certificate in replacement of those which are old, decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilized.
 - (v) For registration of any Power of Attorney, Probate, Letters of Administration, Succession Certificate, Certificate of death or marriage or similar other documents.
- (b) The Company shall not charge any fees exceeding those which may be agreed upon with the Stock Exchange:
- (i) For issue of new certificates in replacement of those that are torn, defaced, lost or destroyed.
 - (ii) For sub-division and consolidation of Shares and Debentures Certificates and for sub-division of Letters of Allotment and Split, Consolidation, Renewal and Pucca Receipts into denominations other than those fixed for the market units of trading.

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

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

Not more than Four Persons as Joint Holders

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

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

Limitation of time for issue of Certificate

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

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

GENERAL MEETINGS

Statutory Meeting

94. The statutory meeting of the Company shall be held at such place and time (within a period of not less than one month nor more than six months from the date on which the Company is entitled to commence business) as the Directors may determine and the Directors shall comply with the provision of the Section 165 of the Act relating thereto.

Annual General Meeting

95. Subject to the provisions contained in Section 166 and 210 of the Act, as far as applicable, the Company shall in each year hold, in addition to any other meetings, a general meeting as its annual general meeting, and shall specify, the meeting as such in the notice calling it, and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.

Provided that if the Registrar of any special reason, extends the time within which any annual general meeting shall be held, then such annual general meeting may be held within such extended period.

Time and place of Annual General Meeting

96. Every annual general meeting shall be called at any 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, town or village in which the registered office of the Company is situated, and the notice calling the meeting shall specify it as the annual general meeting.

Section 171 to 186 of the Act shall apply to Meeting.

97. Section 171 to 186 of the Act with such adaptation and modifications, if any as may be prescribed, shall apply with respect to meeting of any class of members or debentureholders of the Company in like manner as they would with respect to general meetings of the Company.

Powers of Directors to Call Extraordinary General Meeting

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

Calling of Extra Ordinary General Meeting on Requisition.

99. (a) The Board of Directors of the Company shall on the requisition of such number or members of the Company as is specified in clause (d) of this article, forthwith proceed duly to call an Extra-Ordinary general meeting of the Company.
- (b) The requisition shall set out the matters for the considerations of which the meeting is to be called, shall be signed by requisitionists, and shall be deposited at the registered office of the Company.
- (c) The requisition may consist of several documents in like forms, each signed by one or more requisitionists.
- (d) The number of members entitled to requisition a meeting in regard to any shall be such member of them as hold at the date of the deposit of the requisition not less than one tenth of such of the paid up share capital of the Company as at that date carried the right of voting in regard to that matter.
- (e) Where two or more distinct matters are specified in the requisition the provisions of clause (d) above, shall apply separately in regard to each such matter; and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that clause is fulfilled.

- (f) If the Board does not, within twenty one days from the date of deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters then on a day not later than forth five days from the date of deposit of the requisition, the meeting may be called.
 - (i) By the requisitionists themselves;
 - (ii) by such of the requisitionists 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 in clause (d) above whichever is less.
- (g) A meeting, called under Clause (f) above, by the requisitionists or any of them:
 - (i) Shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board; but
 - (ii) Shall not be held after the expiration of three months from the date of the deposit of the requisition.

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

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

Length of Notice for Calling Meeting

- 100 (a) A general meeting of the Company may be called by giving not less than twenty one days' notice in writing.
- (b) A General Meeting of the Company may be called after giving shorter notice than that specified in clause (a) above, if consent is accorded thereto;
- (i) In the case of an annual general meeting by all the members entitled to vote thereto; and
 - (ii) In the case of any other meeting, by members, of the Company holding not less than 95 (Ninety Five) per cent of such part of the paid up capital of the Company as gives a right to vote at the meetings.

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

Explanatory Statement to be Annexed to Notice

- 102 (A) For the purpose of this Article:
- (i) In the case of annual general meeting, all business to be transacted at the meeting shall be deemed special with the exception of business relating to -
 - (a) the consideration of the accounts, balance sheet and the reports of the Board of Directors and auditors

-
- (b) the declaration of a dividend
 - (c) the appointment of directors in the place of those retiring, and
 - (d) the appointment of and the fixing of the remuneration of the auditors, and
- (ii) in the case of any other meetings, all business shall be deemed special.
- (B) Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement, setting out all material facts concerning each item of business including in a particular the nature of the concern of interest, if any, therein, if any, therein of every Director, and the manager, if any.
- Provided that where any item of special business as aforesaid to be transacted at a meeting of the Company relates to, or affects, any other Company, the extent of shareholding interest in that other Company of any such person shall be set out in circumstances specified in the provision to sub-section (2) of section 173 of the Act.
- (C) Where any item of business consists of the according of approval to any document by the meeting, the time and place where the documents can be inspected shall be specified in the statement aforesaid.

Quorum for Meeting

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

Adjourned Meeting to Transact Business

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

Chairman of General Meeting

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

expiration of 15 minutes from the time appointed for holding the meeting or if before the expiration of that time all the Directors shall decline to take the Chair, the members present shall choose one of their members to be the Chairman of the meeting.

VOTES OF MEMBERS

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

111. (a) No members shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right of lien.

(b) Where the shares of the Company are held in trust, the voting power in respect of such shares shall be regulated by the provisions of Section 187B of the Act.

Restriction of Exercise of voting right in other cases to be void

112. A member is not prohibited from exercising his voting right on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in Article 111.

Equal Rights of Share Holders.

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

Voting to be by show of Hands in First Instance.

114. At any general meeting a resolution put to vote at the meeting shall unless a poll is demanded under Section 179 of the Act be decided on a show of hands.

(a) Subject to the provisions of the Act, upon show of hands every members entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote, for every share held by him.

(b) No member not personally present shall be entitled to vote on a how of hands unless such member is a body corporate present by proxy or by a representative duly authorised under Section 187 or 187A of the Act, in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.

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

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

Chairman's Declaration of result of Voting by show of Hands to be conclusive.

121. A declaration by the Chairman in pursuance of Section 177 of the Act that on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

Demand for Poll

122. (a) Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than Fifty Thousand Rupees has been paid up.

- (b) The demand for a poll may be withdrawn at any time by the person or persons who make the demand.

Demand for Poll not to prevent Transaction of other Business.

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

Time of taking Poll

124. (a) A poll demanded on a question of adjournment shall be taken forthwith.
- (b) A poll demanded on any other question (not being a question relating to the election of a Chairman which is provided for in Section 175 of the Act) shall be taken at such time not being later than 48 (forty eight) hours from the time when the demand was made, as the Chairman may direct.

Casting Vote

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

Representation of Body Corporate

129. A body corporate (whether a Company within the meaning of the Act or not) if it is a member or creditor (including a holder of debentures) of the Company may in accordance with the provisions of Section 187 of the Act authorise such person by a resolution of its Board of Directors as it thinks fit, to act as its representative at any meeting of the Company or of any class of members of the Company or at any meeting of Creditors of the Company.

Special Notice

132. Whereby any provision contained in the Act or in these articles special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the meeting at which it is to be moved exclusive of the day on which the notice is served or deemed to be served and the day of the meeting. The Company shall immediately after the notice of the intention to move any such resolution has been received by it, give its members notice of the resolution in the same manner as it gives notice of the meeting, or if that is not practicable, shall give them notice thereof either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents nor less than seven days before the meeting.

Resolution Requiring Special Notice

133. The Company shall comply with provisions of Section 190 of the Act relating to resolution requiring special notice.
- 134A. Notwithstanding anything contained in the Act and subject to the provisions of Section 192A of the Act and the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, a Company may, and in the case of resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot, shall, get any resolution passed by means of a postal ballot, instead of transacting the business in general meeting of the Company.

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

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

- (b) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting such books shall be dated and signed:
 - (i) in the case of minutes of proceedings of the Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
 - (ii) in the case of minutes of proceedings of the general meetings by Chairman of the said meeting within the aforesaid period, of thirty days or in the even of the death or inability of that Chairman within a period, by a Director duly authorised by the Board for the purpose.
 - (c) in no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
 - (d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
 - (e) All appointments of Officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
 - (f) In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain:
 - (i) the names of the Directors present at the meetings, and
 - (ii) in the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from or not concurring in the resolution.
 - (g) Nothing contained in Clause (a) to (d) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting.
 - (i) is, or could reasonably be regarded, as defamatory or any person.
 - (ii) is irrelevant or immaterial to the proceedings; or
 - (iii) is detrimental to the interests of the Company.
- The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusions of any matter in the minutes on the grounds specified in this clause.
- (h) The minutes of meetings kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.

Inspection of Minute Books of General Meetings.

138. (a) The books containing the minutes of the proceedings of any general meeting of the Company shall:
- (i) be kept at the registered office of the Company, and
 - (ii) be open, during the business hours to the inspection of any member without charge, subject to such reasonable restrictions as the Company may, in general meeting impose so however that not less than two hours in each day are allowed for inspection.
- (b) Any member shall be entitled to be furnished within seven days after he has made a request in that behalf to the Company, with a copy of any minutes referred to in Clause (a) above, on payment of thirty-seven paise for every one hundred words or fractional part thereof required to be copies.

MANAGERIAL PERSONNEL

Managerial Personnel

140. The Company shall duly observe the provisions of Section 197A of the Act regarding prohibition of simultaneous appointment of different categories of managerial personnel therein referred to.

Number of Directors

141. Until otherwise determined by the Company in general meeting, the number of Directors shall not be less than three and more than eleven. The appointment of the Directors exceeding 11 will be subject other provisions of Section 259 of the Act.

Nominee Director

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

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

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

The Nominee Director/s so appointed under this Article shall be entitled to receive all General Meetings, Board Meetings and of the Meetings of the Committee of which the Nominee Director/s is/are member/s as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes. The Company shall pay to the Nominee Director/s sitting fees and expenses which the other Directors of the company are entitled but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee

Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or by such Nominee Director/s in connection with their appointment of Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s.

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

Provided further that if such Nominee Director/s is an of the Reserve Bank of India the sitting fees in relation to such Nominee Director/s shall also accrue to IDBI and the same shall accordingly be paid by the Company directly to IDBI.

Provided also that in the event of the Nominee Director/s being appointed as wholetime Director/s such Nominee Director/s shall exercise such powers and duties as may be approved by the Lenders and have such rights as are usually exercised or available to a whole time Director, in the management of the affairs of the Borrower. Such Nominee Director/s shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Lenders.

Special Director

- 145 (a) In connection with any collaboration arrangement with any company or corporation or firm or person for supply of technical know-how and/or machinery or technical advise, the Directors may authorise such Company, Corporation, firm or person (hereinafter in this clause referred to as "Corporation") to appoint from time to time, any person or persons as Director or Directors of the Company (hereinafter referred to as "Special Director") and may agree that such Special Director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon between the Company and such Collaborator under the collaboration arrangements or any time thereafter.
- (b) The Collaborator may at any time and from time to time remove any such Special Director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed at any time, appoint any other person as a Special Director in his place and such appointment or removal shall be made in writing signed by such company or corporation or any partner or such person and shall be delivered to the Company at its registered Office.
- (c) It is clarified that every collaborator entitled to appoint a Director under this Article may appoint one or more such person or persons as a Director(s) and so that if more than one Collaborator is so entitled there may at any time be as many Special Directors as the Collaborators eligible to make the appointment.

Limit on Number of Non-Retiring Directors.

146. Subject to the Provisions of Section 255 of the Act, the number of Directors appointed under Articles 143,144 and 145 shall not exceed in the aggregate one-third of the total number of Directors for the time being in office.

Appointment of Alternate Director

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

Appointment of Additional Director

148. Subject to the provisions of Section 260 of the Act, the Board of Directors shall have power at any time to appoint any person as an additional Director to the Board, but so that the total number of Directors shall not exceed the maximum number fixed by the Articles. Any Director

so appointed shall hold the office only upto the next annual general meeting of the Company and shall then be eligible for reappointment.

Remuneration of Directors

152. The remuneration of a Director for his service shall be such sum as may be fixed by the Board of Directors subject to a ceiling as may be prescribed by the Central Government from time to time for each meeting of the Board or a Committee thereof attended by him. The Directors subject to the sanction of the Central Government (if any required) may be paid, such further remuneration as the Company in General Meeting shall, from time to time, determine and such further remuneration shall be divided among the Directors in such proportion and manner as the Board may from time to time determine and in default of such determination shall be divided among the Directors equally.

Subject to the provisions of the Act, a Director who is either in the whole time employment of the Company or a Managing Director may be paid remuneration as provided in Sections 198, 309, 310 and 311 of the Act and Schedule-XIII of the Act either by way of monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

Subject to the provisions of the Act, a Director who is neither in the whole time employment of the Company nor a Managing Director may be paid remuneration as provided in Sections 198, 309, 310 and 311 of the Act and Schedule XIII of the Act either:

- (i) by way of a monthly, quarterly or annual payment with the approval of the Central Government, or
- (ii) by way of commission if the Company by special resolution authorised such payment.

A Director may receive remuneration by way of a fee for each meeting of the Board or a committee thereof attended by him as prescribed by Central Government.

Extra remuneration to Directors for special work.

153. Subject to the provisions of Section 198, 309, 310, 311 and 314 of the Act, if any Director, being willing shall be called upon to perform extra services (which expression shall include work done by a Director as a member of any committee formed by the Directors or in relation to signing Share Certificates) or to make special exertions in going or residing out of his usual place of residence or otherwise for any of the purposes of the Company, the company shall remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his share in the remuneration above provided.

Director Not to Act when Number Falls Below Minimum.

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

Eligibility

157. A person shall not be capable of being appointed a Director if he has the disqualifications referred to in Section 274 of the Act.

Directors vacating office

158 (a) The office of a Director shall vacate if:

- (i) he is found to be of unsound mind by a Court of competent jurisdiction.
- (ii) he applies to be adjudicated an insolvent.
- (iii) he is adjudicated as insolvent;

- (iv) he is convicted by a Court, of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months;
 - (v) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call unless the Central Government by Notification in the Official Gazette removes the disqualification incurred by such failure;
 - (vi) he absents himself from three consecutive meeting of the Board of Directors, or from all meetings of the Board of Directors for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board.
 - (vii) He, whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private company of which he is a Director, accepts a loan or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act;
 - (viii) He acts in contravention of Section 299 of the Act;
 - (ix) He becomes disqualified by an order of court under Section 203 of the Act;
 - (x) He is removed in pursuance of Section 284 of the Act;
 - (xi) Having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company;
 - (xii) He resigns his office by notice in writing given to the Company.
- (b) Notwithstanding anything in sub-clauses (iii), (iv) and (v) of Clause (a) above, the disqualifications referred to in these sub-clauses shall not take effect:
- (i) for thirty days from the date of the adjudication, sentence or orders;
 - (ii) where any appeal or petition is preferred within thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed off, or
 - (iii) where within the seven days aforesaid, any further appeal, or petition is preferred in respect of the adjudication, sentence, conviction or order and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed off.

Removal of Directors

- 159 (a) The Company may (subject to the provisions of Section 284 and other application provisions of the Act and these Articles) remove any director other than ex-officio directors or special directors or debenture directors or a nominee director or a director appointed by the Central Government in pursuance of Section 408 of the Act, before the expiry of his period of office.
- (b) Special notice as provided by Section 190 of the Act shall be required of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.
- (c) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting.
- (d) Whether notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding a reasonable length) and requests their notification to members of the Company, the Company shall unless the representations are received by it too late for it to do.
- (i) In the notice of the resolution given to members of the Company state the fact of representations having been made, and
 - (ii) Send a copy of the representation to every member of the Company whom notice of the meeting is sent (whether before or after receipt of the representations by the Company), and if a copy of representations, is not sent as aforesaid because they were received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representations be read out at the meeting, provided that copies of the representations need not be sent or read out at the meeting if so directed by the Court.

- (a) A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in general meeting or by the Board in pursuance of Section 262 of the Act be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the intended appointment has been given under clause (b) hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.

Provided that the Director who has removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.

- (b) Nothing contained in this Article shall be taken:
- (i) as depriving a person removed thereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director or of any appointment terminating with that as director; or
 - (ii) as derogating from any power to remove a Director which may exist apart from this Article.

Disclosure of Directors' interest

161 (1) Every Director of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the Company, shall disclose the nature of his concern of interest at a meeting of the Board of Directors, in the manner provided in Section 299 (2) of the Act.

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

Disclosures to the Members of Directors' interest in contract in appointing Manager Managing Director of Secretaries and Treasurers.

163. If the Company -

- (a) enters into a contract for the appointment of a Manager or Managing Director of the Company in which contract any Director of the Company is in any way directly or indirectly concerned or interested; or
- (b) varies any such contract already in existence and in which a Director is concerned or interested as aforesaid, the provisions of Section 302 of the Act shall be complied with.

Holding of Office of Profit by Directors etc.

164. (1) Except with the consent of the Company accorded by a special resolution:

- (a) No Director of the Company shall hold any office or place of profit; and
- (b) No partner or relative of such a Director, no firm in which such a Director or relative of such Director is partner, no private company of which such a Director is a Director or member, and no Director or Manager of such a private company shall hold any office or place of profit, carrying a total monthly remuneration of such sum as may be prescribed, except that of Managing Director or Manager, banker or trustee for the holders of debentures of the Company :
 - (i) under the Company; or
 - (ii) under any subsidiary of the Company, unless the remuneration received from such subsidiary in respect of such office or place of profit is paid over to the Company or its holding Company PROVIDED that it shall be sufficient if the special resolution according consent of the Company is passed at the general meeting of the Company held for the first time after the holding of such office or place of profit;

For the purpose of this clause a special resolution according consent shall be necessary for every appointment in the first instance to an office or place of profit and to every subsequent appointment in the first instance to an office or place of profit on a higher remuneration not covered by the special resolution except where an appointment on a time scale has already been approved by the special resolution;

- (2) Nothing in Clause (1) hereof shall apply where a relative of a Director or a firm in which such relative is a partner holds any office or place of profit under the Company or a subsidiary thereof having been appointed to such office or place before such Director becomes a Director of the Company.
- (3) If any officer or place of profit is held in contravention of the provisions of sub-clause (1), above or except as provided by clause (2) above, the Director, partner, relative, firm, private company or manager concerned shall be deemed to have vacated his or its office as such on and from the date next following the date of the general meeting of the Company referred to in the first proviso to clause (1) above or, as the case may be, the date of expiry of the period of three months referred to in the Second proviso to clause (1) above, and shall also be liable to refund to the Company remuneration received or the monetary equivalent of any perquisite or advantage enjoyed by him or it for the period immediately preceding the date aforesaid in respect of such office or place of profit.
- (4) Every individual, firm, private Company, or other body corporate proposed to be appointed to any office or place of profit to which this article applies shall, before or at the time of such appointment, declare in writing whether he or it is or is not connected with the Director of the Company in any of the ways referred to in clause (1).
- (5) Any office of place shall be deemed to be an office or place of profit under the Company within the meaning of Clause (1).

- (a) In case the office or place is held by a Director, if the Director holding it obtains from the Company anything by way of remuneration over and above the remuneration to which he is entitled as such Director whether as salary, fees, commission, perquisite, the right to occupy free of rent any premises as a place of residence or otherwise;
 - (b) In case the office or place is held by an individual other than Director or by any firm, private company or other body corporate if the individual firm, private company or body corporate holding it obtains from the Company anything by way of remuneration whether as salary, fees, commission, perquisite, the right to occupy free of rent any premises as a place of residence or otherwise.
- (6) Notwithstanding anything contained in sub-clause (1) -
- (a) no partner or relative of Director or Manager;
 - (b) no firm in which such Director or Manager or relative of either is a Partner;
 - (c) 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 of profit in the Company which carries a total monthly remuneration of not less than such sum as may be prescribed except with the prior consent of the Company by a Special Resolution and the approval of the Central Government.

Loans to Director etc.

- 165 The Company shall not without obtaining the previous approval of the Central Government in that behalf, directly or indirectly make any loan to or give any guarantee or provide any security in connection with loan made by any other person to, or any other person by -
- (a) any Director of the Company or any partner or relative of any such Director;
 - (b) any firm in which any such Director or relative is a partner;
 - (c) any private company of which any such Director is a Director or member;
 - (d) any body corporate at a general meeting of which not less than twenty five per cent of the total voting power may be exercised or controlled by any such Director, or by two or more such Directors together; or
 - (e) any body corporate, the Board of Directors, Managing Director or Manager whereof, is accustomed to act in accordance with the directions or instruction of the Board, or of any Director or Directors of the Company.

ROTATION AND APPOINTMENT OF DIRECTORS

Director may be Director of Companies Promoted by the Company.

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

Not less than two thirds of the total number of Directors shall:

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

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

Ascertainment of Directors Retiring by Rotation and Filling up vacancy.

170 (a) At every annual general meeting one-third of such directors for the time being as are liable to retire by rotation, or if their number is not three or multiple of three, then the number nearer to one-third, shall retire from office.

The Debenture Directors, Corporation Directors, Special Directors and subject to Article 146 Chairman, Managing Director or whole time Director if any, shall not be subject to retirement under this Article and shall not be taken into account in determining the number of Directors to retire by rotation. In these Articles a "Retiring Director" means a Director retiring by rotation.

- (b) The Directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall, in default of and subject to any agreement amongst themselves, be determined by lot. A retiring Director shall be eligible for re-election.
- (c) At the annual general meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director or some other person thereto.
- (d) (i) If the place of the retiring Director is not so filled up and that meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.
(ii) if at the adjourned meeting also, the place of the retiring Director is not filled up and that the meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless -
 - (1) 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;
 - (2) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;
 - (3) he is not qualified or is disqualified for appointment;
 - (4) a resolution, whether special or ordinary, is required for his appointment or re-appointment in virtue of any provisions of the Act; or
- (e) the proviso to sub-section (2) of Section 263 of the Act is applicable to the case.

Company may increase or reduce the number of Directors or remove any Director.

173. Subject to the provisions of Sections 252, 255 and 259 of the Act, and these Articles the Company may, by ordinary resolution, from time to time, increase or reduce the number of Directors and may prescribe or alter qualifications.

Appointment of Directors to be voted individually

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

PROCEEDINGS OF DIRECTORS

Meeting of Directors

179. The Directors may meet together as a Board for transaction of business from time to time and shall so meet at least once in every three months and at least four such meetings shall be held in every year and they may adjourn and otherwise regulate their meetings and proceedings as they deem fit. The provisions of this Article shall not be deemed to be contravened merely by reason of the fact that meeting of the Board, which had been called in compliance with the terms herein mentioned could not be held for want of quorum.

When Meeting to be convened.

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

Directors entitled to Notice

181. Notice of every meeting of the Board of the Company shall be given in writing to every Director for the time being in India and at his usual address in India. Notice may be given by telegram/cable/telex to any Director who is not in the State of Gujarat.

Appointment of Chairman

182. The Directors may from time to time elect from among themselves a Chairman of the Board and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman is not present within fifteen minutes after the time appointed for holding the same the Directors present may choose one of their members to be Chairman of the meeting.

Quorum at Board Meeting

183. Subject to Section 287 of the Act, the quorum for a meeting of the Board shall be 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 of the number of remaining Director that is to say, the number of Directors who are not interested present at the meeting being not less than two, shall be the quorum during such time.

Appointment of Managing Director / Whole-time Director

- 184 (a) Subject to the provisions of Sections 267, 268, 269, 309, 310, 311, 316, 317 and other applicable provisions, if any, of the Act and these Articles the Board of Directors may from time to time appoint one or more Director or Directors to be Managing Director/s or Whole time Director/s of the Company for a fixed term not exceeding five years at a time or for such period as may be prescribed by the Act or the Central Government from time to time upon such terms and conditions as the Board thinks fit for which he or they is or are to hold such office and may from time to time remove or dismiss him or them from the office and appoint another or others in his or their place or places.
- (b) Any Managing Director o/s or whole time Director/s so appointed shall not be required to hold any qualification shares and shall not be liable to retire by rotation at any General Meeting of the Company.
- (c) Subject to the provisions of Sections 198, 269, 309, 310 and 311 of the Act and also subject to the limitations, conditions and provisions of Schedule XIII to the Act, the appointment and payment of remuneration to the above Director/s shall be subject to approval of the members in general meeting and of the Central Government if required.
- (d) Subject to the superintendence, control and direction of the Board the day to day management of the Company shall be vested with the Managing Director/s or Whole-time Director/s Managing Director/s if any, with Power to the Board to distribute such day to day

management functions in any manner as deemed fit by the Board subject to the provisions of the Act and these Articles.

Resolution by Circular

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

Limit of Directors Numbers

188. Subject to the provisions of Sections 252, 255 and 259 of the Act, the Company in general meeting may, by ordinary resolution, increase or reduce the number of Directors within the limits fixed in this behalf by the Articles.

Dividends out of profits only

- 202 (i) No Dividend shall be declared or paid by the Company for any financial year except out of the profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both or out of moneys provided by the Central Government or State Government for the payment of dividend in pursuance of a Guarantee given by the Government and except after the transfer to the reserves of the Company of such percentage out of the profits for the year not exceeding ten percent as may be prescribed or voluntarily such higher percentage in accordance with the rules as may be made by the Central Government in that behalf. PROVIDED however whether owing to inadequacy or absence of profits in any year, the Company proposes to declare out of the accumulated profits earned by the Company proposed to declare out of the accumulated profits earned by the Company in previous years and transferred by it to the reserves, such declaration of dividend shall not be made except in accordance with such rules as may be made by the Central Government in this behalf, and whether any such declaration is not in accordance with such rules, such declaration shall not be made except with the previous approval of the Central Government.

- (ii) The depreciation shall be provided either -
- (a) to the extent specified in Section 350 of the Act; or
 - (b) in respect of each item of a depreciable assets, for such an amount as is arrived at by dividing 95 per cent of the original cost thereof to the Company by the specified period in respect of such asset; or
 - (c) on any other basis approved by the Central Government which has the effect of writing off by way of depreciation 95 per cent of the original cost of the company of its such depreciable asset on the expiry of the specified period; or
 - (d) as regards any other depreciable assets for which no rate of depreciation has been laid down by the Act or any rules made thereunder on such basis as may be approved by the Central Government by any general order published in the Official Gazette or by any special order in the case of the company.

Provided that where depreciation is provided for in the manner laid down in Clause (b) or Clause (c), then in the event of the depreciated assets being sold, discarded, demolished or destroyed, the written down value thereof at the end of the financial year in which the assets is sold, discarded, demolished or destroyed shall be written off in accordance with the proviso to Section 350 of the Act.

- (iii) No dividend shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalization of the profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by members of the Company.

- (iv) Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.
- (v) For the purpose of this Articles 'Specified period' in respect of any depreciable asset shall mean the number of years t the end of which atleast 95 percent of the original cost of that asset to the Company will have been provided for by way of depreciation, if depreciation were to be calculated in accordance with the provisions of Section 350 of the Act.

Interim Dividend

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

Dividends in Proportion to amount paid-up

206. All dividends shall be apportioned 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 any share is issued in terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.

Right to Dividend, Right shares and Bonus shares to be held in abeyance pending Registration of transfer of shares.

207. where any instrument of transfer of shares has been delivered to any company for registration and the transfer of such shares has not been registered by the Company, it shall, notwithstanding anything contained in any other provision of this Act, shall -
- (a) transfer the dividend in relation to such shares to the special account referred to in Section 205-A unless the Company is authorised by the registered holder of such shares, in writing to pay such dividend to the transferee specified in such instrument of transfer; and
 - (b) keep in abeyance in relations to such shares any offer of rights shares under clause (a) of sub-section (1) of Section 81 and any issue of fully paid-up bonus shares in pursuance of sub-section (3) of Section 205.

Dividends How remitted.

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

Notice of Dividend

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

Unpaid Dividend or Dividend Warrant Posted

- 212 (a) Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period or 42 days, open a special account is that behalf in any scheduled bank called Unpaid Dividend of "Asahi Songwon Colors Ltd." and transfer to the said Account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.
- (b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by

the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholder to whom the money is due.

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

CAPITALIZATION

Capitalization

215 (a) Any general meeting may resolve that any amount standing to the credit of the share premium account or the capital redemption reserve account or any moneys, investments or other assets forming part of the undivided profits (including profits or surplus moneys arising from the realization and where permitted by law, from the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve, Reserve or any Reserve Fund or any other fund of the Company or in the hands of the Company and available for dividend may be capitalised. Any such amount (excepting the amount standing to the credit of the Share Premium Account and/or the capital redemption Reserve Account) may be capitalised:

- (i) by the issue and distribution as fully paid shares, debentures, debenture-stock, bonds or obligations of the Company, or
- (ii) by crediting the shares of the Company which may have been issued and are not fully paid up, with the whole or any part of the sum remaining unpaid thereon.

Provided that any amounts standing to the credit of the Share premium account may be applied in;

- (1) Paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
 - (2) in writing off the preliminary expenses of the Company;
 - (3) in writing off the expenses of, or the commission paid or discount allowed on any issue of shares or debentures of the Company, or
 - (4) in providing for the premium payable on the redemption of any redeemable preference share or of any debentures of the Company, provided further that any amount standing to the credit of the Capital redemption Reserve Account shall be applied only in paying up unissued Shares of the Company to be issued to the members of the Company as fully paid bonus shares.
- (b) Such issue and distribution under sub-clause (a)(i) above and such payment to the credit of unpaid share capital sub-clause (a)(ii) above shall be made to, among and in favour of the members of any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under sub-clause (a)(ii) above shall be made on the footing that such members become entitled thereto as capital.
- (c) The Directors shall give effect to any such resolution and apply portion of the profits, General Reserve Fund or any other fund or account as aforesaid as may be required for the purpose of making payment in full for the shares, debentures or debenture-stock, bonds or other obligations of the Company so distributed under sub-clause (a)(i) above or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under sub-clause above provided that no such distribution or payment shall be made unless recommended by Directors and if so recommended such distribution and payment shall be accepted by such members as aforesaid in full satisfaction of their interest in the said capitalized sum.

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

Right of Members to copies of Balance Sheet and Auditor's Report.

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

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

AUDIT

Accounts to be audited

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

Appointment of Auditors

- 227 (1) The Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with Sections 224 to 229 and 231 of the Act.
- (2) The Company shall at each annual general meeting appoint an Auditor or auditors to hold office from the conclusion of that meeting until the conclusions of the next annual general meeting and shall within seven days of appointment give intimation thereof to the Auditors so appointed unless he retiring Auditors.

- (3) At any annual general meeting a Retiring Auditor, by whatever authority appointed shall be reappointed unless:
- (a) he is not qualified for re-appointment
 - (b) he has given the Company notice in writing of unwillingness to be re-appointed.
 - (c) a resolution has been passed at that meeting appointing somebody instead of him or providing expressly that he shall not be re-appointed or
 - (d) where notice has been given of an intended resolution to appoint some persons or person in the place of a retiring Auditor, and by reason of death, incapacity or disqualification of that person or of all those persons as the case may be, the Resolution cannot be proceeded with.
- (4) Where at annual general meeting no Auditors are appointed or reappointed the Central Government may appoint a person to fill the vacancy.
- (5) The Company shall, within seven days of the Central Government's power under the sub-clause (4) becoming exercisable give notice of that fact to that Government.
- (6) The Directors may fill any casual vacancy in the office of the Auditor, but while any such vacancy continues, the serving or continuing Auditor or Auditors (if any) may act but where such vacancy is caused by resignation of an Auditor the vacancy shall only be filled by the Company general meeting.
- (7) A person other than a retiring Auditor, shall not be capable of being appointed at an annual general meeting unless a special notice of a resolution for appointment of that person to the office of Auditor has been given by a member to the Company not less than fourteen days before the meeting in accordance with Section 190 of the Act and Company shall send a copy of any such notice to retiring Auditor and shall give notice thereof to the members in accordance with Section 225 of the Act. The provisions of this sub-clause shall also apply to a resolution that retiring Auditor shall not be re-appointed.

WINDING UP

Distribution of Assets

- 239 (a) Subject to the provisions of the Act, if the Company shall be wound up and the assets available for distribution among the members as such shall be less than sufficient to repay the whole of the paid up capital such assets shall be distributed so that, as nearly, as may be, the losses shall be borne by the members in proportion to the Capital paid up, or which ought to have been paid up, at the commencement of winding up, on the shares held by them respectively. And if in winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the Capital paid up at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the Capital at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively.
- (b) But this clause will not prejudice the rights of the holders of shares issued upon special terms and conditions.

Distribution in Specie or Kind

240. Subject to the provisions of the Act:
- (a) if the Company shall be wound up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution and any other sanction required by the Act, divide amongst the contributories, in specie or kind the whole of any part of the assets of the Company, and may, with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them as the liquidators with the like sanction shall think fit.

- (b) If though expedient, any such division may, subject to the provisions of the Act, be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given (subject to the provisions of the Act) preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined or any contributory who would be prejudiced thereby shall have the right; if any to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 of the Act.
- (c) In case any shares to be divided as aforesaid involves a liability to calls or otherwise, any person `entitled under such division to any of the said shares may within ten days after the passing of the special resolution, by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds and the shall, if applicable act accordingly.

Rights of Shareholders in case of Sale

- 241 Subject to the provisions of the Act, a special resolution sanctioning a sale to any other Company duly passed may, in like manner as aforesaid, determine that any shares or other consideration receivable by the Liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent, if any, if such right be given by the Act.

SECTION X : MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus, delivered to the Registrar of Companies, Gujarat at Dadra and Nagar Haveli for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company situated at 168/169, Village Indrad, Kadi-Kalol Road, Dist. Mehsana, Gujarat, Pin - 382727 from 11.00 am to 3.00 pm on working days from the date of this Draft Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts

1. Memorandum of Understanding, dated December 12, 2006 signed between our Company and Fortune Financial Services (India) Limited, the Book Running Lead Managers to the Issue.
2. Memorandum of Understanding, dated December 12, 2006 signed between the Company and Intime Spectrum Registry Limited, the Registrar to the Issue.
3. Copy of the Tri-partite Agreement dated [●] between NSDL, the Company and Registrar to the Issue.
4. Copy of the Tri-partite Agreement dated [●] between CDSL, the Company and Registrar to the Issue.
5. Escrow Agreement dated [●] among our Company, the BRLM, Escrow Collection Banks and Registrars to the Issue.
6. Syndicate Agreement dated [●] among our Company, the BRLM and the Syndicate Members.
7. Underwriting Agreement dated [●] among our Company, the BRLM and Syndicate Members.

Documents for Inspection

1. Memorandum and Articles of Association of Asahi Songwon Colors Limited, as amended from time to time.
2. Certificate of Incorporation of Asahi Songwon Colors Limited formerly known as Lucky Laminates Private Limited] dated 10th December, 1990
3. Fresh Certificate of incorporation consequent to change of name from "Lucky Laminates Private Limited" to "Lucky Laminates Limited" dated 19th April 1996.
4. Fresh Certificate of incorporation consequent to change of name from "Lucky Laminates Limited" to Asahi Songwon Colors Limited" dated 19th April 1996.
5. Copy of special resolution passed at EGM dated October 20, 2006 u/s 81 (1A) authorizing the Issue of Equity Shares.
6. Copies of letters to BSE regarding In-principle approval for Listing.
7. Copies of In-principle approvals from BSE dated [●] and dated [●] respectively.
8. Copies of Auditors Reports issued by Statutory Auditors of the Company, M/s Trushit Chokshi & Associates., Chartered Accountants, regarding reinstated financial of the company for last five financial years dated November 21, 2006.
9. Copy of Tax Benefits Certificate issued by Statutory Auditors of the Company M/s. Trushit Chokshi & Associates.. Chartered Accountants, dated November 21 2006.
10. Certificate from Statutory Auditors dated December 09, 2006 regarding the deployment of funds in relation to the Fresh Issue.
11. Letter from State Bank of India dated October 12, 2006 sanctioning, interalia, the term loans for the object of the Issue.
12. Letter from State Bank of India dated November 30, 2006 consenting to its name being disclosed in the Prospectus as the Appraising Institution
13. Letter dated November 10, 2006 from Team Projects & Consultants granting consent for inclusion, in part or otherwise, of Techno-Economic Viability Report dated June 12, 2006 in the Prospectus
14. Consent letters from Promoters, Directors, Book Running Lead Managers to the Issue, Bankers to the Issue, Bankers to the Company, Auditors, Legal Advisors to the Issue,

Registrar to the Issue, Company Secretary & Compliance Officer to act in their respective capacities and for inclusion of their names in the Red Herring Prospectus.

15. Copies of Annual Reports of the Company for the last 5 accounting period i.e. FY 2002, FY 2003, FY 2004, FY 2005, FY 2006 and for period of nine months ended on September 30, 2006.
16. Copies of Annual Reports of the Group Companies for the last 3 accounting periods i.e. FY 2004, FY 2005, and FY 2006.
17. Due Diligence Certificate dated December 12, 2006 issued by Book Running Lead Managers to the Issue, Fortune Financial Services (India) Limited.
18. A copy of the SEBI Final observation letter no. [●] dated [●], 2006 received from SEBI, Mumbai in respect of the Public Issue of Asahi Songwon Colors Limited.

SECTION XI : DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and fair.

SIGNED BY ALL THE DIRECTORS OF ASAHI SONGWON COLORS LIMITED

Mrs. Paru M. Jaykrishna

Mr. H K Khan

Mr. R.K. Sukhdevsinghji

Mr. Arvind Goenka

Mr. Gokul M. Jaykrishna

Mr. Munjal M. Jaykrishna

Prof. Pradeep J. Jha

Date: December 13, 2006

Place: Ahmedabad

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