

Certificate of Incorporation Consequent upon conversion to Public Limited Company



सत्यमेव जयते
GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS

Registrar of companies, Chandigarh
Corporate Bhawan, Plot No.4 B Sector 27 B, Chandigarh, Chandigarh, India. 160019

Corporate Identity Number: U27108PB1994PLC014701

Fresh Certificate of Incorporation Consequent upon Conversion from Private Company to Public Company

IN THE MATTER OF SHARP CHUCKS AND MACHINES PRIVATE LIMITED

I hereby certify that SHARP CHUCKS AND MACHINES PRIVATE LIMITED which was originally incorporated on Tenth day of June One thousand nine hundred ninety-four under the Companies Act, 1956 as SHARP GARDEN IMPLEMENTS PRIVATE LIMITED and upon an intimation made for conversion into Public Limited Company under Section 18 of the Companies Act, 2013, and approval of Central Government signified in writing having been accorded thereto by the RoC - Chandigarh vide SRN F53536026 dated 20.12.2022 the name of the said company is this day changed to SHARP CHUCKS AND MACHINES LIMITED.

Given under my hand at Chandigarh this Twentieth day of December Two thousand twenty-two.



SHYAM SUNDER

Registrar of Companies

RoC - Chandigarh

Mailing Address as per record available in Registrar of Companies office:

SHARP CHUCKS AND MACHINES LIMITED
A-12, INDUSTRIAL DEVELOPMENT COLONY, JALANDHAR,
Jalandhar, Punjab, India, 144012



For Sharp Chucks & Machines Ltd.

Mg. Director

THE COMPANIES ACT, 2013
(COMPANY LIMITED BY SHARES)
MEMORANDUM OF ASSOCIATION
OF
SHARP CHUCKS AND MACHINES LIMITED

- I. The Name of the Company is **SHARP CHUCKS AND MACHINES LIMITED**.
- II. The Registered Office of the Company will be situated in the **STATE OF PUNJAB**
- III. The objects for which the Company is established are:-

(A) The Main Objects to be pursued by the Company on its Incorporation are:-

1. To setup and carry on in India or elsewhere the business of manufacturing, processing, preparing, raising, converting, refining, acquiring, buying, selling, hire, assembling, distributing and dealing either of the own or as Commission Agents or as stockiest in all kinds and types of iron and steel goods, ferrous and non ferrous metals, steels, alloys, stainless steel, brass, copper, aluminum, rolling mills, sheets, garden tools, implements, equipment and machinery, fencing, garden fountains, machinery for amusement, parks, hand tools and machine tools, cutting tools, machinery and machinery parts, wire drawing and nettings, drill chucks, arc and induction furnace, pipes and tubes, pipe fittings, hardware goods, industrial goods, foundry works of iron, steel, brass and other metals, agricultural machinery and implements, valves and cocks from natural as well as synthetic resources.
2. To carry on in India or abroad the business of Merchant Exporters, Importers, Mechanical and Electrical Engineers, Forgers, Metallurgists, Tools and Die makers, Brass Founders, Metal Workers, Iron and Steel makers and convertors, smiths, smelters, electroplaters, painters, machinists, Mill Wriths, Fabricators, Wire drawers, Galvanizers, Japners, Annealers, Heat Treaters, Enmellers, Contractors and suppliers to provide technical knowhow for manufacturing, producing and processing products and supply plant and machinery on turnkey basis or otherwise

(B) Matters which are necessary for furtherance of the objects specified in clause III(A) are:-

1. To get franchise, copyrights, trade marks and logos and also assign franchise, copyright, trade mark and logos to others for consideration in respect of the business.

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For Sharp Chucks & Machines


Mg. Director

2. To apply for, purchase or otherwise, acquire any patent, patent right, copyright, trade mark, formulae, licence, lease, concession, any exclusive or limited right to use, or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company or the acquisition of which may directly or indirectly benefit the Company; and to use, exercise, develop or grant licences in respect thereof or otherwise turn to account the property, rights, or information so acquired.
3. To invest surplus funds in mutual funds, securities, fixed deposits or any other instrument as the board or board committee or person authorised for this purpose may deem fit.
4. To construct, alter, maintain buildings, works and machinery, necessary or convenient, for the business of the Company.
5. To purchase any machinery, plants, stores and other articles and things for all or any of the objects and purposes of the Company, or any of them.
6. To place on deposit with any local bank for any period the moneys not required for the immediate use of the Company and to invest the same in approved and sound securities and to take or acquire shares and securities of any other Company and to sell and realize such securities when necessary, and to apply funds of the Company, in buying up, selling, extinguishing or obtaining the release from any contract or liability.
7. To purchase or otherwise acquire all or any part of the business and property of any person, firm or company carrying on any business which this Company is authorized to carry on and to take over the assets or property and liability of such persons, firm or company on such terms as the Company may think fit.
8. To enter into working arrangements of all kinds, for sharing profits, co-operation, joint venture, reciprocal conversion or otherwise with any other company or companies, corporations, firms or persons carrying on or about to carry on business which this Company is authorized to carry on or engaged in carrying on.
9. To amalgamate, enter into any arrangement, scheme or merger or demerger, with any other company or companies whose objects in whole or part are similar to or include objects similar to those of the Company or to demerge any unit of the company, on such terms as may be agreed upon between the several companies.
10. To invest and deal with money, in such manner as may, from time to time, be thought fit, subject to the provisions of any applicable law.

11. To borrow or raise, secure the payment of money, or to receive money on deposits at interest from time to time for any of the purposes of the Company by promissory notes or by taking credits in or opening current accounts with any person, firm, bank or bankers and whether with or without giving any security, goods or other articles, or by mortgaging or selling or receiving advances on the sale of any land, buildings, machinery, goods or other property of the Company or by such other means as the Directors may in their absolute discretion deem expedient and in particular by the issue of debentures or debenture stock, perpetual or otherwise, charged upon all or any of the Company's property and assets (both present and future) including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give lenders power of sale and other powers as may seem expedient and to purchase, redeem or pay off any such securities.
12. To pay all expenses of and incidental to the formation and registration of the Company and the issue of its capital, including any underwriting or other commissions, brokers' fees and charges in connection therewith.
13. To acquire and work the printing, publishing, internet and other allied business.
14. To do all or any of the things stated herein as principals, agents, contractors, trustees or otherwise, and by or through trustees or otherwise, and by or through trustees, agents or otherwise and either alone or in connection with others, and to do all such other things as are incidental to or may be conducive to the attainment of the above objects or any of them.
15. To enter into any arrangement for sharing of profits, union of interest, co-operation, reciprocal concession, lease, licence or otherwise with any person carrying on any business or transaction which the Company is authorized to carry on or engage in.
16. To enter into any arrangement with any Government or authority whether municipal, local or otherwise or any person, that may seem conducive to the Company's objects or any of them; and to obtain from any such Government or other authority any rights, privileges and concessions which the Company may think, is desirable to obtain and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.
17. To establish or support or aid in the establishment and support of associations, institutions, funds, trusts and conveniences for the benefit of past or present employees or Directors of the Company or the dependents of such persons; and to grant pensions, gratuities and allowances and Superannuation and other benefits or ensure payment of any of them by taking insurance or any other promises and assurances as the Company may undertake, and to subscribe or guarantee money for charitable or benevolent objects or useful objects for general public.

18. To form, establish or promote any other company, body corporate or any other entity either as subsidiary of this Company or otherwise for the purpose of carrying on any of the business or activities of the Company or for the purpose of acquiring or taking over all or any of the property, rights and liabilities of such company, body corporate, or any other entity or for any other purpose which may directly or indirectly benefit the Company.
19. To purchase or import, take on lease or in exchange or hire or otherwise acquire any movable or immovable property and any rights or privileges which the Company may think necessary or convenient for the purposes of its business and in particular any land, building, easement, rights, privileges, concessions, machinery, plant or any other property or assets.
20. To adopt such means of making known and advertising the business and products and services of the Company as may be expedient.
21. To apply for, promote, and obtain any order, regulation, or other authorization or enactment which may directly or indirectly benefit the Company.
22. To procure recognition of the Company in any country or place outside India.
23. To issue or allot fully or partly paid shares in the capital of the Company in payment or part payment of any movable or immovable property purchased or otherwise acquired by the Company or any services rendered to the Company.
24. To take or hold mortgages, liens and charges to secure payment of the purchase price, or any unpaid balance of the purchase price of any part of the Company's property of any kind sold by the Company, or any money due to the Company from buyer or any other person.
25. To insure any of the properties, undertakings, contracts, risks or obligations of the Company in any manner whatsoever.
26. To make donations either in cash or in kind for such objects or causes as may be directly or indirectly conducive to, any of the Company's objects or otherwise expedient.
27. To aid and support, any person, association, body or movement, whose object is solution, settlement or surrounding any industrial or labour problems or the promotion of trade or business of the Company or for the promotion of science and technology, cultural activities, sports, environment, rural development and other social and welfare activities.

28. To establish or support hospitals, guest houses, clubs, funds and trusts which may be considered beneficial to any employees or ex-employees and to officers and ex-officers of the Company or the dependents of any such person.
 29. To create any depreciation fund, reserve, reserve fund, sinking fund, redemption fund, insurance fund or any special or other reserve or fund, whether for repayment of redeemable preference shares, redemption of debentures or debenture-stock, for dividends, for equalizing dividends, or for repairing, improving, extending and maintaining any part of the property of the Company.
 30. To open and operate any type of bank accounts with any bank and obtain credit facilities with or without securities for its business.
 31. To train or pay for training in India or abroad of any of the Company's employees or officers or any candidate in the interest of or furtherance of the Company's objects.
 32. To take or otherwise acquire and hold shares in any other company.
 33. To promote or finance or assist in promoting or financing any business, undertaking or industry either existing or new and develop or form the same either through the instrumentality of syndicates or otherwise in conformity with the relevant laws governing banks.
 34. To carry on any other business which may seem to the Company capable of being conveniently carried on in connection with the other business of the Company, or calculated directly or indirectly to promote the interests of the Company, or which may be subsidiary to any of the Company's objects, and to undertake and transact all kinds of agency business.
 35. To put to gainful use any assets or infrastructure facility by way of lease, letting out or subletting, property of the Company, including plant, machinery, equipments, buildings, furniture, vehicles etc., on such terms which may benefit the Company.
 36. To enter into any arrangement or agreement contract with any person, association, firm or corporation whether in India or outside, for technicians, or for such other purpose that may seem beneficial and conducive to the objects of the Company.
 37. To design, develop, alter, exchange, deal either as principal agents, let on hire, import or export, technical knowhow, machinery, assembling, components and such other parts specified above and ancillaries thereof.
- IV. The liability of the member(s) is limited and this liability is limited to the amount

unpaid, if any, on the shares held by them.

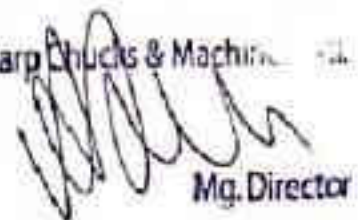
V. The Authorized Share Capital of the Company is Rs. 12, 00, 00,000 (Rupees Twelve Crores Only) divided into 1,20,00,000 (One Crore Twenty Lacs) equity shares of Rs.10 /- (Rupees Ten) each.

Persons whose names, addresses and description are subscribed hereto are desirous of being formed into a company in pursuance of this Memorandum of Association and we respectively agree to take the number of share in the capital of the company as set opposite our respective names:

Sr. No.	Names, addresses, Description & Occupation of each subscribers	Number of equity shares taken by each subscriber	Signature of the Subscriber	Names, Addresses, Description & Occupation of the witness
1.	SANDEEP SIKKA S/o Sh. Shanti Lal Sikka 120, Shakti Nagar, Jalandhar City. (Business)	50	Sd/-	
2.	AJAY SIKKA S/o Sh. Ram Parkash Sikka 148, Shakti Nagar, Jalandhar City. (Business)	50	Sd/-	Witness for both subscribers R.P. GUPTA S/o Sh. Ram Saran 86, Nehru Garden Road, Jalandhar City Sd/-
	Total	----- 100 ----- Equity Shares		

Date: 10.06.1994
Place: Jalandhar

For Sharp Chucks & Machine



Mg. Director

ARTICLES OF ASSOCIATION
OF
SHARP CHUCKS AND MACHINES LIMITED

I. PRELIMINARY

1. Subject to the provisions hereinafter, regulations contained in Table F of Schedule I to the Companies Act, 2013 shall apply to the Company.

II. DEFINITIONS AND INTERPRETATIONS

2. DEFINITIONS

In the regulation/articles, the following words and expression shall have the following meanings, unless excluded by the subject or context:

- a) "Act" shall mean the Companies Act, 1956 and/or the Companies Act, 2013 as may be applicable and any subsequent amendments thereto.
- b) "Affiliate" in relation to a person,
- (a) being a corporate entity, shall mean any entity or person, which controls, is controlled by, or is under the common control of such person.
- (b) being an individual, shall mean any relative or any other entity or person, which is controlled by such individual or a relative of such individual.
- (c) in relation to SVCL, shall mean any fund owned/ managed and/or controlled by SVCL.
- (d) in any other case, shall mean a person controlled by a Party/Parties to the Agreement.
- c) "Agreement" shall mean the Shareholders-cum-Subscription Agreement dated 22 April 2014 and shall include any recitals, schedules or exhibits that may be annexed and any amendments or modifications made to the Agreement from time to time by the Parties in writing.
- d) "Board" or "the Board of Directors" shall mean the board of directors of the Company.

For Sharp Chucks & Machines Ltd.


Mg. Director

- e) "Director" shall mean a director on the Board of Directors.
- f) "Effective Date" shall mean the date on which the Agreement is executed or if the Agreement is signed at different times and/or in counterparts, then the date on which the last executing party signs the Agreement.
- g) "First Tranche Closing" shall mean the payment by the Investor of the Share Subscription Amount and issuance of the Investor Shares, in one or two sub tranches, to the Investor, by the Company as stated under Article 4.1 of the Agreement. If payment of the Share Subscription Amount and issuance of Investor Shares occurs on different dates, First Tranche Closing shall be deemed to be the later of the two dates.
- h) "IOF" shall mean SIDBI Trustee Company Limited A/c India Opportunities Fund.
- i) "Investor" or "SVCL" shall mean SIDBI Venture Capital Limited or SVCL, including its successors and assigns.
- j) "Investor Nominee Director" shall mean the nominee director nominated by the Investor as mentioned under these Articles.
- k) "Investor Shares" shall mean 19,28,516 (Nineteen Lakhs Twenty Eight Thousand Five Hundred Sixteen) Equity Shares to be issued to the Investor at First Tranche Closing at a price of Rs. 38.89 (Rupees Thirty Eight and Eighty Nine paise only) per Share, and will include any other Shares issued to and/or held by the Investor, including Shares issued to the Investor on conversion of the OCDS.
- l) "IPO" shall mean the initial public offering of the Shares and shall include a reference to a fresh issue of Shares by the Company to the public, unless otherwise specified.
- m) "IRR" shall mean internal rate of return as calculated using XIRR function in Excel.
- n) "Liquidation Event" shall mean any of the following events: (i) a sale of more than 50% (fifty percent) of ownership of the Company; (ii) liquidation, dissolution or winding up of the Company, either voluntary or involuntary; (iii) acquisition of the Company by means of merger, consolidation or other form of corporate reorganization in which the Promoters of the Company do not own a majority of the outstanding shares/ voting power of the surviving entity; (iv) any sale or transfer of all or substantially all of the assets of the Company including a strategic sale; or, (v) appointment of a receiver by any court of law for administration of the affairs of the Company. Liquidation Event shall not include an IPO.

- o) "Material Adverse Effect" shall mean any event, condition or item that, individually or in the aggregate, would have a material adverse effect on: (i) the business, assets, condition (financial or otherwise) or results of operations of the Company taken as a whole which is likely to have an impact on the business of the Company so as to reduce the value or the net worth of the Company by 20% (twenty percent) or more of its total value as on the date hereof; (ii) the ability of the Company to conduct the business and to own or lease its assets and properties in substantially the same manner in which the business was previously conducted and such assets and properties were previously owned or leased and such change would materially affect the ability of the Company to carry on its business; or, (iii) the ability of the Company to consummate the transactions contemplated hereby, in a timely manner in accordance with the terms of the Agreement.
- p) "OCDS Subscription Amount" shall mean the total amount of Rs.7,50,00,000 (Rupees Seven Crore Fifty Lakhs only) payable by the Investor to the Company as consideration for the OCDS issued and allotted in terms of Article 4.2 of the Agreement.
- q) "Other Shareholders" shall mean the shareholders of the Company whose names are more particularly stated in Schedule I of the Agreement, including their respective heirs, executors, administrators, successors, legal representatives and permitted assigns.
- r) "Optionally Convertible Debentures" or "OCDS" shall mean the 7,50,000 (10%) optionally convertible redeemable debentures of Rs. 100 /- each at par issued to the Investor by the Company in the manner stated in Article 4.2 of the Agreement. The OCDS are convertible into fully paid-up equity shares of face value of Rs. 10/- (Rupees Ten only) each in terms of Article 4.6 (2) (b) of the Agreement and are redeemable in terms of these Articles.
- s) "PAT" shall mean Profit After Tax.
- t) "Party" or "Parties" shall mean the Promoters, the Other Shareholders, the Investor and/or the Company, individually or collectively, as the context so requires.
- u) "Phase 1 of the Project" shall mean the phase 1 of the Project more particularly described in Schedule II of the Agreement.
- v) "Phase 2 of the Project" shall mean the phase 2 of the Project more particularly described in Schedule II of the Agreement.
- w) "Project" or "Business Plan" shall mean the project more particularly described in Schedule II of the Agreement.

- x) "Promoters" shall collectively mean Mr. Ajay Sikka and Mrs. Gopika Sikka, including their respective heirs, executors, administrators, successors, legal representatives and permitted assigns.
- y) "SEBI" shall mean the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.
- z) "Second Tranche Closing" shall mean the payment by the Investor of the OCDS Subscription Amount and issuance of the OCDS, to the Investor, by the Company as stated under Article 4.2 of the Agreement. If payment of the OCDS Subscription Amount and issuance of Investor OCDS occurs on different dates, Second Tranche Closing shall be deemed to be the later of the two dates.
- aa) "Shares" or "Equity Shares" shall mean equity shares of the Company bearing a face value of Rs. 10 /- (Rupees Ten only) each.
- bb) "Shareholders" shall mean all persons holding Equity Shares or other shares in the Company.
- cc) "Share Subscription Amount" shall mean the total amount of Rs. 7,49,99,987.24 (Rupees Seven Crore Forty Nine Lakhs Ninety Nine Thousand Nine Hundred Eighty Seven and Twenty Four paise only) payable by the Investor to the Company as consideration for the Investor Shares issued and allotted in terms of Article 4.1 of the Agreement.
- dd) "Strategic Investor" shall mean an investor who brings in value over and above financial inputs, i.e., value in terms of business, technology, etc.
- ee) "Subscription Amount" shall mean the total amount of Rs. 14,99,99,987.24 (Rupees Fourteen Crore Ninety Nine Lakhs Ninety Nine Thousand Nine Hundred Eighty Seven and Twenty Four paise only) payable by the Investor to the Company in the form of Share Subscription Amount and OCDS Subscription Amount as consideration for the Investor Shares and the OCDS issued in terms of Article 2.1 of the Agreement.
- ff) "SVCL" shall mean the SIDBI Venture Capital Limited

3. INTERPRETATION

- (1) (1) In these Regulations:-

(a) "the Company" means "SHARP CHUCKS AND MACHINES LIMITED"

(b) "the Act" means the Companies Act, 2013, and every statutory modification or re-enactment thereof and references to Sections or Rules of the Act shall be deemed to mean and include references to sections enacted in modification or replacement thereof.

(c) "the seal" means the common seal of the company.

(d) "these Regulations" means these Articles of Association as originally framed or as altered, from time to time.

(e) "the Office" means the Registered Office for the time being of the Company.

(f) Words imparting the singular shall include the plural and vice versa, words imparting the masculine gender shall include the feminine gender and words imparting persons shall include bodies corporate and all other persons recognised by law as such.

(g) "month" and "year" means a calendar month and calendar year respectively.

(h) Expression referring to writing shall be construed as including references to printing, lithography, photography and other modes of representing or reproducing words in visible form.

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

Public Company

(3) The company is a "Public Company" within the meaning of Section 2 (71) of the Companies Act, 2013 and accordingly:-

(i) is not a Private Company

Provided that a company which is a subsidiary of a company, not being a private company, shall be deemed to be public company for the purpose of this act, even where such subsidiary company continues to be a private company in its articles.

- a) All references to statutory provisions shall be construed as meaning and including references to any statutory modification, consolidation or re-enactment (whether before, at the time of, or after, the Effective Date of the Agreement) for the time being

in force, all statutory instruments or orders made pursuant to a statutory provision, and any statutory provision of which these statutory provisions are a consolidation, re-enactment or modification.

- b) All references to the singular shall include the plural and vice-versa, and neuter gender shall include the masculine or feminine gender (as the case may be) and vice versa, references to the masculine shall include the feminine and vice-versa, and references to persons shall include corporations and firms.
- c) The headings of various Articles are inserted for convenience only and shall not affect the interpretation and construction of the relative provisions of these Articles.
- d) Other terms referred to but not defined in these Articles or the Agreement shall, unless inconsistent to the context thereof, bear the same meaning as defined under the Act, as valid and applicable in India, and failing that any other relevant and applicable legislation in India.
- e) References to SVCL/ the Investor in the Agreement/ these Articles shall mean and include IOF and vice versa as the context requires.
- f) References to Parties, Recitals, Schedules, Articles and Clauses are, unless the context otherwise requires, references to Parties, Recitals, Schedules, Articles and Clauses of these Articles.
- g) Any reference to "writing" includes printing, typing, lithography and other means of reproducing words in permanent legible and visible form.
- h) The terms "include" and "including" shall mean "include without any limitation".
- i) Any reference to the transfer of Shares or other securities shall include a reference to any act that has the effect of creating any third party interest in or over the referred Shares or securities, or the creation of a pledge, lien, any other encumbrance or any other security interest in or over the referred Shares or other securities.
- j) Any reference to the shareholding of the Company on a fully diluted basis refers to the shareholding pattern of the Company at the relevant point in time and shall be calculated after taking into account all the issued and outstanding Shares of the Company, including preference shares, and all outstanding options, warrants, convertible debentures, employee stock options, if any, from time to time and all other convertible securities of the Company as if all such options, warrants, convertible debentures and all other convertible securities were converted to Equity Shares at that

point in time.

- k) Any reference in these Articles to par or face value in relation to any Share or other security shall mean the value expressed on the face of the certificate representing the Share or other security, at the relevant point of time, irrespective of the actual price paid for that Share or other security by its holder.
- l) Terms defined elsewhere in these Articles shall, unless inconsistent with the context or meaning thereof, bear the same meaning as defined throughout these Articles.

SHARE CAPITAL AND OCDS

- 4. The Authorized Share Capital shall be such as mentioned in the clause V of the Memorandum of Association of the Company and the same shall be increased or decreased, divided or sub-divided in such share as mentioned in clause V of the Memorandum of Association.
- 5. Subject to the provisions of the Act, the shares shall be under the control of the Directors who may allot or otherwise dispose of the same to such persons on such terms as the Directors may think fit and to give any persons any shares whether at par or at a premium and for such consideration as the Directors may think fit.
- 6. Subject to the provisions of the Act, The Directors may allot and issue shares in the capital of the company as payment or part-payment for any property, goods or machinery supplied or sold or transferred or for services rendered to the company.
- 7. If the Company intends to issue shares by way of preferential allotment, it shall adhere to the provisions of the Act, the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Companies (Share Capital and Debentures) Rules, 2014.
- 8. The Company shall issue share certificates and debenture certificates in such lots as may be specified by the Investor. The Investor reserves the right to require the Company to issue the Investor, Shares wholly or in part, in demat form. If so required by the Investor, the Company shall sub-divide or consolidate the certificates at any time without payment of any fee. The Company shall amend its Articles of Association for such purpose, where necessary. In the event that there is a delay on the part of the Company to convert and issue Shares/OCDS in demats form in the manner provided in Article 3.1 (1) of the Agreement, the Company shall issue physical share certificates.
- 9. **TERMS AND CONDITIONS OF OCDS**

a) **Payment of interest**

- 1) The Company shall pay compound interest at 10% (ten per cent) per annum on the OCDS subscribed by the Investor from the date of the disbursement.
- 2) The interest on the OCDS shall accrue and be payable to the Investor quarterly on 30th June, 30th September, 31st December and 31st March of each year (or the last working day of each quarter) from the payment of OCDS Subscription Amount till the date of conversion or redemption, whichever occurs earlier.
- 3) Interest on the OCDS shall be payable to the Investor till finalization and acceptance of the conversion price.
- 4) It is agreed between the Parties, that no dividend shall be declared by the Company till the conversion price for OCDS has been finalized.

Pursuant to the provisions of Companies Act, with respect to dividend;

(i) subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

(ii) no amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

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

- 5) If the Company declares any dividend while the OCDS remain unconverted in whole or in part or are pending redemption (once the conversion price has been finalised), then interest shall be payable on the OCDS equal to the dividend amount declared and calculated based on the number of equity shares arrived based on the conversion price.

b) **Conversion of OCDS**

- 1) The Investor shall have the option to convert the OCDS either in part or in full into fully paid-up Equity Shares. The conversion option shall be exercised at the sole discretion of the Investor by 31st December 2016 or within three months from the date of approval of annual accounts by the shareholders at the annual general meeting for the financial

year ended 2015-2016 (1st April 2015 - 31st March 2016), whichever is later. The Investor shall have the option to conduct an audit and exercise the conversion option latest by 31st March 2017. The expenses relating to such audit shall be borne by the Company.

- 2) The conversion will be made at a price- earnings (PE) multiple of 5 (five) on post money valuation basis arrived at by multiplying net PAT of the Company as per the audited accounts for the financial year 2015-2016 (1st April 2015- 31st March 2016) in the manner stated in these Articles.
- 3) In the event that the Company attracts a fresh round of funding from an investor, the Investor may at its option convert the OCDS, into fully paid-up equity shares at a 30% (thirty percent) discount to the price decided and agreed upon by and between the Company and the second investor provided that:
 - (i) the second investor is neither the Investor, any other existing investor of the Company nor any strategic partner; and
 - (ii) the second investor invests at least Rs. 15,00,00,000 (Rupees Fifteen Crores only); and
 - (iii) the second investor invests prior to the exercise of the conversion option by the Investor.
- 4) In the event that the Company is able to make an IPO prior to the exercise of the conversion option by the Investor, the OCDS shall be converted at a 30% (thirty percent) discount to the IPO price per share. In the event the IPO is made through book building process, the afore stated discount of 30% (thirty percent) shall be applicable on the lower level of the price band on which Shares are proposed to be issued.

c) **Audited Accounts**

- 1) The conversion of the OCDS shall be based on the consolidated financials of the Company. Its subsidiaries/ partnership firms/ joint ventures shall be considered for consolidation purposes as per the Indian GAAP. Conversion PAT shall mean the net PAT of the consolidated financials of the Company.
- 2) The audited accounts for the financial year 2015-2016, ending on the 31st March 2016 shall be completed latest by the 31st July 2016. The conversion price shall be decided on the basis of such audited financial accounts. The financial accounts for computation purpose would exclude extraordinary income, outstanding debtors as on 31st March 2016 that are not realized which is on or before 31st July 2016 and deferred revenue expenditure capitalised. Further, the debt of the outstanding debtors referred to in this

clause would be treated as being written off and taxes re-computed accordingly to arrive at the conversion PAT.

- 3) The accounts shall be finalised with the approval of the Investor. The Company shall submit the audited financial accounts along with the conversion PAT computed and certified by the statutory auditors of the Company to the Investor. The Investor, at its sole discretion, shall be entitled to appoint independent auditor for calculation of conversion PAT. The fees payable to such auditor shall be borne by the Company.

d) **Redemption/ Purchase of OCDS**

Subject to the provisions of the Act, if the Investor does not exercise his option to convert the OCDS or opts to convert only a portion of the OCDS, then the Company shall redeem and/ or the Promoters shall purchase the OCDS or unconverted OCDS in 8 (eight) equal quarterly installments starting from 1st April 2017 so long as the Investor gets an annualized IRR of 25% (twenty five percent) on the OCDS and/ or unconverted OCDS. The interest on OCDS paid by the Company prior to such redemption or purchase shall also be taken into account for the purpose of IRR calculation.

e) **Conversion at par**

Subject to the provisions of the Act, in the event the Company fails to redeem and/ or the Promoters fail to purchase the OCDS in the manner stated hereinabove and the default continues for a period of 2 (two) quarters, then the Investor shall have the right at its option to convert the OCDS in part or full, into Equity Shares at par.

f) **Creation of redemption reserve**

The Company shall create a redemption reserve, if so required under the laws in force for the time being in India to enable it to fulfill its obligation under the Agreement to redeem the OCDS.

10. **OTHER OBLIGATIONS OF PARTIES**

a) **Non-Compete Provision**

The Promoters hereby agree and undertake that as long as the Investor holds Investor Shares and/or OCDS or other securities in the Company, the Promoter shall:

- (1) devote their full time and attention to the business of the Company;
- (2) not engage or hold any interest in any activity or business that would compete with the Company's business or would adversely affect or be detrimental to the Company's interests in any manner; and
- (3) not engage in any other business; and
- (4) persons appointed as Directors by the Promoters shall continue to remain on the Board of Directors till such time the Investor holds Shares/ OCDS in the Company.

b) Deviation from Business Plan

The Promoters and the Company hereby agree and undertake that they shall not deviate from the terms of the Business Plan as set out in Schedule II of the Agreement. In the event the Company wishes to undertake any new business, which is not contemplated in the Business Plan, the prior written approval of the Investor will be required.

c) Notification to Investor

The Company shall promptly notify the Investor of any circumstances and conditions which may:

- (1) have a Material Adverse Effect on the completion of the Project; or
- (2) result in substantial overrun in the original estimate of the costs.

d) Participation in future offerings

- 1) The Company shall give the Investor, a right of pre-emption in any future financing undertaken by the Company of Equity Shares or any instruments convertible into Equity Shares on the same terms and conditions as offered to third parties or existing shareholders, other than the Investor ("**Preferential Allotment**"). The Investor shall, at its option, agree to provide such financing wholly or in part, either itself or through its Affiliates or waive the exercise of its pre-emption right in respect of such further issue. The Investor shall communicate its decision in this regard within 30 (Thirty) days of receipt of the offer from the Company.
- 2) Notwithstanding anything contained in Article above, the Investor shall be entitled during such Preferential Allotment to a third party or existing shareholders other than the Investor to subscribe to up to such number of Shares/ OCDS, as required to maintain the Investor's shareholding in the Company at the same percentage as it was prior to the Preferential Allotment, on terms and conditions not less favourable than those on which

the Preferential Allotment is proposed to be made.

- 3) Where the Investor does not exercise its right of first refusal, the Company may, subject to the terms of the Agreement/ these Articles, including those applicable to Preferential Allotment, offer such Preferential Allotment to a third party on terms no more favourable than those offered to the Investor for the Investor Shares, and at a price no less than that paid by the Investor for the Investor Shares. The allotment of Shares to the third party pursuant to this sub-article shall be completed within 120 (One Hundred Twenty) days of receipt of communication from the Investor of its decision not to exercise its pre-emption right.
 - 4) In the event that any future equity financing undertaken by the Company is, with the consent of the Investor, at a price less than that paid by the Investor for the Investor Shares/OCDS under the Agreement/these Articles, the Investor shall be entitled to subscribe itself or through its Affiliates to such number of additional Shares/OCDS at par such that for the Investor the average acquisition price per Share under the Agreement/ these Articles is the same as that of the Preferential Allotment.
 - 5) The Investor may exercise its rights under this Article either itself or through any of its Affiliates. On any Shares being issued to an Affiliate of the Investor pursuant to this Article or on any Shares being acquired by an Affiliate of the Investor pursuant to the provisions of this Article, the Affiliate of the Investor shall have the same rights and obligations as the Investor under these Articles.
- e) **Liquidation Preference**
- 1) In the event of a Liquidation Event, the Investor will be entitled to receive, in preference to other shareholders, out of the funds and assets that may be legally distributed to the Company's shareholders, an amount which gives a return of two times of the amount invested or their eligible proportionate distribution, plus all declared but unpaid dividends/interests, whichever is higher.
 - 2) Thereafter, the Investor shall have the right to participate in the distribution of any and all remaining assets pro-rata to the proportion of Shares/OCDS that the Investor held on a fully diluted basis, immediately before the Liquidation Event.
- f) **Conversion into a public company**

The Promoters and the Company agree and undertake that upon the request of the Investor, the Company shall be converted into a 'public limited company' as per the provisions of the Act within 3 (Three) months of such request.

g) Stock Option

The Company agrees and undertakes that any stock option scheme proposed or drawn up by the Company shall be subject to the approval of the Investor.

h) Capitalization of Reserves

The Promoters and the Company agree and undertake that no capitalization of reserves shall be made without the prior written approval of the Investor.

i) No lien undertaking

The Promoters agree and undertake to execute an undertaking that the Promoters shall not encumber, pledge or create a lien on their Shares or do any other act which has the effect of undermining the underlying beneficiary/ fiduciary rights and responsibilities of the Promoters without the express written consent of the Investor.

(i) Subject to the consent of Investor, the company shall have a first and paramount lien – (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; (b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company; Provided that the Board of directors may at any time declare any share, to be wholly or in part exempt from the provisions of this clause. (ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares

j) Fresh issue of capital

The Company agrees and undertakes that it shall not make any fresh issue of capital without the prior written consent of the Investor and not at terms more favourable than those offered to the Investor.

The Company shall at all times comply with the provisions of the Act and the rules framed thereunder.

k) Future projects of the Promoters/ Company

The Promoters agree and undertake that they shall not undertake any new projects. All future projects of the Company shall be undertaken only with the prior written approval of the Investor.

l) Utilisation of Subscription Amount

The Company shall utilise the Subscription Amount or any part thereof solely for the Project as per the Business Plan submitted by the Company and/or the Promoters to the Investor. Brief heads of the expenditure to be incurred by the Company for the Project are provided for in Schedule IV of the Agreement.

m) Deferred Revenue Expenditure

The advertisement expenditure incurred by the Company during a financial year shall be written off completely in that year. All decisions on capitalisation of revenue expenditure shall be made by the Company after seeking approval of the Investor.

n) No pledge on Investor Shares/ OCDS

The Company undertakes that the Investor shall not be required to pledge his shares or provide support to any third party, including the lenders of the Company.

11. TRANSFER AND TRANSMISSION OF SHARES

a) Non-Disposal of Shareholdings

1) The Promoters shall not dispose of in any manner and shall continue to hold all their existing Shares of the Company and those that might be allotted to them in the future by way of bonus, rights etc. until the Investor holds Investor Shares, and/or OCDS in the Company.

2) The Company shall not recognise or register any transfer of Shares made or to be made by the Promoters shall, unless such a transfer is approved by the Investor in writing, nor shall the Company endorse any lien in respect of Shares in favour of third parties unless such lien is approved by the Investor in writing.

3) The Board may decline to recognise any instrument of transfer unless – (a) The instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56; (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require

to show the right of the transferor to make the transfer; and (c) the instrument of transfer is in respect of only one class of shares.

4) That the Board may, subject to the right of appeal conferred by section 58 decline to register—

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

12. PUBLIC OFFERING OF SHARES AND LISTING

b) Initial Public Offering ("IPO") of Shares

- 1) The Company and the Promoters shall arrange for an IPO of the Company's Shares on or before 31st March 2018. The nature of the public issue shall be determined by the Promoters and the Investor by mutual consultation. The Company shall endeavour to get its Shares listed on such stock exchange(s), as may be stipulated by the Investor. The Promoters and the Company shall obtain all statutory and other approvals necessary for the IPO. All expenses incurred for the IPO and listing of the Shares shall be borne by the Company. An IPO shall be inter alia preferred route for exit for the Investor.
- 2) Subject to SEBI guidelines and other applicable laws, the Investor shall not be considered promoters of the Company and the Investor's shareholding in the Company shall not be offered for any lock-in requirements related to an IPO.
- 3) The Promoters hereby agree to use its/their best endeavours to ensure that the Shares held by the Investor shall not be offered for lock-in. In the event that the Shares held by the Investor are subject to a lock-in period under applicable law or SEBI regulations, the Promoters shall exchange the Shares held by the Investor for an equal number of freely transferable Shares to the extent such freely transferable Shares are available with the Promoters. If the Promoters are unable to transfer Shares free of lock-in as specified herein due to reasons beyond their control, it shall transfer Shares with lock-in for the shortest period possible. It is further agreed that any expense for such transactions shall be borne by the Company.
- 4) In the event the Company fails to make an IPO by 31st March 2018, the Investor will have the right to sell its holding in the Company along with attached rights to any third party.

c) Offer for Sale

In the event that the Company does not or is unable for any reason to make an IPO by 31st March 2018, the Promoters and the Company will render all necessary assistance to the Investor in making an offer for sale of the Investor Shares on stock exchange(s) at such price and other terms and at such time as may be decided by the Investor at its sole discretion. The Promoters shall also offer for sale to the public its shareholding in the Company to the extent required by law for securing listing of the Shares on a recognised stock exchange. All expenses for such offer for sale shall be borne by the Company. The Company and the Promoters undertake to comply with all formalities required for such offer to the public under regulations and guidelines of SEBI and the concerned stock exchange(s) from time to time and also under the provisions of the Act and other applicable laws for the time being in force.

d) Indemnity

The Company and the Promoters hereby agree and undertake to indemnify/keep indemnified and hold harmless, the investor and its nominee directors, employees, agents and representatives, against any loss, claim, damages, liability, costs, charges or expenses (including legal costs) arising out of and consequential to any obligation to be performed by the Investor, pursuant to any provision of law, in connection with the IPO or an offer for sale of the Shares and/or in compliance with statutory or other requirements stipulated by bodies including SEBI and the stock exchange(s).

e) Buyback of Investor Shares

In the event that the Company does not or is unable for any reason to make an IPO or an Offer for Sale by 31st March, 2018, the Investor shall be entitled, at its discretion, to require the Promoters to purchase the Investor Shares and OCDS and/or the Company to buyback all the Investor Shares and redeem OCDS held by the Investor in the Company at such time decided by the Investor and at such price that provides an IRR of 25% per annum, per share to the Investor. The dividend/ interest paid on the Shares/OCDS, if any, in terms of these Articles shall be taken into account for the purpose of calculation of IRR. In the event the Company offers to buy back Shares in terms of this Article, the Promoters and the Other Shareholders, other than the Investor, shall not tender Shares held by them till Shares held by the Investor have been bought back by the Company. The Parties undertake that this option shall be available to the Investor simultaneous with the option specified in these Articles.

f) Tag-Along Rights

In the event that the Promoters transfer / sell any part of their shareholding in the

Company, after having obtained the written consent from the Investor, then the Promoters shall arrange for a pro rata tag-along option for the Investor on terms no less favourable than those offered to the Promoters.

g) Sale to Strategic Investor

In the event the Company is unable to arrange for an IPO/ offer for sale by 31st March 2018, then the Investor shall have the right to sell the Investor Shares/ OCDS, if any, along with the attached rights to any third party/Strategic Investor at a price determined by the Investor. In such an event the Promoters shall be bound by drag along provisions set out in these Articles. The Parties undertake that this option shall be available to the Investor simultaneous with the option specified in these Articles.

h) Drag-Along Rights

In the event the Company is unable to arrange for an IPO/ offer for sale by 31st March 2018, then the Investor shall have the right to sell the Investor Shares/ OCDS, if any, along with the attached rights to any third party/Strategic Investor. If an offer is received by the Investor for sale to a third party and on a right of first refusal, if the Promoters do not accept the offer within 30 (Thirty) days of the Investor's offer, the Investor shall be entitled to sell the Investor Shares/OCDS to such third party. In the event, the third party purchaser so requires, the Promoters shall be bound to sell, along with the Investor such number of Shares, as may be required to enable the Investor to sell its stake as agreed with the third party purchaser at the agreed price. The Company and the Promoters shall do all acts and deeds, matters and things to ensure the execution of all the necessary agreements, documents which are necessary to facilitate exit of the Investor from the Company.

13. CALLS ON SHARES

a) The Board—

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

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance;

b) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares

or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

14. ALTERATION OF CAPITAL

Subject to the consent of Investor and Subject to the provisions of section 61, the company may, by ordinary resolution, —

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
- (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
- (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

15. GENERAL MEETINGS

- a) All General Meetings other than Annual General Meeting shall be called extraordinary general meetings.
- b) The Board may, whenever it thinks fit, call an Extra Ordinary General Meeting.
- c) If at any time they are not within India, Directors capable of acting who are sufficient in number to form a quorum, any Director or any two members of the Company may call an extraordinary general meeting in the same manner as nearly as possible as that in which a meeting may be called by the Board.

16. PROCEEDINGS AT GENERAL MEETINGS

- a) Notice
 - 1) Not less than twenty one clear days' notice for calling a general meeting to all members specifying the place, the day and the hour of the meeting shall be given but the accidental omission to give notice to or the non-receipt of notice by any person to whom it be given shall not invalidate the proceedings at the general meeting, subject to the Act. A general meeting may be convened by giving a short notice if consent is given by ninety five percent of the members entitled to vote at the meeting.

- 2) The notice of every meeting shall be given to:
 - a. Every member of the Company, legal representative of any deceased member or the assignee of the insolvent member;
 - b. The auditor or auditors of the Company and
 - c. Every director of the Company.

b) Quorum

- 1) Save as herein otherwise provided, five members present in person or through representative shall form a quorum.
- 2) If the quorum is not present within half an hour from the time appointed for holding a general meeting of the Company-
 - i. 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
 - ii. The meeting, if called by the requisitionists shall stand cancelled; Provided that in case of an adjourned meeting or change of day, time or place of meeting, 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 registered office of the Company is situated.
 - iii. If at an adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding meeting, the members present shall be quorum,

c) Chairman

The Chairman, if any, of the Board shall preside at every General Meeting. If there is no such Chairman or if at any meeting he is not present within thirty minutes of the time appointed for holding the meeting or is unwilling to act as Chairman of the meeting, then the Directors present shall elect another Director present as the Chairman and if no Director be present or if all the Directors present decline to the chair, then the members present shall elect on a show of hands one of themselves to be Chairman of the meeting.

d) Proxies

- 1) A member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person, whether a member or not, as his proxy to attend, and vote instead of himself, on poll;

Provided that a proxy shall not have right to speak at such meeting and shall not be entitled to vote except on poll.

- 2) A proxy or representative need not be a member of the Company.
- 3) The instrument appointing a proxy or representative shall be in writing under the hand of the appointed or his constituted attorney duly authorized in writing or if such appointer is a body corporate be under its common seal or be signed by an officer or an attorney duly authorised by it in that behalf.
- 4) Every instrument appointing a proxy shall be in the form prescribed in the rules made under the Act.
- 5) The instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll. In default the instrument shall not be treated as valid.
- 6) A vote given in accordance with the terms of an instrument appointing a proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided no intimation in writing of such death, insanity, or revocation or transfer of the share shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.
- 7) Every member entitled to vote at a meeting of the Company, or on any resolution to be moved thereat, shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three days' notice in writing of the intention so to inspect is given to the Company.
- 8) Any corporation which is a member of the Company may by resolution of its Directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of members of the Company

and the person so authorised shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company, and shall be counted towards the quorum.

e) Voting of the Members

- 1) No member shall exercise any voting rights in respect of any share on which any calls or other sums presently payable by him in respect of shares in the Company have not been paid, or in respect of which the Company has exercised its right of lien.
- 2) The Shareholders shall cast their vote as per the provisions of the Act.
- 3) A declaration by the Chairman of the result of show of hands or poll shall be final and an entry to that effect in the minutes of the proceedings shall be conclusive evidence thereof.

f) Circular Resolution

A resolution may be passed through circulation by the members as per the provisions of the Act.

17. DIRECTORS

- a) The number of Directors shall not be less than three and not more than fifteen, Provided that a company may appoint more than fifteen directors after passing a special resolution as per the act 2013
- b)
- c) The First Directors of the Company shall be:
 - 1) Sh. Sandeep Sikka
 - 2) Sh. Ajay Sikka
 - 3) Smt. Gagan Sikka
 - 4) Smt. Ramesh Rani
- d) Investor Right to Appoint Nominee(s)
 - 1) The Investor shall have the right to nominate directors on the Board of Directors of the Company in proportion to its shareholding in the Company subject to a right to appoint a minimum of at least one nominee director (hereinafter referred to as "Investor

Nominee Director"). The Investor Nominee Director(s) shall not be required to hold any qualification Shares. The Investor shall have the right to change, remove or replace the Investor Nominee Director(s) from time to time, in accordance with the provisions of the Act.

- 2) The Investor Nominee Director(s) shall not be required to retire by rotation. The Articles of Association of the Company shall contain suitable provisions in this behalf. In case the Investor Nominee Director(s) cannot be appointed as non-rotational Director(s) in accordance with the provisions of law, then such nominee(s) may be appointed as rotational Director(s) on the Board. In that event, the Promoters shall exercise their voting rights to ensure election of the Investor nominee(s) on the Board on a continuous basis.
- 3) The Investor Nominee Director(s) shall (unless he/they decline in writing) be appointed as member of all the committee(s) that may be constituted by the Board of Directors ("**Committee**").
- 4) The Investor Nominee Director(s) shall be entitled to all the rights and privileges of other Directors including the sitting fees and expenses as payable to other Directors but if any other fees, commission, monies or remuneration in any form is payable to the Directors, the fees, commission, monies and remuneration in relation to such Investor Nominee Director(s) shall accrue to the Investor and the same shall accordingly be paid by the Company directly to the Investor.
- 5) Any expenditure incurred by the Investor or Investor Nominee Director(s) in connection with his appointment as Director shall be borne by the Company. The cost of attending the meetings of the Board or of any committee, including travelling and all other reasonable and customary expenses shall be reimbursed by the Company to the Investor or the Investor Nominee Director(s), as the case may be, in this behalf.
- 6) The Investor Nominee Director(s) shall be entitled to receive all notices, agenda, etc. and to attend all general meetings and board meetings and meetings of any committees of which he is a member.
- 7) The Investor shall be entitled to appoint/depute an observer/s to attend such meeting/s of the Board/ committees, at its sole discretion ("**Observer**"). The expenses incurred by the Investor in that connection shall be borne by the Company.
- 8) *The Investor Nominee Director(s) shall be a non-executive director and shall not be*

considered as an "officer in charge" for any purpose. The Company shall indemnify and hold the Investor Nominee Director(s) free of all such claims and liabilities to the maximum extent possible under applicable law.

- 9) The Company shall ensure that the Board of Directors is broad based and comprises of professionals having experience and exposure in the field of finance, legal, engineering, automotives, castings and forgings industry etc, to the satisfaction of the Investor.
- 10) The Board of Directors shall have the power to fill any casual vacancy on the Board and a Director so appointed shall hold office until conclusion of the next Annual General Meeting.
- 11) The Board of Directors shall have power at any time and from time to time to appoint any other person to be Additional Director(s). Such Additional Director(s) shall hold office to the next following annual general meeting subject to the Act.
- 12) The Board of Directors Meeting shall be presided over by Chairman elected from time to time.
- 13) The aforesaid first Directors shall not be liable to retire by rotation. The Company in General Meeting may appoint any persons as Director(s) and provided that such Director or Directors shall not be liable to retire by rotation.
- 14) Subject to the provisions of the Act the Board of Directors may appoint Alternate Director(s) under the circumstances and during the period and subject to the provisions of that section.
- 15) Subject to the provisions of the Act, the Directors may appoint as Director any person nominated by the banks or other finance corporations or foreign institutions in pursuance of any financial arrangement or other agreement entered into with them. Such Directors also need not hold nay qualification share.
- 16) The Board of Directors may, subject to the provisions of the Act, delegate any of the powers to a committee consisting of such members of their body as they deem fit and May from time to time, revoke such delegation. Any Committee so formed shall in exercise of the powers so delegated, conform to any regulations that may be imposed on them by the Board of Directors.

18. PROCEEDINGS OF THE DIRECTORS

- a) Notice

- 1) At least 7 (Seven) days prior written notice shall be given to each of the Directors/Observer of the time and place of any meeting of the Board. A meeting of the Board may be held at shorter notice with the written consent (which may be signified by letter, facsimile or e-mail) of at least two Directors, one of whom shall be the Investor Nominee Director or if there exists no Investor Nominee Director or the Investor Nominee Director is not present for any reason, then the consent required may be provided by the Investor in writing instead.
- 2) The agenda and copies of any appropriate supporting papers shall be circulated to the Directors, including the Investor Nominee Director/Observer (or the Investor in the absence of the Investor Nominee Director/Observer) at least 5 (Five) business days prior to the date of the proposed meeting.

b) Quorum

- 1) The quorum for a Board meeting shall be the higher of one-third of the total strength of the Board or two Directors, in either case one of whom shall be the/ an Investor Nominee Director. A meeting of the Board shall not be held or continued without the presence of the Investor Nominee Director (if appointed and holding office) unless such Director has expressly waived the requirement for his presence in writing or by facsimile transmission or email. If a quorum is not present within 30 (Thirty) minutes of the scheduled time for any meeting of the Board, then the meeting shall be adjourned to the next business day at the same time and venue. Notice of the adjourned meeting shall be given to all Directors/Observer by facsimile transmission or e-mail and the adjourned Board meeting shall consider the same matters as were on the agenda for the meeting that was adjourned.
- 2) In the event that the Investor Nominee Director is still not available at the adjourned meeting, then the Directors present shall constitute the quorum to conduct business as set out in the notice and detailed agenda for the said meeting, provided that no decisions shall be made or resolutions passed in such adjourned meeting in respect of matters that require Investor consent under these Articles, including the matters listed in these Articles. Under no circumstances shall any item be considered at such reconvened meeting which was not on the agenda for the meeting which was adjourned.

c) Circular Resolutions

The Board may act by written resolution, or in any other legally permissible manner, on any matter, except matters, which by law may only be acted upon at a meeting or

matters listed in listed in these Articles unless the Investor consents thereto. Subject to any restrictions imposed by law, no written resolution shall be deemed to have been duly adopted by the Board, unless such written resolution shall have been approved by the requisite majority of Directors, including the Investor Nominee Director as provided in these Articles in respect of matters set forth therein.

d) Alternate Director

The Board shall, if requested by any Director (other than an alternate Director) appoint any other Director to act as his alternate during the absence of such Director from the state in which meetings of the Board are ordinarily held for the period prescribed under the Act. The original Director in whose place such alternate Director is to be appointed shall recommend the alternate Director to the Board. An existing director may be appointed as an alternate Director for another Director. In such case a Director so appointed as an alternate for another Director shall, at any Board meeting, have one vote for himself and one vote for each other Director for whom he is appointed as an alternate.

e) Committees of Board

The Company shall constitute such committees of the Board including audit sub-committee with such composition and functions as may be required by the Investor for close monitoring of different aspects of its working.

f) Decisions of the Board

Except as mentioned elsewhere in these Articles, the questions arising at any meeting of the Board or decision by circular resolution shall be decided by a simple majority of votes.

g) Affirmative Voting Rights

- 1) The Parties hereby agree that notwithstanding any other provision of the Agreement or any power conferred upon the Board by the Agreement/ these Articles, the Act or the Articles, the Company shall consider and decide the following matters only at meetings of the Board and not by circular resolution, unless the Investor specifically agrees otherwise in writing. Further, in addition to and without prejudice to the rights of the Investor provided elsewhere in these Articles, no resolution(s) concerning these matters can be validly passed and no action taken by the Company unless the affirmative vote(s) of the Investor Nominee Director or the express written approval of the Investor is

obtained for it. Provided further, that if any of the matters listed below is proposed at a general meeting, whether statutorily required to be decided at a general meeting or otherwise, no resolution in this respect shall be deemed to have been passed unless the affirmative vote of an authorised representative of the Investor has been cast.

- i. Entering into any transaction with any Affiliate/subsidiaries of any Party or any agreement or arrangement between the Company on one hand and any Shareholder, Director, and/ or Promoters and/or its/their Affiliates/subsidiaries on the other;
- ii. Incurring any expenditure, including revenue and capital expenditure over 10% of the amount stated in the Business Plan;
- iii. Appointment, re-appointment, removal, determination or alteration of the terms of employment (including enhancement of remuneration) of whole time directors, managing director or key managerial personnel (including the Promoters shall) of regards the Company, its existing and future subsidiaries;
- iv. Determination and alteration of personnel policy, including creation of posts, selection procedure, recruitment and salaries of senior executives;
- v. Purchase and sale of assets amounting to more than Rs. 25,00,000/- (Rupees Twenty Five Lakhs only);
- vi. Purchase policy, approval of orders and contracts amounting to more than Rs. 50,00,000/- (Rupees Fifty Lakhs only);
- vii. Policies in respect of appointment of dealers/distributors/agents for the Company's products in variation of existing policies and/ of in addition to already existing and prevailing policies of the Company in this regard;
- viii. Proposal for any expansion or diversification of the business of the Company;
- ix. Undertaking any new activity, project or business venture other than the Project/Business Plan or diversify, modernise or expand or change in the nature or scope of the Project/Business Plan;
- x. Approval of the annual budget and Business Plan;
- xi. Listing of Shares on stock exchanges and matters connected therewith, including the timing, pricing, appointment of merchant banker etc;
- xii. Timing and terms of offer of sale;
- xiii. Any borrowing either short term or long term, including accepting deposits from public and prepayment or repayment of the same *not including* any temporary loans and advances granted to staff, contractors or suppliers (for a reasonable term) in the ordinary course of business or raising of unsecured loans, overdrafts, cash credit or other facilities from banks in the ordinary course of business;
- xiv. Granting any loans, amounting to more than Rs. 25,00,000/- (Rupees Twenty Five Lakhs only);

- xv. Investments by way of deposits, loans, share capital, etc. in any company or concern;
- xvi. Formation of subsidiaries or allowing any company to become the Company's subsidiary or sell any subsidiary;
- xvii. Finalization of accounts, formulation, decide/change in accounting policies;
- xviii. Any Liquidation Event;
- xix. Any alteration of any rights of any class of Shareholders;
- xx. Any amendment to the Memorandum and Articles of Association of the Company;
- xxi. Any transfer, assignment, sale, license or franchise or part with, for development/ production /operation/sale to any party, the intellectual property rights owned by the Company;
- xxii. Any transfer, assignment, sale, license or franchise or part with the technical know-how of the product / process developed with the venture or title to its products, copyrights, patent rights, etc. to any other person in India or abroad;
- xxiii. Fresh issue of capital such as issuance of Shares, debentures or any other securities of the Company or any transfer or encumbrance on any Shares held by any Shareholder other than the Investor;
- xxiv. Entering into or modifying or terminating any joint ventures or strategic alliances, purchase, selling or marketing arrangements (including long term/exclusive marketing and purchase arrangements or alliance with Affiliates) that affects the long term performance of the Company and are amounting to more than Rs. 50,00,000/- (Rupees Fifty Lakhs only); Entering into or undertaking strategic alliances, mergers, acquisitions, consolidation, re-organisation, scheme of arrangement or compromise with its creditors or shareholders, capital restructuring or effect any scheme of amalgamation or reconstruction;
- xxv. Payment of dividends;
- xxvi. Capitalisation of reserves;
- xxvii. Changes to size / election procedure of Board;
- xxviii. Setting up of committees of Directors;
- xxix. Appointment and removal of internal and statutory auditors;
- xxx. Adopting/drawing up a stock option plan or stock purchase scheme or additional/new profit sharing scheme for the employees;
- xxxi. Any buy back or redemption of Equity Shares or preference shares;
- xxxii. Selection of a collaborator or material modification or cancellation of the Company's agreements with its Collaborators;
- xxxiii. Assignment or transfer all or any part of its rights and obligations under these Articles;
- xxxiv. Payment of any commission to its Promoters, Other Shareholders, Directors, managers or other persons for furnishing guarantees, counter guarantees or

indemnities or for undertaking any other liability in connection with any financial assistance obtained for or by the Company or in connection with any other obligation undertaken for or by the Company;

- xxxv. Creation of a charge on its assets;
- xxxvi. Giving any guarantees *not including* normal trade guarantees (for a reasonable term) in the ordinary course of business;
- xxxvii. Deciding/ Change in accounting policy;and
- xxxviii. Any decision on the capitalization of revenue expenditure.

19. MANAGEMENT

- a) Subject to the provisions of the Act, the management and superintendence of the affairs of the Company, subject to the overall control of the Board of Directors, shall be vested in the Managing Director(s) or any other Director upon such terms and conditions as the Board thinks fit either for fixed and/or office. The Board from time to time (subject to the provisions of any contract entered into between him and the Company) remove such Managing Director or whole time Director and appoint another in his place. The Managing or whole time Director(s) shall not retire by rotation while holding that office and shall not be reckoned as Director(s) for determining the rotation of retirement of Director or in fixing the number of Directors to retire.
- b) Subject to the Act, the Directors may from time to time appoint Chairman, Managing Director, whole time Director, General Manager, Secretary, Branch Manager, Attorney, Agent or any other officials as the case may be and vest any of the powers authorities and discretion for the time being vested in the Directors and any such appointment or delegation may be made on such terms and conditions including powers to sub-delegate as the Directors may think fit and the Directors may at any time, unless otherwise provided, revoke or amend such delegated authority, power or discretion.

20. ACCOUNTS

- a) Auditors

The statutory auditors of the Company shall be a well known and reputed firm of chartered accountants acceptable to the Investor.

- b) Submission of periodic reports and Information relating to the Project
- 2) The Company shall prepare and provide to the investor:

- i. quarterly financial statements of the Company and its subsidiaries in a format acceptable to the Investor, within 15(Fifteen) days after the end of each relevant quarter. Such reports shall include, but shall not be limited to, operating statements, income statements, balance sheet, cash flow, management discussion, and an analysis of the operating management and financial health accompanied by notes. Additionally, the Company and Promoters will annually provide an operating plan and budget for the next year;
- ii. all such information relating to the Project and its operations being financed out of the Subscription Amount, as the Investor shall, from time to time, at its discretion request; and
- iii. reasonable access to all the records of the Company and any other information specifically sort for by the Investor.

3) Notices and minutes of meetings

Subject to the Act, copies of all notices, circulars and minutes of meetings and such other information pertaining to the Company which are made available to the Board / Shareholders shall be provided to the Investor promptly at the same time.

4) General Covenants

Unless otherwise agreed to by the Investor, the Company shall:

5) Notice of Winding Up or Other Legal Process

Promptly inform the Investor if it has received notice of any application for winding up having been made or any statutory notice of winding up under the provisions of the Act, or any other notice under any other Act or otherwise of any suit or legal process intended to be filed or initiated against the Company or if a receiver or administrator is appointed of any of its properties or business or undertaking.

6) Adverse Changes in Profits and Production

Promptly inform the Investor of the occurrence of any labour strike, lockout, layoff, shutdown, fire or any event likely to have a Material Adverse Effect on the Company's profits or business with an explanation of the reasons therefore.

7) Insurance

Keep insured all its properties and equipments against all risks and pay all premia and other sums payable for that purpose.

21. **SECRECY**

Every manager, 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 Board of Directors before entering upon his duties shall take the oath of secrecy.

22. **BORROWING POWERS**

- a) The Directors shall have the power, from time to time and at their discretion to borrow, raise or secure the payment of any sum of money for the purpose of the Company in such manner and upon such terms and conditions on all respects as they think fit and in particular by the issue of debentures or bonds, of the Company or by mortgage, charged upon all or any of the properties of the company both present and future including its uncalled capital for the time being.
- b) Subject to the provisions of the Act any debenture stock, bonds or other securities (excluding shares) may be issued at a discount, premium or otherwise and with special privileges as to redemption, surrender, drawing, attending and voting at general meeting of the Company, appointment of Directors and otherwise.

23. **OPERATION OF BANK ACCOUNTS**

The person(s) authorized by the resolution of the Board of Directors shall have the power to open bank accounts, to sign cheques on behalf of the company and to operate all banking accounts of the Company and to receive payments, make endorsements, draw and accept negotiable instruments, hundies, bills or may authorize any other persons to exercise such powers.

24. **WINDING UP**

- a) If the company shall be wound up the liquidator may, with the sanction of a special resolution of the Company and other sanction required by the Act, divide amongst members in specie or kind, the whole or any part of the assets of the company, whether they consist of property of the same kind or not.
- b) For the purpose aforesaid, the liquidator may set such value, as he deems fair upon any property to be divided as aforesaid, may determine how such divisions shall be carried out as between the members or different classes of members.
- c) The liquidator may with like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator shall think fit but so that no member shall be compelled to accept any shares or other securities where there is any liability.
- d) Every officer or agent for the time being of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favor or in which he is acquitted or in connection with any application under Section 633 in which relief is granted to him by the court.

25. ARBITRATION

- a) If any dispute, difference, claim or question shall at any time arise between the Parties to the Agreement on any Article or matter herein contained or their respective rights, claims or liabilities hereunder in relation to or arising out of or concerning the Agreement, such dispute, difference, claim or question shall be referred to arbitration. The Investor shall appoint a sole arbitrator at its sole discretion and same shall be binding on the Company, the Promoters and the Other Shareholders. The Investor shall notify the Company, the Promoters and the Other Shareholders of such appointment in accordance with law. Such arbitration shall be held in accordance with the provisions of the Arbitration and Conciliation Act, 1996 or any statutory modification or re-enactment thereof. The seat and venue of arbitration shall be Mumbai and the proceedings shall be in the English language. The decision of the sole arbitrator shall be final and binding on the Investor, the Company and the Promoter.

26. THE SEAL

- a) The Board shall provide for the safe custody of the Seal of the Company.
- b) The seal shall not be affixed on any instrument except by the authority of a resolution of

the Board or of a committee of the Board authorized by it in that behalf and except in the presence of at least one director who shall sign every instrument to which the seal of the Company is so affixed in his presence. The share certificate will, however be signed and sealed in accordance with rules prescribed for it.

Sr. No.	Names, addresses, Description & Occupation of each subscribers	Signature of the Subscriber	Names, Addresses, Description & Occupation of the witness
1.	SANDEEP SIKKA S/o Sh. Shanti Lal Sikka 120, Shakti Nagar, Jalandhar City, (Business)	Sd/-	Witness for both subscribers:
2.	AJAY SIKKA S/o Sh. Ram Parkash Sikka 148, Shakti Nagar, Jalandhar City, (Business)	Sd/-	

Date: 10.06.1994

Place: Jalandhar

For Sharp Chucks & Machine



Mg. Director