

**UNDER THE COMPANIES ACT, 1956
(1 OF 1956)
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
CITY ONLINE SERVICES LIMITED**

GENERAL

1. Regulations contained in Table A in the First Schedule to the Act shall apply and so far only as they are not inconsistent with any of the provisions contained in these Regulations and those for which no provision have been made in these Regulations.
2. In these regulations: Unless the context otherwise requires:
 - a) The words or expressions contained in these Regulations shall bear the same meaning as in the Act or any Statutory modifications thereof.
 - b) "The Company" or "This Company" means "CITY ONLINE SERVICES LIMITED."
 - c) "The Act" The Companies Act, 1956 or any statutory modifications or re-enactments thereof for the time being in force including Rules framed under the different Sections.
 - d) "The Seal" means the Common Seal of the Company.
 - e) "Dividend" includes bonus.
 - f) "In writing" and "Written" Include printing lithography and other modes of representing or reproducing, words in a visible form.
 - g) "Member" means person who agrees in writing to become a member of the Company and whose name is entered in the Register of Members.

- h) "Month" means a calendar month.
- i) "Office" means the Registered Office for the time being of the Company.
- j) "Paid-up" Includes credited as paid-up.
- k) "Person" Includes corporations, societies and Individuals.
- l) "The Registrar" means the Registrar of the Companies having jurisdictions over the Company.
- m) "Secretary" Includes a Temporary or Assistant Secretary and person or persons appointed by the Board to perform any of the duties of a Secretary subject to Section 383 A of the Act.
- n) Words imparting the "Singular Number" Include, where the context admits or requires, the plural number and vice-versa.
- o) "Year" means the calendar year and "Financial Year" shall have the meaning as signed thereto by section 2(17) of the Act.
- p) Words Imparting the masculine gender also include feminine gender and vice-versa.
- q) "Marginal Notes" used in these Articles shall not affect the construction or interpretation hereof. Save as aforesaid any words or expressions defined in the Act shall if not inconsistent with the subject or context bear the same meaning in these Article.

SHARE CAPITAL

3.

- a) The Authorised Share Capital of the Company is Rs. 7,50,00,000/- (Rupees Seven crores and Fifty lakhs only) divided into Rs.75,00,000/-(Seventy Five lakhs only) equity shares of Rs.10/- (ten only) each.
- b) The Company shall have power to issue Preference Shares including redeemable preference shares in accordance with provisions of Section 80 and 85 of the Act.
- c) Where at any time subsequent to the first allotment of shares, it is proposed to increase the subscribed capital by the issue of new shares, subject to any directions to the contrary which may be given by the Company in General Meeting and subject only to these directions, such new shares shall be issued in accordance with provisions of section 81 of the Act.
- d) The Company shall have power to issue shares at a discount, but in doing so the Company shall comply with the provisions of Section 79 of the Act.
- e) The Company shall have power to issue shares at a premium, but in doing so, the Company shall comply with the provisions of Section 78 of the Act.

4. Subject to the provisions of these Articles, of the Act, the shares shall be under the control of the Board of Directors who may allot or otherwise dispose of them to such terms as the Board thinks fit and with power to give any person the option to call for or allot shares of any class for or allot shares of any class of the Company either at a premium or at par at a discount and such option being exercisable for such time and for such consideration as the Board thinks fit Provided that an option or right to call off shall not be given to any person except with the prior sanction of the company in the General Meeting.
5. Subject to the provisions of the Act and the Act and these Articles, the Directors may issue and allot shares in the capital of the Company as payment or part payment for any property or assets of any kind whatsoever (Including goodwill of any business) sold or transferred, goods or machinery or know-how supplied or for services rendered to the Company either in or about the formation or promotion of the Company or in the conduct of its business and any shares which may be so allotted any be issued as fully paid-up or partly paid-up shares as aforesaid. The Directors shall cause returns to be filled of any such allotments as provided by section 75 of the Act.

ALTERATION OF SHARE CAPITAL

6. The Company shall have power to alter the conditions of the memorandum as follows, that is to say, it may.
 1.
 - a) Increase its share capital by such amount as it thinks expedient by issuing new shares.
 - b) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
 - c) Sub-divide its shares or any of them into shares of smaller amount than is fixed by the memorandum, so however, that the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be same as it was in the case of the share from which the reduced share is derived.
 - d) Cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken by any person and diminish the amount of its share capital by the amount of the shares so canceled provided, however the cancellation of shares in pursuance of the exercise of this power shall not be deemed to be reduction of share capital within the meaning of the Act.
 2. The powers conferred by this regulation shall be exercised by the company in General Meeting and shall not require to be confirmed by the Court.
7. The Company shall have power :
 - a) To reduce any share premium account or its share capital in accordance with the provisions of section 78 read with section 100 of the Act.

- b) To reduce any capital redemption reserve account in accordance with section 80 read with Section 100 of the Act.

PAYMENT OF COMMISSION AND BROKERAGE

8.

- a) The company may exercise the powers of paying commission provided that the rate percentage or the commission paid or agreed to be paid shall be disclosed in the manner required by section 76 of the Act.
- b) The rate of commission shall not exceed the maximum percentage provided for in Section 76 of the Act.
- c) The commission may be satisfied by payment of cash or by the allotment of fully or partly paid-up shares of partly in one way and partly in the other.
- d) The Company may also, on any issue of shares and debentures pay such brokerage as may be lawful and reasonable as per the provision of the Act.

BUY BACK OF SHARES:

- 8A. The Company shall have the power subject to and in accordance with all other applicable provisions of Companies Act, 1956 to acquire/ purchase any of its fully paid shares on such terms and conditions and up to such limits as may be prescribed by the law from time to time and may be determined by the Board from time to time and may make payment out of free reserves and surplus and / or Securities Premium Account and / or proceeds of any shares or other securities or such other funds as may be prescribed by the law in respect of such acquisition / purchase.

VARIATION OF SHARE HOLDERS RIGHTS

9.

- a) If at any time the share capital is divided into different classes of shares, the right attached to any class (unless otherwise provided by the terms of issue of the share of that class) by subject to the provisions of the Section 106 and 107 of the Act and whether or not the company is being wound-up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
- b) Subject to the provisions of the Section 170(2) (a) and (b) of the Act or any statutory modifications thereof, to every such separate General Meeting, the provisions of these Regulations relating to General Meeting shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class in question.

TRUSTS ENTRY IN REGISTER OF MEMBERS

10. Subject to section 49 of the Act and without prejudice to the provisions of Section 42(2) of the Act and or any statutory modifications thereof, no person shall be recognised by the Company as

holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognise (even when having notice here of) any equitable contingent, future or partial interests in any share or any interest in any fractional part of a share or any other rights in respect of any share or except an absolute right to the entirety thereof in the registered holders.

CERTIFICATES

11

- a) i) The Certificate of title to share shall be issued under the seal of the Company and shall be issued, sealed and signed in conformity with the provisions of the Companies (issue of Share Certificate) Rules, 1960 or any statutory modification or re-enactment, thereof for the time being in force. Any two or more joint allottees or owners of share shall, for the purpose of this Article, to be treated as a single member and the Certificate of any share may be delivered to the first named person of such joint allottees or owners on behalf of all of them. The Company shall comply with the provisions of Sections 113 of the Act.
- ii) The Company shall, within two months after the allotment of any of its shares, debentures or stock and within one month after the application for the registration of the transfer of any such shares, debentures or debenture stock, delivered in accordance with the procedure laid down in Section 113 of the Act the certificate of Shares, debentures and certificates of debenture stocks allotted or transferred, unless the conditions of issue of the shares, debenture or debenture stock otherwise provide.
- b) i) Every member in the first instance shall be entitled to one or more certificates as issued by the Company for all the shares registered in his name and every certificate of shares shall specify the number or numbers of shares in respect of each it is issued, the amount paid-up thereon or credited thereto.
- ii) Share certificates shall be generally, issued in market lots and where share certificates are issued in other than market lots, sub-division, consolidation of share certificates in market lots shall be done by the Company free of charge.
- c) If any certificate be worn out, defaced, destroyed or lost, a new one or new ones may be issued in lieu thereof, on production to the Directors, on evidence of satisfactory to them, of its being worn out, defaced, destroyed, or lost or in default of such evidence on such indemnity being given as the Directors may think sufficient.
- d) i) No fee shall be charged for the issue of new share certificates in replacement of those certificates which are defaced, old, worn out, decrepit or where cages on the reverse of share certificates are completely exhausted.
- ii) No fee shall be charged for the following, or split consideration, renewal and pucca transfer receipt into denominations corresponding to market units of trading or for sub-division of renouncable letter or rights or for registration of any power of Attorney, Probate, Letter of Administration, or Death Certificates or for similar documents.

iii) However a fee of Re.1/- shall be charged in respect of new certificate issued for reasons other than mentioned in 11(d)(I) and 11(d)(ii) above, besides the out-of-pocket expenses incurred by the Company in investigating evidence or indemnity required by the Company.

- e) In respect of any share or shares held jointly by several persons, the delivery of certificate for shares to the first named members of several joint shareholders shall be sufficient delivery to all such shareholders.

CALLS ON SHARES

12.

- a) i) The Board may, from time to time make calls upon the members in respect of any Monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. Provided that no one shall exceed one half of the nominal value of the shares.

ii) Each member shall, subject to receiving at least thirty days notice specifying the time or times and place of payment pay to the Company at the time or times and place so specified and amount called on his shares.

iii) A call may be revoked or postponed at the discretion of the Board.

- b) A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by installments.

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

- d) i) 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 12% (Twelve percent) per annum or at such lower rate, if any, as the Board may determine.

ii) The Board shall be at liberty to value payment of any such interest wholly or in part.

- e) i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium shall, for the purpose of these regulations be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable, provided, however, notwithstanding anything in the provision Article 12(a) (I) above, such sum may exceed one half of the nominal value of the share.

ii) 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 sums had become payable by virtue of a call duly made and notified.

- f) The Board may, if it thinks fit, receive from any member willing to pay in advance, all or any

part of the money due upon the shares held by him beyond the sums actually called for the Company may pay interest at a rate not less than 15% on the calls paid in advance and accepted in excess of the amount of calls. They shall not rank for dividends or confer a right to vote or participate in profits until the same would but for such payment, become presently payable. The Board may at any time repay the amount, so advanced upon giving to such members three months notice in writing.

LIEN

13. a) The company shall have a first and paramount lien upon all the Shares (other than fully paid-up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds there of for all monies (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any share shall be created except upon the footing and condition that Article 10 thereof will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares will operate of such shares. Unless otherwise agreed the registration of a transfer of shares will operate as a waiver of the Company's lien if any in such shares. The Directors may at any time may declare any shares wholly or in part to be exempted from the provision of the clause.

b) The Company may sell, in such manner as the Board may think fit, any shares on which the Company has a lien.

Provided that no sale shall be made:

- i) Unless the sum in respect of which the lien exists is presently payable; or
 - ii) Unless the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder for time being of the share or the person entitled thereto by reason of his death or insolvency.
- c) i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.
- ii) The purchaser shall be registered as the shareholder of the shares comprised in any such transfer.
- iii) The purchaser shall not be bound to see to the application of the purchase money, not shall his title to the shares be affected by irregularity or invalidity in the proceedings in reference to the sale.
- d) i) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
- e) No member shall exercise any voting rights 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 exercised any right of lien.

FORFEITURE OF SHARES

14. a) If a member falls 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 times as any part of the call or installment remains unpaid, serve a notice on such member requiring payment of so much of the call or installments as is unpaid, together with any interest which may have accrued.
- b) The notice aforesaid shall:
- i) name a further day (not being earlier than the expiry of fourteen days from the date of service of notice of notice) on or before which the payment required by the notice is to be made; and
 - ii) 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 be liable to be forfeited.
- c) 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 to that effect.
- d) i) A forfeited share may be sold or otherwise disposed off on such terms and in such manner as the Board thinks fit.
- ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
- e) i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture, were presently payable by him to the Company in respect of the shares.
- ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.
- f) i) A duly verified declaration in writing that the declarant is Director, The Manager 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 acts therein stated as against all persons claiming to be entitled to the share.
- ii) The Company may receive the consideration, if any 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.
- iii) The transferee shall there upon be registered as the holder of share.
- iv) The transferer shall not be bound to see the application of the purchase money, if any, not shall his titled to the shares be effected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

- g) 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 become 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.
- h) The forfeiture of 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 to the share, except only such of those rights as by these Article are expressly saved.

TRANSFER AND TRANSMISSION OF SHARES

15. In registering a transfer and transmission of shares, the Company shall comply with the provisions of the Act or any statutory modifications thereof.
- a) The instrument of transfer of any share in Company shall be executed by or on behalf of both the transferor and transferee. 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.
 - b)
 - i) Shares in the Company shall be transferred in the form prescribed by the Companies (Central Government) General Rules and Forms, 1956. The instrument of transfer shall be in writing and all the ; provisions of Section 108 of the Act and any statutory modifications thereof for the time being shall be complied with in respect of all transfer of shares and registration thereof.
 - ii) The Company shall issue Certificate within one month of the date of lodgment for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies.
 - iii) The Company shall not charge any fees (a) for Registration of Transfers, sub-division and consolidation of shares and debentures, certificates and for letters of allotment; (b) for sub-division of renounceable letters of Right; (c) for issue of new certificates in replacement of those which are old, decrepit or worn-out, or where the cages on the reverse for recording transfers have been fully utilised; and (d) for registration of any power of Attorney, probate, letters of administration or death certificate or similar other documents.
 - c) Subject to the provisions of section 111 of the Act, and Section 22A of Securities Contracts (Regulation) Act, 1956, the Board may in their absolute and unqualified discretion decline to register any transfer of shares without assigning any reason and send notice of refusal with one month to both the transferor and the transferee, the board may; also decline to recognise any transfer where:
 - i) The Instrument of transfer is not proper or has not been duly stamped and executed or that the certificate relating to the share has to been delivered to the Company or that any other requirement of the law relating to the registration of such transfer not been complied with, or
 - ii) the transfer of the shares is likely to result in such a change in the composition of the Board of Directors as would be prejudicial to the interest of the Company or to the public interests; or
 - iii) The transfer of the shares in prohibited by any Court, tribunal; or any other authority under any law for the time being in course, or

iv) the transfer of shares on which the Company has a lien, provided that the registration of transfer shall not be refused on the ground that the transferor being either alone or jointly with any other person is indebted to the Company in any manner whatsoever, except a lien on the shares.

d) Subject to the provisions of Section 154 of the Act, the Registration of transfer may be suspended at such times and for such periods as the Board may from time to time determine not exceeding thirty days at a time and not exceed in the aggregate 45 days in each years provided that a previous 42 days notice is given in terms of the listing agreement.

17.

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

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

b) i) 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 :

i) to be registered himself as holder of the share, or

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

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

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

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

iii) All the limitations, restrictions and provisions of these regulations relating to the right to the transfer and the registration of transfer and the registration of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had occurred and the notice of transfer, signed by that member.

d) A person becoming entitled to a share by reason of death, insolvency of the holder shall be entitled to the same dividend and other advantages to which he would be entitled if he were the registered holder of the share except that he shall not, before being registered as a member in respect of it to exercise any right conferred by membership in relation to meeting of the Company.

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

DEMATERIALISATION AND REMATERIALISATION OF SHARES:

17A.

- a) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing shares, debentures and other securities held by it with Depository and / or offer its fresh shares, debentures and other securities in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any.
- b) Notwithstanding anything contained in these Articles, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities to Depository immediately on allotment of such securities.
- c) Every person subscribing to or holding securities of the company shall have the option to receive security certificates or to hold the securities with Depository. A beneficial owner of any security can at any time opt out of the depository, if permitted by law in the manner provided by the Depositories Act, 1996 and the company shall in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

EMPLOYEE STOCK OPTION:

17B. The Directors are authorised to issue Equity shares or Debentures (whether or not convertible into equity shares) for offer and allotment to such of the officers, employees and workers of the company as the Directors may select or the trustees of such trust as may be set for the benefit of the officers, employees and workers in accordance with the terms and conditions of such scheme, plan or proposal as the Directors may formulate. Subject to the consent of the Stock Exchanges and of the Securities and Exchange Board of India, the Directors may impose the condition that the shares in or debentures of the company so allotted shall not be transferable for a specified period.

NOMINATION FACILITY:

- 17C. a) Every shareholder or debenture holder of the company may at any time nominate a person to whom his shares or debentures shall vest in the event of his death in such manner as may be prescribed under the Act.
- b) Notwithstanding anything contained in any other law for the time being in force or in any disposition whether testamentary or otherwise, the nominee shall, on the death of the holder of the shares or debentures, the nominee shall, on the death of the joint holder becoming entitled to all the rights in such shares or debentures or as the case may be, all the joint holders in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner, as may be prescribed under the Act."

BORROWING POWERS

18.

- a) The Directors may, from time to time at their discretion, by means of a resolution passed at their meeting borrow, or secure the payment or any sum or sums of money for the purpose of the Company, provided that the Directors shall not contravene the provisions of the Act.

Provided further that no debt incurred or security given in the excess of limit imposed by the Act shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when the debt was incurred or security given that the limit hereby imposed had been or was hereby exceeded.

- b) The Director may raise, or secure the repayment of, any sum or sums in such manner and upon such terms and conditions in all respects as they may think fit and in particular by creation of any mortgage or charge on undertaking on the whole or any mortgage or charge on undertaking on the whole or any part of the property of the Company, present or future or on the uncalled capital of the Company or by the issue of bonds, debentures or debenture-stock of the Company, perpetual or redeemable, charged upon all or any part of the property of the Company, both present and future, including its uncalled capital for the time being.
- c) Subject to the provisions of the Act and Companies (Acceptance of Deposits) Rules, 1975. The Directors may receive deposits on such term and bearing interest at such rates as the Directors may decide from time to time. The deposits may be received from any person or persons including the Directors and the shareholders of the Company.
- d) The Directors shall cause a proper register to be kept in accordance with the provisions of the Act or charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act with regard to the registration of mortgages and charges. The register of charges kept in pursuance of the Act shall be open during business hours, subject to reasonable restrictions as the Company in General Meeting may impose so that not less than two hours in each day are allowed for such inspection to any creditor or member of the Company without fee and to any other person on payment of a fee or Rs.1/- for each inspection at the registered office of the Company.

DEBENTURES

19. The company shall have power to issue debentures in accordance with the provisions of the Act. Debentures, Debenture-stock, bonds or other Securities conferring the right to allotment of or conversion into shares or the option of right to call or allotment of shares shall not be given except with the sanction of the company in General Meeting.

GENERAL MEETING

20.

- a) All General Meetings other than the Annual General Meeting of the Company shall be called Extraordinary General Meetings.
- b) The Board may, whenever it thinks fit, call an Extraordinary General Meeting.

- c) 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 member of the company may call an Extraordinary General Meeting in the same manner as nearly as possible as that in which such a meeting a may be called by the Board.
- d) Extraordinary General Meetings may be called by the member under provisions of Section 169 of the Act, and under conditions mentioned therein.

A) Notices for General Meetings

21.

- a) A General Meeting of the Company may be called by giving not less than twenty-one days notice in writing or after giving such shorter notice as provided for in Section 171(2) of the Act.
- b) Notice of every meeting of the Company shall be given:
 - (i) to every member of the Company;
 - (ii) to the persons entitled to a share in consequence of the death or insolvency of a member;
 - (iii) to the Auditor or Auditors for time being, of the Company, in the manner provided for in Section 172 of the Act.
- c) Accidental omission to give notice to, or the non-receipt of notice by any member or other person, to whom it should be given, shall not invalidate the proceedings of the meeting.

B) Contents of Notice

22.

- a) Every notice of the meeting of the Company shall :
 - i) specify the place, date and time of the meeting; and
 - ii) contain a statement of the business to be transacted thereat.
- b) The form of proxy shall be a "two-way-proxy" as given in IX Schedule of the Companies Act, 1956, enabling the share holders to vote for /against any resolution.
- c) The Company shall, in the case of a resolution to be moved as a Special Resolution, duly specify in the notice calling the General Meeting or other intimation given to the member of the intention to propose the resolution as a special resolution.
- d) The Company shall on compliance with Section 290,225,262 and 284 of the Act, give to its members notice of resolution requiring special notice at the same time 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 circulation in the State in which the registered office is situated not less than 21 days before the meeting.

- e) Subject to the provisions of Section 225 and 284 of the Act, the receipt of representation, if any made under Section 225 of the Act by a retiring Auditor or under Section 284 by a Director sought to be removed from office as a Director, must be stated in the notice of meeting given to the members of the Company, if the representations are received in time.

C) Document to be annexed to the Notice

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- a) Where any items of business to be transacted at the meetings are deemed to be special in accordance with the provisions of the Act, a statement setting out all material facts concerning each such item of business, including in particular the nature and extent of interest if any therein of every Director, shall be annexed to the notice of the meeting.
- b) Where any item of business consists of the accordence of approval to any document by the meeting the time and place where the document can be inspected shall be specified in the statement mentioned above.
- c) A Copy of every balance sheet including the profit and loss account, 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 not be less than twenty one days before the date of the meeting, be sent to every member of the company in accordance with the provisions of Section 219(1) of the Act

24. A copy of the representation, if any, made under Section 225 of the Act by retiring auditor or under section 284 of the Act by a Director sought to be removed from office, shall be sent to the members of the Company as provided for in Section 225 of the Act.

25. Subject to the provisions of Section 188 of the Act, members resolution shall be circulated to the members of the Company entitled to receive notice of the Annual General Meeting.

26. The Company shall duly keep and maintain all the Registers at the Registered Office in accordance with the Provisions of the Act. Where under any provisions of the Act, any person whether a member of the Company or not, is entitled to inspect any register, return, certificates, deed, instrument or document required to be kept or maintained by the Company, the person so entitled to inspection shall be permitted to inspect the same during the hours of 11 A.M. to 1 P.M. on such business days as the Act requires them to be open for inspection.

The Company may, after giving not less than Forty two days previous notice by advertisement on some newspapers, circulating in the districts of the office, close the register of members, or the register of debenture-holders, as the case may be, for any period not exceeding thirty days at any one time.

D) Representation at Meetings

27

- a) A body corporate (whether a company within the meaning of this Act or not) may, if it is a member of the company by resolution of its Board of Directors or other governing body, authorise such person as it thinks fit, to act as its representative at any meeting of members of the Company or at any meeting of any class of members of Company.
- b) The person authorized by the resolution as aforesaid, shall be entitled to exercise the same right and powers, including the right and powers, including the right to vote by proxy, on behalf of the body corporate, which he represents, as that body could exercise if it were a member.

28.

- a) Any member of the company entitled to attend and vote a meeting of the Company shall be entitled to appoint another person or persons, whether a member or not, as his proxy, to attend and vote instead of himself and the proxy so appointed shall have no right to speak at the meeting, provided, however, the instrument appointing a proxy shall be deemed to confer authority to demand or joint in demanding a poll.
- b) The instrument appointment proxy and the power of attorney or authority, if any under which it is signed or a notary certified copy of that power of authority shall be deposited at the registered office of the Company not less than 48 hours before the time of 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 appointed time for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
- c) An instrument appointing a proxy shall not be questioned, if it is in the form of a Two-way proxy as set out in Schedule IX of the Act.
- d) A vote given in accordance with the terms of an instrument of proxy shall be valid, with standing not the previous death or insanity the principal or the revocation of the proxy or of the authority under which the proxy was executed or the transfer of the shares in repeat of the shares in respect of which the proxy is given.

Provided that no intimation in writing, of such death, insanity, revocation of 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.

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

E) Quorum

29.

- a) No business shall be transacted at any General Meeting unless a quorum of members is present at the time within the meeting proceeds to transact business. Five members present in person shall be a quorum.
- b) If within half an hour from the time appointed for holding a meeting of the Company quorum is not present, the meeting if called upon the requisition of members, shall stand dissolved.
- c) In any other case the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at other time and place as the Board may determine.
- d) 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, not being less than two, shall be quorum.

F) CHAIRMAN OF MEETINGS

30.

- a) The Chairman, if any, of the Board shall preside as Chairman at every General Meeting of the Company.
- b) If there is no such Chairman, or if he is not present within fifteen minutes after the time appointed for holding the meeting no Director is willing to act as Chairman if no Director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their own to be chairman if the meeting in accordance with the provisions of Section 175 of the Act or any statutory modifications thereof.
- c) If at any meeting no Director is willing to act as Chairman or if no director or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their own to be Chairman of the meeting in accordance with the provision's of Section 175 of the Act or any statutory modifications thereof.
- d)
 - i) 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 form time to time and from place to place.
 - ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place
 - iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
 - iv) Save as aforesaid, it shall not be necessary to give any notice of any adjournment or of the business to be transacted at any adjourned meeting.

- e) Any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.
 - f) Where a resolution is passed at any adjourned meeting of the Company, the resolution shall for all purpose 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.
- 31.
- a) On a show of hands every member present in person shall have one vote and on a poll, the voting rights of members shall be as laid down in Section 87 of the Act.
 - b) Voting rights shall be exercised in accordance with the provisions of Section 42, 87, 88, 89, 92, 117, 178, 179, 180, 182, 183, 184 and 185 of the Act or any statutory modifications thereof and Regulation hereunder read with Section 181 of the Act.
 - c) In the case of joint-holder, the vote of the senior who tenders 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 stand in the register of members.
 - d) 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.
 - e) No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
 - f) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected is to be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.
32. In giving notice of an intention to propose a resolution as a special resolution as a special resolution the Company shall have regard to the provisions of Sections 17, 21, 25(2), 31, 99, 100, 146, 208, 224A, 237, 309, 314, 323, 370, and 484 of the Act or any statutory modifications thereof.

DIRECTORS AND BOARD OF DIRECTORS

- 33.
- a) Unless otherwise determined by the Company in General Meeting the number of Directors elected the share-holders shall not be less than 3 or more than 12 inclusive of the ex-office Directors, nominee directors, whole-time directors, technical directors, special Directors, debenture directors, alternate directors, additional directors, corporate directors, co-opted directors and finance director, if any
 - b) Only an individual and not a body Corporate, association, or firm shall be appointed Director of the Company.

- c) Subject to the provisions of Section 252, 255 and 259 of the Act, the Company may in General Meeting reduce the number of Directors fixed by regulation 33 (a).
- d) At the date of adoption of these Articles the following persons are the Directors of the Company, namely:
1. S. RAGHAVA RAO
 2. J. GRAM
 3. CH. HARINATH
- e) The Board of Directors may appoint one or more among them as Managing Director, Joint Managing Director, Wholetime Director(s) and fix the remuneration payable to such Managing Director(s) subject to the approval of the Central Government under Section 269 of the Act and Schedule XIII of the Act.
- f) The Board of Directors shall have power to appoint Additional Directors provided such additional Directors shall hold office only; upto the date of the next Annual General Meeting of the Company and provided further that the number of directors and additional directors together shall not exceed maximum strength fixed for the Board by the Articles.
34. Subject to the provisions of Section 262 of the Act or any statutory modifications thereof, the Board of Directors shall have the power to fill up casual vacancies.
35. Subject to the provisions of Section 313 of the Act or any statutory modifications thereof, the Board of Directors shall have power to appoint a person as Alternate Director during the absence of any Director for a period of not less than three months in the State in which meetings of the Board are ordinary held.
36. Withstanding not anything to the contrary contained in these Articles, so long as monies remain owing by the Company to the Andhra Pradesh State Financial Corporation (A.P.S.F.C), Andhra Pradesh Industrial Development Corporation (A.P.I.D.C), Industrial Development Bank of Bank of India (I.D.B.I), Industrial Finance Corporation of India (I.F.C.I) and Industrial Credit and Investment Corporation (I.C.I.C.I) TO ANY OTHER Financing Company or Body or Bank out of any loans granted by them to Company or so long as APSFC, APIDE, IDBI, IFCI, ICICI or any other Finance Corporation or Credit Corporation or any other shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of anuguarantee furnished by the Corporation on behalf of the Company outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Directors, whole-time or non whole-time which director or directors is/are hereinafter referred to as Nominee Directors on the Board of Company and to remove from such office any such person or persons and appoint another or other in his or their places.

The Board or Directors of the Company shall have no power to remove from office the Director(s). Also at the option of the Corporation, such Nominee Director(s) shall not be liable for retirement by rotation of directors. The nominee director(s) have the same rights and privileges and be

subjected 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 monies remain owing by the Company to the Corporation or so long as the corporation holds shares in the Company as result of underwriting or direct subscription or the liability of the company arising out of the guarantees is out-standing and the Nominee Directors so appointed in exercise of the said power shall if so fact vacate such office immediately the monies owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold shares in the Company or on the satisfaction of the liability of the Company arising article shall had entitled to receive all notices of the attend all general Meetings, Board Meetings and 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) who are not wholetime directors, sitting fee and expenses which the other Directors of the Company are entitled, but if any other fees, commission, monies and remuneration in relation to such Nominee Directors shall accrue to the Corporation the same shall accordingly be paid by the company directly to the Corporation or such Nominee Director(s) in connection with their appointment or Directorship shall be paid or reimbursed 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, the sitting fee, in relation to such Nominee Director(s) shall also accrue to the Company shall accordingly pay the Corporation and the same directly to the Corporation. In the event of the Nominee Director(s) being appointed as wholetime Director(s), such Nominee Director(s) shall exercise such powers and have such right as are usually exercised or available to a whole-time Director(s) in the management of the affairs of the Company, such whole-time Director shall be entitled to receive such remuneration, fee, commission and monies as may be approved by the corporation.

37. A person who is not a retiring director shall not be appointed Director of the Company unless he has by himself or by his agent authorized in writing signed and filed with the Registrar his consent in writing to act as such Director.
38. No Director shall be required to hold any share qualification.
39. The office of a Director shall be vacated in the circumstances stated in section 274 of the Act.
40. The Company shall comply with the provisions of Section 297 and 299 of the Act, in entering into contracts with a Director.
41. Acts done by a person as a director shall be valid notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or has terminated by virtue of any provisions in the Act or in the Articles, provided that nothing in the Act shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.
42. Every Director shall have such rights and powers as are provided for in sections 209, 284, 286, 289 and 320 of the Act.

43. Every Director shall discharge duties as are provided for in Section 270, 305, 308 and 393 of the Act or any statutory modifications thereof.
44. Directors shall be subject to such civil liabilities provided for in Section 275, 295, 300, 312, 314, 318, 319 and 320 of the Act or any statutory modifications thereof.
45. Directors shall be subject to the disabilities provided for in Section 275, 295, 300, 312, 314, 318, 319 and 320 of the Act or any statutory modifications thereof.
46. The Office of a Director shall be vacated :
- i) On the happening of any of the conditions provided in Section 283 of the Act of any statutory modifications thereof.
 - ii) On the contravention of the provisions of section 314 of the Act of any statutory modifications thereof.
 - iii) If a person is Director of more than 20 companies at a time.
 - iv) If he is disqualified under Section 274 of the Act or any statutory modifications thereof.
 - v) In case of alternate Directors, on return of the original Director, to the state, under the provisions of Section 313 of the Act or any statutory modifications thereof.
 - vi) On resignation of his office by notice in writing.
- 47 Subject to the provisions of the Act, a director maybe appointed as Manager or Secretary of the company.
- 48
- a) At Annual General Meeting one third of such of Directors for the time being are liable to retire by rotation or if there number is not 3 or multiple of 3, then the number nearest to one- third shall retire from office. .
 - b) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since there last appointment but as between persons who became Directors on the same date, those who are to retire shall, in default of and subject any agreement amongst themselves, be determined by lot.
 - 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) If the place of the retiring Director is not filled-up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day, in the next week at the same time and place or if that day is public holiday at the same time and place.
 - e) If at the adjourned meeting also the place of the retiring Director is not filled-up that meeting

also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless.

- i) At the meeting or at the previous meeting a resolution for the appointment of such Director has been put to the meeting and lose.
 - ii) The retiring Director has by notice in writing addressed to the Company or its Board of Directors expressed his unwillingness to be so recommended.
- f) A resolution, whether special or ordinary, is required for his appointment by virtue of any provisions of the Act.

PROCEEDINGS OF THE BOARD

49.

- a) The Board of Directors may meet for the dispatch of business, adjourned and otherwise regulate its meetings as it thinks fit, provided however the Board shall meet once in every three months in accordance with Section 285 of the Act or any statutory modifications thereof.
- b) The Chairman or the Managing Director (s) may at any time and shall, on the requisition of two Directors, summon a meeting of the Board.
- c) the Board shall cause, notice to be circulated to every Director of the Company who is for the time being in India in accordance with Section 286 of the Act or any statutory modifications thereof.
- d) The quorum for meetings of the Board shall be two Directors or one third of its total strength whichever is greater as provided for in Section 287 of the Act.
- e) The continuing Director may act notwithstanding any vacancy in its Board but if and so long as their number, is reduced below the quorum, fixed by Act for meeting of the Board, the Continuing Director or Directors may act for the purpose of increasing the number of Directors to that fixed for their quorum or for summoning a General Meeting of the company, but for no other purpose.
- f) The questions arising at any meeting shall be decided by a majority of votes.
- g) Save as otherwise expressly provided by the Act a resolution in writing signed by all the members of the Board or of committee, thereof for the time being entitled to receive notice of a meeting of the Board or Committee, shall be as valid and effective as if it has been passed at a meeting of the Board or Committee duly convened and held.
- h) All acts done at any meeting of the Board or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of directors or persons acting as aforesaid or that there or that they or he or any of them were or was disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

i) The Company shall cause to be kept minutes of all proceedings at meetings of its Board of Directors or of Committee of the Board. The minutes of each meeting shall contain a fair and correct summary of the proceeding thereof. All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meetings. The minutes shall also contain:-

i) the names of the Directors present at the meeting; and

ii) In the copy of each resolution passed at the meeting, the names of Directors, if any dissenting therefrom or not concurring in the resolution.

iii) The Directors shall cause to be kept a Register of Directors in accordance with the provisions of Section 309 of the Act. The Register aforesaid shall be open to inspection by any member of the public at any time during office hours on payment of the prescribed fee. The company shall also keep a Register of Directors share holding giving the particulars required by Section 37 of the Act, and otherwise conforming to the provisions of the section.

GENERAL POWERS OF THE BOARD OF DIRECTORS

50.

a) The Board of Directors shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorized to exercise and do provided that the Board shall not exercise any power or do any act or thing, which is directed or required by the Act or any other provision of law or by the Memorandum of Association of the company or by these Articles to be exercised or done by the company in General Meeting.

Provided further that in exercising any such powers or doing any such act or thing, the Board shall be subject to the provisions contained in that behalf in the Act or any other provisions of law of the Memorandum of Association of the Company or these Articles or any regulations not inconsistent therewith and duly made thereunder, including regulation made by the Company in General Meeting.

b) No regulation made by the company in general meeting shall invalid any prior act of the Board, which would have been valid, if that regulation had been made.

SPECIFIC POWERS OF THE BOARD

51. Without prejudice to the general powers, the Board shall have the following specific powers.

a) To carry out the objects and exercise the powers contained in Clause of the Memorandum of Association of the Company.

b) To have the superintendent, control and direction over Managing Director, Managers, Wholetime Directors and all other officers of the company.

c) To delegate, subject to the provisions of the Act, any or all of the powers hereby conferred upon them, to the Managing Directors or such person or persons as there may from time to time

think fit and the Managing Directors or such person or persons shall have power to sub-delegate such powers at their discretion.

i) power to borrow money otherwise than on debentures.

ii) The power to invest the funds of the Company.

iii) The power to make loans.

Provided however that every resolution delegating the power in clause (I) shall specify the total amount up to which money may be borrowed by the delegate; every resolution delegating the power referred to in clause (iii) shall specify the total amount upto which loans may be made, and the maximum amount of loans which may be made for each such purpose in individual cases;

d) To provide for the management of the affairs of the Company in any specified locality in outside India and to delegate to person incharge of the local management such powers to exceeding those which are delegatable by the Directors under these regulations).

e) To appoint, at any time and form time to time, by a power of attorney under seal, any person to be the attorney of the attorney of the company for such purposes and with such powers and discretions (not exceeding those which are delegatable by the Directors under these presents and for such period and subject to such conditions as the Board may think fit from time to time.

f) The acquire by lease, mortgage, purchase or exchange or otherwise any property, rights or privileges which the Company is authorised to acquire, at any such prices generally on such terms and conditions as the Board may think fit and to sell, let, exchange or otherwise purpose of absolutely or conditionally, any property, rights or privileges and undertaking of the company upon such terms and conditions and for such consideration as they think the subject however to the restrictions imposed on the Board by Section 293 of the Act or any statutory modification thereof.

g) To open any account or accounts with such Bank or Banks as the Board may elect or appoint, to operate on such accounts, to make sign, draw, accept, endorse, or otherwise execute all cheques, promissory notes, drafts, hundies, orders, bills of exchange, bills of landing and other negotiable instruments, to make and give receipts, releases and other discharges for money payable to the Company to make contracts and to execute deeds.

h) To appoint officer(s), clerks and servants for permanent, temporary or special services as the Board may form time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require security in such instances and to such amount as the Board may think fit and to remove or suspend any such officers, clerks and servants.

i) To sanction, pay and reimburse to the officers to the company in respect of any expenses occurred by them on behalf of the Company.

l) To invest and deal with any of the money of the Company, to vary to release such investment, subject to the provisions of Section 42, 49, 77, 292, 293 and 295 read with section 370, 372

and 373 of the Act or any statutory modifications thereof.

- k) To refer claims or demands by or against the Company to arbitration in accordance with the provisions of Section 389 of the Act or any statutory modifications thereof and observe and perform any awards made thereon.
- l) To institute conduct, defend compound or abandon any legal proceeding by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment of satisfaction or any debt dues and of claims or demands by or against the Company and to appoint Solicitors, Advocates, Counsel and other legal advisors for such purposes or for any other purposes and settle and pay their remuneration.
- m) To act on behalf of the Company in all matters of insolvency in which the Company is interested.
- n) To pay and give gratuity, pensions and allowances to any person including any Director to his widow, children or dependents, that may appear to the Directors, just or proper whether any such person, widow, children or other dependents have or not a legal claim upon the Company and whether such person is still in the service of the company or has retired from its service, or to make contributions to any funds and pay premiums for the purchase of or make provisions of any such gratuity, pension or allowance.
- o) To establish, maintain, support and subscribe to any charitable or public object or any society, institution or club which may be for the benefit of the Company or its employees.
- p) To set aside portions of the profits of the Company to form a fund or funds before recommending any dividends for the objects mentioned above.
- q) To make and amend as and regulations concerning the manner of payment of the contributions of the employees and the Company respectively to any such fund and employment, suspension and forfeiture of the benefits of the said fund and the application and disposal thereof and otherwise in relation to the working and management of the said fund as the directors shall from time to time think fit.
- r) To exercise the powers conferred by Section 50 of the Act, with regard to having an official seal for use aboard.
- s) To exercise the powers conferred on the Company by Section 157 and 158 of the Act with regard to the keeping of foreign registers.
- t) To authorize any persons to sell any goods or articles manufactured or produced by the Company or to purchase, obtain or acquire machinery, stores, goods, or material for the purpose of the Company, or to sell the same when no longer required for the those purposes.
- u) To exercise other powers referred to under these regulations not specifically mentioned in this regulation but referred to in other regulations in these Articles.

- v) To delegate any or all of the powers hereby conferred upon them to such person or persons as they may from, time to time think fit.
- w) To re-open the accounts in consultation with the Company's Auditors for correcting or interpretation mistakes by calling for an Extraordinary General Meeting.
- x) To recommended for distribution realized surplus realized surplus arising out of revaluation of Fixed Assets.
- y) To apply for Telephone, Telex and Grams for the Company.

52. Subject to the provisions of Section 316, 372 and 386 of the Act which require unanimous resolution of the Board of Directors, other questions arising at any meeting of the Board shall be decided for a majority of votes.

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

RESTRICTIONS ON THE POWERS OF BOARD

54.

- a) The Board shall not exercise the powers referred to in Section 293 of the Act without the consent of the Company in General Meeting and only to the extent mentioned therein or any statutory modification thereof.
- b) In the appointment of sole selling agent for the Company for any area, the Board shall conform to the provisions of Section 294 and 294-A of the Act or any statutory modifications thereof, and the Companies (Appointment of sole selling Agents) Rules, 1975.
- c) in giving loans to Directors and other persons mentioned in Section 295(1) of the Act, the Board shall conform to the provision of that section or any statutory modifications thereof.

MANAGEMENT

55. The Management Director(s) shall be responsible for carrying on and conducting the business of the Company subject to the supervision, direction and control of the Board of Directors. In the conduct and management of the said business, the Management Director(s) may exercise such powers, authorities and discretion's, as may, from time to time, be vested in them under an agreement or delegated to them by the Board of Directors.

SECRETARY

56. The Company shall, subject to the provisions; of the Act, appoint a Secretary.
57. The Management Director(s) of the Company may, subject to the provisions of Sections 198, 310 and 311 of the Act receive remuneration either by way of monthly payment or by way of specified percentage not exceeding 5% of the profit of the Company calculated in the manner laid down in Section 349 and 250 of the Act or partly by the one way and partly by the other.
58. The Directors shall from time to time decide the sitting fees for the attendance of the Board Meeting as per Rules and Regulation prescribed in Section 310 of the Companies Act, 1956.
59. The Directors may fix fee to be paid to any Director for attending a meeting; of the Sub-Committee but it shall in no case exceed the limits specified under the provisions of Section 310 of the Act.
60. The Directors may be paid all traveling hotel and other expenses properly incurred by them (a) in attending and returning from meeting of the Board of Directors or any Committee thereof or General Meetings of the Company, or (b) in connection with the company's business.
61. If any Director being willing, shall be called upon to perform extra services or to make any special exertions or in negotiating or carrying into effect any contract or arrangements by the Company, otherwise for any purpose of the Company or act as trustee for the Company or; its debenture-holders, and shall do so, the Company may remunerate such Director either by a fixed sum and/or percentage or profits or otherwise, as may be permissible under the Act.

AUDIT

62. Auditor(s) shall be appointed and for their duties regulated in accordance with Sections 224 to 235 of the Act, both inclusive and any statutory modification hereof.

SEAL

63. The Directors shall provide a Common Seal for the purpose of the company and shall have power from time to time, to destroy the same and substitute a new seal in lieu thereof.
64. The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or a Committee of the Board authorized by it in that behalf. Every instrument to which the Seal is affixed shall be signed by two Directors of whom the Managing Director is one and other such officer appointed by the Board for that purpose.
65. The Company in General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.
66. The Board may be from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

67. a) The Company shall transfer to reserve such of percentage of profits for the year as prescribed under Companies (Transfer of Profit to Reserves) Rules, 1975 as amended from time to time.
- b) The Board may also carry forward any profit, which may think prudent no to divide.
- c) Subject to the rights of the persons, if any, entitled to a share 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 where of the dividends is paid, but it and so long as the holding is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of shares.
- d) No amount paid or credited as paid on a share on advance of calls shall be treated for the purpose of this regulation as paid on the shares.
- e) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portion 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, share shall rank for dividend accordingly.
68. 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.
- 69.
- a) Any General Meeting declaring a dividend or bonus may direct payment of such dividend or bonus and Board shall give effect to the resolution of the meeting subject to the provisions of the Act.
- b) Where any difficulty arises in regard to such distribution, the Board may settle the same as it thinks expedient, and in particular may issue fractional certificates, and fix the value for distribution of such specific assets or any part thereof any made determine that cash payments shall be made to any member upon the footing of the values so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seen expedient to the Board.
- c) Any dividend interest or other money payable in cash in respect of shares may be paid by cheques or warrant sent throughout the post directed to the registered address of the holder or, in case of joint-holders to the registered address of that one of the joint-holders who is first named on the register of members, or to such person and to such address as the holder or joint-holders may in writing direct.
- d) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
- e) Any one of the two or more joint-holders of a share may give effectual receipts for any dividends, bonuses or other monies payable in respect of such shares.

- f) 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.
- g) No dividend shall bear interest against the Company.
- 70. Any Annual General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixed, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend, if so arranged between the Company and the member set-off against the call. The making of a call under this clause shall be deemed ordinary business of an Annual General Meeting, which declares a dividend.
- 71. No dividend should be paid in respect of any share except to the members registered in respect of such share or to his order. A transfer or share shall not pass the right to a dividend declared thereon before the registration of the transfer by the Company.
- 72. The Board shall transfer the unpaid dividends in accordance with the provisions of the Act and also as contained in Companies Unpaid Dividends (Transfer to General Reserve of Central Government) Rules, 1978 as amended from time to time. No unclaimed dividend shall be forfeited by the Board of Directors of the Company unless it becomes barred by law. The Company shall comply with all provisions of Section 205-A of the Act.

CAPITALISATION OF PROFITS

73.

- a) The Company in General Meeting may upon the recommendation of the Board, resolve:
 - i) that is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and,
 - ii) that such sum be accordingly set free for distribution in the manner specified in clause (b) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- b) The sum aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause © either in or towards:
 - i) paying up any amounts for the time being unpaid on any shares held by such members respectively;
 - ii) paying up in full, unissued shares of the Company to be allotted and distributed, credited as, fully paid-up, to and amongst such members in the proportions aforesaid; or
 - iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii)
- c) A share premium account and a capital redemption reserve account may, for the purpose of this regulation, only be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares.

d) The Board shall give effect to the resolution passed by the Company in pursuance of the regulation.

74.

a) Whenever such a resolution as aforesaid shall have been passed, the board shall:

i) make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and, make allotments and issue fully paid such a resolution.

b) The Board shall have full powers:

i) 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

ii) To authorize any person to enter on behalf of the all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further share or debentures to which they 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 profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares.

c) Any agreement made under such authority shall be effective and binding on all such members.

ACCOUNTS

75. The Company shall comply with the provisions of Section 209 to 221 of the Act with regard to the keeping of Accounts, preparation of Balance Sheet and Profit and Loss Account.

76.

a) 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 of them shall be open to the inspection of member not being Directors.

77. Subject to Article 51(w) a, the account prepared by the Directors, when audited and approved by an Annual General Meeting, shall be conclusive.

WINDING UP

78. If the Company shall be wound up, and the assets available for distribution among the members as such, shall be insufficient 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 the winding up on the shares held by them respectively. And if in a winding up the assets, available for distribution among the members, shall be more than sufficient the whole of, to repay 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, paid up or

which ought to have been paid up on the shares held by them respectively, without prejudice to the rights of the holders issued upon special terms and conditions.

79. If the Company shall be wound up, whether voluntarily or otherwise, the liquidators may, with the sanction of a special resolution, divide among the contributors, in specie or kind any part of the assets of the Company in trustees upon such trusts for the benefit of the contributors or any of them, as the Liquidators, with the like sanction, shall think fit, but that no member shall be compelled to accept any shares or other securities whereon there is any liability.

SECURITY

80. Every Director, Secretary, Manager, Auditor, Trustee, Member of Committee, Officer, Servant, Agent, accountant or other person employed in the business of the Company shall before entering upon the duties sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Company with consumers and the state of accounts with individuals and in all matters, relating thereto and shall be such declaration pledge himself not reveal any of the matters which may have come to his knowledge in the discharge of his duties except when required to do so by any meeting of the shareholders by a Court of Law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions of these articles.
81. Any director or officer of the Company shall be entitled, if he thinks fit, to decline to answer any question concerning the business of the Company which may be put to him on any occasion including any meeting of the company on the ground that the answer to such question would disclose or tend to disclose the trade secret of the Company.
82. Any officer or employee of the Company proved to the satisfaction of the Board Directors to have been guilty of disclosing the secrets of the company shall be liable to instant dismissal without notice and payment of damages.

INDEMNITY

- 83.
- a) Every Director of the Company, Manager, Secretary and other officer or employee of the company shall be indemnified by the Company against and it shall be the duty of the Directors to pay out of the funds of the Company costs, losses and expenses (including traveling expenses) which any such Director, Officer or employee may incur or become liable to by reason of any contact entered into or act or deed done by him as such Directors, officer or employees in any way in the discharge of his duties.
 - b) Subject to as aforesaid every, Director, Manager, Secretary or other officer of the Company shall be indemnified against any liability incurred by him in defending any proceeding, whether civil or criminal in which judgment is given in his favor or in which he is acquitted or in connection with any application under Section 633 of this Act in which relief is given to him by the Court.

84. No Director, Auditor or other officer of the Company shall be liable for the acts receipts or defaults or any other Director or Officer, for joining in any receipts or other Act for conformity, or for any loss or expenses happening to the Company through the insufficiency, or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the sufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency of tortuous act of any person with whom any money, securities or effects shall be deposited or for any loss occasioned by any error or judgment, omission, default or oversight on his part for any other loss, damage or misfortune whatever which shall happen in relation to the execution of the duties of his office or in relation thereto unless the same happens through his own dishonesty.

75. The Company shall comply with the provisions of Section 209 to 221 of the Act with regard to the keeping of Accounts, preparation of Balance Sheet and Profit and Loss Account.

76. The Board shall from time to time determine whether and to what extent and under what conditions the accounts and books of the Company shall be open to the inspection of member not being a Director.

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We the several persons whose names and addresses are hereunder subscribed are desirous of being formed into a Company in pursuance of this Articles of Association:

Sl. No	Names, Address, Descriptions and occupations of subscribers with their Signature	Name, description, address and occupation of Witness with Signature
1.	S. RAGHAVA RAO S/o. S.V. SUBBA RAO 293/82/A/1194 Jubilee Hills Hyderabad – 500 027 Occupation: Business Sd/-	Sd/-
2.	JONNALAGADDA GRAM S/o. RAMALINGAIAH 8-2-248/A, Road No. 3 Banjara Hills, Hyderabad – 500 027 Occupation: Business Sd/-	G. PURNACHANDRA RAO S/o GOPALA KRISHNAMURTHY 6-3-661/B Somajiguda Hyderabad – 500 082 CHARTERED ACCOUNTANT
3.	CHAVA HARINATH S/o. GOPALA KRISHNA 8-3-319/22/A1 Panchavati Apartments Ameerpet Hyderabad – 500 016 Occupation: Business Sd/-	

Date: 14.7.1999

Place : Hyderabad.