

## **ARTICLES OF ASSOCIATION OF AVANTEL LIMITED**

### *Interpretation*

1. The regulations contained in Table F in the First Schedule to the Companies Act, 2013 shall apply to the Company except so far as they are contrary to the following Articles, which shall be the regulations for the management of the Company. In the event of any conflict between these Articles and the Regulations in Table F, these Articles shall prevail.

#### **2. INTERPRETATION CLAUSE:**

- (1) In these regulations, the following words and expressions shall have the following meanings unless excluded by the subject or context:-

(a) “the Act” means the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force and any previous Company law, so far as may be applicable.

(b) “articles” means these Articles of Association or as altered from time to time.

(c) “beneficial owner” shall have the meaning assigned thereto by Clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.

(d) “board of directors” or “board” means the collective body of the directors of the company;

(e) “the Company” when used with reference to this Company, shall mean “Avantel Limited”.

(f) “common seal” means the common seal of the Company.

(g) “Depositories Act, 1996” shall include any statutory modification or re-enactment thereof for the time being in force

(h) “Depository” shall mean a depository as defined in clause (e) of sub-section (1) of section 2 of the Depositories Act, 1996 ;

- (i) "director" means a director appointed to the Board of a company and includes Alternate Director.
- (j) "dividend" includes any interim dividend.
- (k) "In writing" includes printing, lithography, typewriting and any other usual substitutes for writing.
- (l) "member" in relation to a company, means—
- (i) the subscriber to the memorandum of the company who shall be deemed to have agreed to become member of the company, and on its registration, shall be entered as member in its register of members;
  - (ii) every other person who agrees in writing to become a member of the company and whose name is entered in the register of members of the company;
  - (iii) every person holding shares of the company and whose name is entered as a beneficial owner in the records of a depository;
- (m) "memorandum" means the memorandum of association of a company as originally framed or as altered from time to time in pursuance of any previous company law or of this Act.
- (n) "Month" shall mean an English Calendar Month.
- (o) "paid-up share capital" means such aggregate amount of money credited as paid-up.
- (p) "Person" shall include any partnership, association, corporation, company as well as individuals.
- (q) "The Register" means Register of Members to be maintained by the Company as required under Section 88 of the Companies Act, 2013 and where shares are held in dematerialized form, includes the Register of beneficial owners maintained by a Depository.
- (r) "Registrar" means a Registrar, an Additional Registrar, a Joint Registrar, a Deputy Registrar or an Assistant Registrar, having the duty of registering companies and discharging various functions under this Act.
- (s) "share" means a share in the share capital of a company and includes stock.
- (t) "subscribed capital" means such part of the capital which is for the time being subscribed by the members of a company.

(u) “Special Resolution” shall have the meaning assigned thereto by Section 114 in the Act.

(v) “Whole-Time Director includes a director in the whole-time employment of the company.

(w) Words importing the singular shall include the plural and words importing the plural shall include the singular.

(x) Words importing the masculine gender shall include the feminine gender and vice-versa.

(2) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

### ***Share capital and variation of rights***

#### ***Allotment of shares***

3. Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.

#### ***Share certificates***

4.(i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided -

(a) one certificate for all his shares without payment of any charges or

(b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

(ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.

(iii) 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;

Subject as aforesaid, where more than one share is so held, the joint holders shall be entitled to apply jointly for the issue of several Certificates in accordance with Article 4 (b) above.

5. (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back 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 is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of such fee as the Board thinks fit, not exceeding fifty rupees per certificate.

PROVIDED THAT such new certificate shall not be given except upon delivery of the worn out or defaced or used up certificate for the purpose of cancellation, or upon proof of destruction or loss, on such terms as to evidence, advertisement and indemnity and the payment of out of pocket expenses as the Board may require in the case of the certificate having being destroyed or lost.

(ii) The provisions of Articles (4) to (5) shall *mutatis mutandis* apply to debentures of the company.

### ***Trust not recognized***

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

### ***Power to pay commission***

7. (i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, 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 that section and rules made thereunder.

(ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.

(iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

(iv) The company can also pay on any issue of shares or debentures brokerage not exceeding such rate as may be prescribed.

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

8. (i) 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 section 48, 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.

(ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.

(iii) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

### ***Issue of preference shares***

9. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

## *Lien*

### *Company's lien on shares*

**10.** (i) The company shall have a first and paramount lien—

(a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

(b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:

Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

Unless otherwise agreed the registration of transfer of shares shall operate as a waiver of the Company's lien if any on such shares.

(ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.

### *Enforcing lien by sale*

**11.** The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:

Provided that no sale shall be made—

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

**12.** (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 holder of the shares comprised in any such transfer.

(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

### *Application of proceeds of sale*

**13.** (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.

(ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

### ***Calls on shares***

#### ***Notice of Call and Payment in installments:***

**14.** (i) Subject to the provisions of Section 49 of the Act and the rules made thereunder, the Board may, from time to time, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof, made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board of Directors.

(ii) Not less than fourteen days notice of any call shall be given specifying the time and place of payment provided that before the time for payment of such call the Directors may notice in writing to the members extend the time for the payment thereof.

(iii) If by their terms of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times whether on account of the shares or by way of premium every such amount of installment shall be payable as it were a call duly made by the Directors and of which due notice had been given and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.

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

#### ***When Interest on Call Payable:***

**15.** 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 ten per cent per annum or at such lower rate, if any, as the Board may determine. The Board shall be at liberty to waive payment of any such interest wholly or in part.

#### ***Liability of Joint Holder of Shares***

**16.** The joint holders of a share shall be jointly and severally liable for the payment of all installments, calls and interest and expenses, if any due in respect of such share or shares.

#### ***When Call deemed to have been made:***

**17.** (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 purposes 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.

(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 sum had become payable by virtue of a call duly made and notified.

#### ***Payment of Calls in Advance:***

**18.** The Board—

(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

- (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate (not exceeding without the sanction of the company in general meeting 12% per annum) as may be agreed upon between the Board and the members paying the sum in advance.

### *Transfer of shares*

19. (i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.

(ii) 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.

#### *Board's right to refuse to register:*

20. The Board may, subject to the right of appeal conferred by section 58 decline to register

- 
- (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
  - (b) any transfer of shares on which the company has a lien.

#### *Form of Transfer:*

21. The Board may decline to recognise any instrument of transfer unless—

- (a) The instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;
- (b) 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
- (c) The instrument of transfer is in respect of only one class of shares.

#### *Closure of Register of Members and Register of Debentureholders:*

22. On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, 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 thirty days at any one time or for more than forty-five days in the aggregate in any year.

### *Transmission of shares*

#### *Transmission of Registered Shares*

23. (i) The executors or administrators of a deceased member (not being one of several joint holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such members and in the case of death of any one or more of the



joint holders of any registered shares, the survivors shall be the only persons recognized by the Company as having any title to or interest in such shares.

Provided that if the member should have been a member of a Joint Hindu Family, the Board on being satisfied to that effect and on being satisfied that the shares standing in his name in fact belonged to the joint family, may recognize the survivors or the Kartha thereof as having title to the shares registered in the name of such member, provided further that in any case it shall be lawful for the Board in their absolute discretion to dispense with the production of probate or letters of administration or other legal representatives upon such terms as to indemnity or otherwise as to the Board may seem just.

(ii) Nothing in Article 23(i) 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.

***Rights and Liabilities of Legal Representatives:***

24. (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—

(a) to be registered himself as holder of the share; or

(b) 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 had transferred the share before his death or insolvency.

***Notice of Election by Legal Representatives:***

25. (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 transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

(iv) A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of 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 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.

***Company's Right to Register Transfer by Apparent Legal Owner:***

**26.** The Company shall incur no liability or responsibility whatever in consequence of their registering or giving effect to any transfer of shares made or purporting to be made by 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 same shares notwithstanding that the Company may have had notice of such equitable right or referred thereto in any book of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in the books of the Company; but the Company shall nevertheless be at liberty to have regard and to attend to any such notice and give effect thereto, if the Board shall so think fit.

***Forfeiture of shares***

***If a Call or Installment not paid, notice may be given:***

**27.** If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Director may, at any time thereafter during such time as any part of such a 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.

***Form of Notice:***

**28.** The notice aforesaid shall—

- (a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the 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 time appointed, the shares in respect of which the call was made shall be liable to be forfeited.

***If Notice is not complied with shares may be forfeited:***

**29.** 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. Such forfeiture shall include all dividends declared in respect of the forfeited shares, and not actually paid before the forfeiture.

***Surrender of Share:***

**30.** The Board may accept in the name and for the benefit of the Company and upon such terms and conditions as may be agreed upon, the surrender of any share liable to forfeiture and so far as the law permits of any other shares.

***Sale of Forfeited Shares:***

**31.** (i) A forfeited or surrendered share shall be deemed to be the property of the Company may be sold or otherwise disposed of on such terms and in such manner as the Directors thinks fit and

(ii) At any time before a sale or disposal, the forfeiture may be cancelled on such terms as the Directors may thinks fit.

(iii) Where any share is so sold or dispose of by the Board and the certificate in respect thereof is not delivered upto the Company by the former holder of such share the Board may issue a new certificate for such share distinguishing it such manner as it may think fit from the certificate not so delivered up.

***Liability after Forfeiture:***

**32.** (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares, whether such claim be barred by limitation on the date of the forfeiture or not.

(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.

***Declaration of Forfeiture:***

**33.** (i) 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 therein stated as against all persons claiming to be entitled to the share.

(ii) 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. The receipt of the consideration by the Company shall constitute good title to the share.

(iii) The transferee shall thereupon be registered as the holder of the share.

(iv) The 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.

***Non-Payment of sums payable at Fixed Times:***

**34.** 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.

**Set-off Moneys Due to Shareholders:**

**35.** Any money due from the Company to a shareholder may, without the consent of such shareholder, be applied by the Company in or towards payment of any money due from him either alone or jointly with any other person, to the Company in respect of the calls.

### *Alteration of capital*

#### *Power to Increase or Reduce Capital:*

**36. (i)** The Company in its general meeting may, from time to time alter the conditions of its Memorandum of Association as follows:

- 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;

Provided that no consolidation and division which results in changes in the voting percentage of shareholders shall take effect unless it is approved by the Tribunal or such authority as may be prescribed on an application made in the manner as may be prescribed from time to time.

- c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of the denomination;
- d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division on 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 shares from which the reduced share is derived.
- e) Cancel shares which, at the date of passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

*(ii)* The resolution whereby any share is sub-divided may determine that, as between the holder of the shares resulting from such sub-division, one or more such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others.

#### *On what conditions new shares may be issued:*

**37.** Except so far as otherwise provided by the conditions of issue or by these Articles, the new shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.

#### *Conversion of Shares into Stock:*

**38.** Where shares are converted into stock,—

- (i)* the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations, as and subject to which the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

**Provided** that the Directors may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

- (ii) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
- (iii) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.

***Reduction of Capital and Reserves by the Company:***

**39.** The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,—

- (a) its share capital;
- (b) any capital redemption reserve account; or
- (c) any share premium account.

***Capitalisation of profits***

***Capitalisation of Profits:***

**40.** (i) The company in general meeting may, upon the recommendation of the Board, resolve —

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

(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—

- (A) paying up any amounts for the time being unpaid on any shares held by such members respectively;
- (B) 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;
- (C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);
- (D) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
- (E) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.

- (iii) Whenever such a resolution as aforesaid shall have been passed, the Board shall—
- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares or debentures if any; and
  - (b) generally do all acts and things required to give effect thereto.
- (iv) The Board shall have power—
- (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and also
  - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;
- (v) Any agreement made under such authority shall be effective and binding on such members.

#### ***Buy-back of shares***

41. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

#### ***General meetings***

##### ***Annual General Meeting:***

42. (i) The Company shall in each year hold in addition to the other meetings a general meeting which shall be called as its Annual General Meeting at intervals and in accordance with the provisions of Section 96 of the Act as specified below:
- a) Every Annual General Meeting shall be held within six months from the date of closing of the financial year of the Company and not more than fifteen months shall elapse between the date of one annual general meeting of a company and that of the next.
  - b) The Company may hold its first annual general meeting within a period not more than eighteen months from date of incorporation and if such a meeting is held within that period, it shall not be necessary for the company to hold any annual general meeting in the year of its incorporation or in the following year. Subject however, to the power of Registrar of Companies to extend the time by a period not exceeding three months within which such meeting (not being the first Annual General Meeting) can be held.
  - c) Every annual general meeting shall be called during business hours, that is, between 9 a.m. and 6 p.m. on any day that is not a National Holiday and shall be held either at the registered office of the company or at some other place within the city, town or village in which the registered office of the company is situated and the notice calling the meeting shall specify it as Annual General Meeting.

(ii) All general meetings other than annual general meeting shall be called extraordinary general meeting.

***Extraordinary General Meeting:***

**43.** (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.

(ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

(iii) Extraordinary General Meetings may be held either at the Registered Office of the Company or at such convenient place as the Board or the Managing Director (subject to any directions of the Board) may deem fit.

***Requisition by the Members:***

**44.** (i) The Board shall, on the requisition of such number of members of the Company as is specified below, proceed duly to call an Extraordinary General Meeting of the Company and comply with the provisions of the Act in regard to meetings on requisition.

(ii) The requisition shall set out matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company or sent to the Company by Registered Post addressed to the Company at its Registered Office.

(iii) The requisition may consist of several documents in like forms, each signed by one or more requisitionists.

(iv) The number of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold, on the date of the deposit of the requisition, not less than 1/10th of such of the paid-up capital of the Company as at the date carries the right of the voting in regard to the matter set out in the requisition.

(v) If the Board does not, within 21 days from the date of receipt of deposit of the valid requisition with regard to any matter, proceed duly to call a meeting for the consideration of these matters on a date not later than 45 days from the date of deposit of the requisition, the meeting may be called by the requisitionists themselves or such of the requisitionists, as represent either majority in the value of the paid up share capital held by them or of not less than one tenth of such paid-up capital of the Company as is referred to in Sub-clause (iv) above, whichever is less.

***Notice of General Meeting:***

**45.** A General Meeting of the Company may be called by giving not less than twenty one days notice in writing, provided that a General Meeting may be called after giving shorter notice if consent thereto is accorded by the members holding not less than 95 per cent of the part of the paid-up share capital which gives the right to vote on the matters to be considered at the meeting.

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

***Omission of Notice:***

46. The accidental omission to give notice of any meeting to or the non-receipt of any such notice by any of the members shall not invalidate the proceedings of any resolution passed at such meeting.

***Special Business:***

47. (i) All business shall be deemed special that is transacted at an Extraordinary Meeting and also that is transacted at an Annual Meeting with the exception of declaration of any dividend, the consideration of financial statements and the reports of the Directors and Auditors thereon, the election of the Directors in the place of those retiring, and the appointment of and the fixing of the remuneration of Auditors.

(ii) Where any item of business to be transacted at the meeting is deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business including in particular the nature of the concern or interest, if any, therein, of every Director and the Manager, if any, every other Key Managerial Personnel and the relatives of Directors, Manager and other Key Managerial Personnel.

Where any item of business refers to any document which is to be considered at the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

Where any item of special business to be transacted at a meeting of the company relates to or affects any other company, the extent of shareholding interest in that other company of every promoter, director, manager, if any, and of every other key managerial personnel of the first mentioned company shall, if the extent of such shareholding is not less than two per cent of the paid-up share capital of that company, also be set out in the statement.

***Proceedings at general meetings***

**Quorum:**

48. (i) 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.

(ii) The quorum requirements for general meetings shall be as under:

Number of members upto 1000: 5 members personally present

Number of members 1000-5000: 15 members personally present

Number of members more than 5000: 30 members personally present

***Dissolution and Adjournment of Meeting:***

49. If within half an hour from the time appointed for the meeting, a quorum is not present, the meeting, if called upon the requisition of members, shall be dissolved; in any other case, it shall stand adjourned to the same day in the next week and at the same time and place or to such other day and at such other time and place as the Board may determine and if at the



adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.

***Chairman of Meeting:***

**50.** The chairman, if any, of the Board and in his absence, the vice-chairman, if any shall preside as chairman at every general meeting of the company.

***Election of Chairman:***

**51.** If there is no such Chairman or Vice-Chairman or if at any meeting either of them is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairman of the meeting, the members present shall choose another Director as Chairman and if no directors be present or if all the Directors decline to take the Chair, then the members present shall choose some one of their number to be the Chairman of the Meeting.

***Adjournment of meeting***

**52. (i)** The Chairperson 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 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, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

***Voting rights***

***Votes:***

**53. (i)** Every member of the Company holding Equity Share(s), shall have a right to vote in respect of such shares on every resolution placed before the meeting. On a show of hands, every member present in person shall have one vote. On a poll or on e-voting, his voting right shall be in proportion to his share of the paid-up Equity Capital of the Company.

**(ii)** A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.

***Joint Holders:***

**54.** In the case of joint holders, the vote of the first named of such joint holders who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

***Member of Unsound Mind:***

**55.** A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy or minor, may vote, whether on a show of hands or on a poll, by his natural or other guardian, and any such guardian may, on a poll, vote by proxy.

***Business may be proceed notwithstanding demand for Poll:***

**56.** A demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than that on which a poll has been demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

***No Member entitled to vote while call due to the Company:***

**57.** No member shall be entitled to vote either personally or by proxy at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid or in regard to which the Company has and has exercised any right of lien.

***Validity of Votes:***

**58. (i)** 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.

**(ii)** Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.

***Proxy***

***Deposit of Proxy:***

**59.** The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised 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 as valid.

***Validity of Vote by Proxy:***

**60.** A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the appointer or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

**Provided** that 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.

***Form of Proxy:***

**61.** An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.

## ***Board of Directors***

### ***Number of Directors:***

**62.** (i) Unless otherwise determined by a General Meeting, the number of Directors shall not be less than 3 (three) and not more than 15 (fifteen).

### ***Remuneration of Directors:***

**63.** Every Director shall be paid a sitting fee of such sum and subject to the ceiling as may be prescribed by the Central Government from time to time for each meeting of the Board of Directors or of any Committee thereof attended by him and shall be paid in addition thereto all traveling, hotel and other expenses properly incurred by him in attending and returning from meeting of the Board of Directors or of any Committee thereof or General Meetings of the Company or in connection with the business of the Company to and from any place. The Board may, from time to time, decide quantum of sitting fees payable to a director for attendance at the Board Meeting or of any Committee thereof within the overall maximum limits prescribed apart from travelling and other expenses.

**64.** A Director who is neither in the whole-time employment of the Company nor a Managing Director may be paid remuneration-

either

a) by way of a monthly, quarterly or annual payment with the approval of the Central Government;

or

b) by way of commission if the Company by Special Resolution authorizes such payment;

Provided that the remuneration paid to such Director or where there is more than one such Director, to all of them together, shall not exceed-

- i. One percent of the net profits of the Company, if the Company has Managing or whole time Director or a Manager;
- ii. three percent of the net profits of the Company, in any other case;

Provided further that the Company in General Meeting may, with the approval of the Central Government, authorize the payment of such remuneration at a rate exceeding one percent or, as the case may be, three percent of its net profits.

***Sitting fees payable to Board of Directors:***

**65.** The sitting fees payable to the Directors for attending the meeting of the Board of Directors or any of its Committees which may extend up to the limit as prescribed by the Companies Act 2013 and the rules made thereunder for every meeting. They shall also be entitled to reimbursement of travelling expenses and halting charges incurred by them.

***Qualification of Director:***

**66.** Any person whether a member or not may be appointed a Director and no qualification by way of shareholding shall be required.

***Casual Vacancy:***

**67.** If the office of any Director becomes vacant before the expiry of the period of his directorship in the normal course, the resulting casual vacancy may be filled by the Board at a meeting of the Board. Any person so appointed shall hold office only up to the date up to which the Director in whose place he was appointed would have held office if the vacancy had not occurred as aforesaid.

Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Article 70(i)

***Additional Director:***

**68.** Subject to the provisions of Section 161 of the Act and the rules made thereunder, the Board may, from time to time, appoint any person as an Additional Director provided that the number of Directors and additional together shall not exceed the maximum number of Directors fixed under Article 62 above. Any person so appointed as an additional director shall hold office up to the date of the next Annual General Meeting of the Company but shall be eligible for appointment by the Company as a Director at that meeting subject to the provisions of the Act and the rules made thereunder.

***Right of Continuing Director when there is no quorum:***

**69.** The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as the number is reduced below the number fixed by or pursuant to these regulations as the minimum number of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to that number or of summoning a general meeting of the Company, but for no other purpose.

***Vacation of Office of Director:***

**70. (i)** The office of a Director shall be vacated if:

- a. he is found to be unsound mind by a Court of competent jurisdiction;
- b. he applies to be adjudicated as an insolvent;
- c. he is an undischarged insolvent;

- d. he is convicted by a Court of any offence whether involving moral turpitude or otherwise and is sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence;

Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company.

- e. an order disqualifying him for appointment as Director has been passed by court or tribunal and the order is in force.
- f. he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call;
- g. he has been convicted of the offence dealing with related party transaction under section 188 at any time during the preceding five years.
- h. he has not complied with Subsection (3) of Section 152.
- i. he absents himself from all meetings of the Board for a continuous period of twelve months, with or without seeking leave of absence from the Board;
- j. he acts in contravention of the provisions of section 184 relating to entering into contracts or arrangements in which he is directly or indirectly interested.
- k. he fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of section 184.
- l. he becomes disqualified by an order of a court or the Tribunal.
- m. he is convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months:

Provided that the office shall be vacated by the director even if he has filed an appeal against the order of such court;

- n. he is removed in pursuance of the provisions of this Act;
- o. he, having been appointed a director by virtue of his holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company.

(ii) Provided that the disqualifications referred to in clauses (d), (e) and (g) as aforesaid shall not take effect—

(i) for thirty days from the date of conviction or order of disqualification;

(ii) where an appeal or petition is preferred within thirty days as aforesaid against the conviction resulting in sentence or order, until expiry of seven days from the date on which such appeal or petition is disposed off; or

(iii) where any further appeal or petition is preferred against order or sentence within seven days, until such further appeal or petition is disposed off.

***Alternate Director:***

71. (i) The Board may appoint an Alternate Director to act for a Director hereinafter called in this clause —the Original Director— during his absence for a period of not less than 3 months from India.

(ii) An Alternate Director appointed as aforesaid shall vacate office if and when the Original Director returns to India.

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

***Execution of Certain Documents:***

72. All cheques, promissory notes, drafts, *hundis*, bills of exchange and other negotiable instruments, and all receipts for monies 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 shall from time to time by resolution determine.

***Rotation of Directors:***

73. (i) At every annual meeting, one-third of such of the Directors who are liable to retire by rotation for the time being or if their number is neither three nor a multiple of three, then the number nearest to one-third, shall retire from office.

(ii) Independent Directors shall not be liable to retire by rotation.

***Retiring Director eligible for re-election:***

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

***Directors to Retire:***

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

***Continuance of Retiring Directors:***

76. (i) Subject to Section 152 of the Act, if at any meeting at which an election of Directors ought to take place, the place of the vacating or deceased Directors is not filled up and the meeting has not expressly resolved not to fill up or appoint the vacancy, the meeting shall stand adjourned till the same day in the next week at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a holiday at the same time and place.

(ii) If at the adjourned meeting the place of vacating Directors is not filled up and the meeting has also not expressly resolved not to fill up the vacancy, then the vacating Directors or such of them as have not had their places filled up shall be deemed to have been reappointed at the adjourned meeting subject to the conditions specified under Section 152 of the Companies Act, 2013.

***Power for General Meeting to Increase or Reduce Number of Directors:***

77. Subject to the provisions of Sections 149, 151 and 152 the Company in General Meeting may increase or reduce the number of Directors subject to the limits set out in Article 87 and may also determine in what rotation the increased or reduced number is to retire.

***Removal of Directors:***

78. Subject to provisions of Section 169 the Company, by Ordinary Resolution, may at any time remove any Director before the expiry of his period of office, and may by Ordinary Resolution appoint another person in his place. The person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected as Director.

***Notice of Candidature for Directorship:***

79. (i) Subject to the provisions of Section 160 of the Act, a person not being a retiring Director shall be eligible for appointment to the office of a Director at any general meeting if he or some other member intending to propose him as a Director has not less than fourteen days before the meeting, left at the registered office of the Company a notice in writing under his hand signifying his candidature for the office of the Director, or the intention of such member to propose him as a candidate for that office, as the case may be —along with a deposit of Rs lakh or such higher amount as may be prescribed from time to time which shall be refunded to such person or as the case may be, to such member, if the person succeeds in getting elected as a Director or gets more than 25% of total valid votes cast either on show of hands or electronically or on poll on such resolution.

(ii) The company shall, at least seven days before the general meeting, inform its members of the candidature of a person for the office of a director or the intention of a member to propose such person as a candidate for that office-



- (a) by serving individual notices, on the members through electronic mode to such members who have provided their email addresses to the company for communication purposes, and in writing to all other members; and
- (b) by placing notice of such candidature or intention on the website of the company, if any.

(iii) Provided that it shall not be necessary for the company to serve individual notices upon the members as aforesaid, if the company advertises such candidature or intention, not less than seven days before the general meeting in at least two newspapers circulating in the place where the registered office of the company is situated, of which one is published in the English language and the other in the regional language of that place.

(iv) Further a person appointed as a director shall not act as a director unless he gives his consent to hold the office as director and such consent has been filed with the Registrar within thirty days of his appointment in such manner as may be prescribed.

### ***Proceedings of the Board***

#### ***Meetings of the Board:***

**80.** (i) The Board of directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit. Provided that a meeting of the Board shall be held at least once in every one hundred and twenty days and at least four such meetings shall be held in every year.

(ii) The Managing Director or any director authorized by him may at any time, summon a meeting of the Board. The Managing Director or manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

#### ***Notice of Meeting:***

**81.** (i) A meeting of the Board shall be called by giving not less than seven days' notice in writing to every director at his address registered with the company and such notice shall be sent by hand delivery or by post or by electronic means.

(ii) A meeting of the Board may be called at shorter notice to transact urgent business subject to the condition that at least one independent director, if any, shall be present at the meeting:

Provided further that in case of absence of independent directors from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the directors and shall be final only on ratification thereof by at least one independent director, if any.

#### ***Agenda for the Meeting:***

**82.** Every notice convening a meeting of the Board of Directors shall set out the agenda in full and in sufficient detail of the business to be transacted thereat and no item of business shall be transacted at such meeting, unless the same has been stated in full and in sufficient detail in the said notice convening the meeting. Provided that with the unanimous consent of all the Directors present at the meeting any item not included in the agenda may be transacted at the meeting.

#### ***Quorum for Meeting:***

**83.** The quorum for a meeting of the Board shall be one third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher; provided that where at any time the number of interested Directors is equal to or exceeds 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. The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of the Board after deducting there from the number of Directors, if any, whose places are vacant at the time.

***Questions How Decided:***

**84. (i)** Save as otherwise expressly provided in the Act, a meeting of its Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, questions arising at any meeting of the Board shall be decided by a majority of votes.

**(ii)** In case of an equality of votes, the chairman shall have a second or casting vote.

***Chairman of the Board:***

**85. (i)** The Board may at any time and from time to time elect one of their number to be the Chairman or Vice-Chairman of the Board and may determine the period for which he is to hold office.

**(ii)** Any Director so appointed to the office of Chairman or Vice-Chairman shall not be deemed to have vacated the said office of Chairman or Vice-Chairman respectively, by reason only that he retires or vacates at any Annual General Meeting of the Company and is re-elected at the same meeting.

**(ii)** At all meetings of the Board of Directors, the Chairman and in his absence the Vice-Chairman shall preside over the meetings. If no person has been appointed as Chairman or Vice-Chairman or if at any meeting of the Board of Directors neither the Chairman or Vice-Chairman is present within five minutes of the time appointed for holding the same or being present, neither of them is willing to preside over the said meeting, then in that case the directors present may choose one of their number to preside over that meeting.

***Appointment of Managing Director as Chairman:***

**86.** The Managing Director of the Company may also be appointed as Chairman of the Company by complying with the necessary formalities as may be required by the law for the time being in force.

***Committees:***

**87. (i)** The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

**(ii)** Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

**(iii)** The quorum of the committee shall be atleast two members.

***Election of Chairman of the Meeting:***

**88.** If the Chairman and/or the Vice-Chairperson of the Board of Directors are/is member/s of the Committee, the Chairman and in his absence the Vice-Chairman shall preside over all meetings of the Committee. If the Chairman and/or Vice-Chairman is not a member thereof or if at any meeting the Chairman and/or Vice-Chairman being member/s of the Committee are/is not present within five minutes after the time appointed for holding the meeting, or being present, neither of them is willing to preside over the said meeting, the members of the Committee present may choose one of their number to be the Chairman of the meeting.

***Proceedings of the Committees:***

**89.** (i) A committee may meet and adjourn as it thinks fit.

(ii) 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 Chairperson shall have a second or casting vote.

***Validity of Acts notwithstanding Defects of Appointment:***

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

***Resolution by Circulation:***

**91.** Save as otherwise expressly provided in the Act, a resolution in writing circulated in draft together with necessary papers, if any, to all the members of the Board/Committee then in India (not being less in number than the quorum fixed for the meeting of the Board or the Committee as the case may be) and to all other Directors or members at their registered address and approved by a majority of such of them as are entitled to vote on the resolution shall be valid and effectual as if it had been a resolution duly passed at a meeting of the Board or Committee duly convened and held.

## **POWERS AND DUTIES OF DIRECTORS**

***Power to Borrow:***

**92.** The Board of Directors may from time to time but with consent of the Company in general meeting as may be required under section 180 of the Companies Act, 2013 read with rules made thereunder, by a resolution passed at a Meeting of the Board raise any money or any moneys or sums of money for the purpose of the Company; provided that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not, without the sanction of the Company at a General Meeting, exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set-apart for any specific purpose and in particular but subject to the provisions of Section 180 of the Act and the rules made thereunder, the Board may, from time to time, at its discretion raise or borrow or secure the payment of any such sum or sums of money for the purpose of the Company, at such times and in payment of any sum or sums of money for the purpose of the Company, at such times and in such manner and upon such terms and conditions as they deems fit by the issue of debentures, perpetual or otherwise including debentures convertible

into shares of this or any other company or perpetual annuities, debenture stock, bonds, Promissory Notes, or by opening current accounts, or by receiving deposits and advances with or without security, or by issue of bonds and in security of any such money so borrowed, raised or received, to mortgage, pledge or charge, the whole or any part of the undertaking property, rights assets, or revenue of the Company, present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and give the lenders powers of sale and other powers as may be expedient and to purchase, redeem or pay off any such securities.

Provided that the Directors may by resolution at a meeting of the Board delegate the power to borrow money otherwise than on debentures to a Committee of Directors or the Managing Director subject to the limits upto which the money may be so borrowed as may be specified in the said resolution.

***Terms of Issue of Debentures:***

**93.** Any bonds, mortgages debentures, debenture stock or other securities may be issued at a discount, premium or otherwise or with any special privileges as to assignment, redemption, surrender, drawing or in exchange or allotment of shares or otherwise and any debentures or debenture stock created by the Company may be so framed that the same shall be assignable free from any equities between the Company and the original or any intermediate holders.

***Charge on Uncalled Capital:***

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

***Subsequent Assignees of Uncalled Capital:***

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

***Charges in Favour of Director for Indemnity:***

**96.** If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or other person so becoming liable as aforesaid from any loss in respect of such liability.

***Power to be exercised by Board only at the Meeting:***

**97. (i)** The Board shall exercise the following powers on behalf of the Company and the said power shall be exercised only by resolution passed at the meetings of the Board.

- (a) to make calls on shareholders in respect of money unpaid on their shares;
- (b) to authorise buy-back of securities under section 68;
- (c) to issue securities, including debentures, whether in or outside India;
- (d) to borrow monies;
- (e) to invest the funds of the company;
- (f) to grant loans or give guarantee or provide security in respect of loans;
- (g) to approve financial statement and the Board's report;
- (h) to diversify the business of the company;
- (i) to approve amalgamation, merger or reconstruction;
- (j) to take over a company or acquire a controlling or substantial stake in another company;
- (k) to make political contributions;
- (l) to appoint or remove key managerial personnel (KMP);
- (m) to take note of appointment(s) or removal(s) of one level below the Key Management Personnel;
- (n) to appoint internal auditors and secretarial auditor;
- (o) to take note of the disclosure of director's interest and shareholding;
- (p) to buy, sell investments held by the company (other than trade investments), constituting five percent or more of the paid up share capital and free reserves of the investee company;
- (q) to invite or accept or renew public deposits and related matters;
- (r) to review or change the terms and conditions of public deposit;
- (s) to approve quarterly, half yearly and annual financial statements or financial results as the case may be.
- (t) such other business as may be prescribed by the Act and the rules made thereunder.

*(ii)* The Board may by a meeting delegate to any Committee of the Board or to the Managing Director the powers specified in Sub-clauses, d, e and f above.

*(iii)* Every resolution delegating the power set out in Sub-clause (d) of Clause (i) shall specify the total amount outstanding at any one time up to which moneys may be borrowed by the said delegate.

*(iv)* Every resolution delegating the power referred to in Sub-clause (e) of Clause (i) shall specify the total amount upto which the funds may be invested and the nature of investments which may be made by the delegate.

*(v)* Every resolution delegating the power referred to in Sub-clause (f) of Clause (i) above shall specify the total amount upto which loans may be made by the delegate, the purposes for which the loans may be made, and the maximum amount of loans that may be made for each such purpose in individual cases.

***Business to be carried on by Managing Directors:***

**98.** (i) Subject to the provisions of the Act and the rules made thereunder, the Board of Directors may appoint at any time one or more of their body to be the Managing Director/s as they deem fit for conducting the business and affairs of the Company and shall determine the period for which such Managing Director/s shall hold office.

(ii) The Managing Director/s shall carry on the business and affairs of the Company subject to the control and supervision of the Board of Directors.

(iii) If a Managing Director ceases to hold office as Director he shall “ipso facto” and immediately cease to be a Managing Director.

(iv) In the event of any vacancy arising in the office of a Managing Director the same may, be filled by the Board of Directors and the Managing Director, so appointed shall hold the office for such period as the Board of Directors may deem fit.

***Revocation of Powers:***

**99.** Subject to the provisions of the Act read with the rules made thereunder and subject to the approval of the Central Government, if any, required in that behalf, the Board may at any time appoint one or more of their body, as Whole-time Director/s under the designation of Technical Director/Executive Director, Administrative Director or under such other and on such terms and conditions and on such powers and duties as the Board may deem fit. The Whole-time Director/s shall perform such duties and exercise such powers as the Board may from time to time determine, and subject to the conditions and restrictions if any, the Board may impose, and shall exercise all such powers and perform all such duties subject to the control, supervision and directions of the Board and/or Managing Director/s.

***Remuneration of Managing Director/Whole-Time Director:***

**100.** Subject to the provisions of the Act and subject to the approval of the Government of India as may be required, the Managing Director/Whole-Time Directors shall, each of them, be paid for their respective services such remuneration on such terms as the Board or the Company may, by resolution in General Meeting, from time to time respectively determine.

***Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer***

**101.** Subject to the provisions of the Act,—

(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

(ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

**102.** A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director

and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

## ***The Seal***

### ***Common Seal:***

**103.** The Directors shall provide a common seal of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof. The common seal shall be kept at the Registered Office of the Company and committed to the custody of the Managing Director or any other Director or the Secretary or such other person as the Board may determine from time to time.

### ***Execution of Deeds:***

**104.** The common seal shall be affixed to any instrument under the authority of a resolution of the Board or Committee authorized by the Board in that behalf and unless the Board otherwise determines, every deed or other instrument to which the seal is required to be affixed shall, unless the same is executed by a duly constituted attorney for the Company, be signed by one Director atleast in whose presence the seal shall have been affixed and counter signed by the Company Secretary or such other person as may, from time to time, be authorised by the Board in that behalf and provided nevertheless that any instrument bearing the seal of the Company issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority to issue the same; provided further also that the counter signature of the Company Secretary or the authorized person shall not be necessary in the case of instruments executed in favour of a Managing/Whole-Time Director which shall be sealed in the presence of any other Director and signed by him on behalf of the Company.

## ***Dividends and Reserve***

### ***Application of Profit:***

**105.** The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these presents and subject to the provisions of these presents as to the Reserve Fund, shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively.

### ***Declaration of Dividend:***

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

### ***Interim Dividend:***

**107.** The Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

### ***Payment of Dividend out of Profits:***



**108.** No dividend shall be payable except out of the profits of the year or any other undistributed profits except as provided by Section 123 of the Act.

***Reserve Funds:***

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

(ii) The Board may also carry forward any profits which it may think prudent not to divide without setting them aside as Reserve.

***Method of Payment of Dividend:***

**110.** (i) Subject to the rights of persons, if any, entitled to 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 whereof the dividend is paid.

(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of these regulations as paid on the share.

(iii) 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 dividends as from a particular date, such shares shall rank for dividend accordingly.

***Deduction of Arrears:***

**111.** 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.

***Adjustment of Dividend against Calls:***

**112.** Any General Meeting declaring a dividend or bonus may make a call on the members of such amounts as the meeting fixes, but so that the call on each member shall not exceed the dividend or bonus payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and themselves, be set off against the call.

***Payment by Cheque or Warrant:***

**113.** (i) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque /Warrant/ Electronic mode sent through post directly to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint

holders who is first named in the Register of Members or to such person and to such address of the holder as the joint holders may in writing direct.

(ii) Every such cheque /Warrant shall be made payable to the order of the person to whom it is sent.

(iii) Every such cheque or warrant shall be posted within thirty days or such time as may be prescribed by the Act and the rules made thereunder from the date of declaration of the dividends.

***Receipt of Joint Holders:***

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

***Notice of Dividend:***

**115.** 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 and the rules made thereunder.

***Dividend not to bear interest:***

**116.** No dividend shall bear interest against the Company.

***Unclaimed Dividend:***

**117.** No unclaimed dividends shall be forfeited by the Board and the Company shall comply with provisions of Sections 124 of the Companies Act, 2013 and the rules made thereunder.

***Accounts***

***Accounts to be Kept:***

**118.** (i) The Directors shall cause proper books of accounts to be kept in respect of (a) all sums of money received and expended by the Company and the matters in respect of which such receipts and expenditure take place; (b) all sales and purchases of goods by the Company; and (c) the assets and liabilities of the Company.

(ii) If the company has a branch office whether in India or outside India, proper books of account relating to the transactions effected at that office shall be kept at that office and proper summarized returns periodically shall be sent by the branch office to the company at its registered office or the other place in India, as the Board may think fit, where the main books of the Company are kept.

***Place of Keeping Accounts:***

**119.** (i) The books of account shall be kept at the Registered Office or at such other place as the Board thinks fit and shall be open to inspection by any Director during business hours.

(ii) All the aforesaid books shall give a fair and true view of the affairs of the Company or of its branch as the case may be, with respect to the matters aforesaid, and explain its transactions.

***Inspection by Members:***

**120.** The Board shall, from time to time, determine whether and to what extent and at what time and under what conditions and regulations the accounts and books and documents of the Company or any of them shall be open to the inspection of the members and no member (not being a Director) shall have any right of 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.

***Financial Statements to be laid down in General Meeting:***

**121.** The Board shall lay before each Annual General Meeting, financial statements made up as at the end of the financial year which shall be a date which shall not precede the day of the meeting by more than six months or such extended period as shall have been granted by the Registrar of Companies under the provisions of the Act.

***Financial Statements:***

**122.** (i) Subject to the provisions of Section 129, 133 of the Act, every financial statements of the Company shall be in the forms set out in Parts I and II respectively of Schedule III of the Act, or as near thereto as circumstances admit.

(ii) Every financial statements including Consolidate Financial Statements of the Company shall be signed on behalf of the Board in accordance with the provisions of the Section 134 of the Companies Act, 2013.

(iii) The financial statements shall be approved by the Board before they are signed on behalf of the Board in accordance with the provisions of this Article and before they are submitted to the Auditors for their report thereon.

(iv) The Auditor's Report shall be attached to the financial statements.

***Board Report to be attached to Financial Statements:***

**123.** (i) Every financial statement laid before the Company in General Meeting shall have attached to it a report by the Board with respect to the state of the Company's affairs, the amounts, if any, which it proposes to carry to any reserve either in such Balance Sheet or in a subsequent Balance Sheet and the amount, if any, which it recommends to be paid by way of dividend.

(ii) The report shall, so far as it is material for the appreciation of the state of the Company's affairs by its members and will not in the Board's opinion be harmful to its business or that of any of its subsidiaries, deal with any change which has occurred during the financial year in the nature of the Company's business or that of the Company's subsidiaries or in the nature

of the business carried on by them and generally in the classes of business in which the Company has an interest.

(iii) The Board shall also give the fullest information and explanation in its report or in case falling under the provision of Section 134 of the Act in an addendum to that Report on every reservation, qualification or adverse remark contained in the Auditor's Report.

(iv) The Board's Report and addendum, if any, thereto shall be signed by its Chairman if he is authorised in that behalf by the Board; and where he is not authorised, shall be signed by atleast two directors, one of whom shall be a managing director in accordance with the provisions of sub-section 6 of Section 134 of the Companies Act, 2013.

(v) The Board shall have the right to charge any person not being a Director with the duty of seeing that the provisions of Sub-clauses (i) to (iv) of this Article are complied with.

***Right of Members to Financial Statements and Auditors Report:***

**124.** The Company shall comply with the requirements of Section 136 of the Act and the rules made thereunder.

***Annual Return:***

**125.** The Company shall make the requisite annual return in accordance with Section 92 of the Act and the rules made thereunder.

***Audit***

***Financial Statements to be Audited:***

**126.** Every Financial Statement shall be audited by one or more Auditors to be appointed as hereinafter mentioned.

***Appointment of Auditors:***

**127.** The Appointment of Auditors shall be in accordance with the provisions of Section 139 of the Companies Act, 2013 read with the rules made thereunder.

***Audit of Branch Offices:***

**128.** The Company shall comply with the provisions of Section 143 of the Act read with the rules made thereunder in relation to the audit of the accounts of Branch Offices of the Company.

***Remuneration of Auditors:***

**129.** The remuneration of the Auditors shall be fixed by the Company in General Meeting or it may authorize the Board to fix such remuneration.

Provided that the remuneration of any Auditor appointed to fill and casual vacancy may be fixed by the Board.

***Rights and Duties of Auditors:***

**130.** (i) Every Auditor of the Company shall have a right of access at all times to the books of accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanations as may be necessary for the performance of his duties as Auditor.

(ii) All notices of, and other communications relating to any General Meeting of a Company which any member of the Company is entitled to have sent to him shall also be forwarded to the Auditor and the Auditor shall be entitled to attend any General Meeting and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor.

(iii) The Auditor shall make a report to the members of the Company on the accounts examined by him and on Financial statements and on every other document declared by this Act to be part of or annexed to the Financial statements, which are laid before the Company in General Meeting during his tenure of office, and the report shall state whether, in his opinion and to the best of his information and according to explanations given to him, the said accounts give the information required by this Act in the manner so required and give a true and fair view:

1. in the case of the Balance Sheet, of the state of affairs as at the end of the financial year and
2. in the case of the Statement of Profit and Loss, of the profit or loss for its financial year.

(iv) The Auditor's Report shall also state:

(a) whether he has sought and obtained all the information and explanations which to the best of his knowledge and belief were necessary for the purpose of his audit and if not, the details thereof and the effect of such information on the financial statements;

(b) whether, in his opinion, proper books of account as required by law have been kept by the company so far as appears from his examination of those books and proper returns adequate for the purposes of his audit have been received from branches not visited by him;

(c) whether the report on the accounts of any branch office of the company audited under sub-section (8) of Section 143 of the Act by a person other than the company's auditor has been sent to him under the proviso to that sub-section and the manner in which he has dealt with it in preparing his report;

(d) whether the company's balance sheet and statement of profit & loss dealt with in the report are in agreement with the books of account and returns;

(e) whether, in his opinion, the financial statements comply with the accounting standards;

(f) the observations or comments of the auditors on financial transactions or matters which have any adverse effect on the functioning of the company;

(g) whether any director is disqualified from being appointed as a director under sub-section (2) of section 164;

(h) any qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith;

(i) whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls;

(j) whether the company has disclosed the impact, if any, of pending litigations on its financial position in its financial statement;

(k) whether the company has made provision, as required under any law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;

(l) whether there has been any delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

(v) Where any of the matters referred to in Clauses (i) and (ii) of Sub-section (2) of Section 143 of the Act or in Clauses (a), (b) and (c) of Sub-section (3) of Section 143 of the Act or Sub-clause (4) (a) and (b) and (c) hereof is answered in the negative or with a qualification, the Auditor's Report shall state the reason for such answer.

(vi) The Auditor's Report shall be read before the Company in General Meeting and shall be open to inspection by any member of the Company.

### ***Service of Documents and Notices:***

**131.** (i) A document (which expression for this purpose shall be deemed to include and shall include any summons, notice, requisition, process, order, judgement or any other document in relation to or the winding up of the Company) may be served personally or by sending it by post to him to his registered address or in electronic mode in accordance with the provisions of the act or (if he has no registered address in India) to the address, if any, within India supplied by him to the Company for the giving of notices to him.

Provided that, where a member has intimated to the Company, in advance that any notice or document should be sent to him under a certificate of posting or by registered post and has deposited with the Company a sum sufficient to defray the expenses, the notices shall be sent in the manner intimated by the member. Notices to be served on the Company by members shall be held to be properly served by leaving the same at the Registered Office of the Company.

(ii) All notices shall, with respect to any registered shares to which persons are entitled jointly, be given to whichever of such persons is named first in the Register, and notice so given shall be sufficient notice to all the holders of such shares.

(iii) Where a document is sent by post, service thereof shall be deemed to be effected by properly addressing prepaying and posting a letter containing the notice and unless the contrary is proved to have been effected in the case of a notice of a meeting, at the expiration of 48 hours after the letter containing the notice is posted and in any other case, at the time at which the letter should be delivered in the ordinary course of post.

### ***Winding up***

**132.** Subject to the provisions of Chapter XX of the Act and rules made thereunder—

(i) 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.

- (ii) For the purpose aforesaid, the liquidator may set such value as he 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.
- (iii) 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 if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

#### ***Indemnity***

**133.** Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.