

EVEREST ORGANICS LIMITED
CIN : L24230TG1993PLC015426

INFORMATION MEMORANDUM
FOR REVOCATION OF SUSPENSION OF TRADING OF
EQUITY SHARES

INFORMATION MEMORANDUM

M/s. Everest Organics Limited is a Public Limited Company incorporated on 19.02.1993 under The Companies Act, 1956 with a view to manufacture Active Pharmaceutical Ingredients and Intermediaries.

Registered Office: Aroor Village, Sadasivapet Mandal, Medak District, Telangana – 502291, India

Corporate Office: plot no. 127 & 128, 1st Floor, Amar Co-op. Society, Opp. Madhapur P. S. Road, Near Durgam Cheruvu, Madhapur, Hyderabad-50 0033, Phone No: 040-23115956 , Fax No: 040-23115954 Email Id: eolcs0405@gmail.com Website: www.everestorganicsltd.com

INFORMATION MEMORANDUM FOR REVOCATION OF SUSPENSION OF TRADING AND LISTING OF 33,38,280 EQUITY SHARES OF RS.10/-EACH.

GENERAL RISK

Investment in equity and equity related securities involved a degree of risk and investors should not invest in the equity shares of Everest Organics limited (**“the Company”**) unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in the shares of the Company. For taking an investment decision, investors must rely on their own examination of the company including the risk involved.

ABSOLUTE RESPONSIBILITY OF THE COMPANY

Everest Organics Limited (**“the Company”**) having made all the responsible inquiries, accepts responsibility for and confirms that this Information Memorandum contains all information with regard to the Company, which is material, that the information contained in this Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or expression of any such opinions or intentions misleading in any material respect.

LISTING

33,38,280 Equity Shares of Rs. 10/- each of Everest Organics Limited are listed on Bombay Stock Exchange (BSE Limited). The trading in the equity shares of the Company was suspended w.e.f. 07.01.2002 due to penal action. The Company has now complied with the clauses of the Listing Agreement and has made an application to BSE for revocation of suspension of trading.

This Information Memorandum is filed in compliance of the BSE requirements for Revocation of Suspension of Trading of Shares.

This Information Memorandum is also available for investors on the website of the Company at www.everestorganicsltd.com

REGISTRAR AND TRANSFER AGENT

M/s. Venture Capital and Corporate Investments private Limited,
12-10-167,
Bharat Nagar,
Hyderabad- 500 018
040-23818475, Fax – 040-23868024 Email: info@vccilindia.com

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SECTION I

SECTION I

GENERAL

Definitions, Abbreviations & Industry Related Terms

“The Company” or “the Company” or “our Company”	Everest Organics Limited, a public limited company incorporated under The Companies Act, 1956
“We” or “us” and “our”	Refers to Everest Organics Limited
Articles / Association	Articles of Association of Everest Organics Limited
Auditors	The Statutory Auditors of Everest Organics Limited
Board of Directors/ Board / Director	The Board of Director of Everest Organics Limited
BSE	BSE Limited (Bombay Stock Exchange)
CDSL	Central Depository Services (India) Limited
Companies Act/Act	The Companies Act, 1956/2013 as amended from time to time
Depository	A body corporate registered under the SEBI (Depositories & Participant) Reg. 1996, as amended from time to time
EPS	Earnings Per Equity Shares
Equity Shares	Equity Shares of the Company of Rs. 10/- each unless otherwise specified in the context thereof

Financial Year	The twelve months ending on 31st March, unless otherwise stated
Information Memorandum	This document filed with the Stock Exchange is known as and referred to as the Information Memorandum
I.T. Act	The Income – Tax Act, 1961 as amended from time to time
NSDL	National Securities Depository Limited
Registered Office of the Company	Aroor Village, Sadasivapet Mandal, Medak District, Telangana – 502291, India
ROC	Registrar of Companies, TG
Scheme	Scheme of Reduction,
SEBI	The Securities & Exchange Board of India Constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI Guidelines	Securities and Exchange Board of India (Disclosures and Investors Protection) Guidelines , 2000 issued by Securities and Exchange Board of India effective from January 27, 2000, as amended, including instructions and clarifications issued by Securities and Exchange Board of India from time to time
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
GOI	Government of India
Indian GAAP	Generally accepted accounting principles in India
“Rupees” or “Rs”	Indian Rupees, the legal currency of the Republic of India

SECTION II

SECTION II

RISK FACTORS

RISK FACTORS

External Factors

Pharma industry is effected by persistent regulatory hurdles, and to partly mitigate the same, the government supported the segment with “Pharma Vision 2020” aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments.

Internal Factors

The continuous losses from 2000-01 onwards incurred by the company mounted the irregularities with regards to non- payment of principal as well as interest to the institution.

Long term borrowings from financial institution and banks were attracting such higher rate of interest and was difficult to be absorbed.

MANAGEMENT PERCEPTION OF RISK FACTORS

Pharma industry is basically labour, capital and power intensive. Thus shortage of either labour or power has implications on capacity utilization and bottom line of operations.

The pharmaceutical industry is and has been and would be an evergreen industry. However finished dosage pharma is progressing at a faster pace than the bulk drug industry (API Industry) which has low profit margins.

However with the new initiatives from the new governments at centre along with the state, the bulk drug (API) industry along with advanced chemical intermediate industry is likely to grow at about 12 – 15 % year on year basis, with the new adversities from the pollution aspects in china.

SECTION III

SECTION III

INTRODUCTION

GENERAL INFORMATION

Ms. Everest Organics Limited (“the Company”) filed its case with BIFR for registering as sick company in the year 2004 with the case no. 36/2004. The Company was declared a sick industrial company, in terms of section 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985 vide Board’s order dated 09.01.2006.

Further, Board for Industrial and Financial Reconstruction (BIFR) Delhi Bench vide its order dated 24.06.2008 has abated the proceedings pending before the BIFR under the third provision to section 15(1) of Sick Industrial Companies (Special Provisions) Act 1985 as the ARCIL who was the sole creditor after taking over the debts of SBI, ICICI and SBT having more than 75% of the outstanding dues of the Company had taken symbolic possession of the Company’s assets under section 13(4) of the SARFAESI Act.

Capital Reduction

1. Before the Scheme of Reduction, the Equity Share Capital of the Everest Organics Limited was Rs. 9,27,30,000/- divided into 92,73,000 Equity Shares of Rs.10/- each.

Shareholding Pattern before Reduction and Consolidation of Share Capital

	<u>Nos. of share</u>	<u>Value in Rs.</u>	<u>% Shareholding</u>
<u>Promoters</u>			
<u>Fully paid up</u>	<u>32,20,200</u>	<u>3,22,02,000</u>	<u>34.73</u>
<u>Public</u>	<u>60,52,800</u>	<u>6,05,28,000</u>	<u>65.27</u>
<u>Total</u>	<u>92,73,000</u>	<u>9,27,30,000</u>	<u>100.00%</u>

2. Post Reduction of Share Capital pursuant to the Scheme

The Paid up Share Capital of the Company was reduced by 64% i.e. from Rs. 9,27,30,000/- (Rupees Nine Crore Twenty Seven Lakhs Thirty Thousand only) to Rs. 3,33,82,800/- (Rupees Three Crores Thirty Three Lakhs Eighty Two Thousand Eight Hundred only).

Promoters	Nos. of shares	Value in Rs.	% Shareholding
Fully paid up	11,59,272	1,15,92,720	34.73
Total -Promoter			
Public	21,79,008	2,17,90,080	65.27
Total	33,38,280	3,33,82,800	100.00

Prohibition by SEBI

The Company, its Directors, its Promoters, other companies promoted by the promoters and companies with which the Company's Directors are associated as Directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

Caution

The Company accepts no responsibility for statements made otherwise than

in the Information Memorandum or any other material issued by or at the instance of the Company hereafter and any one placing reliance on any other source of information would be doing so at his or her own risk. The Company shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

The Company would like to caution the investors that the prices of our equity shares may fluctuate after revocation of suspension in trading and listing due to a wide variety of factors, including volatility in the Indian and global security markets, our operational performance, financial results and capacity expansion, development in India's economic environment, Government policies, particularly in respect of pharma sector & changes in India's laws and regulations impacting our business. There is no assurance that an active trading market for our equity shares will develop or be sustained after listing.

Disclaimer Clause of the BSE

As required a copy of this Information Memorandum has been submitted to BSE. BSE shall on compliance of the listing conditions, grant listing approval for the equity shares.

The BSE does not in any manner :

Warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or Warrant that this Company's securities will be Listed or will continue to be listed on the BSE; or Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by BSE. Every person who desires to purchase for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such purchase/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

A copy of this Information Memorandum has been filed with BSE in due compliance with the BSE requirements.

Dematerialization of Shares

The Company has established connectivity with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with activated ISIN - INE334C01029, the shareholders have option to dematerialize their shares with CDSL as well as NSDL.

REGISTRAR AND TRANSFER AGENT

M/s. Venture Capital and Corporate Investments private Limited,
12-10-134, MIG-134,
2nd Floor, Bharat Nagar,
Hyderabad- 500 038
040-23818475, Email: info@vccilindia.com

AUDITORS OF THE COMPANY

M/s. P.S.N. Ravi Shanker & Associates

Flat No. 205, 11 Floor, B Block, Kushal Tower, Khairatabad, Hyderabad –
500004, Telengana, India

BANKERS TO THE COMPANY

Kotak Bank

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Nisha Jain,

Phone No: 040-23115956

Fax No: 040-23115954

Email Id: eolcs0405@gmail.com

CAPITAL STRUCTURE

Authorized Capital

The Authorised Capital of the Company is Rs. 10,00,00,000/- consisting of 1,00,00,000/- Equity Shares of Rs. 10/- each.

Issued, Subscribed and Paid up Capital

The Issued, Subscribed and Paid up Capital of the Company is Rs. 3,33,82,800/- consisting of 33,38,280 Equity Shares of Rs. 10/- each.

Capital Structure of the Company is as follows:

Date of Issue	No. shares issued	Issue Price (Rs.)	Type Issue	Cumulative capital (No of shares)	Whether listed, if not listed, give reasons thereof
14.08.1993	1000	10	Equity	1000	Listed
01.09.1993	132700	10	Equity	133700	Listed
18.06.1994	227200	10	Equity	360900	Listed
26.08.1994	354500	10	Equity	715400	Listed
14.09.1994	1041300	10	Equity	1756700	Listed
18.01.1995	2637700	10	Equity	4394400	Listed
24.02.1995	4878600	10	Equity	9273000	Listed
17.08.2015	Company reduced its paid up capital vide High Court of Judicature at Hyderabad Order dated 08.07.2015	10	Equity	3338280	Listed

Shareholding pattern as on 30.09.2015

Category Code	Category of Shareholder	Total Number of Shares	Total Shareholding as percentage of total Number of Shares
(I)	(II)	(III)	(IV)
A	Promoter and Promoter Group		
(1)	Indian		
(a)	Individuals/Hindu Undivided Family	581868	17.43
(b)	Central Government /State Government (s)	0	0
(c)	Bodies Corporate	472608	14.16
(d)	Financial Institutions / Banks	0	0
(e)	Any other(PAC)	0	0
(f)	Others	0	0
	Sub-Total (A)(1)	1054476	31.59
(2)	Foreign		
(a)	Individuals (Non Resident Individuals/ Foreign Individuals)	112788	3.38
(b)	Bodies Corporate	0	0
(c)	Institutions	0	0
(d)	Qualified Foreign Investor	0	0
(e)	Any Other	0	0
	Sub-Total (A)(2)	112788	3.38
	Total Shareholding of Promoter and Promoter Group A=(A)(1) + (A)(2)	1167264	34.97
B	Public Shareholding		
(1)	Institutions		
(a)	Mutual Funds/UTI	576	0.02
(b)	Financial Institutions/Banks	4014	0.12
(c)	Central Government/State Government(s)	0	0

(d)	Venture Capital Funds	0	0
(e)	Insurance Companies	0	0
(f)	Foreign Institutional Investors	0	0
(g)	Foreign Venture Capital Investors	0	0
(h)	Qualified Foreign Investor	0	0
(i)	Any Other	0	0
	Sub-Total (B)(1)	4590	0.14
(2)	Non-institutions		
(a)	Bodies Corporate	142501	4.27
(b)	Individuals		
	i Individual Shareholders holding nominal share capital upto Rs. 1 Lakh	1260293	37.75
	ii Individual Shareholders holding nominal share capital in excess of Rs. 1 Lakh	332676	9.97
(c)	Qualified Foreign Investor-Corporate	0	0
(d)	CLEARING MEMBER	108	0
(e)	TRUST	12204	0.37
(f)	Non Resident Individuals	418644	12.54
(g)	Foreign Bodies Corp	0	0
(h)	Foreign Nation	0	0
(i)	FPI – Individual	0	0
(j)	FPI – Corporate	0	0
	Sub-Total (B)(2)	2166426	64.90
	Total Public Shareholding		
	B=(B)(1)+(B)(2)	2171016	65.03
	Total (A)+(B)	3338280	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued		
(1)	Promoter and Promoter Group	0	0
(2)	Public	0	0
	GRAND TOTAL (A) + (B) + (C)	3338280	100.00

Details of Top 20 Shareholders as on 11.12.2015:

Sl. No.	Folio No.	Name Of The Share Holder	Number Of Shares	% of Holding
1	IN300126 10843117	Prasanna Challa	154440	4.63
2	IN301629 10000054	Ajay Kumar Kayan	118080	3.54
3	IN302236 12373813	C Mackertich Private Limited	90720	2.72
4	INE334C0 1029000409	Eashwer Kanthala Reddy Parwathi Kanthala Reddy	67500	2.02
5	INE334C0 1029000148	Ch Hemantha Kumar	23616	0.71
6	INE334C0 1029P00896	Prabhakara Reddy Kaliki	22572	0.68
7	IN300394 13193254	Jamuna Hindupur	22536	0.68
8	INE334C0 1029000100	K Prabhakar Reddy	22536	0.68
9	IN300394 13206052	Jamuna Hindupur Mohan R Hindupur	22464	0.67
10	INE334C0 1029000101	Jalashree Challa	21600	0.65
11	INE334C0 1029J00455	Jalashree Challa	21600	0.65
12	INE334C0 1029J00457	Jayasree Challa	19944	0.6
13	IN300020 10402758	Rajkumar C Basantani	19296	0.58
14	INE334C0 1029000099	Challa Sekhar	16884	0.51
15	INE334C0 1029R01550	Ram Niwas Agarwal	14472	0.43
16	IN302814 12544978	Peruri Rama Krishna	13248	0.4
17	IN300126 10882347	Ch Kiron	12960	0.39
18	INE334C0 1029C00312	CRB Trustee Limited A/C CRB Mutual Fund	12132	0.36
19	INE334C0 1029000220	V Sambasiva Rao	11268	0.34
20	INE334C0 1029S02133	Sambasivarao Voora	11268	0.34
	Total		719136	21.58

As on date of this Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into equity shares of the Company. There shall be only one denomination for Equity Shares of the Company, subject to applicable regulations and the Company shall comply with such disclosure and accounting norms specified by SEBI, from time to time.

The Company has 10397 members as on the filing of this Information Memorandum.

OBJECT OF THE SCHEME

In view of accumulated carry forward losses that the Company's Balance Sheet is reflecting and with the future prospects of growth and value addition to the shareholders, the Company has proposed to clean its books thereby enabling the Company to raise future resources considering the expansion programs and various API that has been considered for development would need huge amount of investment both in terms of equity as well as debt.

This has given rise to the need to e-adjust the relation between capital and assets and to accurately and fairly reflect the liabilities and assets of the Company in its books of accounts.

The purpose of the scheme is to reorganize the Capital Structure of the Company, So as to represent the realistic Value for the shares of the Company.

INDUSTRY STRUCTURE & DEVELOPMENTS:

The Indian pharmaceutical industry is one of the most attractive investment destinations in the world. With ever increasing returns, lowering risks and anticipated multifold growth, investors are more interested in this industry than ever before. Since 2000, the drugs and pharma sector has attracted one of the highest foreign direct investment (FDI) inflows of approximately \$12,689 million (April 2000 to September 2014).

From its nascent stages in the 1970s, the Indian pharma industry has become a mature industry. While, the industry was previously known for manufacturing generic drugs, the industry dynamics have now undergone a sea of change. Presently, the Indian pharma industry stands diversified into various spheres of activities including research and development (R&D), manufacturing of branded, generic and branded generic drugs, manufacturing APIs, laboratory testing and clinical research. The Indian pharma industry ranks fourth in terms of volume and 13th in terms of value globally.

India has become a prime destination for manufacture of branded, generic and branded generic medicines with a strong export element. It is estimated that around 40 per cent of the generic drugs in the US come from India and with Obamacare being introduced this figure is set to rise further.

The spending pattern of an erstwhile manufacturing-oriented industry has also changed with the industry spending around 18 per cent of revenue on R&D activities.

Unlike many other countries, the involvement of the Indian government in the pharma industry has been deep and often controversial. The government has made numerous efforts to stimulate organised growth of the industry. In the pursuit of achieving global leadership in the manufacture of end-to-end drugs, the government unveiled its Pharma Vision 2020, which inter alia, provides for reduction in approval time for new facilities to boost investments. Further, robust mechanisms such as the Drug (Prices Control) Orders and the National Pharmaceutical Pricing Authority (NPPA) have been implemented to address the issue of affordability and availability of medicines.

The growth story of the Indian pharma industry into a mammoth industry is an impressive one marked with numerous important turning points. These turning points have typically stemmed from the issues faced by the industry and have changed the nature and mechanisms of the industry, and to a large extent have sculpted the trends in the industry. In this article we aim to explore a few issues that have affected the Indian pharma industry and how the scenario is changing.

MARKETING

Pharma Sector In- API

Globally there are 7000 APIs are active in 2013, Altogether APIs created USD 120 billion world market, which is 12% of world pharmaceutical Market, that is around USD 1000 billion. World market of APIs is growing at the rate of 8%.

INDIAN APIs Industry

The Study of export data shows, USD 5 billion worth APIs goes for export. Out of 1500 APIs produced in India around 1000 goes for export. Top 50 APIs contributes 50% of the industry. Top 100 APIs accounts for 70% of the industry. Top 200 APIs contributes 85% of the industry. Top 500 APIs represents 95% of the industry.

GOVERNMENT INITIATIVES

The Addendum 2015 of the Indian Pharmacopoeia (IP) 2014, published by the Indian Pharmacopoeia Commission (IPC) on behalf of the Ministry of Health & Family Welfare, is expected to play a significant role in enhancing the quality of medicines that would in turn promote public health and accelerate the growth and development of pharmaceutical sector.

The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments. Further, the government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines.

Telangana has proposed to set up India's largest integrated pharmaceutical city spread over 11,000 acres, near Hyderabad, complete with effluent treatment plants and a township for employees, in a bid to attract investment of Rs. 30,000 Crores in phase. Hyderabad, which is known as bulk drug capital of India, accounts for nearly a fifth of India's export of drugs, which stood at Rs. 95,000 Crores in 2014-2015.

SECTION IV

SECTION IV

ABOUT EVEREST ORGANICS LIMITED

IV. 1) BUSINESS

M/s. EVEREST ORGANICS LIMITED, (“The Company”), having its Registered Office at Aroor Village, Sadasivapet Mandal, Medak District, Telangana – 502291, India, was incorporated on 19.02.1993 with a view to manufacture Active Pharmaceutical Ingredients & Intermediaries.

The Company has evolved into one of the most updated, professionally managed and growth oriented Pharma companies in India.

IV. 2) HISTORY

M/s. Everest Organics Limited is a Public Limited Company incorporated on 19th February 1993 under The Companies Act, 1956 .

The Company was established with a view to manufacture Active Pharmaceutical Ingredients & Intermediaries.

Changes in Memorandum of Association of Everest Organics Limited since its inception:

The Company has not changes its Memorandum of Association since incorporation.

IV. 3) MANAGEMENT

The following are the details regarding Board of Directors of the M/s. Everest Organics Limited

Sr. No	Name of the Director	Designation & Qualification	Date of appointment	Father's Name	Address	Occupation	Date of Birth
1	Sri Kakarlapudi Srihari Raju	Managing Director MBBS, MD, DA	19/02/1993	Sri Kakarlapudi Veera Bhadra Raju Venkata	1st Floor, Plot no. 50, Phase II, Near Bhagya Nagar, Co. op. Housing Society, Kukatpally, Hyderabad - 500072, Telangana, India	Service	08/04/1952
2	Ramakrishna m Kounparaju	Chairman BSc.	05/09/2009	Appala raju Kounparaju	Plot no. 50, Phase II Bhagya Nagar Housing Society, Kukatpally, Hyderabad - 500072, Telangana, India	Retired	09/06/1946
3.	Akella Parvatisem	Technical Director BSc.	28/08/2004	Akella Krishna Murthy	Plot No. 105, Shashank Appartment, Srinivas Nagar, Dr. A. S. Rao Nagar, Hyderabad - 500062, Telangana, India	Service	25/08/1967
4	Kakarlapudi Sitaram Raju	Director B. Tech, M Tech in Chemical Engineering	19/04/1995	Sri Kakarlapudi Veera Bhadra Raju Venkata	15007 W 93 Street, Lenexa, KS 66215, Unitet States Of America	Working as Environmental Consultant	04/07/1946

5	Sri Kakarlapudi Harikrishna	Director BE, MPIE	29/09/2007	Sri Kakarlapudi Rama Bhadra Raju	Plot no. 50, Bhagya Nagar, Kukatpally, Hyderabad - 500072, Telangana, India	Service	20/01/1979
6	Swaminathan Venkatesan	Director B. Pharma (H), MBA	05/09/2009	Narayanan Venkatesan	45 road No. 76, Jubilee Hills, Block -3, Hyderabad - 500 033, Telangana, India	Pharma Consultant	01/01/1952
7	Sri Kakarlapudi Sirisha	Director MBBS, MD	30/07/2014	Sri Kakarlapudi Srihari Raju	Plot no. 50, Phase II Bhagya Nagar Housing Society, Kukatpally, Hyderabad - 500072, Telangana, India	Service	07/12/1977
8	Sreeramakrishna Grandhi	Director MSc., Chemistry, CAIIB	30/07/2014	Subba Raydu Grandhi	Flat no. 403, Sagar Heights, Patigadda, Prakash Nagar, Hyderabad - 500016, Telangana, India	Retired	26/07/1952
9	Reddy Eashwer Kanthala	Director MD, FACR	30/07/2015	Reddy Venkat Kanthala	12618, Pennsylvania Ave, Kansas City Mo, Kansas City - 64114, United States of America	Physician	10/05/1944

Directorship in other Companies

Sl. No.	Name of the Director	Directorship in other Companies
1	Sri Kakarlapudi Srihari Raju	-
2	Akella Parvatisem	-
3	Srikakarlapudi Hari Krishna	-
4	Kakarlapudi Sitarama Raju	-
5	Reddy Eashwer Kanthala	-
6	Srikakarlapudi Sirisha	-
7	Swaminathan Venkatesan	1. Amizade Impex Private Limited
8	Sree Rama Krishna Grandhi	1. Alufluoride Limited 2. Ravileela Granites Limited 3. Maximus Arc Limited
9	Ramakrishnam Raju Kounparaju	1. Vyjayanthi Pharma Private Limited (Partix)

Brief Profile of Directors – Experience & Qualification

Sl. No.	Name of the Director	Qualification	Nature of Experience
1	Sri Kakarlapudi Srihari Raju	MBBS, MD, DA	Corporate Management
2	Akella Parvatisem	BSc.	Production Management
3	Srikakarlapudi Hari Krishna	(BE) MPIE	Projects Administration
4	Kakarlapudi Sitaram Raju	B Tech., M. Tech. in Chemical Engineering	Environmental Management, General Management
5	Reddy Eashwer Kanthala	MD, FACR	Radiation Oncology, Doctor of Medicine
6	Sri kakarlapudi Sirisha	MBBS, MD	Regulatory Affairs, Business Development
7	Swaminathan Venkatesan	B Pharma (H), MBA	Business Development & Marketing
8	Sree Rama Krishna Grandhi	MSc., Chemistry, CAIIB	Finance
9	Ramakrishnam Raju Kounparaju	BSc.	Projects, Manufacturing Operation, GM

Remuneration to Directors

Details of remuneration/ sitting fees paid to directors during 2014-15

Sl. No.	Name of the Director	Gross Salary	Commission	Others	Sitting Fee	Total
1	Sri Kakarlapudi Srihari Raju	18,00,000	-	6,00,000	-	24,00,000
2	Akella Parvatisem	12,00,000	-	-	-	12,00,000
3	Srikakarlapudi Hari Krishna	6,00,000	-	-	-	6,00,000
4	Kakarlapudi Sitaram Raju	-	-	-	20,000	20,000
5	Reddy Eashwer Kanthala	-	-	-	-	-
6	Srikakarlapudi Sirisha	-	-	-	40,000	40,000
7	Swaminathan Venkatesan	-	-	-	50,000	50,000
8	Sree Rama Krishna Grandhi	-	-	-	50,000	50,000
9	Ramakrishnam Raju Kounparaju	-	-	-	50,000	50,000

Corporate Governance

The provisions of the Listing Agreement entered into with the Stock Exchange with respect to Corporate Governance are applicable to Everest Organics Limited. The Company has 3 Independent Directors on its Board & has constituted the Audit Committee, Stakeholder Relationship Committee / Shareholders Grievance Committee, Share Transfer Committee and Remuneration Committee as required under Clause 49 of the Listing Agreement. Details are as follows:

a) As on 31.03.2015 the Board comprises of 9 Directors out of which 3 are executive directors and 6 are non- executive directors. There are 3 Independent Directors on the board. The Company is headed by MD.

b) During the year ended 31.03.2015, 6 (Six) Board Meetings were held with at least one meeting in every quarter on 31.05.2014, 27.06.2014, 30.07.2014, 21.09.2014, 15.11.2014 and 09.02.2015.

CONSTITUTION OF COMMITTEE

Audit Committee

Composition:

As per the provisions of Clause 49 of the listing Agreement, Audit Committee has been constituted by the Board of Directors. The strength of the Audit Committee as on 30.09.2015 was three members i.e. Mr. Ramakrishnam Raju Kounparaju (Din : 01735481), Mr. Venkatesan Swaminathan (Din : 02810646) and Mr. Akella Parvatisem (Din : 00910224). Out of the above, 2/3rd are independent directors.

The Company Secretary acts as the Secretary of the Audit Committee.

Nomination & Remuneration Committee

Composition:

The strength of the Remuneration Committee as on 30.09.2015 was three members i.e. Mr. Ramakrishnam Raju Kounparaju (Din : 01735481), Mr. Venkatesan Swaminathan (Din : 02810646) and Mr. Sreeramakrishna Grandhi (Din : 06921031).The Company Secretary is the Secretary of the above said Committee.

Shareholders Grievances Committee / Stakeholder Relationship Committee:

Composition:

Presently the above mentioned Committee consisted of three members – 1. Mr. Sri Kakarlapudi Harikrishna, Mr. Venkatesan Swaminathan and Mr. Akella Parvatisem. The Company Secretary acts as the Secretary of the above said Committee.

Share Transfer Committee:

Composition:

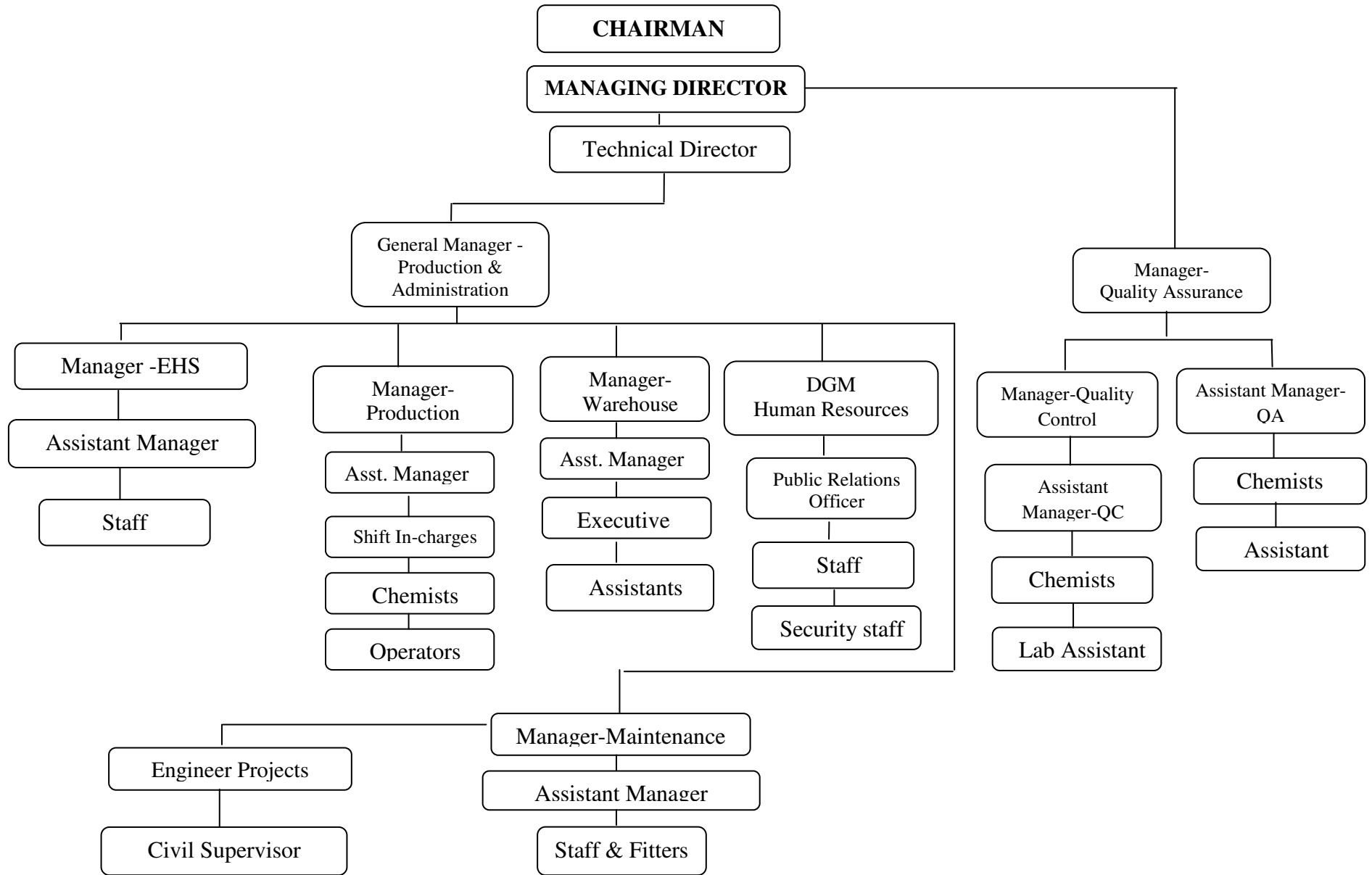
Presently the above mentioned Committee consisted of three members – 1. Mr. Sri Kakarlapudi Harikrishna, Mr. Venkatesan Swaminathan and Mr. Akella Parvatisem. The Company Secretary acts as the Secretary of the above said Committee.

Directorship in other Company

Sl. No.	Name of the Director	Directorship in other Companies
1	Sri Kakarlapudi Srihari Raju	-
2	Akella Parvatisem	-
3	Srikakarlapudi Hari Krishna	-
4	Kakarlapudi Sitarama Raju	-
5	Reddy Eashwer Kanthala	-
6	Srikakarlapudi Sirisha	-
7	Swaminathan Venkatesan	1. Amizade Impex Private Limited
8	Sree Rama Krishna Grandhi	1. Alufluoride Ltd 2. Ravileela Granites Limited 3. Maximus Arc Limited
9	Ramakrishnam Raju Kounparaju	1. Vyjayanthi Pharma Private Limited (Partix)

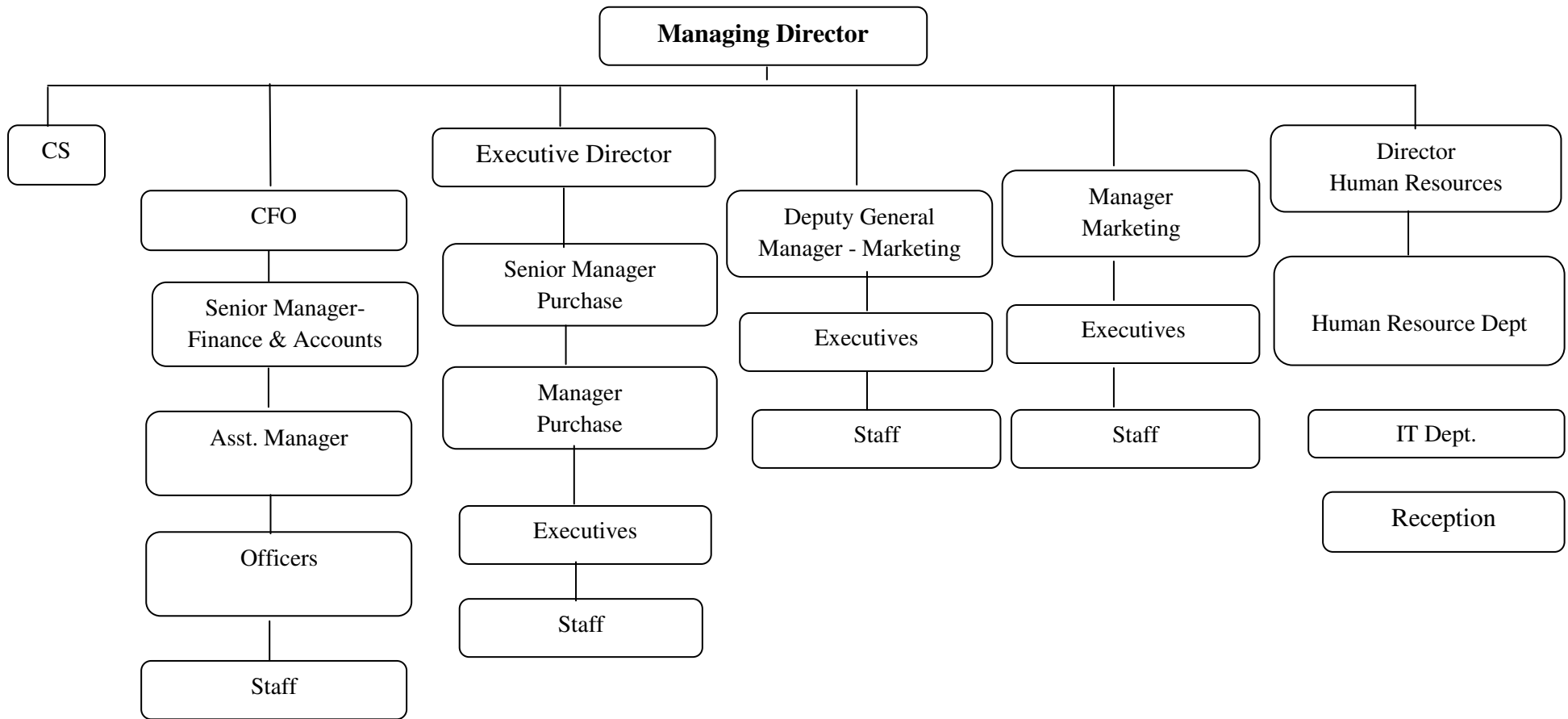
IV. 4) HUMAN RESOURCES
EVEREST ORGANICS LIMITED
ORGANISATIONAL CHART

I



IV. 4) HUMAN RESOURCES
EVEREST ORGANICS LIMITED
ORGANISATIONAL CHART

II



IV. 5) PROMOTERS SHAREHOLDING AS on 30.09.2015

Sl. No.	Name of the shareholder	Number of Shares	% of Holding
1	Raju Sitarama Kakarlapudi	113508	3.40
2	Rajagopal Rao Rangineni	56340	1.69
3	S K Harikrishna	8280	0.25
4	Veerat Finance & Investment Limited	472608	14.16
5	Sri Kakarlapudi Sri Hari Raju	260892	7.82
6	Sri Kakarlapudi Krishna Veni	1440	0.04
7	Nadimpalli V Raju	112788	3.38
8	SK G Parvathi	31752	0.95
9	Sri Kakarlapudi Sirisha	109656	3.28
	Total	1167264	34.97

IV. 6) GROUP COMPANIES

One promoter group Company is there Ms. Veerat Finance And Investment Limited

IV. 7) DIVIDEND POLICY

There is no set dividend policy. The Company may declare Dividends in General Meetings based on the recommendation of the Board of Directors. The Board of Directors, may recommend dividend taking into consideration various factors such as availability of distributable profits, requirements of funds for future growth, rights of different classes of securities and other financial obligations.

SECTION V

SECTION V

FINANCIAL INFORMATION

Particulars		Amount in Rs.	
		As at 31.03.15 (Audited)	As at 31.03.14 (Audited)
I.	EQUITY AND LIABILITIES		
(1)	Shareholders' funds		
	(a) Share Capital	92,730,000	92,730,000
	(b) Reserves and Surplus	(34,647,479)	(51,180,871)
(2)	Non-Current Liabilities		
	(a) Long-term Borrowings	112,853,427	101,055,616
(3)	Current Liabilities		
	(a) Short-term Borrowings	106,192,938	133,450,278
	(b) Trade Payables	353,934,315	337,022,551
	(c) Other Current Liabilities	25,608,600	33,907,257
	(d) Short-term provisions	10,035,995	7,568,031
	Total:	666,707,796	654,552,861
II	ASSETS		
	Non-Current Assets		
1	(a) <u>Fixed Assets</u>		
	(i) Tangible Assets		
	(ii) Capital-work-in-progress	242,084,350	241,151,403
	(b) Non-Current Investments	845,408	845,408
	(c) Long-term Loans and Advances	488,743	58,095
	(d) Other Non-Current Assets	4,253,181	3,149,279
2	Current Assets		
	(a) Inventories	84,736,602	83,665,385
	(b) Trade Receivables	289,327,590	278,840,247
	(c) Cash and Cash Equivalents	10,499,405	10,867,717
	(d) Short-term Loans and Advances	28,646,933	30,699,419
	(e) Other Current Assets	5,825,584	5,275,907
	Total:	666,707,796	654,552,861

Profit & Loss Statements

		Amount in Rs.	
	Particulars	Year ended 31.03.15 (Audited)	Year ended 31.03.14 (Audited)
I.	<u>Revenue from operations</u>	1,059,769,260	960,440,270
II.	<u>Other Income</u>	5,305,117	7,065,963
III.	Total Revenue (I + II)	1,065,074,377	967,506,233
IV.	Expenses:		
	Cost of Materials Consumed	692,895,288	665,663,136
	Changes in Inventories of finished goods	(7,030,029)	883,583
	Work-in-progress	16,510,001	1,220,616
	Employee Benefits Expense	65,871,501	57,247,335
	Finance Costs	27,007,660	26,209,272
	Depreciation	26,716,787	22,761,008
	Other Expenses	213,744,719	182,546,051
	Total Expenses	1,035,715,927	956,531,001
V.	Profit before Exceptional and Extraordinary items and Tax	29,358,450	10,975,232
VI.	Exceptional Items - Excess/(Short) Provision for Taxation	-	-
VII.	Profit before Extraordinary items and Tax (V-VI)	29,358,450	10,975,232
VIII.	Extraordinary Items	8,725,057	-
IX.	Profit before Tax (VII-VIII)	20,633,393	10,975,232
X.	Tax Expense:		
	(1) Current Tax	4,100,000	2,300,000
XI.	Profit/(Loss) for the period from continuing operations (IX-X)	16,533,393	8,675,232
XII.	Profit/(Loss) from discontinuing operations	-	-
XIII.	Tax expense of discontinuing operations	-	-
XIV.	Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)	16,533,393	8,675,232
XV.	Profit/(Loss) for the period (XI + XIV)	16,533,393	8,675,232
XVI.	Earnings per equity share:		
	(1) Basic	1.78	0.94
	(2) Diluted	1.78	0.94

INDEPENDENT AUDITORS' REPORT

To

The Members of

M/s EVEREST ORGANICS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Everest Organics Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Profit and Loss Statement, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be

included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

OPINION :

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profits and its Cash Flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies (Auditors' Report) Order, 2015 ("The Order"), issued by the Central Government of India in terms of sub-section 11 of

Section 143 of the Act, we give in the Annexure a Statement on the matters specified in Paragraph 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that :

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Profit and Loss Statement, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e) On the basis of the written representations received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – refer Note Nos.12 & 13 to the financial statements.

(ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For P.S.N. RAVISHANKER & ASSOCIATES

Chartered Accountants

FRN : 003228S

(P. RAVI SHANKER)

Place : Hyderabad,

Partner

Date : 30-05-2015

ICAI M. No. 025288

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

With reference to the annexure referred to in our Independent Auditors Report to the members of the Company on the financial statements for the year ended 31-03-2015, we report that :

1. In respect of its fixed assets:

- a) The Company has maintained proper records showing broad particulars including quantitative details and situation of fixed assets, on the basis of available information. However, the fixed assets register is to be updated. We are informed by the management that the company is in the process of compiling and reconstructing the Fixed Assets Register to show full particulars including quantitative details and situation of Fixed Assets.
- b) As explained to us by the management, majority of the fixed assets have been physically verified in a broad manner by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. We are informed that no material discrepancies were noticed on such physical verification.

2. In respect of its inventories:

- a) The inventories have been physically verified during the year by the management, in respect of majority of the high value items at reasonable intervals. In our opinion, the frequency of such verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management, appears to be generally reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventories in a broad manner. As per the information and explanation given to us, no material discrepancies were noticed on such verification.

3. In respect of the loans :

As per the information and explanations furnished to us by the management, the company has not granted any loans secured / unsecured to Companies, Firms or other parties covered in the register maintained under section 189 of the Companies Act.

4. In respect of Internal Control Procedure :

In our opinion and according to the information and explanations given to us, the Company has an adequate internal control system which, Prima facie, appear to be commensurate with its size and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods.

The Internal Control Procedures may be further strengthened in respect of procedures for requisitioning, placing orders, purchasing and making payments of items referred to above and for sale of goods and in obtaining the balance confirmations from respective parties. However, the company does not have internal Audit system as per the provisions of section 138 of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014.

5. In respect of Deposits :

According to the information and explanations given to us, the Company has not accepted deposits to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, and the rules framed there under, wherever applicable, from the public.

However, the company has earlier taken / accepted / held unsecured loans totally amounting to Rs.886.15 lakhs (Rs.884.20 lakhs as at 31-03-2014), out of which an amount of Rs.303.58 lakhs(Previous year Rs.247.21 lakhs) is stated to be from the Directors and their relatives and an amount of Rs.510.94 lakhs (Previous Year Rs.346.97 lakhs) is from an NBFC(in which two of the directors of that company are the relatives of the Managing Director of the Company) and Rs.71.62 lakhs(Previous Year Rs.19.07 lakhs) in the form of Security Deposits from Employees, all stated to be coming under the category of promoters, their friends, relatives, employees and Associate concerns and it has been explained to us that the unsecured loans were earlier brought into the company to meet the then financial obligations of the company to the then Financial Institutions/Banks.

6. In respect of Cost Records :

The Company has maintained cost records, which, prima facie, appear to broadly meet the requirements prescribed by the Central Government U/s.148(1) of the Companies Act, 2013 read with Companies (Cost Records

and Audit) Rules, 2014. However, the contents of these accounts and records have not been examined by us in detail.

7. In respect of statutory dues :

a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax(Except FBT of Rs.8.55 lakhs & Income Tax of Rs.3,58), Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31-03-2015 for a period of more than six months from the date they became payable.

b) We have been informed by the management that there are no pending disputes with the appropriate authorities relating to Statutory Dues and those dues outstanding for a period of more than six months.

c) According to the records of the Company, information and explanations given to us, there are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

8. In respect of Accumulated Losses :

The Company is registered for a period of more than 5 years, the accumulated losses of the company as at 31-03-2015 amounts to Rs.346.47 lakhs (Previous year Rs.511.80 lakhs) and the Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.

9. In respect of Bank Loans :

We are of the opinion that the Company has not defaulted in repayment of dues to the Banks. The company has not made any borrowings from the financial institutions or debenture holders.

10. In respect of Guarantees :

As per the information and explanations furnished to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

11. In respect of Term Loans :

During the year the company has not availed any term loans.

12. In respect of Fraud :

According to the information and explanations given to us, there was no fraud on or by the company that has been noticed or reported during the year by the Management.

For P.S.N. RAVISHANKER & ASSOCIATES
Chartered Accountants
FRN : 003228S

(P. RAVI SHANKER)
Place : Hyderabad
Partner
Date : 30-05-2015
ICAI M. No. 025288

2) MANAGEMENT DISCUSSION & ANALYSIS

As you, all are well aware that pharmaceutical industry is and has been and would be an evergreen industry. However finished dosage pharma is progressing at a faster pace than the bulk drug industry (API Industry) which has low profit margins.

However with the new initiatives from the new governments at centre along with the state, the bulk drug (API) industry along with advanced chemical intermediate industry is likely to grow at about 12 – 15 % year on year basis, with the new adversities from the pollution aspects in china.

As far as EOL is concerned, Everest will have an annual growth rate of 15% from the previous year and is expected to improve the profit margins to above 3%.

However as you are well aware that EOL plant had been given closure order to stop production since 13th May 2015, The management has been approved by the board of directors to improve the capital investment to the tune of 5 Crores in order to meet the growing stringency of TSPCB.

The Management is confident of getting the revocation order before the end of September 2015. You are also hereby informed that there was a fire accident involving Production Block – 2 extension (Pilot Plant) where in fixed assets to the tune of about 2.5Crores and current assets to the tune of 1.6 crores has been damaged on 17th July 2015. You are hereby informed that there is adequate insurance coverage for both fixed assets and current assets. Your management is confident of getting the claim settled by New India Assurance company on or before 30th September 2015.

HUMAN RESOURCE DEVELOPMENT AND INDUTRY RELATIONS:

Intelligence, self confidence, presence, the ability to communicate and having a vision are important. Highly intelligent person need not necessarily be having the knack of the making good business judgments, know how separates leaders who perform, who deliver results from those who don't know how improves with appetite to learn. The managers have to contend with changing scenario but the pace and abruptness of change has to be dealt with. The changes detected earlier give more time to generate and test hypotheses, mobilize resources and reposition the business to achieve the money making targets. One must have the contingent plans to deal with unforeseen circumstances.

The important things envisaged by our Board are:

- Removal of the road blocks to growth
- Improved planning for better revenue generation.
- Tapping intellectual horse power.
- Securing commitment for execution.
- Pooling observations.
- Adjusting attitudes.
- Providing prompt feedback and training.
- Anticipates and resolve conflicts.
- Solving incompatibility, not incompetence.
- Right people in right place at the right time.
- Dealing mismatches in a constructive way.
- Detection patterns.
- Managing social system.
- Setting priorities.
- Dealing with external parties.
- Transparency.

The Company understands the significance of the above for the growth and is committed to improve the Human Resource Team, which is already in good shape. We aspire and strive harder for better shape.

SECTION VI

SECTION VI

LEGAL INFORMATION

OUTSTANDING LITIGATION

There are no outstanding litigations against the company pending as on date.

CASES FILED BY EVEREST ORGANICS LIMITED

The Company has filed a Writ Petition in the High Court of Hyderabad on 13.12.2015 against TSSPDCL (Telangana State Southern Power Distribution Company Limited) for forcible collection of R & C Charges amounting to Rs. 1,36,50,930/- (Rupees One Crore Thirty Six Lacs Fifty Thousand Nine Hundred Thirty Only).

SECTION VII

SECTION VII

REGULATORY AND STATUTORY DISCLOSURES

DISCLOSURES

Particulars Regarding Previous Public or Right Issues during the Last Five Years

There were no public or rights issue of the Company during last five years

Disclosures on the order of Board for Industrial and Financial Reconstruction (BIFR), Delhi Bench on declaration as a Sick Company

M/s. Everest Organics Limited was declared sick u/s 3(1)(o) of Sick Industrial Companies (Special Provisions) Act, 1985 vide Board's Order dated 09.01.2006 due to losses suffered by the Company as well as other factors beyond the control of management and for the same the case was registered with the said bench during the year 2004 vide case no. 36/2004. SBT, Hyderabad was appointed as Operating Agency (OA) to examine its viability and formulate a rehabilitation scheme.

Thereafter ARCIL who was the sole creditor after taking over the debts of SBI, ICICI and SBT having more than 75% of the outstanding dues of the Company had taken symbolic possession of the Company's Assets under the provisions of SARFAESI Act. And thereafter, the Bench abated the proceedings pending before the BIFR and discharge the Company from the purview of BIFR in the hearing on 18.06.2008 and its order dated 24.06.2008.

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

3. SHARE CAPITAL

The Authorised Share Capital of the Company shall be as prescribed in Clause V of the Memorandum of Association of the company.

4. INCREASE IN CAPITAL

The Company in General Meeting, may from time to time, by an Ordinary Resolution increase the capital by the creation of new shares, the increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any share of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof shall direct, and if no direction be given, as the Directors shall determine and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company in conformity with Sections 47 of the Act.

5. NEW CAPITAL SAME AS EXISTING CAPITAL

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

6. REDEEMABLE PREFERENCE SHARES

Subject to the provision of Section 55 of the Act, the Company shall have the power to issue Preference shares which are, liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption.

7. PROVISION TO APPLY ON ISSUE OF REDEEMABLE PREFERENCE SHARES

On the issue of Redeemable Preference Shares under the provisions of Article 6 hereof the following provisions shall take effect:

- a) No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of other proceeds of fresh issue of shares made for the purpose of redemption.
- b) no such shares shall be redeemed unless they are fully paid.
- c) the premium, if any, payable on redemption must have been provided for out of the profits of the Company or the Company's Share Premium Account before the shares are redeemed.
- d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue there shall out of profits which would otherwise have been available for dividends be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provision of the Act relating to the reduction of the share capital of the Company shall except as provided in Section 55 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.

8. REDUCTION OF CAPITAL

- a) The Company may (subject to the provisions of Sections 52, 55, 66 the Act) from time to time by Special Resolution reduce its capital and any Capital Redemption Reserve Account or Premium Account in any manner for the time being authorised by law, and in particular capital may be paid off on the footing that it may be called upon again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted
- b) Notwithstanding anything contained in sub-clause (a) above, in the event it is permitted by the Law and subject to such limits, terms, conditions and consents as may be prescribed and laid down for the purpose, the Company shall have the power to buy-back its own shares, whether or not there is any consequent reduction of Capital. If and to the extent permitted by Law, the Company shall also have the power to re-issue the shares so bought back.

9. SUB-DIVISION, CONSOLIDATION AND CANCELLATION OF SHARES

Subject to the provisions of Section 61 of the Act, the Company in general meeting may, from time to time, consolidate all or any of its

share capital into shares of larger amount than its existing shares or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the memorandum and the resolution whereby any share is sub-divided, may determine that, as between the holders of the shares resulting from such sub-division one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject to as aforesaid the Company in general meeting may also cancel shares which 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.

10. MODIFICATION OF RIGHTS

If at any time, share capital of the company, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise provided, by the terms of issue of the shares of that class) may subject to the provisions of Sections 48 of the Act and whether or not the Company is being wound-up be varied, modified commuted, affected or abrogated with the consent in writing of the holders of three fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. This Article shall not derogate from any power which the Company would have if these Articles were omitted. The provision of these articles relating to general meetings shall mutatis mutandis, apply to every such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined above is not present, those persons who are present shall be the quorum.

11. BOARD MAY ACCEPT SURRENDER OF SHARES

Subject to the provisions of Sections 66 (inclusive) of the Act, the Board may accept from any member on such terms and conditions as shall be agreed a surrender of all or any of his shares

SHARES AND CERTIFICATES

12. REGISTER AND INDEX OF MEMBERS

The Company shall keep a Register and Index of Members in accordance with Section 88 of the Act and the details of the members holding shares both in material and dematerialised form in any media as permitted by law including electronic media. The Company shall also be entitled to keep in any state or country outside India a Branch Register of Members resident in that state or country

13. SHARES TO BE NUMBERED PROGRESSIVELY AND NO SHARE TO BE SUB-DIVIDED

a) The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

b) Nothing contained in sub-clause (a) above, shall apply to shares held in the Depository form.

14. FURTHER ISSUE OF CAPITAL

The Board may at any time increase the subscribed capital of the Company by issue of new shares out of the unissued part of the Share Capital in the original or subsequently created capital, but subject to Section 62 of the Act, and subject to the following conditions namely:

- I. (a) Such further shares shall be offered to the persons who, at the date of the offer, are holder of the equity shares of the Company in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date.
- (b) The offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than twenty-one days, from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.
- (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in clause (b) shall contain a statement of this right.

- d) After the expiry of the time specified in the notice aforesaid, or in respect of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as it thinks most beneficial to the Company.
- II. The Directors may, with the sanction of the Company in General Meeting by means of a special resolution, offer and allot shares to any person at their discretion by following the provisions of section 62 of the Act and other applicable provisions, if any.
- III. Nothing in this Article shall apply to the increase in the subscribed capital of the Company which has been approved by:
 - (a) A Special Resolution passed by the Company in General Meeting before the issue of the debentures or the raising of the loans, and
 - (b) The Central Government before the issue of the debentures or raising of the loans or is in conformity with the rules, if any, made by that Government in this behalf.

15. SHARES UNDER CONTROL OF DIRECTORS

Subject to the provisions of the Act and these Articles, the shares in the capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Board who may allot 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 or at a discount (subject to compliance with the provisions of the Act) and at such terms as they may, from time to time, think fit and proper and with the sanction of the Company in General Meeting by a Special Resolution give to any person the option to call for or be allotted shares of any class of the Company, either at par, at a premium or subject as aforesaid at a discount, such option being exercisable at such times and for such consideration as the Board thinks fit unless the Company in General Meeting, by a Special Resolution, otherwise decides. Any offer of further shares shall be deemed to include a right, exercisable by the person to whom the shares are offered, to renounce the shares offered to him in favour of any other person.

16. POWER ALSO TO COMPANY IN GENERAL MEETING TO ISSUE SHARES

In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 14 and 15, the Company in General Meeting, by a Special Resolution, may determine that any share (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether members or holders of debentures of the Company or not), giving them the option to call or be allotted shares of any class of the Company either at a premium or at par or at a discount, (subject to compliance with the provisions of Section 53) such option being exercisable at such times and for such consideration as may be directed by a Special Resolution at a General Meeting of the Company or in General Meeting and may take any other provisions whatsoever for the issue, allotment or disposal of any shares.

17. ISSUE OF SHARES FOR CONSIDERATION OTHER THAN CASH

Subject to these Articles and the provisions of the Act, the Board may issue and allot shares in the capital of the Company as payment or in consideration or as part payment or in part consideration of the purchase or acquisition of any property or for services rendered to the Company in the conduct of its business and shares which may be so issued or allotted shall be credited or deemed to be credited as fully paid-up shares. As regards all allotments, from time to time made, the Board shall duly comply with Section 39 of the Act.

18. ACCEPTANCE OF SHARES

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

19. DEPOSIT AND CALL ETC., TO BE A DEBT PAYABLE IMMEDIATELY

The money, if any, which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them shall, immediately on the insertion of the name or the name of the allottee in the Register of Members as the name of the holder of such

shares, become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.

20. CALL IN ADVANCE

Amount paid in advance of calls may entail a right for interest but will not confer a right to dividend or to participate in the profits of the company.

21. LIABILITY OF MEMBERS

Every, member, or his heirs, executors or administrators, shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amount, at such time or times, and in such manner as the Company's, regulations require or fix for the payment thereof.

22. LIEN

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

23. SHARE CERTIFICATES

a) Every member or allottee of shares shall be entitled without payment, to receive one certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid-up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issue of letters of acceptance or of renunciation or in case of issue of bonus shares. Every such certificate shall subject to the provisions of the Act be issued within a period of two months from the date of allotment and within fifteen days after application for registration of the transfer of any share or debenture under the seal of the company, which shall be affixed in the

presence of two Directors or persons acting on behalf of the Directors under duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose, and two directors or their Attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, atleast one of the aforesaid two Directors shall be a person other than a Managing or a whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue.

b) Any two or more joint allottees of a share shall for the purpose of this Article, be treated as a single member, and the certificate of any share, which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound to prescribe charge not exceeding Rupee one. The Company shall comply with the provisions of the Act.

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

d) Share/Debenture Certificates shall be issued in marketable lots and where Share/Debenture Certificate are issued for either more or less than marketable lots, subdivision/ consolidation into marketable lots shall be done free of charge.

e) The Company shall be entitled to dematerialise its shares, debentures and other securities pursuant to the Depositories Act, 1996 and to offer its shares, debentures and other securities for subscription in a dematerialised form.

f) Notwithstanding anything contained in these articles, the Board shall not accept application(s) for subdivision or consolidation of shares or debentures or bonds into denominations of less than marketable lots except when such a subdivision or consolidation is required to be made to comply with a statutory order or an order of a competent court of law or a request from a member to convert his holding of odd lots of shares or debentures or bonds into

transferable/marketable lot subject, however to verification by the Company.

24. RENEWAL OF SHARE CERTIFICATE

a) No certificate of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out or where the cages on the reverse for recording transfer have been duly utilised, unless the certificate in lieu of which it is issued is surrendered to the Company.

b) When a new share Certificate has been issued in pursuance of clause (a) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is “issued in lieu of share certificate No. sub-divided/replaced/on consolidation of shares”.

c) If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only with the prior consent of the Board and on such terms, if any, as to evidence and indemnity as to the payment of out-of-pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit.

d) When a new share certificate has been issued in pursuance of clause (c) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is “duplicate” issued in lieu of share certificate No. The word “Duplicate” shall be stamped or punched in bold letters across the face of the share certificate.

e) Where a new share certificate has been issued in pursuance of clause (a) or clause (c) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against the names of the persons to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross reference in the “Remarks” column.

f) All blank forms to be issued for issue of share certificate shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively

machine numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or of such other person as the Board may appoint for the purpose and the Secretary or the other person aforesaid shall be responsible for rendering an account of those forms to the Board.

g) The Managing Director of the Company for the time being or if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates except the blank forms of share certificate referred to in clause (f) of this Article.

h) All books referred to in clause (g) of this Article shall be preserved in good order permanently.

25. THE FIRST NAMED OF JOINT-HOLDERS DEEMED SOLE HOLDER

If any share stands in the names of two or more persons, the person first named in the Register shall, as regards receipts of dividends or bonus or service of notice and all or any other matter connected with the Company, except voting at meetings, and the transfer of the shares, be deemed the sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all installment and calls due in respect of such share and for all incidents thereof according to the Company's regulations.

26. COMPANY NOT BOUND TO RECOGNISE ANY INTEREST IN SHARE OTHER THAN THAT OF REGISTERED HOLDER

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

27. DECLARATION BY PERSON NOT HOLDING BENEFICIAL INTEREST IN ANY SHARE

a) Notwithstanding anything herein contained, a person whose name is at any time entered in the Register of Members of the Company as the holder of a share in the Company, but who does not hold the beneficial interest in such share, shall, within such time and in such form as may be prescribed, make a declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such share in such manner as may be provided in Section 89 of the Act.

b) A person who holds a beneficial interest in a share or a class of shares of the Company shall, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in Section 89 of the Act.

c) Whenever there is a change in the beneficial interest in a share referred to above, the beneficial owner shall, within the time prescribed from the date of such, change make a declaration to the Company in such form and containing such particulars as may be prescribed as provided in Section 89 of the Act.

d) Notwithstanding anything contained in the Act and Articles hereof, where any declaration referred to above is made to the Company, the Company shall make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.

e) Nothing contained in Section 89 of the Companies Act, 2013 shall apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository

28. UNDERWRITING AND BROKERAGE COMMISSION MAY BE PAID

Subject to the provision of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company or procuring, or agreeing to procure subscription (whether absolute or conditional) for any share or debentures in the Company, but so that the commission shall not exceed in the case of shares five per cent of the price at which the shares are issued and in the case of debentures two and a half per

cent of the price at which the debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.

29. BROKERAGE

Subject to provisions of the act, The Company may pay a reasonable sum for brokerage.

30. INTEREST OUT OF CAPITAL INTEREST MAY BE PAID OUT OF CAPITAL

Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provision of any plant which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provision of plant.

31. TRANSFER AND TRANSMISSION OF SHARES AND REGISTER OF TRANSFERS

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

32. INSTRUMENT OF TRANSFER

A transfer of shares in the Company shall be by an instrument of transfer in writing in the prescribed form and shall be duly stamped and delivered to the Company in accordance with the provisions of the Act.

33. TRANSFER FORM TO BE COMPLETED AND PRESENTED TO THE COMPANY

- a) The instrument of transfer shall be accompanied by such evidence as the board may require to prove the title of transferor and his right to transfer the shares and every registered instrument of transfer shall remain in the custody of the company until destroyed by order of the Board. The transferor shall be deemed to be the holder of such shares until the name of the transferee shall have been entered in the Register of Members in respect thereof. Before the registration of transfer the certificate of the shares must be delivered to the Company.

b) The company shall effect transfer, transmission, sub-division or consolidation within 15 days from the date of lodgement of documents.

c) Notwithstanding anything contained in the Articles of Association, in the case of transfer of shares or other marketable securities, where the Company has not issued any certificates and where such shares or securities are being held in any electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply.

34. TRANSFER BOOKS AND REGISTER OF MEMBERS WHEN CLOSED

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

35. NOTICE OF APPLICATION WHEN TO BE GIVEN

Where in the case of partly paid shares, an application for registration is made by the transferor; the Company shall give notice of the application to the transferee in accordance with the provisions of the Act.

36. DEATH OF ONE OR MORE JOINT-HOLDERS OF SHARES

In case of the death of any one or more of the persons named in the Register of Members as the joint-holders of any share, the survivor or survivors shall be the only persons recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other persons.

37. TITLE OF SHARES OF DECEASED MEMBER

The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased member (not being one or two or more joint-holders) shall be the only persons recognised by the Company as having any title to the share registered in the name of such member and the Company shall not be bound to recognise such executors or administrators or holder or a Succession Certificate or the legal representatives unless they have first obtained Probate or

Letters of Administration or Succession Certificate, as the case may be from a duly constituted Court in the Union of India, provided that in any case where the Board in its absolute discretion, thinks fit, it may dispense with production of Probate or Letters of Administration or Succession Certificate upon such terms as to indemnify or otherwise as the Board in its absolute discretion may think necessary and under Article 36, register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member.

38. NO TRANSFER TO MINOR ETC.

No share shall in any circumstance be subscribed for transfer to any infant, minor, insolvent or person of unsound mind.

39. REGISTRATION OF PERSONS ENTITLED TO SHARES OTHERWISE THAN BY TRANSFER

Subject to the provisions of the Act and Articles 34 and 35 any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member, or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some persons nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provision herein contained, and until he does so, he shall not be freed from any liability in respect of the shares.

40. PERSONS ENTITLED MAY RECEIVE DIVIDEND WITHOUT BEING REGISTERED AS MEMBER

A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends of money as hereinafter provided, be entitled to receive any and may give discharge for any dividends or other moneys payable in respect of the share.

41. FEE ON REGISTRATION OF TRANSFER, PROBATE, ETC.

a) No fee shall be charged for :

i) registration of transfer of the Company's shares and debentures;

ii) sub-division and consolidation of shares and debenture certificates and for sub- division of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations corresponding to the market units of trading;

iii) sub-division of renounceable letters of right;

iv) issue of new certificates in replacement of those which are old, decrepit or worn out or where the cages on the reverse for recording transfer have been fully utilised;

v) registration of any power of attorney, probate, letters of administration or similar other documents.

b) Fees as agreed upon with the Stock Exchanges will be charged for

i) issue of new certificates in replacement of those that are torn, defaced, lost or destroyed;

ii) sub-division and consolidation of shares and debenture certificates and for sub- division of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations other than those fixed for the market unit of trading.

42. COMPANY NOT LIABLE FOR DISREGARD OF A NOTICE PROHIBITING REGISTRATION OF A TRANSFER

The company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or to be under any liability whatsoever

for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

BORROWING POWERS

43. POWER TO BORROW

The Board may, from time to time, 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 179 of the Act, 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, by the issue of debentures to members, perpetual or otherwise including debentures convertible into shares of this or any other company or perpetual annuities in security of any such money so borrowed, raised or received, mortgage, pledge or charge, the whole or any part of the property, assets, or revenue of the Company, present or future, including its uncalled capital by special assignment or otherwise or transfer or convey the same absolutely or entrust and give the lenders powers of sale and other powers as may be expedient and purchase, redeem or pay off any such security.

Provided that every resolution passed by the Company in General Meeting in relation to the exercise of the power to borrow as stated above shall specify the total amount upto which moneys may be borrowed by the Board of Directors, provided that subject to the provisions of clause next above, the Board may, from time to time, at its discretion, raise or borrow or secure the repayment of any sum or sums of money for the purpose of the Company as such time and in such manner and upon such terms and conditions in all respects as it thinks fit and in particular, by promissory notes or by opening current accounts, or by receiving deposits and advances, with or without security or by the issue of bonds, perpetual or redeemable debentures

or debenture stock of the Company charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being or

by mortgaging or charging or pledging any land, building, bond or other property and security of the Company or by such other means as them may seem expedient.

44. TERMS OF ISSUE OF BONDS, DEBENTURES

Any bonds, debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at general meetings, appointment of Directors and otherwise. Bonds or debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting accorded by a Special Resolution.

45. REGISTER OF MORTGAGES, ETC. TO BE KEPT

The Board shall cause a proper Register to be kept in accordance with the provisions of Section 85 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company, and shall cause the requirements of, Sections

77 to 85 of the Act in that behalf to be duly complied with so far as they fall to be complied with by the Board.

46. REGISTER AND INDEX OF DEBENTURE HOLDER

The Company shall, if at any time issues debentures, keep a Register and Index of debenture- holders in accordance with Section 88 of the Act and the details of the members holding debentures both in material and dematerialised form in any media as permitted by law including electronic media. The Company shall also be entitled to keep in any state or country outside India a Branch Register of debenture-holders resident in that state or country.

MEETINGS OF MEMBERS

47. ANNUAL GENERAL MEETING

The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings. The first Annual General Meeting shall be held within eighteen months from the date of incorporation of the Company and the next Annual General Meeting

shall be held within six months after the expiry of the financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of 96 of the Act to extend the time within which any Annual General Meeting may be held.

48. EXTRAORDINARY GENERAL MEETING

The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any member or members holding in the aggregate not less than one-tenth of such of the paid-up capital as at that date carries the right of the voting in regard to the matter in respect of which the requisition has been made.

49. REQUISITION OF MEMBERS TO STATE OBJECT OF MEETING

Any valid requisition so made by members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the office provided that such requisition may consist of several documents in like form each signed by one or more requisitionists.

50. ON RECEIPT OF REQUISITION, DIRECTORS TO CALL MEETING, IN DEFAULT REQUISITIONISTS MAY DO SO

Upon receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting and if they do not proceed within twenty one days from the date of the requisition being deposited at the office cause a meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitionists, or such of their number as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Company as is referred to in 100 of the Act, whichever is less, may themselves call the meeting, but in either case any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

51. MEETING CALLED BY REQUISITIONISTS

Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board.

52. LENGTH OF NOTICE AND NATURE OF BUSINESS

- a. 'Twenty-one days' notice at least of every General Meeting, Annual, Extraordinary, and by whomsoever called specifying the day, date, place and hour of meeting, and the general nature of the business to be transacted there at, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company.

Provided that a general meeting may be called after giving a shorter notice if consent is given in writing or by electronic mode by not less than ninety-five per cent of the members entitled to vote at such meeting.

- b. 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 a 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. 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 consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.
- c. 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.

53. OMISSION TO GIVE NOTICES NOT TO INVALIDATE A RESOLUTION PASSED

The accidental omission to give any such notice as aforesaid to any of the members, or the non-receipt thereof, shall not invalidate any resolution passed at any such meeting.

54. MEETING NOT TO TRANSACT BUSINESS NOT MENTIONED IN NOTICE

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

55. QUORUM AT GENERAL MEETING

The quorum requirements for general meetings shall be as under and no business shall be transacted at any General Meeting unless the requisite quorum is present when the meeting proceeds to business:

- 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

56. BODY CORPORATE DEEMED TO BE PERSONALLY PRESENT

A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 113 of the Act.

57. IF QUORUM NOT PRESENT, MEETING TO BE DISSOLVED OR ADJOURNED

If the quorum is not present within half-an-hour from the time appointed for holding a meeting of the company—

- (a) the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other date and such other time and place as the Board may determine; or
- (b) the meeting, if called by requisitionists under section 100, shall stand cancelled If at the adjourned meeting also, a quorum is not

present within half-an-hour from the time appointed for holding meeting, the members present shall be the quorum. In case of an adjourned meeting or of a change of day, time or place of meeting under clause (a), the company shall give not less than three days notice to the members either individually or by publishing an advertisement in the newspapers (one in English and one in vernacular language) which is in circulation at the place where the registered office of the company is situated.

58. CHAIRMAN OF GENERAL MEETING

The Chairman of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting or if he shall be unable or unwilling to take the chair, then the Vice-Chairman of the Board of Directors shall be entitled to take the chair, at such General Meeting. If at any meeting the Vice-Chairman shall not be present within fifteen minutes of the time appointed for holding such meeting or if he shall be unable or unwilling to take the chair, then the Directors present shall elect any Director present and willing to take the chair as Chairman, and if no Director be present or if all the Directors present decline to take the chair, then the members present shall elect one of their member to be the Chairman of such meeting.

59. BUSINESS CONFINED TO THE ELECTION OF CHAIRMAN WHILST CHAIR VACANT

No business shall be discussed at any General Meeting except the election of a Chairman whilst the chair is vacant.

60. CHAIRMAN WITH CONSENT MAY ADJOURN MEETING

The Chairman with the consent of the members may adjourn any meeting from time to time and from place to place in the city or town in which the office of the company is for the time being situate but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

61. QUESTIONS AT GENERAL MEETING HOW DECIDED

At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands/result of electronic voting as per

the provisions of Section 108, unless a poll is (before or on declaration of the result of the show of hands/e-voting) demanded in accordance with the provisions of Section 109. Unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands/ electronic voting, been carried unanimously or by a particular majority or lost and an entry to that effect in the book of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution.

62. CHAIRMAN'S CASTING VOTE

In the case of an equality of votes, the Chairman shall, both on a show of hands or electronically and at poll (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a member.

63. POLL TO BE TAKEN IF DEMANDED

If a poll is duly demanded in accordance with the provisions of Section 109, it shall be taken in such manner as the Chairman, subject to the provisions of Section 109 of the Act, may direct, and the results of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

64. IN WHAT CASE POLL BE TAKEN WITHOUT ADJOURNMENT

Any poll duly demanded on the election of a Chairman of a meeting or any question of adjournment shall be taken at the meeting forthwith.

65. DEMAND FOR POLL NOT TO PREVENT TRANSACTION OF OTHER BUSINESS

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

MINUTES OF MEETINGS

66. MINUTES OF GENERAL MEETING AND INSPECTION THEREOF BY MEMBERS

- a. The Company shall comply with the requirements of Section 118 of the Act, in respect of the keeping of the minutes of all proceedings of

every General Meeting and every meeting of the Board or any Committee of the Board.

- b. The Chairman of the meeting shall exclude at his absolute discretion such of the matters as are or could reasonably be regarded as defamatory of any person irrelevant or immaterial to the proceedings or detrimental to the interests of the Company.
- c) The book containing the minutes of proceedings of General Meetings shall be kept at the office of the Company and shall be open during business hours, for such period not being less in the aggregate than two hours in each days as the Directors determine to inspection of any member without charge.

DIRECTORS

67. NUMBER OF DIRECTORS

Subject to the provisions of the Companies Act, 2013, the number of Directors shall not be less than three and not more than fifteen.

68. FIRST DIRECTORS

The following persons are the first Directors of Company:

- i) Dr. S. K. Srihari Raju
- ii) Sri S.K.C. Ramabhadra Raju
- iii) Sri Krishna R. Kakarlapudi
- iv) Sri Atluri Raja Rao

69. DIRECTORS OF THE COMPANY

Subject to the provisions of Section 152 of the Act, not less than two-thirds of total number of Directors of the Company shall:

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

70. APPOINTMENT OF NOMINEE DIRECTORS

Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Banks or

a State Finance Corporation or any Financial Institution owned or controlled by the Central Government or a State Government or the Reserve Bank of India or by two or more of them or by Central Government or State Government by themselves or by any agency nominated by the central government (each of the above is hereinafter this Article referred to as “the Corporation”) out of any loan/debenture assistance granted by them to the Company or so long as the Corporation holds or continues to hold Debentures/ Shares in the Company as a result of underwriting or by direct subscription or private placement, or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors whole time or non whole-time (which Director or Directors, is/are hereinafter referred to as Nominee Directors) on the board of the Company and to remove from such office any person or persons so appointed and to appoint any person in his or their place/s. The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of Committee of which the Nominee Director/s is/are member/s as also the minutes of such meetings. The corporation shall also be entitled to receive all such notices and minutes. The Board of Directors of the company shall have no power to remove from office the Nominee Director/s. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights privileges and subject to the same obligations as any other Director of the Company. The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds or continues to hold Debentures/Shares in the Company as a result of underwriting or by direct subscription or private placement or the liability of the Company arising out of the guarantee is outstanding and the Nominee Directors so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to Corporation or on the satisfaction of the liability of the Company arising out of the guarantee furnished by the Corporation. The company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission, monies or remuneration in any form is payable to the Director/s of the Company, the fees, commission monies and remuneration in the relation to such Nominee Director/s

shall accrue to the Corporation and the same shall accordingly be paid by the company directly to Corporation.

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

Provided that if any such Nominee Director/s is an officer of the Corporation, the sitting fees in relation to such Nominee Director/s shall also accrue to the corporation and the same shall accordingly be paid by the Company directly to the Corporation. Provided also that in the event of the Nominee Director/s being appointed as whole-time Director/s, such Nominee Director/s shall exercise such power and duties as may be approved by the Corporation and have such rights as are exercised or available to whole time director in the management of the affairs of the Company. Such whole-time Director(s) shall be entitled to receive such remuneration, fee, commission, and monies as may be approved by the Corporation.

71. POWER TO APPOINT EX-OFFICIO DIRECTORS

Whenever the Directors enter into a contract with any Government, Central, State or local authority, Institution or any person or persons for borrowing any money or for providing any guarantee of security or for technical collaboration of assistance or for underwriting or enter into any other arrangement whatsoever, the Directors shall have subject to the provisions of the Act, the power to agree that such government authority, institution, person or persons shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be mentioned in the agreement and that such Director or Directors may also agree that any such Director or Directors may be removed from time to time by the Government, institution, person or persons entitled to appoint or nominate them and such person or persons may appoint another or others in his or their place and also fill in any vacancy, which occurs as a result of any such Director or Directors ceasing to hold that office for any reason whatever. The Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the Directors of the Company including the payment of remuneration and travelling expenses to such

Director or Directors as may be agreed by the Company with such person or persons aforesaid.

72. DEBENTURE DIRECTORS

If it is provided by the Trust Deed securing or otherwise, in connection with any issue of debenture of the Company that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every such issue of debenture, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be liable to retire by rotation.

73. APPOINTMENT OF ALTERNATE DIRECTOR

The Board may, in accordance with and subject to the provision of Section 161 of the Act, appoint an Alternate Director to act for a Director during latter's absence for a period of not less than three months from India. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the original Director in whose place he has been appointed and shall vacate office, if and when the original Director returns, to India. If the term of office of the original Director is determined before he so returns, any provisions in the Act or in these Articles for the automatic reappointment of a retiring Director in default of another appointment shall apply to the original Director and not the alternate Director

74. DIRECTOR'S POWER TO ADD TO THE BOARD

Subject to the provisions of 161 of the Act the Board shall have power at any time and from time to time to appoint any other person to be an Additional Director but so that the total number of Directors shall not at any time exceed the maximum fixed under Article 67. Any such Additional Director shall hold office only upto the date of the next Annual General Meeting.

75. INDEPENDENT DIRECTORS

The Board of Directors may appoint such number of Independent Directors as are required under Section 149 of the Companies Act, 2013 or Clause 49 of Listing Agreement, whichever is higher, from time to time) Independent directors shall possess such qualification as required under Section 149 of the Companies Act, 2013 and Clause 49 of Listing Agreement. Independent Director shall be appointed for such period as prescribed under relevant provisions of the Companies Act, 2013 and Listing Agreement and shall not be liable to retire by rotation.

76. WOMEN DIRECTOR

The Board of Directors shall appoint one women director as per the requirements of Section 149 of the Act.

77. DIRECTOR'S POWER TO FILL CASUAL VACANCIES

Subject of the provisions of the Act, the Board shall have power at any time to appoint any other person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.

78. KEY MANAGERIAL PERSONNEL

- a. Subject to the provisions of the Act, 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.
- b. A director may be appointed as chief executive officer, manager, company secretary or chief financial officer subject to provisions of the Act.
- c. The Managing Director shall act as the Chairperson of the Company for all purposes subject to the provisions contained in the Act and these articles.

79. REMUNERATION OF DIRECTORS

- a. Until otherwise determined by the Company in General Meeting, each Director shall be entitled to receive and be paid out of the funds of the Company a fee for each meeting of the Board of Directors or any committee thereof, attended by him as may be fixed by the Board of Directors from time to time subject to the provisions of Section 197 of the Act, and the Rules made thereunder. For the purpose of any resolution in this regard, none of the Directors shall be deemed to be interested in the subject matter of the resolution. The Directors shall also be entitled to be paid their reasonable travelling and hotel and other expenses incurred in consequence of their attendance at meetings of the Board or of any committee of the Board or otherwise in the execution of their duties as Directors either in India or elsewhere. The Managing/Whole-time Director of the Company who is a full time employee, drawing remuneration will not be paid any fee for attending Board Meetings.
- b. Subject to the provisions of the Act, the Directors may, with the sanction of a Special Resolution passed in the General Meeting and such sanction, if any, of the Government of India as may be required under the Companies Act, sanction and pay to any or all the Directors such remuneration for their services as Directors or otherwise and for such period and on such terms as they may deem fit.
- c. Subject to the provisions of the Act, the Company in General Meeting may by Special Resolution sanction and pay to the Director in addition to the said fees set out in sub-clause (a) above, a remuneration not exceeding one per cent (1%) of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Act. The said amount of remuneration so calculated shall be divided equally between all the Directors of the Company who held office as Directors at any time during the year of account in respect of which such remuneration is paid or during any portion of such year irrespective of the length of the period for which they held office respectively as such Directors.
- d. Subject to the provisions of the Companies Act, and subject to such sanction of the Government of India, as may be required under the Companies Act, if any Director shall be appointed to advise the Directors as an expert or be called upon to perform extra services or make special exertions for any of the purposes of the Company, the Directors may pay to such Director such special remuneration as they think fit; such remuneration may be in the form of either salary,

commission, or lump sum and may either be in addition to or in substitution of the remuneration specified in clause (a) of the Article.

80. DIRECTOR MAY ACT NOTWITHSTANDING ANY VACANCY

The continuing Director may act notwithstanding any vacancy in their body but if and so long as their number is reduced below the minimum, the continuing Directors not being less than two may act for the purpose of increasing the number of Director to that number, or of summoning a General Meeting, but for no other purpose.

81. WHEN OFFICE OF DIRECTORS TO BECOME VACANT

The office of a Director shall be vacated if:

1. he is found to be unsound mind by a Court of competent jurisdiction;
2. he applies to be adjudicated as an insolvent;
3. he is an undischarged insolvent;
4. 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;
5. 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;
6. an order disqualifying him for appointment as Director has been passed by court or tribunal and the order is in force.
7. he has not complied with Subsection (3) of Section 152
8. he has been convicted of the offence dealing with related party transaction under section 188 at any time during the preceding five years.
9. 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;
10. he acts in contravention of Section 184 of the Act and fails to disclose his interest in a contract in contravention of section 184.

11. he becomes disqualified by an order of a court or the Tribunal

12. he is removed in pursuance of the provisions of the Act,

13. having been appointed a Director by virtue of holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company;

Notwithstanding anything in Clause (4), (6) and (8) aforesaid, the disqualification referred to in those clauses shall not take effect:

1. for thirty days from the date of the adjudication, sentence or order;

2. where any appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed off; or

3. where within the seven days as aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed off.

82. DIRECTOR MAY CONTRACT WITH COMPANY

Subject to the provisions of Section 188 of the Act and other limitations, if any, prescribed in the Companies Act, 2013, the Directors shall be entitled to contract with the Company and no Director shall be disqualified by having contracted with the Company as aforesaid.

83. DISCLOSURE OF INTEREST

A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in 184 of the Act. Provided that it shall not be necessary for a Director to disclose his concern or interest in any contract or arrangement entered into or to be entered into with any other company where any of the directors of the Company or two or more of them together holds

or hold not more than two percent of the paid-up share capital in any such other company.

84. GENERAL NOTICE OF DISCLOSURE OF INTEREST

A general notice given to the Board by the directors to the effect that he is a director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any notice shall expire at the end of the financial year in which it shall be given but may be renewed for a further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired. No such general notice, and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board or director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

85. RETIREMENTS AND ROTATION OF DIRECTORS

At every Annual General Meeting of the Company, one third of such of the Directors, for the time being as are liable to retire by rotation or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office. In the following Articles 'a Retiring Director' means a Director retiring by rotation. The Company shall comply with the provisions of Section 152 in this regard.

86. PROVISION IN DEFAULT OF APPOINTMENT

- a) If the place of the retiring Director is not so filled up and the meeting had not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a holiday, at the same time and place.
- b) If at the adjourned meeting also it has been not expressly resolved not to fill the vacancy the retiring Director shall be deemed to have been reappointed at the adjourned meeting, unless,
 - i. at that meeting or at the previous meeting resolution for the reappointment of such Director has been put to the meeting and lost;

- ii. the retiring Director has, by a notice in writing addressed to the Company or its Board, expressed his unwillingness to be so reappointed;
- iii. he is not qualified or is disqualified for appointment;
- iv. a resolution, whether special or ordinary, is required for the appointment or re-appointment by virtue of any provisions of the Act; or
- v. the provision to 162 of the Act is applicable to the case.

87. COMPANY MAY INCREASE OR REDUCE THE NUMBER OF DIRECTORS

Subject to of the Act, the Company may, by ordinary resolution, from time to time, increase or reduce the number of Directors, and may alter their qualifications and the Company may (subject to the provision of Section 169 of the Act) remove any Director before the expiration of his period of office and appoint another person instead. The person so appointed shall hold office during such time as Director in whose place he is appointed would have held the same if he had not been removed.

88. NOTICE OF CANDIDATE FOR OFFICE OF DIRECTOR EXCEPT IN CERTAIN CASES

- a) No person not being a retiring Director shall be eligible for appointment to the office of Director at any General Meeting unless he or some member intending to propose him has, not less than fourteen days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office along with deposit of such sum as may be prescribed by the Act or the Central Government 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 gets more than 25% of total valid votes cast either on show of hands or on poll on such resolution.
- b) Every person other than a Director or a person who has left at the office of the Company a notice under 160 of the Act signifying his candidature for the office of a Director posted as a candidate for the

office of a Director shall sign and file with the Company, the consent in writing to act as a Director, if appointed.

- c) A person other than a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office, or an Additional or Alternate Director, or a person filling a casual vacancy in the office of Director under the Act immediately on the expiry of his term of office, shall not act as a Director of the Company, unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.

89. REGISTER OF DIRECTORS ETC., AND NOTIFICATION OF CHANGE TO REGISTRAR

The company shall keep at its office a Register containing the particulars of its Directors, Manager, Secretary and other persons mentioned in Section 170 of the Act and shall otherwise comply with the provisions of the said Section in all respect.

90. DISCLOSURE BY DIRECTOR OF APPOINTMENT TO ANY OTHER BODY CORPORATE

Every Director including a person deemed to be a Director by virtue of the Explanation to 170 of the Act, Manager, or Secretary of the Company shall within twenty days of his appointment to any of the above office in any other body corporate, disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under Section 170 of the Act.

91. DISQUALIFICATION OF DIRECTORS

The Company shall not appoint any person as its Director if:

- a) he has been found to be of unsound mind by a Court of competent jurisdiction and the findings is in force;
- b) he is an un-discharged insolvent;
- c) he has applied to be adjudicated as an insolvent and his application is pending;
- d) he has been 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, and a period of five years has not elapsed from the date of expiry of the sentence;

- e) he has not paid any call in respect of shares of the Company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call; or
- f) an order disqualifying him for appointment as Director has been passed by a Court and it is in force
- g) he has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years
- h) he has not complied with sub-section (3) of section 152

No person who is or has been a director of a company which—

- (a) has not filed financial statements or annual returns for any continuous period of three financial years; or
- (b) has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more, shall be eligible to be re-appointed as a director of that company or appointed in other company for a period of five years from the date on which the said company fails to do so.

MANAGING DIRECTOR

92. THE BOARD MAY APPOINT MANAGING DIRECTOR

Subject to the provisions of the Act and of these Articles, the Board shall have the power to appoint from time to time any of its members as Managing Director or Managing Directors of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and subject to the provisions of the act, the Board may by resolution vest in such Managing Director or Managing Directors such of the powers hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such period or periods and upon such conditions and subject to such restrictions as it may determine. The remuneration of a Managing Director may be by way of monthly payment, fee for such meeting or participation in profits or by any or all of these modes or any other mode not expressly prohibited by the Act.

93. SPECIAL POSITION OF MANAGING DIRECTOR

A Managing Director shall not while he continues to hold that office be subject to retirement by rotation in accordance with Article 85 if he ceases to hold the office of Director he shall ipso facto and immediately cease to be a Managing Director.

94. PROCEEDINGS OF THE BOARD OF DIRECTORS MEETING OF DIRECTORS

- a) The Directors may meet together as a Board for despatch of business from time to time, and shall so meet atleast once in every three months and atleast four such meetings shall be held in every year with a maximum time gap of 120 days between two meetings. The Directors may adjourn and other wise regulate their meetings as they think fit.
- b) Subject to the provisions of Section 173, the Board and/or the Committees of the Board may, if the circumstances warrant, meet and/or discuss, resolve by means of telephone, fax, electronic mail, television or through any other audio-visual links known as audio and/or video conferencing instead of physical meetings.

95. NOTICE OF MEETINGS

Atleast seven days notice of every meeting of the Board shall be given in writing to every Director for the time being in India and at his usual address in India to every other Director provided however that in the case of a Director resident outside India, notice of every meeting of the Board shall also be given to such Director at his address outside India and to his alternate, if any, in India at his usual address in India. Such notice shall be accompanied by the agenda setting out the business proposed to be transacted at the meeting of the Board. Provided that a meeting of the Board may be convened in accordance with Article 52 by a shorter notice in the case of an emergency or if special circumstances so warrant, subject to compliance with provisions of the Act.

96. QUORUM

Subject to provisions of the Act, the quorum for a meeting of the Board shall be one third of its total strength (excluding Directors, if any, whose place may be vacant at the time and any fraction contained in that one-third being rounded of as one) or two Directors,

whichever is higher, provided, that where at any time the number of interested Director exceeds or is equal to two-thirds of the total strength in 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.

97. ADJOURNMENT OF MEETING FOR WANT OF QUORUM

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

98. WHEN MEETING TO BE CONVENED

The Secretary shall, as and when directed by the Chairman or Vice Chairman or by a Director or Directors to do so, convene a meeting of the Board by giving a notice in writing to every Director.

99. CHAIRMAN AND VICE CHAIRMAN

a) The Board may appoint from amongst its members a Chairman, and a Vice Chairman.

b) The Chairman of the Board shall be entitled to take the chair at every meeting of the Board. If at any meeting of the Board the Chairman shall not be present within fifteen minutes of the time appointed for holding the same or if he be unable or unwilling to take the chair then the Vice Chairman shall be entitled to take the chair at such Board Meeting.,

100. POWERS OF THE BOARD MEETING

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

101. DIRECTORS MAY APPOINT COMMITTEE

Subject to the provisions of the Act and the restrictions contained in Section 179of the Act, the Board may delegate any of their powers to committees of the Board consisting of such members or of its body as it thinks fit, and it may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to

persons or purposes, but every committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise shall have the like force and effect as if done by the Board.

102. RESOLUTIONS BY CIRCULATION

No resolution shall be deemed to have been duly passed by the Board or by a committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the directors, or members of the committee, as the case may be, at their addresses registered with the company in India by hand delivery or by post or by courier, or through such electronic means as may be prescribed and has been approved by a majority of the directors or members, who are entitled to vote on the resolution. Company shall comply with provisions of Section 175 in this regard.

103. ACTS OF BOARD OR COMMITTEE VALID NOTWITHSTANDING INFORMAL APPOINTMENT

All acts done by any meeting of the Board or by a committee of the Board, or by any person acting, as a Director shall notwithstanding that it shall afterwards be discovered that there is some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated his office or his appointment had not been terminated, provided that nothing in this Article shall be deemed to give validity to Acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

104. MINUTES OF PROCEEDINGS OF MEETINGS OF BOARD

- i) The company shall cause minutes of all proceedings of every meeting of the Board and committee thereof to be kept by making within thirty days of the conclusion of every such meeting entries

thereof in books kept for that purpose with their pages consecutively numbered.

- ii) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of every meeting in such books shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
- iii) In no case shall the minutes of proceedings of a meeting be attached to any such books as aforesaid by pasting or otherwise.
- iv) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- v) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meetings.
- vi) The minutes shall also contain:
 - a. the names of the Directors present at the meeting; and
 - b. in the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from or not concurring in the resolution.
- vii) Nothing contained in sub-clauses (1) to (6) shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting;
 - a. is or could reasonably be regarded as defamatory of any person.
 - b. is irrelevant or immaterial to the proceedings, or
 - c. is detrimental to the interests of the company

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in minutes on the grounds specified in this sub- clause.
- viii) Minutes of meeting kept in accordance with aforesaid provisions shall be evidence of the proceedings recorded therein.

105. POWERS OF DIRECTORS

The business of the Company shall be managed by the Directors who may exercise all such powers of the Company as are not, by the act or any statutory modification thereof for the time being in force, or by these Articles, required to be exercised by the Company in General Meeting, subject nevertheless to any regulation of these Articles, to the provisions of the said Act, and to such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in General Meeting; but no regulation made by the Company in General Meeting, shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

106. CERTAIN POWERS OF THE BOARD

Without prejudice to the general powers conferred by the Article 105 and so as not in any way to limit or restrict those powers conferred by these Articles, but subject to the restrictions contained in the Article 105, it is hereby declared that the Directors shall have the following powers, that is to say, power:

1. To pay the costs, charges and expenses, preliminary and incidental to the promotion, formation, establishment and registration of the company.
2. To pay and charge to the capital account of the Company any commission or interest lawfully payable there out under the provisions of the Act.
3. Subject to the provisions of the Act to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit, and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
4. At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company either wholly or partially in cash or in shares, bonds, debentures, mortgages, or other securities of the Company, and any such shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

5. To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.
6. To accept from any member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.
7. To appoint any person to accept and hold in trust for the Company any property belonging to the Company or in which it is interested, or for any other purpose, and to execute and do all such deeds and things as may be required in relation to any trust and to provide for the remuneration of such trustee or trustees.
8. To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon.
9. To act on behalf of the Company in all matters relating to bankrupts and insolvents.
10. To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.
11. Subject to the provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being shares of this Company), or without security and in such manner as they may think fit and from time to time to vary or realise such investments, save as provided in 187 of the Act, all investments shall be made and held in the Company's own name.
12. To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability, whether as principal or surety, for the benefit of the Company, such mortgage of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.

13. To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases contracts and documents and to give the necessary authority for such purpose.
14. To distribute by way of bonus amongst the staff of the Company a share or shares in the profit of the Company and to give to any officer or other persons employed by the Company a commission on the profits of any particular business or transactions and to charge such bonus or commission as part of the working expenses of the Company.
15. To provide for the welfare of Directors or ex-Directors or ex-employees of the Company and their wives, widow and families or dependents or connections of such persons, by building or contributing to the building of houses, dwellings or chawls, or by grants of money, pension, gratuities, allowances, bonus or other payments, or by creating, and from time to time subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance, as the Board shall think fit, and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the company, either by reason of locality of operation, or of public and general utility or otherwise.
16. Before recommending any dividend, to set aside out of the profits of the Company, such sum as they may think proper for depreciation fund or to an insurance fund or as a reserve fund or sinking fund or any special fund to meet contingencies or to repay debentures or debenture-stock or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purposes referred to in the preceding clause) as the Board may, in its absolute discretion think conducive to the interest of the Company and subject to the provisions of the Act to invest the several sums so set aside or so much thereof as required to be invested, upon such investments (other than shares of the Company) as they may think fit, and from time to time to

deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board in their absolute discretion think conducive to the interest of the Company, notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof may be matters to or upon which the capital moneys of the Company might rightly be applied or expended, and to divide the reserve fund into such special funds as the Board may think fit, with full power to transfer the whole or any portion of a reserve fund or division of a reserve fund to another reserve fund or division of a reserve fund and with full power to employ the assets constituting all or any of the funds including the depreciation of debentures or debenture-stock and without being bound to pay interest on the same with power, however, to the Board at its discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper, not exceeding nine per cent per annum.

17. To appoint, and at their discretion remove or suspend such general mangers, managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit; and the provisions contained in the four next following subclasses shall be without prejudice to the general powers conferred by this sub clause.
18. To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.
19. From time to time and at any time to establish any local board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such local boards, and to fix their remuneration.

20. Subject to provisions of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretion for the time being vested in the Board, other than their power to make call or to make loans or borrow moneys, and to authorise the members for the time being of any such local board, or any of them, to fill up any vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed and may annul or vary any such delegation.
21. At any time and from time to time by power of attorney under the seal of the Company, to appoint, any person or persons to be the attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of the members or any of the members of any local board, established as aforesaid or in favour of any company, or the shareholders, directors, nominee or managers, of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such power of attorney may contain such powers of the protection or convenience of persons dealing with such attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.
22. Subject to the provisions of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deed and things in the name and on behalf of the Company as they may consider expedient.
23. From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.

107. THE SECRETARY

The Directors may from time to time appoint, and at their discretion, remove the Secretary provided that where the paid-up capital of the Company is more than or equal to the limit prescribed under Section 203 of the Act read with the relevant rules made thereunder and as amended from time to time, it shall have a whole-time secretary. The Directors may also at any time appoint some person (who need not be the secretary) to keep the registers required to be kept by the Company.

108. THE SEAL, ITS CUSTODY AND USE

- a) The Board shall provide a common seal for the purpose of the Company, and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof and the Board shall provide for the safe custody of the seal for the time being, and the seal shall never be used except by the authority of the Board or a Committee of the Board previously given.
- b) The company shall also be at liberty to have an official seal in accordance with of the provisions of the Act, for use in any territory, district or place outside India.

109. DEEDS HOW EXECUTED

Every deed or other instrument to which the seal of the Company is required to be affixed, shall unless the same is executed by a duly constituted attorney, be signed by two Directors or one Director and Secretary or some other person appointed by the Board for the purpose provided that in respect of the share certificate the seal shall be affixed in accordance with Articles hereof.

110. DIVIDENDS DIVISIONS OF PROFITS

The Profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles and the Act shall be divisible among the members in proportion to the amount of capital paid or credited paid-up on the shares held by them respectively.

111. THE COMPANY IN GENERAL MEETING MAY DECLARE A DIVIDEND

The company in General Meeting may declare dividends to be paid to members according to their respective rights, but no

dividend shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

112. DIVIDENDS ONLY TO BE PAID OUT OF PROFITS

No dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of 123 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both provided that:

a) If the Company has not provided for depreciation for any previous financial year or years it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;

b) If the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of 123 of the Act or against both.

113. INTERIM DIVIDEND

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

114. CAPITAL PAID - UP IN ADVANCE AND INTEREST, NOT TO EARN DIVIDEND

Where capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participation in profits.

115. DIVIDENDS IN PROPORTION TO AMOUNT PAID-UP

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

116. TRANSFER OF SHARE MUST BE REGISTERED

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

117. DIVIDENDS HOW REMITTED

Unless otherwise directed any dividend may be paid by cheques or warrant or by a pay slip or receipt having the force of a cheque or warrant sent through the post to the registered address of the member or person entitled or in case of joint holders to that one of them first named in the register in respect of the joint holding. Every such cheque or warrant or pay slip or receipt lost in transmission, or for any dividend lost to the member or persons entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

118. INTEREST ON UNPAID DIVIDEND

Subject to the provisions of 123 to 127 of the Act, no unpaid dividend shall bear interest as against the Company.

119. UNCLAIMED DIVIDEND

No unclaimed dividend shall be forfeited by the Board and the dividends unclaimed will be dealt with in accordance with the provisions of 123, 124 or other provisions, if any of the Act as may be applicable from time to time.

120. DIVIDEND AND CALL TOGETHER

Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the members of such amount as the meeting fixes, but so that the call on each

member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend may, if so arranged between the Company and the member, be set off against the calls.

121. CAPITALISATION

- a) The Company in General Meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the reserve fund, or any Capital Redemption Reserve Accounts, or in the hands of the Company and available for dividend (or representing premium received on the issue of shares and standing to the credit of the Share Premium Account) be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum provided that a Share Premium Account and Capital Redemption reserve account may, for the purpose of this Article, only be applied in the paying of any unissued shares to be issued to members of the Company as fully paid bonus share.
- b) A General Meeting may resolve that any surplus money arising from the realisation of any capital assets of the Company or any investment representing the same or any other undistributed profits of the Company not subject to charge for income-tax be distributed among the members on the footing that they receive the same as capital.
- c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Articles the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates.

ACCOUNTS

122. DIRECTORS TO KEEP TRUE ACCOUNTS

The Company shall keep at the office or at such other place in India as the Board thinks fit, proper books of accounts in accordance with Section 128 of the Act with respect to:

- a) all sums of money received and expended by the Company and the matters in respect of which the receipts and expenditures take place;
- b) all sales and purchases of goods by the Company.
- c) the assets and liabilities of the Company.

123. ACCOUNTS

Where the Board decides to keep all or any of the books of accounts at any place other than the office of the Company, the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place. The Company shall preserve in good order the books of account relating to a period of not less than eight years preceding the current year together with the vouchers relevant to any entry in such books of account. Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper books of account relating to the transactions effected at the branch office and proper summarised returns, made up-to-date at intervals of not more than three months, are sent by the branch office to the Company at its office or other place in India, at which the Company's books of account are kept as aforesaid. The books of accounts shall give a true and fair view of the state of affairs of the Company or branch office as the case may be, and explain its

transactions. The books of accounts and other books and papers shall be open to inspection by any Director during business hours.

124. INSPECTION OF ACCOUNTS OR BOOKS BY MEMBERS

The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being directors and no member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by law or authorised by the Board.

125. STATEMENT OF ACCOUNTS TO BE FURNISHED TO GENERAL MEETING

The Directors shall from time to time, in accordance with Sections 129, 133, 134 and other provisions of the Act cause to be prepared and to be laid before the Company in General Meeting, such Financial Statements and other reports as are required by the Act.

126. COPIES SHALL BE SENT TO EACH MEMBER

- a) A copy of every such financial statement (including the Auditors' Report and every other documents required by law to be annexed or attached to them), shall at least twenty one days before the meeting at which the same are to be laid before the members be sent to the members of the company, to holders of debentures issued by the Company (not being debentures which extacic are payable to the bearer thereof), to trustees for the holders of such debentures and to all persons entitled to receive notice of General Meeting of the Company.
- b) Without prejudice to the generality of the above provisions the company may; if its shares are listed at any recognised Stock Exchange make available for inspection at its registered office for a period not exceeding twenty one days before the date of the meeting and send a statement containing the salient features of such documents in the prescribed forms or copies thereof as the Company may deem fit to every member of the Company and to every trustee for the holder of any debenture issued by the Company not less than 21 days before the date of the meeting.

127. AUDITED AND APPROVED FINANCIAL STATEMENT TO BE CONCLUSIVE EVIDENCE

Every financial statement of the Company when audited and approved by the Company at an Annual General Meeting shall be conclusive except as regards any error discovered therein. Whenever any such error is discovered the financial statement shall forthwith be corrected by the Board and henceforth shall be conclusive.

128. AUDIT ACCOUNTS TO BE AUDITED

Auditors shall be appointed and their rights and duties regulated in accordance with Sections 139 to 143, and 145 to 148 of the Act.

WINDING UP

129. LIQUIDATOR MAY DIVIDE ASSETS IN SPECIE

The Liquidator on any winding-up (whether voluntary, under supervision of the Court of compulsory) may, with the sanction of Special Resolution, but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction shall think fit.

130. INDEMNITY AND RESPONSIBILITY DIRECTORS AND OTHERS **RIGHT OF INDEMNITY**

Subject to Section of the Act, every officer or agent for the time being of the Company shall be indemnified out of the assets of the Company, against all liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or discharged or inconnection with any application under Section 463 of the Act in which relief is granted to him by the Company.

SECURITY CLAUSE

131. SECURITY CLAUSE

a) Every Director, (except institution/ex-officio director) Auditor, Trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Directors before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company and all matters relating thereto, and shall by such

declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

- b) No member shall be entitled to visit or inspect any works of the Company, without the permission of the directors or to require discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which may relate to the conduct of the business of the Company and which, in the opinion of the Director, it would be inexpedient in the interest of the Company to disclose.

REGISTERS, INSPECTION AND COPIES THEREOF

132. REGISTERS, INSPECTION AND COPIES THEREOF

- a. Any Director or Member or person can inspect the statutory registers maintained by the company, which may be available for inspection of such Director or Member or person under provisions of the act by the company, provided he gives fifteen days notice to the company about his intention to do so.
- b. Any ,Director or Member or person can take copies of such registers of the company by paying Rs. 10 per page to the company. The company will take steps to provide the copies of registers to such person within Fifteen days of receipt of money.

GENERAL AUTHORITY

- 133.** Wherever in the applicable provisions under the Act, it has been provided that, any Company shall have any right, authority or that such Company could carry out any transaction only if the Company is authorised by its Articles, this regulation hereby authorises and empowers the Company to have such right, privilege or authority and to carry out such transaction as have been permitted by the Act without there being any specific regulation or clause in that behalf in this articles.

SECTION VIII

SECTION VIII

OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

There are no contracts entered into after the execution of the Scheme of Capital Reduction which may be deemed material (not being contract entered into in the ordinary course of business on by the Company)

Material Documents

1. Memorandum and Articles of Association of the Company
2. The order of the BIFR
3. Correspondence with BSE in respect of listing of Shares & Revocation of Suspension
4. Audited Balance Sheet and Profit & Loss Statement for the year ended 31st March, 2015.

DECLARATION

To the best of our knowledge and information, all statements made in this Information Memorandum, are true and correct.

**Signed on behalf of the Board of Directors
For Everest Organics Limited**

**Sd/-
Dr. S. K. Srihari Raju
Managing Director
DIN : 01593620**