

**INCORPORATED  
UNDER THE COMPANIES ACT, 1956  
(1 OF 1956)  
COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION  
OF  
ALKALI METALS LIMITED**

1. In these Regulations unless the context otherwise require:
- (a) "The Company" or "this Company" means ALKALI METALS LIMITED.
  - (b) "The Act" means the "Companies Act, 1956" and every statutory modification or re-enactment thereof and references to Sections of the Act shall be deemed to mean and include references to sections enacted in modification or replacement thereof.
  - (c) "These Regulations\*" means these Articles of Association as originally framed or as altered, from time to time.
  - (d) "The office" means the Registered Office for the time being of the Company.
  - (e) "The seal" means the common seal of the Company.
  - (f) Words imparting the singular shall include the plural and vice versa, words imparting the masculine gender shall include the feminine gender and words imparting persons shall include bodies corporate and all other persons recognized by law as such.
  - (g) "Month" and "year" means a calendar month and a calendar year respectively.

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- (h) Expressions referring to writing shall be construed as including references to printing, lithography, photography, and other modes of representing or reproducing words in a visible form.
  - (i) Unless the context otherwise requires, the words or expressions contained in these regulations shall bear the same meaning as in the Act and any statutory modifications thereof, in force at the date at which these regulations become binding on the Company.
2. The Regulations contained in Table A in Schedule I to the Companies Act, 1956 shall apply to the Company, to the extent not provided for herein.

### SHARE CAPITAL

3. The Authorised Share Capital of the company shall be as specified in clause V of the Memorandum of Association of the Company.
4. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the Sanction of the company in the General Meeting.
5. Any application signed by or on behalf of an applicant for shares in the Company, followed by 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 shall, for the purposes of the Articles, be a member.
- 6.(1) If at any time the share capital is divided into (Different classes of shares, the rights attached to any class (unless otherwise provided by the terms 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 with the consent in writing of the holders of three fourths of the issued shares of that class or with a sanction of a resolution passed at a separate meeting of the holders of the shares of that class.

- (2) Subject to the provisions of Sections 170 (2) (a) and (b) of the Act, to every such separate meeting, the provisions of these regulations relating to meetings shall mutatis mutandis apply, but so that the necessary quorum shall be five persons at least holding or representing by proxy or one-third of the issued shares of the class in question.
- (3) Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares then :
- (a) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid-up on those at that date;
  - (b) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
  - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub clause (b) shall contain a statement of this right;
  - (d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the company.
- (4) Notwithstanding anything contained in sub clause (1) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.
- (a) If a special resolution to that effect is passed by the company in general meeting, or
  - (b) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, 50 entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company.

- (5) Nothing in sub-clause (c ) of (1) hereof shall be deemed
- (a) To extend the time within which the offer should be accepted; or
  - (b) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (6) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debentures issued by the company :
- (i) To convert such debentures or loans into shares in the company
  - (ii) To subscribe for shares in the company

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

- a) Either has been approved by the central Government before the issue of debentures or the raising of the loans or *is* in conformity with the rules, if any, made by that Government in this behalf; and
- b) In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government In this behalf, has also been approved by the special resolution passed by the company in General Meeting before the issue of the loans.

- 6.A. The Company shall have the power to issue shares with differential voting rights.
7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise provided by the terms of issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking paripassu therewith.
8. (1) The company may exercise the powers of paying commissions conferred by Sections 76 of the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Section.
- (2) The rate of commission shall not exceed the rate of 5% (five percent) of the price at which the shares in respect whereof the same is paid are issued or an amount equal to 5% (five percent) of such price, as the case may be and in the case of debentures in respect whereof the same is paid are issued or an amount equal to 2.5% (two and a half percent) of such price, as the case may be.
- (3) The commission may be satisfied by payment in cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.
- (4) The Company may also, on any Issue of shares, pay such brokerage as may be lawful.

9. Subject to section 187-C of the Act, no person shall be recognized by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent future or partial interest in any share or any interest in any fractional part of a share or any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
10. (1) Every member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so determine) to several certificates, each for one or more at such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, subdivision, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holder.
- (2) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid up thereon.
- (3) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
11. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and If any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2 for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.

The provision of this Article shall mutatis mutandis apply to debentures of the company.

12. The Company may issue such fractional certificates as the Board may approve in respect of any of the shares of the Company on such terms as the board thinks fit as to the period within which the fractional certificate are to be converted into share certificates.
13. If any share stands in the names of two or more persons, the person first named in the register of members shall, as regards receipt of dividends, the service of notices and subject to the provisions of these Articles, all or any other matter connected with the Company except the issue of share certificates, voting at meeting and the transfer of the share, be deemed the sole holder thereof.

#### **DEMATERIALIZATION OF SECURITIES**

13. A. For the purpose of this article:

Beneficial owner means a person or persons whose name is recorded as such with a depository.

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

SEBI means Securities and Exchange Board of India.

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

1. Dematerialization of Securities: Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialize /rematerialize its securities and to offer the securities in the dematerialized form pursuant to Depositories Act, 1996 and the rules framed there under.
2. Option for Investors: Every person subscribing to the securities offered by the company shall have the option to receive security certificate or to hold securities with a depository. Such a person who is the beneficial owner of the securities can, at any time, opt out of a depository, if permitted by Law, in respect of any security in the manner provided by the Depositories Act and the company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities.

3. If a person opts to hold his security with a depository, the company shall intimate such depository the details of allotment of the security and the depository, on receipt of the information, shall enter in its record the name of the allottee as the beneficial owner of the security.
4. Securities to be in Fungible Form: All securities held by a depository shall be dematerialized and be in a fungible form. Nothing contained in sections 153, 153A, 153B, 187A, 187B, 187C and 372 of the Act shall apply to a depository in respect securities held by it on behalf of the beneficial owners.
5. Rights of Depositories and Beneficial Owners: Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities on behalf of the beneficial owner.
6. Save as otherwise provided above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of securities held by it.
7. Every Person holding securities of the company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of these securities which are held by a depository.
8. Service of Documents: Notwithstanding anything to the contrary contained in the Act or these Articles, 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.
9. Transfer of Securities: Nothing contained in section 108 of the Act or these Articles shall apply to a transfer of securities affected by a transferor or transferee both of whom are entered as beneficial owners in the records of the depository.
10. Allotment of Securities dealt with in a Depository: Notwithstanding anything contained 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 securities.
11. Distinctive number of Securities held in a Depository: Notwithstanding anything contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the company shall apply to the securities held with a depository.

12. Register and Index of Beneficial Owner: The register and index of beneficial owners maintained by a depository under the Depositories Act, 1956, shall be deemed to be the Register and Index of members and Security holders for the purpose of these Articles

### LIEN

14. (1) The company shall have a first and paramount lien upon all the shares/debentures (other than fully paid up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of the sale thereof for all monies (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares 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/debentures shall operate as a waiver of the company's lien if any, on such shares/debentures. The directors may at any time declare any shares/debentures wholly or in part exempt from the provisions of this clause.
- (2) The Company's lien, if any, on a share shall extend to all dividends payable thereon, subject to section 205A of the Act.
15. The Company may sell, in such manner as the Board thinks fit, any share on which the Company has a lien provided that no sale shall be made
- (a) unless a sum in respect of which the lien exists is presently payable; or
  - (b) until the expiration of thirty days after a notice in writing demanding payment of such part of the amount, in respect of which the lien exists as is presently payable, have been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency and stating that amount so demanded if not paid within the period specified at the Registered Office of the Company, the said shares shall be sold.
16. (1) To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchaser thereof.
- (2) The purchaser shall be registered as the shareholder of the shares comprised in any such transfer.
- (3) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the sale.



17. (1) The proceeds of the sale shall be received by the Company and applied in payment of the whole or a part of the amount in respect of which the lien exist as is presently payable.
- (2) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares at the date of sale, be paid to the person entitled to the shares at the date of the sale.
- (3) The fully paid shares shall be free from all lien and that in case of partly paid shares the issuer's lien shall be restricted to moneys called payable at a fixed time in respect of such shares;

### **CALLS ON SHARES**

18. (1) The Board of Directors may, from time to time, make calls upon the members in respect of money unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the condition of allotment thereof made payable at fixed times.
- (2) Each member shall, subject to receiving at least thirty days notice specifying the time or times and place of payment of the call money pay to the Company at the time or times and place so specified, the amount called on his shares.
- (3) A call may be revoked or postponed at the discretion of the Board.
19. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed. Call money may be required to be paid by installments.
20. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
21. (1) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at such rate of interest as the Board may determine.
- (2) The Board shall be at liberty to waive payment of any such interest wholly or in part.
22. In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

23. Subject to the provisions of Section 92 and 292 of the Act, the Board:-
- a. may, if it thinks fit, receive from any member willing to advance all or any part of the money uncalled and unpaid upon any shares held by him; and
  - b. if it thinks fit, may pay interest upon all or any of the moneys advanced on uncalled and unpaid shares (until the same would but for such advance become presently payable) at such rate not exceeding, unless the Company in general meeting shall otherwise direct, 9% (nine percent) per annum as may be agreed upon between the Board and the members paying the sums or advances. Money so paid in advance shall not confer a right to dividend or to participate in profits or any voting rights in this regard.
- 23A. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.
- 23B. PAYMENT IN ANTICIPATION OF CALL MAY CARRY INTEREST:**  
The directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same or whole or any part of the money due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the director agreed upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The directors may at any time repay the amount advanced. The members shall not be entitled to any voting rights in respect of the monies so paid by him until the same would but for such payment, become presently payable.  
The provisions of the Articles shall mutatis mutandis apply to the calls on debentures of the Company.
- 23C. TERM OF ISSUE OF DEBENTURE:**  
Any debenture, debenture stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

24. On the trial or hearing of any suit or proceedings brought by the Company against any member or his representative to recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the Register of members of the Company as a holder or one of the holders of the number of shares in respect of which such claim is made and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of Directors who resolved to make any call, not that a quorum of Directors was present at the Board Meeting at which any call was resolved to be made, nor that the meeting at which any call was resolved to be made was duly convened or constituted nor any other matter, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
25. Neither the receipt by the Company of a portion of any money which shall, from time to time, be due from any member to 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 hereinafter provided.

#### **TRANSFER AND TRANSMISSION OF SHARES**

26. The company shall keep a "Register of Transfers", and therein shall fairly and distinctly enter particulars of every transfer or transmission of any share.
- 27.(1) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and the transferee.
- (2) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
28. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act, 1956 and of any modification thereof for the time being shall be complied with in respect of all transfers of shares and registration thereof.
29. Unless the Directors decide otherwise, when an instrument of transfer is tendered by the transferee, before registering any such transfer, the Directors shall give notice by letter sent by registered acknowledgment due post to the registered holder that such transfer has been lodged and that unless objection is taken the transfer will be registered. If such registered holder fails to lodge an objection in writing at the office within ten days from the posting of such notice of him, he shall be deemed to have admitted the validity of the said transfer. Where no notice is received by the registered holder, the Directors shall be deemed to have decided not to give notice and in any event the non-receipt by the registered holder of any notice shall not entitle him to make any claim of any kind against the Company or the Directors in respect of such non-receipt.
- 29 A. The Company shall use a common form for share transfer;

30. The Board of Directors may, subject to the right of appeal conferred by Section 111 of the Companies Act, 1956, decline to register:-
- (a) The transfer of a share not being a fully paid up share, to a person of whom they do not approve; or
  - (b) Any transfer of the share on which the Company has a lien, provided that the registration of transfer shall not be refused on the ground of transferor being either alone or jointly with any person or persons indebted to the Company on any account except a lien.
  - (c) Notice of refusal to transfer shares to transferor or transferee shall be sent within 30 days.
31. The Board may also decline to recognise any instrument of transfer unless:
- (a) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
  - (b) The instrument is in respect of only one class of shares.
32. All instruments of transfer which shall be registered shall be retained by the Company, but may be destroyed upon the expiration of such period as the Board may from time to time determine. Any instrument of transfer which the Board declines to register shall (except in any case of fraud) be returned to the person depositing the same.

**32 A. DIRECTORS MAY REFUSE TO REGISTER TRANSFER**

Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the 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 where the Company has a lien on shares.

**32 B. INSTRUMENT OF TRANSFER:**

The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

32 C. NO FEES ON TRANSFER OR TRANSMISSION

No fees shall be charged for registration of transfer, transmission, probate, Succession certificate and letters of administration, Certificate of death or Marriage, Power of attorney or similar other document.

33. (a) The registration of transfers may be suspended at such times and for such periods as the Board may, from time to time, determine: provided that such registration shall not be suspended for more than forty-five days in the aggregate in any year or for more than thirty days at any one time.

(b) There shall be no charge for:

(a) registration of shares or debentures;

(b) sub-division and /or consolidation of shares and debenture certificates and subdivision on Letters of Allotment and split consolidation, renewal and pucca transfer receipts into denominations corresponding to the market unit of trading;

(c) sub-division of renounceable Letters of Right;

(d) issue of new certificates in replacement of those which are decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilized;

(e) registration of any Powers of Attorney, Letter or Administration and similar other documents.

(c) No transfer shall be made to a minor or a person of unsound mind.

(d) Notwithstanding anything in the Articles elsewhere, every holder of shares in, or holder of the debentures of, the company may, at any time, nominate, in the manner prescribed by section 109A & 109B of the Companies Act, 1956 as amended, a person to whom his shares in, or debentures of, the company shall vest in the event of his death.

(e) The registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person indebted to the issuer on any account whatsoever;

34.(1) On the death of a member, the survivor or survivors where the member was a joint holder and his legal representative where he was a sole holder shall be the only person recognized by the Company as having any title to his interest in the shares.

(2) Nothing in clause (1) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

- 35.(1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either:
- (a) to be registered himself as holder of the share; or
  - (b) to make such transfer of the shares as the deceased or insolvent member could have made.
- (2) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had himself transferred the share before his death or insolvency.
36. (1) If the person so becoming entitled, shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
- (2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
- (3) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of share shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.
37. On the transfer of the share being registered in his name a person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he was the registered holder of the share and that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company;
- Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within 90 (ninety) days, the Board may thereafter withhold payment of all dividends, bonus or other moneys payable in respect of the share, until the requirements of the notice have been complied with.
38. Where the Company has knowledge through any of its principal officers within the meaning of Section 2 of the Estate Duty Act, 1953 of the death of any member of or debenture holder in the Company, it shall furnish to the Controller within the meaning of such section, the prescribed particulars in accordance with that Act and the rules made there under and it shall not be lawful for the Company to register the transfer of any shares or debentures standing in the name of the deceased, unless the transferor has acquired such shares for valuable consideration or a certificate from the Controller is produced before the Company to the effect that the Estate Duty in respect of such shares or debentures has been paid or will be paid or that none is due, as the case may be.

39. The Company shall incur liability whatever in consequence of its registering or giving effect, to any transfer of share made or purporting to be made by any apparent legal owner thereof (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 or 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 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 though not bound so to do, shall be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

### **FORFEITURE OF SHARES**

40. If a member fails to pay any call or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
41. The notice aforesaid shall:-
- (a) name a further day not earlier than the expiry of 30 (thirty days from the date of service of notice) on or before which the payment required by the notice is to be made; and
  - (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made, will liable to be forfeited.
42. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time, thereafter before the payment required by the notice has been made, be forfeited by a resolution of the Board of that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the date of forfeiture, which shall be the date on which the resolution of the Board is passed forfeiting the shares.
43. (1) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
- (2) At any time before a sale or disposal, as aforesaid, the Board may annul the forfeiture on such terms as it thinks fit.

44. (1) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which, at date of forfeiture, were presently payable by him to the Company in respect of the shares together with interest thereon from the time of forfeiture until payment at the rate of 9% (nine percent) per annum.
- (2) The liability of such person shall cease if and when the Company shall have received payments in full of all such money in respect of the shares.
- 45.(1) A duly verified declaration in writing that the declarant is a director or the secretary of the Company and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts stated therein stated as against all persons claiming to be entitled to the share.
- (2) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.
- (3) The transferee shall thereupon be registered as the holder of the share.
- (4). Transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
46. The provisions of these regulations as to forfeiture shall apply, in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
47. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share, and all other rights incidental thereto except only such of those rights as by these Articles are expressly saved.
48. Upon any sale, after forfeiture or for enforcing a lien in purported exercise of powers herein before given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceeding or to the application of the purchase money and after his name has been entered in the Register in respect of such shares, the validity, of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.



49. Upon any sale, re-allotment or other disposal under the provisions of these Articles relating to lien or to forfeiture, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect. When any shares, under the powers in that behalf herein contained are sold by the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of such shares, the Board may issue a new certificate for such shares distinguishing it in such manner as it may think fit, from the certificate not so delivered.
50. The directors may, subject to the provisions of the Act, accept from any member on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof.

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

51. The company may, by an ordinary resolution:
- (a) convert any paid-up shares into stock; and
  - (b) re-convert any stock into paid-up shares of any denomination authorised by these regulations.
52. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred or as near thereto as circumstances admit:
- Provided the Board may, from time to time, fix the minimum amount to Stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
53. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regard dividends voting and meeting of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
54. Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid-up shares shall apply to stock and the words 'share' and 'shareholders' in those regulations shall include 'stock' and 'stockholders' respectively.

## SHARE WARRANTS

55. The Company may issue share warrant, subject to and in accordance with, the provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion, with respect to any share which is fully paid up, on application in writing signed by the person registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the person signing the application and on receiving the certificate (if any) of the share: and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.
- 56.(1) The bearer or of a share warrant may at any time deposit the warrant at the office of the Company and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company and of attending and voting and exercising, the other privileges of a member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the register of members as the holder of the shares included in the deposited warrant.
- (2) Not more than one person shall be recognized as depositor of the share warrant.
- (3) The company shall, on two days written notice, return the deposited share warrant to the depositor.
- 57.(1) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling meeting of the Company or attend or vote or exercise any oilier privilege of a member at a meeting of the Company or be entitled to receive any notice from the Company.
- (2) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he was named In the register of member as the holder of the shares included in the warrant and he shall be deemed to be a member of the Company in respect thereof.
58. The Board may, from time to time, make rules as to the terms on which ('if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction of the original.

## ALTERATION OF CAPITAL

59. The Company may, from time to time, by ordinary resolution increase its share capital by such sum, to be divided into shares of such amount, as the resolution shall specify

60. The Company may, by ordinary resolution in general meeting
- (a) consolidate and divide all or any of its capital into shares of larger amounts than its existing shares:
  - (b) sub-divide its shares or any of them, into shares of smaller amounts than is fixed by the Memorandum of Association, so however, than 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:
  - (c) cancel any share which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
61. The Company may, from time to time, by special resolution and on compliance with the provisions of Section 100 to 105 of the Act, reduce its share capital and any capital reserve fund or share premium account.
62. The Company shall have power to establish Branch Offices, subject to the provisions of Section 8 of the Act or any statutory modifications thereof.
63. The Company shall have power to pay interest out of its capital on so much of shares which were issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provisions of any plant for the Company in accordance with the provisions of Section 208 of the Act.
64. The Company, if authorised by a special resolution passed at a General Meeting may amalgamate or cause itself to be amalgamated with any other person, or body corporate, subject however, to the provisions of Section 391 to 394 of the Act.
- 64.A. Notwithstanding anything contained in the Articles of Association, the company shall have the power to buy back its shares or other securities in accordance with the provisions of section 77A, 77AA and 77B and other provisions of the Companies Act, 1956 from its existing shareholders or the holders of other securities on a proportionate basis or by purchase of the shares or securities issued to the employees of the company pursuant to a scheme of stock options or sweat equity.

#### **GENERAL MEETINGS**

65. All General Meetings other than the Annual General Meetings of the Company shall be called Extraordinary General Meetings.
66. (1) The Board may, whenever it think fit call an Extra Ordinary General Meeting.
- (2) If at any time there are not within India Directors capable of acting who are sufficient in number to form a quorum, any Director or any two members of the Company may call an extraordinary general meeting in the same manners, as nearly as possible, to that in which such a meeting may be called by the Board.

## **CONDUCT OF GENERAL MEETINGS**

- 67. No general meeting, annual or extraordinary, shall be competent to enter upon, discuss or transact any business which has not been stated in the notice by which it was convened or called.
- 68.(1) No business shall be transacted at any general meeting, unless a quorum of members is present at the time when the meeting proceeds to business.
  - (2) Save as otherwise provided in Section 174 of the Act, a minimum of five members present in person shall be the quorum. A body corporate, being a member, shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

## **CONDUCT OF MEETINGS**

- 69. The Chairman, if any, of the Board shall preside as Chairman at every general meeting of the Company.
- 70. If there is no such Chairman or if he is not present within fifteen minutes of the time appointed for holding the meeting or is unwilling to act as Chairman of the meeting, the Directors present shall elect one of their members to be the Chairman of the meeting.
- 71. If at any meeting no Director is willing to act as Chairman or if no Director is present within 15 (fifteen) minutes of the time appointed for holding the meeting, the members present shall choose one of their members to be the Chairman of the meeting.
- 72. No business shall be discussed at any general meeting except the election of a Chairman, whilst the chair is vacant.
- 72A. If no quorum is present, the meeting shall stand adjourned to the same day in the next week at the same time and place.
- 73.(1) The Chairman may with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting, adjourn the meeting, from time to time and place to place.
  - (2) No business shall be transacted at any adjourned meeting, other than the business left unfinished at the meeting from which the adjournment took place.
  - (3) When a meeting is adjourned for thirty days or more, fresh notice of the adjourned meeting shall be given as in the case of an original meeting.
  - (4) Save as aforesaid, it shall not be necessary to give any notice of any adjournment or of the business to be transacted at an adjourned meeting.

74. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes places or at which the poll is demanded, shall be entitled to a second or casting vote.
75. Any business other than that upon which a poll has been demanded, may be preceded with, pending the taking of the poll.

#### **VOTE OF MEMBERS**

76. Subject to any rights or restrictions for the time being attached to any class or classes of shares
- (a) on a show of hands, every member present in person shall have one vote:  
and
- (b) on a poll, the voting rights of members shall be as laid down in Section 87 of the Act.
77. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other Joint holders. For this purpose, seniority shall be determined by the order in which the names of joint holders stand in the Register of members.
78. A member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian, and any such committee or guardian may on a poll, vote by proxy, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the office no less than 24 hours before the time of holding the meeting or adjourned meeting at which such person claims to vote on poll.
79. No member shall be entitled to vote at any general meeting unless all calls and other sums presently payable by him in respect of shares in the Company or in respect of shares, on which the Company has exercised the right of lien, have been paid.
80. (1) No objection shall be raised to the qualification of any voter, except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.
- (2) Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision thereon shall be final and conclusive.

81. The instrument appointing a proxy and the power of attorney or other authority, in any under which it is signed or a naturally certified copy of that power or authority shall be deposited at the registered office of the Company, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated valid.
82. An instrument appointing a proxy shall be in either of the forms in Schedule IX to the Act or in a form as near thereto as circumstances admit.
83. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or the authority under which the proxy was executed or the transfer of the shares in respect of which the proxy is given, if no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

#### **BOARD OF DIRECTORS**

84. The number of Directors of the Company shall not be less than three and not more than twelve.
85. The following shall be the first directors of the Company.
1. Sri.Y.V.S.S.Murty
  2. Sri.Y.S.R. Krishna Rao
  3. Sri.A.L. Narsimha Rao
  4. Dr.Y.B.V.Janardhana Rao
86. At every Annual General Meeting of the Company one third of such of the Directors for the time being as are liable to retire by rotation in accordance with the provisions of Section 255 of the Act or if their number is not three or a multiple of three, then the number nearest to one third shall retire from office in accordance with the provisions of Section 256 of the Act.

- 87.(1) Subject to the provisions of the Companies Act, 1956 and Rules made there under, each Director including a Managing Director shall be paid sitting fees for each meeting of the Board or a committee thereof, attended by him.
- (2) Subject to the provisions of Sections 309, 310 and 314 of the Act, the Directors shall be paid such further remuneration, whether in the form of monthly payment or by a percentage of profit or otherwise, as the Company in General meeting may, from time to time, determine and such further remuneration shall be divided among the Directors in such proportion and in such manner as the Board may, from time to time, determine and in default of such determination, shall be divided among the Directors equality or if so determined paid on a monthly basis.
- (3) The remuneration of the Directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day to day.
- (4) Subject to the provisions of Sections 198, 309, 310 and 314 Act, if any Director be called upon to perform any extra services or make special exertions or efforts (which expression shall include work done by a Director as a member of any committee formed by the Directors) the Board may pay such Director special remuneration for such extra services or special exertions or efforts either by way of a fixed sum or by percentage of profit or otherwise and may allow such Director at the cost and expense of the Company such facilities or amenities (such as rent free house, free medical aid and free conveyance) as the Board may determine from time to time.
- (5) In addition to the remuneration payable to them in pursuance of the Act, the Directors may be paid in accordance with Company's rules to be made by the Board all travelling, hotel and other expenses properly incurred by them:
- (a) In attending and returning from meetings or adjourned meeting of the Board of Directors or any committee thereof: or
- (b) In connection with the business of the Company.
88. The Directors shall not be required to hold any qualification shares in the company.
89. The Board of Directors shall have power to appoint additional Directors in accordance with the provisions of Section 260 of the Act.
90. If it is provided by any trust deed securing or otherwise in connection with any issue of debentures of the Company that any person or persons shall have power to nominate a Director of the Company then in the case of any every such issue of debentures, the persons having such power may exercise such power, from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as a Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be liable to retire by rotation, but he shall be counted in determining the number of retiring Directors.

91. In the course of its business and for its benefit the Company shall, subject to the provisions of the Act, be entitled to agree with any person, firm corporation, government, financing institution or other authority that he or it shall have the right to appoint his or its nominee on the Board of Directors of the Company upon such terms and conditions as the Directors may deem fit. Such nominees and their successors in office appointed under this Article shall be called Special Directors. Special Directors shall be entitled to hold office until requested to retire by the government, authority, person, firm, institution or corporation who may have appointed them and will not be bound to retire by rotation. As and whenever a Special Director vacates office whether upon request as aforesaid or by death, resignation or otherwise the government, authority, person, firm, institution or corporation who appointed such Special Director may if the agreement so provide, appoint another Director in his place. But he shall be counted in determining the number of retiring Directors.
92. Subject to the provisions of Section 313 of the Act, the Board of Directors shall have power to appoint an alternate Director to act for a Director during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held.
93. A Director may be or become a director of any company promoted by the company or in which it may be interested as a vendor, shareholder or otherwise and no such Director shall be accountable for any benefits received as director or shareholder of such company. Such Director before receiving or enjoying such benefits in cases in which the provisions of Section 314 of the Act are attracted will ensure that the same have been complied with.
94. Every nomination, appointment or removal of a Special Director shall be in writing and accordance with the rules and regulations of the government, corporation or any other institution. A Special Director shall be entitled to the same rights and privileges and be subject to same obligations as any other Director of the Company.
95. The office of a Director shall become vacant:
- (i) on the happening of any of the events provided for in Section 283 of the Act:
  - (ii) on contravention of the provisions of Section 314 of the Act, or any statutory modifications, thereof;
  - (iii) if a person is a Director of more than twenty Companies at a time.
  - (iv) in the case of alternate Director on return of the original Director to the State, in terms of Section 313 of the Act; or
  - (v) On resignation of his office by notice in writing and is accepted by the Board.



96. Every Director present at any meeting of the Board or a committee thereof shall sign his name in a book to be kept for that purpose, to show his attendance thereat.

### **POWERS OF BOARD OF DIRECTORS**

97. The Board of directors may pay all expenses incurred in the formation, promotion and registration of the Company.
98. The Board shall have power to nominate 1/3<sup>rd</sup> of the Board of directors as non rotational Directors.
99. The Company may exercise the powers conferred by Section 50 of the Act, with regard to having an official seat for use abroad and such powers shall be vested in the Board.
100. The Company may exercise the powers conferred on it by Section 157 and 158 of the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of those Sections) make and vary such regulations as it may think fit with respect to the keeping of any such register.
101. The Directors may enter into contracts or arrangements on behalf of the Company subject to the necessary disclosures required by the Act being made whenever any Director is in any way, whether directly or indirectly concerned or interested in the contract or arrangement.

### **BORROWING POWER**

102. Subject to the provisions of sections 58 A, 292 and 293 of the Act, and Regulations made there under and directions issued by the R.B.I, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property (both present and future) and uncalled capital, or any part thereof and to issue debentures, debenture-stock and other securities whether outright or as a security for any debt, liability or obligation of the Company or of any third party.
103. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit and in particular by a resolution passed at a meeting of the Board (and not by circulation) by the issue of debenture or debenture stock of the Company, charged upon all or any of the property of the Company (both present and future) including its uncalled capital for the time being.

104. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise, may be made assignable free from any equities between the Company and person to whom the same may be issued and may be issued on the condition that they shall be convertible into shares of any authorised denomination, and with privileges and conditions as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at general meetings, appointment of Directors and otherwise, provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.
105. All cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instrument and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by such person and in such manner as the Board may, from time to time, by resolution determine.

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

106. Subject to Section 287 of the Act, the quorum for a meeting of the Board of Directors shall be one third of its total strength (any fraction contained in that one third being rounded off as one) or two Directors, whichever is higher; provided that where at any time the number of interested Directors exceeds or is equal to two thirds of the total strength, the number of the remaining Directors, that is to say, the number of Directors, who are not interested, present at the meeting, being not less than two, shall be the quorum during such time.
107. If a meeting of the Board could not be held for want of quorum, whatever number of Directors, not being less than two, shall be present at the adjourned meeting, notice whereof shall be given to all the Directors, shall form a quorum.
- 108(1) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of vote.
- (2) In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote.
109. The continuing Directors may act notwithstanding any vacancy in the Board, but if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that fixed for the quorum or for summoning a General Meeting of the Company, but for no other purpose.

- 110(1) Save as provided in Article 93, the Board may elect one of its members as Chairman of its meetings and determine the period for which he is to hold office as such.
- (2) If no such Chairman is elected or if at any meeting the Chairman is not present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of their members to be Chairman of the meeting.
111. Subject to the restrictions contained in Section 292 and 293 of the Act, the Board may delegate any of its powers to committees of the Board consisting of such member or members of its body as it thinks fit and it may, from time to time, revoke such delegation and discharge any such committee of the Board either wholly or in part, and either as to persons or purposes, but every committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.
112. The meetings and proceedings of any such committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last proceedings Article.
- 113(1) A committee may elect a chairman of its meetings.
- (2) If no such chairman is elected or if at any meeting the chairman is not present within five minutes of the time appointed for holding the meeting, the members present may choose one of their members to be chairman of the meeting.
- 114(1) A committee may meet and adjourn as it thinks proper.
- (2) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members, present and in case of an equality of votes, the Chairman shall have a second or casting vote.
115. All acts done by any meeting of the Board or by a committee thereof or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment or continuance in office of any such Director or persons acting as aforesaid; or that they or any of them were disqualified or had vacated office or were not entitled to act as such, or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, had duly continued in office, was qualified, had continued to be a Director, his appointment had not been terminated and he had been entitled to be a Director provided that nothing in this Article shall be deemed to give validity to any act done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

116. Subject to Section 289 of the Act and except a resolution which the Act requires specifically to be passed in any board meeting, a resolution in writing signed by the majority members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be as valid and effectual as if it had been passed at a meeting of the Board or committee, duly convened and held.

#### **MANAGING DIRECTOR (S) AND WHOLE TIME DIRECTOR (S)**

117. Subject to provisions of Sections 197 A, 269, 198 and 309 of the Act, the Board of Directors may, from time to time, appoint one or more of their body to the office of Managing Director/s or whole time Director/s for a period not exceeding 5 (five) years at a time and on such terms and conditions as the Board may think fit and subject to the terms of any agreement entered into with him, may revoke such appointment, and in making such appointments the Board shall ensure compliance with the requirements of the Companies Act, 1956 and shall seek and obtain such approvals as are prescribed by the Act, provided that a Director so appointed, shall not be whilst holding such office, be subject to retirement by rotation but his appointment shall be automatically determined if he ceases to be a Director. However, he shall be counted in determining the number of retiring Directors.
118. The Board may entrust and confer upon Managing Director/s or Whole Time Director/s any of the powers of management which would not otherwise be exercisable by him upon such terms and conditions and with such restrictions as the Board, may think fit, subject always to the superintendence, control and direction of the Board and the Board may, from time to time, revoke, withdraw, alter or vary all or any of such powers.

#### **SECRETARY**

- 119(1) Subject to section 383 A of the Act, a Secretary of the Company may be appointed by the Board on such terms, at such remuneration and upon such conditions as they may think fit, and any Secretary so appointed may be removed by the Board.
- (2) A Director may be appointed as a Secretary.
120. Any provision in the Act or these regulations requiring or authorizing a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of the Secretary.

## **THE SEAL**

- 121(1) The Board shall provide a common seal for the purposes of the Company and shall have power, from time to time, to vary or cancel the same and substitute a new seal in lieu thereof. The Board shall provide for the safe custody of the seal for the time being.
- (2) Subject to any statutory requirements as to Share Certificates or otherwise, the seal of the Company shall not be affixed to any instrument except by authority of a resolution of the Board or of a Committee of the Board authorised by it in that behalf and except in the presence of at least one Director and of the Secretary or of two Directors who shall sign every instrument to which the seal of the Company is to so affixed in their presence. This is, however, subject to Rule 6 of the Companies (Issue of Share Certificates) Rules, 1960.
- (3) The Board shall also be at liberty to have an official seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India. The Company shall, however, comply with Rule 6 of the Companies (Issue of Share Certificates) Rules, 1960.

## **DIVIDENDS AND RESERVES**

122. The Company in General meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.
123. The Board may, from time to time, pay to the members such interim dividends as appear it to be justified by the profits earned by the Company.
- 124(1) The Board may, before recommending any dividend, set aside out of the profits of the Company, such sums, as it may think proper, as reserve or reserves which shall at the discretion of the Board, be applicable for any of the purposes to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends and pending such applications may at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.
- (2) The Board may also carry forward and profits which it may think prudent not to divide, without setting them aside as a reserve.

- 125(1) Subject to the rights of the persons, if any, holding shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid.
- (2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as having been paid on the share.
- (3) 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 on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
126. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company subject to section 205A of the Act.
- 127(1) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post direct to the registered address of the holders or, in case of joint holders, to the registered address of that one of the joint holder who is first named on the register of members, or to such person and to such address as the first named holder or joint holders may it writing direct.
- (2) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
128. Any one of two or more joint holders of a share may give effectual receipts for any dividends, bonus or other moneys payable in respect of such share.
129. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
130. No dividend shall bear interest against the Company, irrespective of the reason for which it has remained unpaid.
- 130.A. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account in that behalf in any scheduled bank.
- 130.B. Any money transferred to the unpaid dividend account which remain unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund known as Investor Education and Protection Fund established under section 205C of the Act.
- 130.C. No unclaimed or unpaid dividend shall be forfeited by the Board.

## **ACCOUNTS**

- 131(1) The Board shall cause proper books of accounts to be maintained under section 209 of the Act.
- (2) The Board shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company or any or them, shall be open to the inspection of members not being Directors.
- (3) Subject to provisions of section 209 A of the Act, no member (not being a Director) shall have any right of inspection any account or book or document of the Company, except as conferred by law or authorised by the Board or by the Company in General Meeting.

## **BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

132. Balance sheet and Profit and Loss Account of the Company will be audited once in a year by a qualified auditor for Correctness as per provisions of the Act.

## **AUDIT**

- 133(1) The first auditor of the Company shall be appointed by the Board of Directors within one month after its incorporation who shall hold office till the conclusion of the First Annual General Meeting.
- (2) The Board of Directors may fill up any Casual Vacancy in the office of the Auditors.
- (3) The remuneration of the auditors shall be fixed by the Company in the annual general meeting except that remuneration of the first or any auditors appointed by the directors may be fixed by the directors.

## **CAPITALISATION OF PROFITS**

- 134(1) The Company in General Meeting may, upon the recommendation of the Board resolve:
- (a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the Profit and Loss Account, or otherwise available for distribution: and
- (b) that such sum be accordingly set free for distribution in the manner specified, in clause (2) among the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

- (2) The sum aforesaid shall not be paid-in cash, but shall be applied, subject to the provisions contained in clause (3), either in or towards:
    - (i) paying up any amounts for the time being unpaid on any shares held by such members respectively;
    - (ii) paying up in full, un-issued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or
    - (iii) partly in the way specified in sub-clause (i) and partly in that is specified in sub-clause (ii).
  - (3) Any share premium account and any capital redemption reserve fund may, for the purpose of this regulation, only be applied in the paying up of un-issued share to be issued to members of the Company as fully paid bonus shares.
  - (4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.
- 135(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall:
- (a) Make all appropriations and applications of the undivided profits resolved to be capitalized thereby and allotment and issue of fully paid shares, if any; and
  - (b) Do all acts and things required to give effect thereto.
- (2) The Board shall have full power;
- (a) To make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit in the case of shares becoming distributable in fractions; and also
  - (b) To authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to him respectively, credited as fully paid up, of any further shares to which that may be entitled upon such capitalization or (as the case may require) for the payment by the company on their behalf, by the application thereto of their respective proportions of the profit resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares.
- (3) Any agreement made under such authority shall be effective and binding on all such members.



## **SECRECY**

136. Subject to the provisions of law of land and the Act, no member or other person (not being a Director) shall be entitled to visit or inspect the Company's works without the permission of the Board of Directors or the Managing Director to require discovery of any information respecting any details of the Company's business, trading or customers of any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or any other matter which may relate to the conduct of the business of the Company or which in the opinion of the Directors, it will be inexpedient in the interest of the Company to disclose.

## **WINDING UP**

- 137(1) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
- (2) For the purpose aforesaid, the liquidator may set such values as it deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- (3) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

## **INDEMNITY**

138. Subject to the provisions of Section 201 of the Act, every Director, auditor, secretary and other officer or servant of the Company (all of whom are hereinafter referred to as officer or servant) shall be Indemnified by the Company and it shall be duty of the Directors out of the funds of the Company to pay, all bonafide costs, losses and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into or act or thing done or omitted by him as such officer or servant or in any way in the discharge of his duties: and in particular and so as not to limit the generality of the foregoing provisions, against any liability incurred by such officer or servant in defending any bonafide proceedings whether civil or criminal in which a judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court. The amount for which such indemnity is provided shall immediately attach as a charge on the property of the Company.

SNo.	Name of Subscriber	Description address of subscribers & Occupation	Signature of Subscribers	Signature of witnesses addresses, description & occupation
1.	Sri.Y.V.S.S.Murty S/o Venkata Rao (Late)	Chemical Engineer 2-2-56, Amberpet, Hyderabad – 13.	Sd/-	
2.	Smt.Yerramilli Annapurnamma, W/o Venkata Rao (Late)	Proprietrix 2-2-56, Amberpet, Hyderabad – 13	Sd/-	Sri.D.V.Raghava Rao(Notary Public) Hyderabad
3.	Smt.Y.V.Lalitha Devi W/o Sri.Y.V.S.S.Murty	Proprietrix 2-2-56, Amberpet, Hyderabad – 13	Sd/-	
4.	Dr.Y.B.V.Janardhana Rao S/o Venkata Rao (Late)	Doctor 2-2-56, Amberpet, Hyderabad – 13.	Sd/-	

Date this 17<sup>th</sup> day of April 1968.  
Hyderabad A.P.

*Manual*

