



## **ESSAR SECURITIES LIMITED**

### **INFORMATION MEMORANDUM**

Registered Office: 56, New no. 77, C.P. Ramaswamy Road, Abhiramapuram, Chennai - 600018; Phone: 044-2499 1992 Fax:- 044-2499 4922; Email:- [eslinvestors@essar.com](mailto:eslinvestors@essar.com); Web page:- [www.essar.com](http://www.essar.com);

Contact person:- Shri Girish K. Sathe, Company Secretary; email: [gsathe@essar.com](mailto:gsathe@essar.com)

<p><b>INFORMATION MEMORANDUM FOR LISTING OF 1,42,87,754 EQUITY SHARES OF RS.10/- EACH</b></p>
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<p><b>NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM</b></p>
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### **GENERAL RISKS**

<p>“Investments in equity and equity-related securities involve a degree of risk and investors should not invest any fund in the equity shares of Essar Securities Limited 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 Essar Securities Limited. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved”</p>
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### **ABSOLUTE RESPONSIBILITY OF ESSAR SECURITIES LIMITED**

<p>Essar Securities Limited having made all reasonable inquiries, accepts responsibility for and confirms that this Information Memorandum contains all information with regard to Essar Securities Limited, which is material, that the information contained in the Information Memorandum is true and correct in all material aspects and is not misleading in any material aspect, 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 the expression of any such opinions or intentions misleading in any material respect.”</p>
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### **LISTING**

The equity shares of Essar Securities Limited are proposed to be listed on the Bombay Stock Exchange Ltd. (BSE).

### **REGISTRAR & SHARE TRANSFER AGENT**

Data Software Research Co. Pvt. Ltd.

Sree Sovereign Complex, No. 22, 4<sup>th</sup> Cross Street,  
Trustpuram, Kodambakkam, Chennai – 600 024

Tel.: 044-24834487/24833738

Fax: 044-24834636

Mr. H. Krishnamoorthy Email: [dsrcmd@md3.vsnl.net.in](mailto:dsrcmd@md3.vsnl.net.in)

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**SECTION- I**  
**GENERAL**

**DEFINITIONS, ABBREVIATIONS AND INDUSTRY RELATED TERMS**

Act / Companies Act	Companies Act, 1956 and amendments thereto
AGM	Annual General Meeting
Articles/ Articles of Association	Articles of Association of Essar Securities Limited
Auditors	The Statutory Auditors of Essar Securities Limited
Board of Directors/ Board/Directors	The Board of Directors of Essar Securities Limited
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Company	Essar Securities Limited
Demerged Company	India Securities Limited
Depository Act	The Depositories Act, 1996 as amended from time to time
Depository	A Depository registered with SEBI under the SEBI (Depositories &Participants) Regulations, 1996 as amended from time to time.
DSE	Designated Stock Exchange
EPS	Earnings per equity share
Equity Shares	Equity shares of the Company of Rs.10/- each unless otherwise specified in the context thereof
Equity Shareholders	Equity Shareholders of the Company
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations there under and amendments thereto.
Financial year/fiscal/ F.Y.	The twelve months ended March 31 of a particular year, unless otherwise stated
FI	Financial Institution

FII	Foreign Institutional Investor(s) registered with SEBI under applicable laws.
HUF	Hindu Undivided Family
Information Memorandum	This document as filed with the Stock Exchanges is known as and referred to as the Information Memorandum
India	Republic Of India
ISL	India Securities Limited
I.T. Act	The Income-tax Act, 1961, as amended from time to time, except as stated otherwise
IRDA	Insurance Regulatory and Development Authority
Memorandum / Memorandum of Association	The Memorandum of Association of Essar Securities Limited
NAV	Net Asset Value
NBFC	Non-Banking Finance Company
NR	Non Resident
NRI(s)	Non Resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
P/E Ratio	Price - Earning Ratio
PAT	Profit After Tax
RBI	Reserve Bank of India
Record Date	April 13, 2009
ROC	Registrar of Companies
Rupees or Rs.	Indian Rupees, the legal Indian Currency of Republic of India
Schemes of Arrangement	Scheme of Arrangement ("the scheme") under Sections 391 and 394 of the Companies Act, 1956 entered between (i) India Securities Limited and Essar Securities Limited and their respective shareholders and creditors. The Bench of Hon'ble High Court, at Bombay has approved the Scheme vide its Order dated February 6, 2009 which was received by the Company on February 12, 2009 and were filed with the Registrar of Companies, Maharashtra,

	Mumbai on March 9, 2009 (Effective date).
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Regulations or Guidelines	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 including any amendment thereto and circulars, instructions and clarifications issued by SEBI from time to time.
Share Certificate(s)	Equity Share Certificate(s)
Stock Exchange	BSE
Takeover Code	The SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 and amendments thereto
Transferor Company	India Securities Limited
Transferee Company	Essar Securities Limited
Wealth –Tax Act	The Wealth Tax Act, 1957 and amendments thereto

#### **CERTAIN CONVENTIONS, USE OF MARKET DATA**

Unless stated otherwise, the financial data in this Information Memorandum is derived from our financial statements prepared in accordance with Indian GAAP. Our last financial year commenced on April 1, 2008 and ended on March 31, 2009. In this Information Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

For definitions, please see the section titled “Definitions, Abbreviations and Industry Related Terms.”

All references to “India” contained in this information Memorandum are to the Republic of India. All references to “Rupees” or “Rs.” are to the Indian Rupees, the legal currency of the Republic of India.,

Unless otherwise stated, industry data used through out this Information Memorandum has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness is not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Information Memorandum is reliable, it has not been independently verified. The

information included in this Information Memorandum about the various other companies is based on their respective Annual Reports and information made available by the respective companies.

### **FORWARD - LOOKING STATEMENTS**

We have included statements in this Information Memorandum, which may contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward looking statements”. All forward-looking statements including the one that describe our objectives, plans or goals are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward looking statements. Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India and other countries;
- Regulatory changes and our ability to respond to them;
- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- Changes in the value of the Rupee and other currency changes;
- Changes in Indian or international interest rates;
- Changes in political conditions in India;
- Changes in the foreign exchange control regulations in India.
- Our exposure to market risks, general economic and political conditions in India, which have an impact on our business activities or investments;
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally;
- Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” of this Information Memorandum. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

We do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not fruition.



## SECTION II

### RISK FACTORS

An investment in equity shares involves a high degree of risk. You should consider carefully all of the following information in this Information Memorandum, including the risks and uncertainties described below. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

#### *Internal Risk Factors*

The Company has been vested with the investment undertaking, as defined under the Scheme, pursuant to demerger of ISL, comprising inter-alia of equity shares of Essar Telecom Infrastructure Private Limited (ETIPL). Any adverse impact on the operations /business of ETIPL could impact the revenue of the Company.

The Company being primarily in rendering of consultancy and business start up advisory services, it is largely affected directly by national and global economic and political conditions and broad trends in business and finance. Further, any adverse impact on the industries in which the businesses of the clients operate also have a bearing on the performance of the Company.

#### *External Risk Factors*

##### Legal and Compliance Risk

We are subject to extensive regulation by SEBI, Stock Exchanges and other market regulators in India. New laws/rules and changes in any law and application of current laws/rules could affect our manner of operations and profitability.

Terrorist attacks and other acts of violence or war, including those involving India or other countries and other such acts, could adversely affect Indian and worldwide financial markets. Such acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition. Increased volatility in the financial markets can have an adverse impact on the economy of India and other countries including economic recession.

There has been no public market for the Company's equity shares till now and the prices of the Company's equity shares may fluctuate after listing. There can be no assurance that an active trading market for the equity shares will develop or be sustained after this listing. The Company's share price could be volatile.

This section should also be read in conjunction with the section titled "Outstanding Litigation and Material Developments."

## SECTION III

### INTRODUCTION

#### **SUMMARY**

You should read the following summary together with the risk factors and the more detailed information about us and our financial results included elsewhere in this Information Memorandum.

#### Industry and Business Overview

The financial markets have for variety of purposes, emerged as a major channel of resource mobilization. They have evidenced significant development since the financial sector reforms initiated in early 1990s. There has been a considerable broadening and deepening of the Indian Financial Markets due to various financial reforms undertaken. The emphasis of these reforms has been on strengthening price discovery, easing restrictions on flows of transactions, lowering transaction costs and enhancing liquidity. The equity, government securities, foreign exchange and money markets alongwith their corresponding derivatives segments have developed into reasonably deep and liquid markets. The equity market has witnessed wide-spread development in infrastructure and its functioning is comparable to advanced markets. It has seen significant increase in growth and diversity in composition in the past two decades. This has provided lucrative options in the consultancy and other business advisory fields.

The Company was incorporated as Public Limited Company on December 16, 2005 under the name and style of ESSAR SECURITIES LIMITED under the provisions of Companies Act, 1956 vide Certificate of Incorporation bearing CIN U65990MH2005PLC158109 in the State of Maharashtra.

The Company is primarily engaged in providing strategic advisory services and business start up consultancy services. This comprises of suggesting plan and implementation of entry strategy for our clients by doing the swot analysis of the relevant industry. It also involves performance of location study, regulatory approvals and more to establish the company in market full of competition.

Pursuant to the scheme of demerger, the Company stands vested with the investment undertaking, as defined in the Scheme comprising of equity shares of company which is listed on BSE and as a part of undertaking shares of Essar Telecom Infrastructure Private

Limited (ETIPL), a company engaged in the business of providing of Passive Telecom Site Infrastructure Service ( "Infrastructure Service" ) to cellular mobile telephony operators and other licensed telecom operators in India. Therefore, one of the main source of the Company's income will be from its investments in these companies.

**GENERAL INFORMATION**

Name of the Company	Essar Securities Limited
Corporate Identification Number	U65990MH2005PLC159109
Registered Office	<p>56, New No. 77, C. P. Ramaswamy Road, Abhirampuram, Chennai - 600 018 Tel No.: (+91) 44- 2499 1992 Fax : (+91) 44- 2499 4922</p> <p>The Registered Office of the Company at the time of incorporation was in Mumbai. This has been relocated to Chennai, in the State of Tamil Nadu at the above address pursuant to special resolution of the company passed by the Company on January 27, 2009 and order of the Company Law Board dated April 20, 2009.</p>
Address of the Registrar of Companies	<p>Block No.6,B Wing 2nd Floor Shastri Bhawan 26, Haddows Road, Chennai - 600034 Phone 044-28277182, 28272676 Fax 044-28234298</p>
Board of Directors of the Company	<p>Shri Anshuman Ruia Shri Vikash Saraf Shri V.G. Raghavan Shri S.M. Lodha</p>
Company Secretary and Compliance Officer	<p>Shri Girish K. Sathe Essar House, 11, K.K. Marg, Mahalaxmi Mumbai – 400 034</p> <p>Tel. no.: 66601100 Fax no.: 6666 9426 Email id.: <a href="mailto:gsathe@essar.com">gsathe@essar.com</a></p>

Auditors	M/s .Nisar & Kumar C-2, 4 <sup>th</sup> Floor, Everest Building Tardeo Road, Tardeo Mumbai – 400 034  Tel No.: 022- 23515912, 40005394 Tele fax.: 022-66622066, 66669511
Bankers	ING Vysya Bank Limited Mittal Towers, “A” Wing, Ground Floor Nariman Point, Mumbai – 21  Tel.: 22882616 Fax.: 22570687
Registrar & Transfer Agents	Data Software Research Company Pvt. Ltd. Sree Sovereign Complex, No. 22, 4th Cross Street, Trustpuram, Kodambakkam, Chennai - 600 024 Tel: 044-24834487/24833738 Fax:044-24834636 email: <a href="mailto:dsrcmd@md3.vsnl.net.in">dsrcmd@md3.vsnl.net.in</a>

For further details of Board of Directors please see the Section titled – Management

## **CAPITAL STRUCTURE**

Consequent to issue and allotment of shares pursuant to the Scheme, the Share Capital of the Company is as follows:

		Rupees
A.	Authorised Share Capital 1,50,00,000 equity shares of Rs. 10/- each	15,00,00,000
B.	Equity Share Capital 1,42,87,754 equity shares of Rs. 10 each	14,28,77,540

- a.) The Authorised Share Capital of the Company at the time of incorporation was Rs. 5,00,00,000/- divided into 50,00,000 equity shares of Rs. 10/- each. Subsequently the authorized share capital was increased to Rs. 15,00,00,000 vide special resolution passed at its Extraordinary General Meeting held on November 28, 2008.
- b.) As per Clause 11.1 of the Scheme, the Company has issued and allotted 1,06,37,754 equity shares to the eligible members of ISL on April 20, 2009.
- c.) Prior to the Scheme the Issued, Subscribed and Paid-up Share Capital of the Company was Rs. 3,65,00,000 /- divided into 36,50,000 equity shares of Rs. 10/- each.

## **Notes to Capital Structure**

### **1) Share Capital History**

Sr. no.	Date of Issue / Allotment	Number of shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of allotment / issue	Cumulative Capital (Rs.)
1.	18/09/2007	20,00,000	10	10	Preferential	2,05,00,000
2.	25/03/2008	16,00,000	10	70	Preferential	3,65,00,000
3.	20/04/2009	1,06,37,754	10	-	Pursuant to scheme of Demerger	14,28,77,540

**Shareholding pattern of the Company before and after the Scheme (as on the date of Information Memorandum)**

Shareholding pattern before demerger:-

Pre-demerger, the entire equity share capital of 36,50,000 of Rs. 10 each was held by the promoter company viz., Essar Capital Limited alongwith its six nominees.

Shareholding pattern after demerger:-

Category Code	Category of Shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B) <sup>1</sup>	As a percentage of (A+B+C)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)
<b>(A)</b>	<b>Promoters and Promoter Group<sup>2</sup></b>					
<b>(1)</b>	<b>Indian</b>					
(a)	Individuals/ Hindu Undivided family	-	-	-	-	-
(b)	Central Government/ State Government(s)		-	-	-	-
(c)	Bodies Corporate	1	10653957	10653957	74.57	74.57
(d)	Financial Institutions/ Banks	-	-	-	-	-
(e)	Any other (Specify)	-	-	-	-	-
	<b>Sub-Total (A)(1)</b>	<b>1</b>	<b>10653957</b>	<b>10653957</b>	<b>74.57</b>	<b>74.57</b>
<b>(2)</b>	<b>Foreign</b>					



(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-
(c)	Institutions	-	-	-	-	-
(d)	Any other (Specify)	-	-	-	-	-
	<b>Sub-Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>1</b>	<b>10653957</b>	<b>10653957</b>	<b>74.57</b>	<b>74.57</b>
<b>(B)</b>	<b>Public Shareholding<sup>3</sup></b>					
<b>(1)</b>	<b>Institutions</b>					
(a)	Mutual Funds/ UTI	2	200	-	0.00	0.00
(b)	Financial Institutions/ Banks	5	2356	40	0.02	0.02
(c)	Central Government/State Government(s)	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-
(f)	Foreign Institutional Investors	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-
(h)	Any other (Specify)	-	-	-	-	-
	<b>Sub-Total (B)(1)</b>	<b>7</b>	<b>2556</b>	<b>40</b>	<b>0.02</b>	<b>0.02</b>
<b>(2)</b>	<b>Non-Institutions</b>					
(a)	Bodies Corporate	251	418441	284749	2.93	2.93

b)	Individuals -					
	i Individual shareholders holding nominal share capital upto Rs.1 lakh.	30839	2163729	1127674	15.14	15.14
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh	12	768089	681689	5.38	5.38
(c)	Any other (Specify)	1266	278922	71231	1.95	1.95
	Non Resident Individuals	4	2060	-	0.01	0.01
	Non Domestic Company					
	<b>Sub-Total (B)(2)</b>	32372	3631241	2165343	25.42	25.42
	<b>Total Public Shareholding (B)=(B)(1)+B(2)</b>	<b>32379</b>	<b>3633797</b>	<b>2165383</b>	<b>25.43</b>	<b>25.43</b>
	<b>TOTAL (A) + (B)</b>	<b>32380</b>	<b>1428775 4</b>	<b>12819340</b>	<b>100.00</b>	<b>100.00</b>

(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	32380	14287754	12819340	-	100.00

**Statement showing Shareholding of persons belonging to the category "Promoter and Promoter Group"**

Sr. No.	Name of the Shareholder	Total shares held	
		Number	As a % of grand total (A)+(B)+(C)
(I)	(II)	(III)	(IV)
1	ESSAR CAPITAL LIMITED	10653957	74.57
	<b>TOTAL</b>	<b>10653957</b>	<b>74.57</b>

**Statement showing Shareholding of persons belonging to the category "Public" holding moree than 1% of the total number of shares**

<b>Sr. No.</b>	<b>Name of the Shareholder</b>	<b>Number of Shares</b>	<b>Shares as a percentage of total number of shares (i.e. Grand Total (A)+(B)+(C) indicated in Statement at Para (I)(a) above)</b>
1	HITESH RAMJI JAVERI	528000	3.70
	<b>TOTAL</b>	<b>528000</b>	<b>3.70</b>

There is no pledge on the shares of the Company held by the promoter or promoter group.

The list of top 10 shareholders of the Company and the number of equity shares held by them

- a) Top ten shareholders and number of equity shares held by them as on the date of Information Memorandum.

<b>Sr.no.</b>	<b>Name of the Shareholder</b>	<b>No. of Shares held</b>	<b>% to total capital</b>	<b>Interest, if any</b>
1	Essar Capital Limited	10653957	74.57	Promoter Company
2	Hitesh Ramji Javeri	528000	3.70	Public
3	Sivanarayanan Financial Services Pvt. Ltd.	68660	0.48	Public/ Body Corporate
4	Vipul Securities Ltd.	52560	0.37	Public/ Body Corporate
5	Mamta Apprao	40000	0.28	Public

6	Ratnesh Enterprises (P) Ltd.	40000	0.28	Public/ Body Corporate
7	Prabhat Financial Services Ltd.	30020	0.21	Public/ Body Corporate
8	Kanak Himatsingka	28600	0.20	Public
9	Vidyasagar Mahavirprasad Sah	28000	0.19	Public
10	Kavita Mittal	26460	0.18	Public
	<b>Total</b>	<b>11496257</b>	80.46	
	<b>Total capital</b>	<b>14287754</b>	100.00	

b) Top ten shareholders and the number of equity shares held by them 10 days prior to the date of filing of this information memorandum

Sr.no.	Name of the Shareholder	No. of Shares held	% to total capital	Interest, if any
1	Essar Capital Limited	10653957	74.57	Promoter Company
2	Hitesh Ramji Javeri	528000	3.70	Public
3	Sivanarayanan Financial Services Pvt. Ltd.	68660	0.48	Public/ Body Corporate
4	Vipul Securities Ltd.	52560	0.37	Public/ Body Corporate
5	Mamta Apprao	40000	0.28	Public
6	Ratnesh Enterprises (P) Ltd.	40000	0.28	Public/ Body Corporate
7	Prabhat Financial Services Ltd.	30020	0.21	Public/ Body Corporate
8	Kanak Himatsingka	28600	0.20	Public
9	Vidyasagar Mahavirprasad Sah	28000	0.19	Public
10	Kavita Mittal	26460	0.18	Public
	<b>Total</b>	<b>11496257</b>	80.46	
	<b>Total capital</b>	<b>14287754</b>	100.00	

c) Top ten shareholders of the Company on the date of incorporation

The Company was incorporated as a wholly owned subsidiary of Essar Investments Limited. Essar Investments Limited along with its six nominees held the entire paid-up capital of the Company.

2) As on the date of this Information Memorandum, there are no outstanding warrants, options, rights to convert debentures, loans or other instruments into equity shares of the Company.

3) There shall be only one denomination for the 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,

4) The Company has 32,380 members as on the date filing this Information Memorandum.

5) None of Equity Shares of the Company were under lock-in prior to the Scheme.

6) The Company has only equity shares ranking pari-passu with each other.

**Rationale for Demerger as set forth in the Scheme of Arrangement with respect to Investment Undertaking, as defined in the Scheme**

ISL an NBFC engaged in the business of financial services which includes leasing, hire purchase, investment banking etc. In order to leverage its strengths and maximize shareholders value has reorganized its businesses in line with the Scheme of Demerger. This would enable ISL to focus on core business activity where its competitive advantage can be leveraged. Therefore, ISL has reorganized and segregated by way of demerger, its investment undertaking.

This reorganization will unlock the shareholder's value as below:-

- (a) The shareholders of ISL will continue to participate in the progress and growth of ISL.
- (b) In addition the eligible shareholders of ISL will now also hold shares in ESL, which will let them to participate in the growth areas of investment and consultancy activities carried on by ESL. These shares of ESL will be listed at BSE and thus providing liquidity to all shareholders.

- (c) The scheme also provides for set off of accumulated losses to the tune of Rs. 33.57 crores of ISL by adjusting the same against the share premium account and achieving above par book value. The promoters have taken up 40 lacs equity shares in ISL at a premium of Rs. 60 per share so as to achieve this set off of the accumulated losses aiming at better value for shareholders post demerger.

### **Approvals with respect to the Scheme of Demerger**

The Hon'ble High Court of Judicature at Bombay, vide its order dated February 6, 2009 approved the Scheme of Arrangement. In accordance with the said Scheme, the Equity Shares of the Company issued pursuant to the Scheme, subject to applicable regulations shall be listed and admitted to trading on the Bombay Stock Exchange Limited (BSE). Such listing and admission for trading is not automatic and will be subject to such other terms and conditions as may be prescribed by the BSE at the time of application by the Company seeking listing.

The aforesaid order of the Hon'ble High Court of Judicature at Bombay was filed by ISL and ESL with the Registrar of Companies, Maharashtra, Mumbai on March 9, 2009, which is the effective date of the Scheme.

Subsequently, SEBI vide its letter no. CFD/DIL/SP/DK/186631/2009 dated December 8, 2009, has granted relaxation from the strict enforcement of the requirement of Rule 19(2)(b) of the Securities Contract Regulation (Rules), 1957 (SCRR) for the purpose of listing of shares of Company, subject to the Company complying with all SEBI circular no. SEBI/CFD/SCRR/01/2009/03/09 dated September 03, 2009.

The Company has submitted its Information Memorandum, containing information about itself, making disclosures in line with the disclosure requirements for public issues, as applicable to BSE for making the said Information Memorandum available to public through their website.

The Information Memorandum is made available on the website of the Company.

The Company will publish an advertisement in the newspapers containing its details in line with the details required as per SEBI/CFD/SCRR/01/2009/03/09 dated September 3, 2009. The advertisement will draw specific reference to the availability of this Information Memorandum on the website of ESL as well as the website of BSE.

The Company also undertakes that all material information about itself shall be disclosed to stock exchanges on a continuous basis so as to make the same available to

public, in addition to the requirements, if any, specified in Listing Agreement for disclosures about the subsidiaries.



## **STATEMENT OF TAX BENEFITS**

The statement of tax benefits as received from M/s. Nisar & Kumar, Chartered Accountants, who are tax consultants of the Company is reproduced below:

Date: May 21, 2009

To  
Essar Securities Limited  
Essar House,  
11, K. K. Marg,  
Mahalaxmi,  
Mumbai – 400 034

Dear Sirs,

**Re: Tax benefits in connection with the proposed listing of 1,42,87,754 Equity Shares of Rs.10/- each**

We acknowledge receipt of the request letter dated – May 18, 2009 seeking our advice on the various benefits available to the Company and its shareholders under the Indian Direct Tax Laws. We understand that our advice will be incorporated in the Information Memorandum to be issued in connection with the proposed listing of 1,42,87,754 Equity Shares of Rs.10/- each.

In this connection, we have to state that, subject to the fulfillment of the respective requirements of the relevant provisions, the following tax benefits will *inter-alia* be available on the basis of the current tax laws presently in force in India.

The benefits discussed hereunder are not exhaustive and are only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications.

Our advice in respect of the various tax benefits is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the current tax laws in force in India.

We do not express any opinion or provide any assurance as to whether:

The Company or its shareholders will continue to obtain these benefits in future; or

The conditions prescribed for availing the benefits, where applicable, have been / would be met with.

I. UNDER THE INCOME TAX ACT, 1961 (HEREINAFTER REFERRED TO AS THE IT ACT):

A. BENEFITS AVAILABLE TO THE COMPANY:

- i) The Company will be entitled to claim depreciation allowance at the prescribed rates on assets under section 32 of the IT Act.
- ii) Dividend income referred to in section 115-O earned by the Company from domestic companies, will be exempt under section 10(34) of the IT Act. Similarly income received by the Company in respect of units of Mutual Funds specified under section 10(23D) will be exempt under section 10(35) of the IT Act.
- iii) Tax u/s 115 O shall be payable by the company on the dividend declared as reduced by dividend received from its subsidiary[subject to fulfillment of certain conditions as laid down in section 115-O(1A) ]
- iv) Income arising on transfer of equity shares or units of an equity oriented fund held by the Company will be exempt under section 10(38) of the IT Act if the said asset is a long-term capital asset and securities transaction tax has been charged on the said transaction. However, the said exemption will not be available to the Company while computing the book profit and income-tax payable under section 115JB.
- v) The long-term capital gains arising to the Company from the transfer of listed securities or units, not covered under point (iii ) above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and Education cess and Secondary and Higher Secondary Education cess )of the capital gains computed after indexing the cost of acquisition or at the rate of 10% (plus applicable surcharge and Education cess and Secondary and Higher Secondary Education cess ) of the capital gains computed before indexing the cost of acquisition, whichever is lower.
- vi) The long-term capital gains not covered under points (iii) and (iv) above

shall be chargeable to tax at the rate of 20% (plus applicable surcharge and Education cess and Secondary and Higher Secondary Education cess) of the capital gains computed after indexing the cost of acquisition / improvement.

- vii) Short-term capital gains arising on transfer of equity shares or units of an equity oriented fund held by the Company will be chargeable to tax at the rate of 15 % (plus applicable surcharge and Education cess and Secondary and Higher Secondary Education cess) as per the provisions of section 111A of the IT Act if securities transaction tax has been charged on the said transaction.
- viii) In accordance with and subject to the conditions, including the limit of investment of Rs.50 lakh, and to the extent specified in section 54EC of the IT Act, capital gains arising on transfer of long-term capital assets of the Company not covered under point (iii) above shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase of long-term specified assets.
- ix) Tax Benefits mentioned in para (iii) to (viii) would be available if the investors hold the shares as investments. If the above shares are held as Stock-in-trade, the above mentioned benefits are not available.

**B. BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY:**

**1. RESIDENTS:**

- (i) Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the IT Act.
- (ii) Income arising on transfer of the shares of the Company will be exempt under section 10(38) of the IT Act if the said shares are long-term capital assets and securities transaction tax has been charged on the said transaction. However, shareholders being companies will not be able to claim the above exemption while computing the book profit and MAT would be payable@ 11.33% under section 115JB.
- (iii) The long-term capital gains accruing to the shareholders of the Company from the transfer of the shares of the Company otherwise than as mentioned in point (ii) above shall be chargeable to tax at the rate of 20%

(plus applicable surcharge and Education cess and Secondary and Higher Secondary Education cess) of the capital gains computed after indexing the cost of acquisition or at the rate of 10% (plus applicable surcharge and Education cess and Secondary and Higher Secondary Education cess) of the capital gains computed before indexing the cost of acquisition, whichever is lower.

- (iv) In case of an individual or Hindu Undivided Family, where the total taxable income as reduced by long-term capital gains is below the basic exemption limit, the long-term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be subjected to such tax in accordance with the proviso to subsection (1) of section 112 of the IT Act.
- (v) Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and Education cess and Secondary and Higher Secondary Education cess) as per the provisions of section 111A of the IT Act if securities transaction tax has been charged on the said transaction. In case of an individual or Hindu Undivided Family, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 111A of the IT Act.
- (vi) In accordance with, and subject to the conditions, including the limit of investment of Rs.50 lakh, and to the extent specified in section 54EC of the IT Act, long-term capital gains arising on transfer of the shares of the Company not covered under point (ii) above shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase of long-term specified assets.
- (vii) In accordance with, and subject to the conditions and to the extent specified in section 54F of the IT Act, long-term capital gains arising on transfer of the shares of the Company not covered under point (ii) above held by an individual or Hindu Undivided Family shall be exempt from capital gains tax if the net sales consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years.

- (viii) Tax Benefits mentioned in para (ii) to (vii) would be available if the investors hold the shares as investments. If the above shares are held as Stock-in-trade, the above mentioned benefits are not available.

## 2. NON-RESIDENTS:

- (i) Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the IT Act.
- (ii) Income arising on transfer of the shares of the Company will be exempt under section 10(38) of the IT Act if the said shares are long-term capital assets and securities transaction tax has been charged on the said transaction. However, shareholders being companies will not be able to claim the above exemption while computing the book profit and MAT would be payable@ 11.33% under section 115JB.
- (iii) In accordance with, and subject to section 48 of the IT Act, capital gains arising on transfer of shares of the Company which are acquired in convertible foreign exchange and not covered under point (ii) above shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing / arising from every reinvestment thereafter in, and sale of shares of the Company. The long-term capital gains accruing to the shareholders of the Company from the transfer of the shares of the Company as mentioned above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and Education cess and Secondary and Higher Secondary Education cess)
- (iv) The long-term capital gains accruing to the shareholders of the Company from the transfer of the shares of the Company otherwise than as mentioned in points (ii) and (iii) above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and Education cess and Secondary and Higher Secondary Education cess) of the capital gains computed after indexing the cost of acquisition or at the rate of 10% (plus applicable surcharge and cess) of the capital gains computed before indexing the cost of acquisition, whichever is lower.

- (v) Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 10% (plus applicable surcharge and Education cess and Secondary and Higher Secondary Education cess) as per the provisions of section 111A of the IT Act if securities transaction tax has been charged on the said transaction.
- (vi) In accordance with, and subject to the conditions, including the limit of investment of Rs.50 lakh, and to the extent specified in section 54EC of the IT Act, long-term capital gains arising on transfer of the shares of the Company not covered under point (ii) above shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase of long-term specified assets.
- (vii) In accordance with, and subject to the conditions and to the extent specified in section 54F of the IT Act, long-term capital gains arising on transfer of the shares of the Company not covered under point (ii) above held by an individual or Hindu Undivided Family shall be exempt from capital gains tax if the net sales consideration is utilised, within a period of one year before or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years.
- (viii) Under the provisions of section 90(2) of the IT Act, a non-resident will be governed by the provisions of the Agreement for Avoidance of Double Taxation (AADT) between India and the country of residence of the non-resident. Non residents have the option to adopt the treaty if the said provisions are more beneficial than the provisions under the IT Act or vice versa. Besides the above benefits available to non-residents, Non-Resident Indians (NRIs) have the option of being governed by the provisions of Chapter XII-A of the IT Act which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange:
  - (a) Under section 115E of the IT Act, NRIs will be taxed at 10% (plus applicable surcharge and Education cess and Secondary and Higher Secondary Education cess) on long-term capital gains arising on sale of shares of the Company which are acquired in convertible foreign exchange and are not covered under point (ii) above which are acquired in convertible foreign exchange.

- (b) Under section 115F of the IT Act, and subject to the conditions and to the extent specified therein, long-term capital gains arising to NRIs from transfer of shares of the Company acquired out of convertible foreign exchange not covered under point (ii) above acquired out of convertible foreign exchange shall be exempt from capital gains tax if the net consideration is invested within six months of the date of transfer of the asset in any specified asset or in any saving certificates referred to in clause (4B) of section 10 of the IT Act.
- (c) In accordance with the provisions of section 115G of the Act, NRIs are not obliged to file a return of income under section 139(1) of the IT Act, if their only source of income is income from investments or long-term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the IT Act.
- (d) In accordance with the provisions of section 115H of the IT Act, when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year under section 139 of the IT Act to the effect that the provisions of Chapter XII-A shall continue to apply to them in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or converted into money.
- (e) As per the provisions of section 115-I of the IT Act, NRIs may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing their return of income for that year under section 139 of the IT Act, declaring therein that the provisions of Chapter XII-A shall not apply to them for that assessment year and accordingly their total income for that assessment year will be computed in accordance with the other provisions of the IT Act. The said Chapter inter alia entitles NRIs to the benefits stated thereunder in respect of income from shares of an Indian company acquired, purchased or subscribed in convertible foreign exchange.

- (ix) Tax Benefits mentioned in para (ii) to (viii) would be available if the investors hold the shares as investments. If the above shares are held as Stock-in-trade, the above mentioned benefits are not available.

### 3. FOREIGN INSTITUTIONAL INVESTORS (FIIs):

- (i) Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the IT Act.
- (ii) Income arising on transfer of the shares of the Company will be exempt under section 10(38) of the IT Act if the said shares are long-term capital assets and securities transaction tax has been charged on the said transaction.
- (iii) Under section 115AD(1)(b)(iii) of the IT Act, income by way of long-term capital gains arising from the transfer of shares held in the Company not covered under point (ii) above will be chargeable to tax at the rate of 15% (plus applicable surcharge and Education cess and Secondary and Higher Secondary Education cess).
- (iv) Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and Education cess and Secondary and Higher Secondary Education cess) as per the provisions of section 111A of the IT Act if securities transaction tax has been charged on the said transaction.
- (v) Under section 115AD(1)(b)(ii) of the IT Act, income by way of short-term capital gains arising from the transfer of shares held in the Company not covered under point (iv) above will be chargeable to tax at the rate of 30% (plus applicable surcharge and Education cess and Secondary and Higher Secondary Education cess).
- (vi) Under the provisions of section 90(2) of the IT Act, a FII will be governed by the provisions of the Agreement for Avoidance of Double Taxation (AADT) between India and the country of residence of the FII. Non residents FII have the option to adopt the treaty if the said provisions are more beneficial than the provisions under the IT Act or vice versa.

Tax Benefits mentioned in para (ii) to (vi) would be available if the investors hold the shares as investments. If the above shares are held as Stock-in-trade, the above mentioned benefits are not available.



#### 4. MUTUAL FUNDS:

Under section 10(23D) of the IT Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

#### II. UNDER THE WEALTH TAX ACT, 1957 AND THE GIFT TAX ACT, 1958:

- (i) 'Asset' as defined under Section 2(ea) of the Wealth-tax Act, 1957 does not include shares in companies and hence, the shares of the Company held by a shareholder are not liable to wealth-tax.
- (ii) Gift tax is not leviable in respect of any gifts made on or after 1st October, 1998. Therefore, any gift of shares of the Company will not attract gift-tax. Non-monetary gifts made on or after September 1, 2004 is not taxable in the hands of recipient.

For Nisar and Kumar

Partner  
Membership No.

## **SECTION -IV ABOUT ESSAR SECURITIES LIMITED**

### **BUSINESS**

The Company was incorporated as Public Limited Company on December 16, 2005 under the name and style of ESSAR SECURITIES LIMITED under the provisions of Companies Act, 1956 vide Certificate of Incorporation bearing CIN U65990MH2005PLC158109 in the State of Maharashtra.

The Company is primarily engaged in business of providing strategic advisory services and business start up consultancy services. This comprises of suggesting plan and implementation of entry strategy for our clients by doing the swot analysis of the relevant industry. It also involves performance of location study, representative office facility, partners, regulatory approval and more to establish the company in market full of competition.

### **HISTORY OF THE COMPANY**

The Company was incorporated on December 16, 2005 under the Companies Act, 1956 in the State of Maharashtra with its registered office at Essar House, 11, K.K. Marg, Mahalaxmi, Mumbai – 400 034. The Registered Office of the Company has been subsequently relocated to the State of Tamil Nadu pursuant to special resolution passed by the shareholders of the Company on January 27, 2009 and order of the Company Law Board dated April 20, 2009. The present registered office of the Company is located at New No. 77/56, C.P. Ramaswamy Road, Abhirampuram, Chennai – 600 018

MAIN OBJECTS OF THE COMPANY AS SET OUT IN THE MEMORANDUM OF ASSOCIATION OF THE COMPANY ARE AS UNDER:

1. *To carry on the business of financiers and to undertake, carry on and execute all kinds of financial and business activities (except banking and insurance business under the Banking Regulation Act, 1949 and Insurance Act, 1938) as carried on by financing houses, shroffs, credit corporations, bankers, and general financiers, and to carry on other business of advancing loans, deposits (intercorporate or otherwise) and to carry on business of a company established with the objects of financing Industrial Enterprises , Housing Finance and/ or to guarantee the payment or performance of any debts, contracts, obligations or give any guarantee in connection with loans or provide any security in connection with a loan made by any other person to, or to any other person, by, any person, firm or company. for any purpose whatsoever and to act as agents for the collection,*

*receipt or payment of money and generally to act as agents for or render services to customers and others and generally to give guarantees or indemnities.*

2. *To promote, form or acquire any company and to take, purchase, or acquire shares or interest in any company and to transfer to any such company any property of this Company and to take or otherwise acquire, hold and dispose of or otherwise deal in and invest in any shares, debentures and other securities in or of any company or companies either out of its own funds or out of funds that it might borrow by issue of debentures or from bankers or otherwise howsoever or in any other manner whatsoever and to subsidize or otherwise assist any such company subject to the relevant provisions of the Companies Act.*

#### Commencement of new business

The Company vide special resolution passed on March 16, 2009 commenced the business of providing strategic advisory services and business start up consultancy services covered under clauses 38 & 39 which reads as under:-

38. *To carry on business as advisers and/or consultants on matters and problems relating to the Industries, administration, management, organization, accountancy, costing, financial, marketing, import, export, commercial or economic activities, labour, statistical, organization, methods, quality control and data processing, technical know-how, operation, manufacture, production, storage, distribution, sale and purchase of goods, property and other activities of and In relation to any business, trade, commerce. Industry, mine, agriculture, housing or real estate and upon the means, methods and procedure for the establishment, construction, development, improvement and expansion of business, trade, commerce, industry, agriculture, buildings, real estates. plant or machinery's and all systems, methods, techniques, processes, principles In relation to the foregoing and to carry on business of rendering services on any one or more of aforesaid matters to any person, firm, company, trust, association, Institution, society, body corporate, Government or Government department, public or local authority or any other organization whatsoever, to act as intermediaries In the introduction of collaborators, sellers, purchasers, partners, tenants, agents, consumers, and employees.*
39. *To carry on research and developments work for industrial, agricultural and minerals, productivity and methods of production, matters and problems relating to accountancy, business management, distribution, marketing and selling and to collect analyze, examine, prepare, formulate, publish, distribute and circulate data, statistics, reports, Journals, books, magazines, news-papers, literature and*

*Information relating to any type of business, trade, Industry, sports, education, society, cinema or real estates and to promote or propose such methods, procedures and measures as may be considered desirable or beneficial for all or any of the objects of the Company any for extending, developing and/or improving any type of business, trade, estate, industry, commerce, organization, methods, techniques, technical know-how, patents, trade marks and procedures to consider and evaluate problems relating to administration, management, manufacture, production, storage, distribution, finance, marketing and sate and/or relating to the rendering of any service.*

#### Changes In Memorandum Of Association Since Company's Inception

Since Incorporation the following changes have been made in the Memorandum of Association

(a) The changes in the objects clause since incorporation are as under:-

➤ Pursuant to special resolution passed by the shareholder at their general meeting held on November 28, 2008 the then existing clause 2 was replaced with the following clause as clause 2 under clause III(A) of the Memorandum of Association of the Company :-

#### **Quote**

To promote, form or acquire any company and to take, purchase, or acquire shares or interest in any company and to transfer to any such company any property of this Company and to take or otherwise acquire, hold and dispose of or otherwise deal in and invest in any shares, debentures and other securities in or of any company or companies either out of its own funds or out of funds that it might borrow by issue of debentures or from bankers or otherwise howsoever or in any other manner whatsoever and to subsidies or otherwise assist any such company subject to the relevant provisions of the Companies Act, 1956.

#### **Unquote**

➤ Pursuant to special resolution passed by the shareholder at their general meeting held on November 28, 2008 the then existing clause 41 was replaced with the following clause as clause 41 under clause III(C) of the Memorandum of Association of the Company :-

#### **Quote**

To carry on the business of leasing and hire purchase company and to acquire, to provide on lease or to provide on hire purchase basis all types of industrial and offices plant, equipment, machinery, vehicles, buildings and real estate, required for manufacturing, processing, transportation and trading business and other commercial and service businesses.

#### **Unquote**

➤ The Company vide special resolution passed at the Extraordinary General Meeting held on March 16, 2009 approved the Commencement of all or any businesses stated in clauses 38 and 39.

#### **Subsidiaries**

As on the date of this Information Memorandum, the Company has no subsidiaries.

#### **MANAGEMENT OF THE COMPANY**

The overall management is vested in the Board of Directors comprised of qualified and experienced persons

<b>Name of Director</b>	<b>Address</b>	<b>Occupation</b>	<b>Directorship in other Companies (as on November 30, 2009)as</b>
Mr. Anshuman S. Ruia	67A, Walkeshwar Road, Opposite Birla School, Walkeshwar, Mumbai – 400 006	Industrialist	Essar Oil Limited Essar Power Limited Mahan Coal Limited Essar Shipping Ports & Logistics Limited Essar Bulk Terminal Limited Vadinar Oil Terminal Limited

			Vodafone Essar Limited India Securities Limited Essar Capital Finance Private Limited Aegis Limited
Mr. V. G. Raghavan	Flat no.171/172, 17 <sup>th</sup> Floor, Kalpataru Residency, Sion Circle, Sion (East) Mumbai – 400 022	Company Executive	Essar Steel Limited Essar Information Technology Limited Essar Steel (Hazira) Limited Essar Mineral Resources Limited Essar Steel Orissa Limited Essar Power MP Limited ETHL Communications Holdings Limited Essar Capital Finance Pvt. Ltd. Essar Power Gujarat Ltd.
Mr. S. M. Lodha	Panhar, 5, Worli Sea Face, Worli, Mumbai – 400 018	Company Executive	India Securities Limited Essar Information Technology Limited Satluj Jal Vidyut Nigam Limited Elixir Financial Services Pvt. Ltd.
Mr. Vikash Saraf	2B, Saker Apartments, 71, Pochkhanwala Road, Worli, Mumbai – 400 025	Company Executive	Vodafone Essar Limited Vodafone Essar Mobile Services

			Limited Vodafone Essar East Limited Vodafone Essar South Limited Vodafone Essar Digilink Limited Vodafone Essar Spacetel Limited Vodafone Essar Cellular Limited Vodafone Essar Infrastructure Limited Vodafone Essar Towers Limited Unique Intermediary Facilitators (a section 25 Company) Essar Teleholdings Limited Aegis Limited Global Vantage Private Limited Paprika Media Private Limited Daiwik Hotels Private Limited Daiwik Biofuels Private Limited Consolidated Entertainment Private Limited Vodafone essar Gujarat Limited Indus Towers Limited
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## Brief Profile of Directors

### **1. Shri A.S. Ruia**

Shri A.S. Ruia is a Director on the Board of major companies of Essar Group. With a bachelor's degree in Commerce, Shri A.S. Ruia has over a decade of experience in overseeing Essar Group's major businesses. He is responsible for the expansion and diversification of the Power business into new, renewable energy sources and its entry into the transmission and distribution segment. Shri A.S. Ruia is also involved in new business ventures of the Essar Group in India and overseas. Shri A.S. Ruia is also a member of the Young Presidents Organisation.

### **2. Shri Vikash Saraf:**

Shri Vikash Saraf has done his PGDBM from IIM (C). He has been associated with Essar Group for the last 8 years. Prior to joining the Essar Group, he was Executive Director and Chief Executive Officer of SSKI Corporate Finance Ltd., a boutique investment bank specializing in infrastructure financing and advisory work.

### **3. Shri V.G. Raghavan**

Shri V. G. Raghavan began his professional career with State Bank of India as Probationary Officer in 1971 and continued with the Bank as a Credit Officer till 1976. He joined Essar Group at Chennai in 1976. Shri V. G. Raghavan has managed the financial risks involved in the arrangements made for financing of the Greenfield projects covering interest rate risks, currency risks and maturity mismatch risks. He also been instrumental in managing the unexpected down turn in the market through suitable financial risk management techniques. He has overseen acquisitions / mergers of Steel Unit in Canada called Algoma Inc and People Support, a BPO involving due diligence, financing and subsequent integration. In his capacity as Director Finance of Essar Steel, he directed the project finance efforts at Hazira including restructuring of Essar Steel Ltds. debts through Corporate Debt Restructuring Mechanism in 2002. As Group CFO, he has achieved Financial Closures for other expansion projects in Oil, Power, Telecom, BPO and Shipping. Further, he monitors a dedicated Compliance Team working through group companies, both in terms of regulatory compliances and corporate governance expectations of best business and finance practices. He has also overseen the implementation of SAP through the businesses of Essar and ensured migration to IFRS across the Group. He also enjoys strong relationship with other stakeholders namely bankers.



#### **4. Shri S.M. Lodha**

Shri SM Lodha aged 56 years is a Commerce and Management graduate from R.A.Podar Institute of Business Management, Jaipur. He is also a Law graduate from University of Calcutta. He is a seasoned name in the Banking and financial sector. He has over 35 years of cross industry experience in the areas of finance, commercial and operations in large business Houses like Duncan Bros, Birla's etc. He has been with Essar for over 12 years and has worked in various capacities, and also represented as Director in various group companies. He is also in the Board of Satluj Jal Vidyut Nigam Ltd. (A Government of India undertaking).

#### **CORPORATE GOVERNANCE**

The provisions of the listing agreement to be entered into with the Stock Exchange with respect to Corporate Governance will be applicable to the Company immediately upon the listing of its Equity Shares on the Stock Exchange. However the Company is fully compliant with the provisions of Clause 49 of the Listing Agreement and the details are as follows:

Shri A.S. Ruia is the non-executive Chairman of the Board. The Board of the Company comprises of four Non-Executive Directors. The Board has also constituted an Audit Committee and Shareholders/Investor Grievance Committee as required under clause 49 of the Listing Agreement.

<b>Director</b>	<b>Category</b>	<b>Member of Audit Committee</b>	<b>Member of Shareholders/Investor Grievance Committee</b>
Shri A.S.Ruia	Non-Executive Non – Independent	-	-
Shri Vikash Saraf	Non-Executive Independent	Yes	-
Shri V.G. Raghavan	Non-Executive Independent	Yes	Yes
Shri S.M. Lodha	Non-Executive Independent	Yes	Yes

The role, powers, scope of functions and duties of Audit Committee, and the Shareholders/Investor Grievance Committee of the Board are as per the applicable provisions of the Companies Act, 1956, Clause 49 of the listing agreement and the Essar Group –Corporate Governance Policies and Code of Conduct.

The status of the Company's compliance with the provisions of Clause 49 of the Listing Agreement is given below:

<b>Particulars</b>	<b>Clause of Listing Agreement</b>	<b>Compliance Status (Yes/No/N.A.)</b>
<b>I. Board of Directors</b>	49I	Yes
(A) Composition of Board	49(IA)	Yes
(B) Non-Executive Directors, Compensation & disclosures	49(IB)	Yes
(C) Other provisions as to Board and Committees	49(IC)	Yes
(D) Code of Conduct	49(ID)	Yes
<b>II. Audit Committee</b>	49(II)	
(A) Qualified & Independent Audit Committee	49(IIA)	Yes
(B) Meeting of Audit Committee	49(IIB)	Yes
(C) Powers of Audit Committee	49(IIC)	Yes
(D) Role of Audit Committee	49 (II D)	Yes
(E) Review of Information by Audit Committee	49 (II E)	Yes
<b>III. Subsidiary Companies</b>	49(III)	N.A.
<b>IV. Disclosures</b>	49(IV)	N.A.
(A) Basis of related party transactions	49(IVA)	N.A.
(B) Disclosure of accounting treatment	49(IV B)	N.A.
(C) Board Disclosures	49(IVC)	N.A.
(D) Proceeds from public issues, rights issues, preferential issues etc.	49 (IV D)	N.A.
(E) Remuneration of Directors	49 (IV E)	N.A.
(F) Management	49 (IV F)	N.A.
(G) Shareholders	49 (IV G)	N.A.
<b>V. CEO / CFO Certification</b>	49(V)	N.A.
<b>VI. Report on Corporate Governance</b>	49(VI)	N.A.
<b>VII. Compliance</b>	49(VII)	N.A.

The Directors have no interest in the transactions of the Company, otherwise than as Directors of the Company.

**Date of expiration of current term of Office of Directors**

All the Directors are liable to retire by rotation..

**Shareholdings**

Except Shri S.M. Lodha no other director of the Company holds any share in the Company. Shri S.M. Lodha holds 4468 equity shares, which has been allotted to him pursuant to the Scheme in respect of fractional entitlements which have been consolidated and issued to him. He holds these shares in Trust and on behalf of shareholders holding fractional entitlements. Such shares will be sold within 30 days of listing / trading of the ESL equity shares and the consideration shall be distributed in proportion to the fractional entitlement held by the shareholders.

**Key Management Personnel**

The Company is managed, controlled and directed by the Board of Directors. The Board has appointed Shri Girish K .Sathe as the Manager within the meaning of section 2(24) of the Act. He is also the Company Secretary and Compliance Officer of the Company. Shri Girish K. Sathe is an Associate Member of Institute of Company Secretaries of India and also a Graduate Cost & Works Accountants.

**Employees**

As on date, the Company has no significant employee strength.

There has been Change in the Board of Directors since Incorporation of the Company. These Changes are given below:

Sr. No.	Name of Director	Date of Appointment	Date of Resignation
1	Shri S. M. Lodha	16/12/2005	-
1	Shri Manoranjan Mahapatra	16/12/2005	31/03/2009
2	Shri N. S. Paramshivam	16/12/2005	31/03/2009
3	Shri Anshuman Ruia	10/04/2009	-
3	Shri V. G. Raghavan	31/03/2009	-
4	Shri Vikash Saraf	31/03/2009	-
5.	Shri Girish K. Sathe- Manager & Company Secretary	10/04/2009	-

## PROMOTER

### Essar Capital Limited

Essar Capital Limited (ECL), is the principal shareholder and promoter of the Company having 74.57% equity stake in the Company. ECL in turn is a wholly owned subsidiary of Essar Capital Holdings (India) Limited which in turn is held by Shri A.S. Ruia.

#### Incorporation & registered office

ECL an unlisted public limited company was incorporated on January 30, 2007 in the state of Maharashtra. The registered office of ECL is located at Essar House, 11, K.K. Marg, Mahalaxmi, Mumbai – 400 034.

#### Principal business

The main object with which ECL has been incorporated is to carry on the business of financial advisory services including corporate finance , mergers & acquisition advisory services, investment advisory business and other kinds of financial and business activities.

#### Shareholding pattern

The paid up equity capital of ECL as on date is Rs. 5,00,000/- comprising of 50,000 equity shares of Rs. 10/- each. The entire paid-up capital is held by Essar Capital Holdings (India) Limited and its six nominees.

#### Board of Directors

The present Directors of ECL are as under:-

Name of Director
Shri Rewant Ruia
Shri Amit Gupta
Shri Neeraj Gupta

#### Financial performance of ECL

Particulars	(Amt. in Rs.)	
	F.Y. 2009	F.Y. 2008
Income	46,19,21,511	-
Less: Expenditure	45,32,22,450	2,60,171
Profit / (Loss)for the year	86,99,061	(2,60,171)
Equity Capital	5,00,000	5,00,000
Earnings Per Share (Basic & Diluted)	173.98	(5.20)

**Details of listing and highest & lowest market price during the preceding six months:**

ECL is an unlisted public limited company.

**Essar Capital Holdings (India) Limited (ECHIL)**Incorporation & registered office

ECHIL an unlisted public limited company was incorporated on October 14, 2008 in the state of Maharashtra. The registered office of ECHIL is located at Essar House, 11, K.K. Marg, Mahalaxmi, Mumbai – 400 034.

Principal business

ECHIL is an investment holding company.

Shareholding pattern

The paid up equity capital of ECHIL as on date is Rs. 5,00,000/- comprising of 50,000 equity shares of Rs. 10/- each. The entire paid-up capital is held by Shri A.S. Ruia and his one nominee.

Board of Directors

The present Directors of ECHIL are as under:-

Name of Director
Shri N.B. Vyas
Shri Neeraj Gupta
Shri Amit Gupta

**Financial statements of ECHIL****(Amt. Rs.)**

Particulars	F.Y. 2009
Income	-
Less: Expenditure	2,57,733
Profit / (Loss) for the year	2,57,733
Equity Capital	5,00,000
Earnings Per Share (Rs.)- Basic & Diluted	(11.20)

We confirm that the Permanent Account Number, Bank Account Number, the Company Registration Numbers and the address of Registrar of Companies where our promoter company(ies) are registered have been submitted to the Stock Exchange at the time of filing of our application for listing of equity shares of the Company with BSE.

## Details of Group Company

### India Securities Limited

India Securities Limited (ISL) was incorporated on July 20, 1984 under the name Dear Leasing and Finance Limited at Delhi. The name of the Company was changed to India Factors Limited with effect from May 1, 1987 and the Company shifted its registered office to state of Tamil Nadu and with effect from May 23, 1990 adopted the present name. It shifted its registered office to the State of Maharashtra with effect from July 22, 1998. ISL is a category B-NBFC company registered with Reserve Bank of India (RBI No. B-13.01652) engaged in the business of Hire-Purchase, Leasing and Investment activities. Essar Capital Limited is the principal shareholder of ISL holding approx 52.65% of the total paid -up equity capital of ISL. The shares of ISL are listed at Bombay Stock Exchange of India Limited.

The Board of Directors of ISL presently comprises of five directors viz., Shri S.V. Venkatesan, Shri S.N. Ruia, Shri A.S. Ruia, Shri M.P. Mehrotra and Shri S.M. Lodha. Shri Manoranjan Mahapatra is the Manager within the meaning of section 2(24) of the Companies Act, 1956.

Shareholding pattern of ISL as on September 30,2009 is as under:-

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares	
				As a % of (A+B)	As a % of (A+B+C)
<b>(A) Shareholding of Promoter and Promoter Group</b>					
<b>(1) Indian</b>					
Bodies Corporate	2	14,764,653	14,764,653	73.98	73.98
<b>Sub Total</b>	<b>2</b>	<b>14,764,653</b>	<b>14,764,653</b>	<b>73.98</b>	<b>73.98</b>
<b>(2) Foreign</b>					
<b>Total shareholding of Promoter and Promoter Group (A)</b>	<b>2</b>	<b>14,764,653</b>	<b>14,764,653</b>	<b>73.98</b>	<b>73.98</b>
<b>(B) Public Shareholding</b>					

<b>(1) Institutions</b>					
Mutual Funds / UTI	2	300	-	-	-
Financial Institutions / Banks	5	3,534	60	0.02	0.02
<b>Sub Total</b>	<b>7</b>	<b>3,834</b>	<b>60</b>	<b>0.02</b>	<b>0.02</b>
<b>(2) Non-Institutions</b>					
Bodies Corporate	258	614,040	413,193	3.08	3.08
<b>Individuals</b>					
Individual shareholders holding nominal share capital up to Rs. 1 lakh	30,165	2,987,814	1,480,979	14.97	14.97
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	16	1,171,457	1,041,857	5.87	5.87
<b>Any Others (Specify)</b>	<b>1,238</b>	<b>414,833</b>	<b>107,903</b>	<b>2.08</b>	<b>2.08</b>
Non Resident Indians	1,234	411,743	107,903	2.06	2.06
Foreign Corporate Bodies	4	3,090	-	0.02	0.02
<b>Sub Total</b>	<b>31,677</b>	<b>5,188,144</b>	<b>3,043,932</b>	<b>26.00</b>	<b>26.00</b>
<b>Total Public shareholding (B)</b>	<b>31,684</b>	<b>5,191,978</b>	<b>3,043,992</b>	<b>26.02</b>	<b>26.02</b>
<b>Total (A)+(B)</b>	<b>31,686</b>	<b>19,956,631</b>	<b>17,808,645</b>	<b>100.00</b>	<b>100.00</b>
<b>(C) Shares held by Custodians and against which Depository Receipts have been issued</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (A)+(B)+(C)</b>	<b>31,686</b>	<b>19,956,631</b>	<b>17,808,645</b>	<b>-</b>	<b>100.00</b>

Promoter and Promoter Group"						
Sl. No.	Name of the Shareholder	Total Shares held		Shares pledged or otherwise encumbered		
		Number	As a % of grand total (A)+(B)+(C)	Number	% of Total shares held	As a % of grand total (A)+(B)+(C)
1	Essar Capital Ltd	10,506,835	52.65	-	-	-
2	Essar Investments Ltd	4,257,818	21.34	-	-	-
	Total	14,764,653	73.98	-	-	-

Public" and holding more than 1% of the Total No.of Shares			
Sl. No.	Name of the Shareholder	No. of Shares	Shares as % of Total No. of Shares
	Hitesh Ramji Javeri	792,000	3.97
	Total	792,000	3.97

Financial Statements of ISL for the last three financial years:-

Particulars	(Amt. in Rs.)		
	F.Y. 2009	F.Y. 2008	F.Y. 2007
Income	54,82,39,156	6,97,85,463	12,08,12,861
Expenditure	46,69,03,541	4,59,19,610	9,97,38,288
Profit after Tax	3,98,44,067	4,47,90,464	4,65,38,594
Equity Capital	19,95,66,310	26,59,43,850	26,59,43,850
Reserves and Surplus	16,67,87,541	22,25,82,279	21,36,24,186
Earnings Per Share (Diluted)	2.16	1.68	1.75



**CURRENCY OF PRESENTATION**

In this Information Memorandum all references to “Rupees” or “Rs.” are to Indian Rupees, the legal currency of the Republic of India.

**DIVIDEND POLICY**

Dividend is intended to be declared based on the quantum and availability of future profits and will be disbursed based on shareholder approval based on the recommendation of the Board. The Company has not paid any dividend in the past.



SECTION V -  
FINANCIAL INFORMATION  
OF THE COMPANY

**NISAR & KUMAR**  
Chartered Accountants  
Head Office:  
706, Ajanta Shopping Centre,  
Near Metro Towers, Ring Road, Surat - 395  
Mobile : 9879102440

FINANCIAL INFORMATION

Auditors' Report

The Board of Directors  
Essar Securities Limited,  
11, K. K. Marg, Essar House,  
Mumbai - 400034

Re: Listing of Essar Securities Limited.

Dear Sir,

1. We have examined the financial information of Essar Securities limited ('the company') as approved by the Board of Directors of the company and terms of engagement agreed with you in accordance with your letter dated October 15, 2009 to be given by way of Advertisement in Newspapers in terms of SEBI circular no. CFD/SCRR/01/2009/03/09 dated September 3, 2009 in connection with the proposed listing of equity shares of the Company.
2. We have examined the accounts of the company for the financial year ended December 31, 2006, March 31 2007, March 31, 2008 and March 31, 2009 being the last date to which the accounts of the Company have been made up and audited for presentation to the members of the Company. We have also examined and found correct the accounts of the company for the 3 months period ended June 30, 2009, prepared and approved by the Board of Directors of the company for the purpose mentioned in Paragraph (1) above.

The financial information for the above period was examined to the extent applicable for the purpose of audit of financial information in accordance with the Auditing and Assurance Standards issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform our audit to obtain reasonable assurance, whether the financial information under examination is free of material misstatement.

3. In accordance with the terms of our engagement agreed with you, we report that:
  - a) The Statement of Profit and Losses of the company for the period / year ended December 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009 and June 30, 2009 are as set out in Annexure 1 to this report to be read with Notes as set out in Annexure 4 to this report.
  - b) The Statement of Assets and Liabilities of the company as at December 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009 and June 30, 2009 are as set out in Annexure 1 of this report to be read with Notes as set out in Annexure 4 to this report.



Branch Offices:

C-2, 4<sup>th</sup> Floor, Everest Building,  
Tardeo Road, Tardeo,  
Mumbai 400 034,  
Tel. No. 022-23515912, 40005394,  
Telefax: 022-66622066, 66669511

Door No. 6-2-941, Flat No. 205,  
Mughal's Emami Mansion, Khairatabad,  
Hyderabad - 500 004,  
Tel. : 040-66758388, M: No.09246458388

Plot No.56, Vallabhaganapati Street,  
SVP Nagar, Velassaravakkam,  
Chennai - 600 087,  
Tel. No: 044-24866811

Door No. 15-1-133, Bhavana Enclave  
Nowroji Road, Next to Hotel Grand E  
Visakhapatnam - 530 003,  
Mob. No. 09848028004

- c) The Cash Flow Statements of the company for the period / year ended December 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009 and June 30, 2009, are as set out in Annexure 3 to this report to be read with notes as set out in Annexure 4 of this report.
4. Further, in relation to the accounts for the period ended June 30, 2009, we confirm that:
- (i) There were no adjustments required for material amounts.
  - (ii) There were no adjustments required for changes in accounting policies.
  - (iii) There were no extra-ordinary items required to be disclosed in the financial information and there were no qualifications requiring adjustments.
5. Our report is intended solely for use of the management in connection with the proposed listing of the equity shares of the Company and should not be used for any other purpose except with our consent in writing.

**For Nisar & Kumar**  
Chartered Accountants

*Mahadik*

K. M. Mahadik  
Partner  
Membership No. 48453  
Mumbai, October 28, 2009



ESSAR SECURITIES LIMITED

ANNEXURE -1

STATEMENT OF PROFITS AND LOSSES

	For the period (3 Months) ended June 30, 2009	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008	For the period (3 Months) ended March 31, 2007	For the period from the date of Incorporation i.e. 15/12/2005 to 31/12/2006
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Income</b>					
Consultancy Services	800,000	-	-	-	-
Profit on redemption / sale of Investments	506,878	5,414,144	1,772,912	-	-
Interest on deposit with bank	1,306,878	1,320,870	-	-	-
<b>TOTAL</b>		<b>6,735,014</b>	<b>1,772,912</b>		
<b>Expenditure</b>					
Auditor's remuneration	15,000	55,150	5,618	5,618	5,612
Audit fees	-	33,148	11,236	-	-
Certification fees	15,000	88,298	16,854	5,618	5,612
Loss on sale of Investments (Net of diminution in value of Investments written back Rs.31,400,000)	-	2,828,559	-	-	-
Preliminary expenses written off	-	-	-	-	-
Miscellaneous expenses including bank charges	5,534	57	-	-	470,320
Printing & Postage Expenses	820,822	-	-	4,490	4,752
Rates and taxes and filing fees	3,060	-	-	-	-
Listing fees	50,000	723,247	11,250	-	-
Professional fees	242,663	53,366	360,000	-	-
Balances written off	71	60	60	-	-
Goodwill on Demerger Written off	-	600,752	-	-	-
<b>TOTAL</b>	<b>1,137,150</b>	<b>4,294,279</b>	<b>378,154</b>	<b>10,108</b>	<b>480,684</b>
<b>Profit / (Loss) before tax</b>	<b>169,728</b>	<b>2,440,735</b>	<b>1,394,758</b>	<b>(10,108)</b>	<b>(480,684)</b>
Less : Provision for Taxation	52,500	389,991	605,300	-	-
<b>Net Profit / (Loss) after tax</b>	<b>117,228</b>	<b>2,050,744</b>	<b>789,458</b>	<b>(10,108)</b>	<b>(480,684)</b>

Note: The above statement should be read with the Annexure - 4 Significant Accounting Policies and Notes to Accounts.



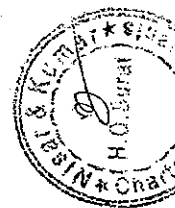
ESSAR SECURITIES LIMITED

ANNEXURE -2

STATEMENT OF ASSETS AND LIABILITIES

	As at June 30, 2009 Rs.	As at March 31, 2009 Rs.	As at March 31, 2008 Rs.	As at March 31, 2007 Rs.	As at December 31, 2006 Rs.
(A) Investments	226,194,200	311,949,950	133,355,670	20,000,000	20,000,000
(B) Current Assets, Loans and Advances					
Sundry Debtors	794,160	12,124,166	-	-	-
Cash and bank balances	23,111,956	23,004,341	56,414	20,438	24,928
Other Current Assets	1,451,232	1,048,771	-	-	-
Loans and Advances	217,710	4,658	-	-	-
	25,575,058	36,181,936	56,414	20,438	24,928
(C) Current Liabilities and Provisions					
Current liabilities	425,080	96,787,035	8,118	11,230	5,612
Provisions	-	117,901	605,300	-	-
	425,080	96,904,936	613,418	11,230	5,612
(D) Networth [(A) + (B) - (C)]	251,344,178	251,226,950	132,798,666	20,009,208	20,019,316
(E) Represented by:					
1. Paid up share capital	142,877,540	36,500,000	36,500,000	500,000	500,000
Add: Share Application Money pending allotment	-	-	-	20,000,000	20,000,000
Add: Equity shares to be allotted to the shareholders of Demerged Undertaking	-	106,377,540	-	-	-
2. Reserves					
Profit and Loss account	2,466,638	2,349,410	298,666	-	-
Securities Premium	96,000,000	96,000,000	96,000,000	-	-
Statutory Reserves	10,000,000	10,000,000	-	-	-
Less: Accumulated losses	-	-	-	(490,792)	(480,684)
Networth	251,344,178	251,226,950	132,798,666	20,009,208	20,019,316

Note: The above statement should be read with the Annexure - 4 Significant Accounting Policies and Notes to Accounts.



ESSAR SECURITIES LIMITED

ANNEXURE -3

CASH FLOW STATEMENT

	For the period (3 Months) ended June 30, 2009	For the Year Ended March 31, 2009	For the Year Ended March 31, 2008	For the period (3 Months) ended March 31, 2007	For the period from the date of incorporation i.e. 15/12/2005 to 31/12/2006
	Rs.	Rs.	Rs.	Rs.	Rs.
Cash flow from operating activities	169,728	2,440,735	1,394,758	(10,108)	(480,684)
Profit / (Loss) before taxation					
Adjustments for:					
Profit on redemption / sale of Investments		(5,414,144)	(1,772,912)		
Interest Income	(506,878)	(1,320,870)	-		
Loss on sale of Investments (net of Diminution written back)	-	2,828,559	-		
Balances written off	71	388	50		
Operating profit before working capital changes	(337,079)	(1,465,332)	(378,104)	(10,108)	(480,684)
Adjustments for:					
(Increase)/Decrease in receivables	(821,947)	(4,658)	-		
Increase/(Decrease) in trade and other payables	1,517,890	1,769,072	46,888	5,618	5,612
Cash generated from operations	358,884	299,082	(331,216)	(4,490)	(475,072)
Taxes on Income paid	(355,666)	(877,390)	-		
Net cash from operating activities	3,198	(578,308)	(331,216)	(4,490)	(475,072)
Cash flow from Investing activities					
Purchase of investments		(22,000,000)	(21,000,000)		(20,000,000)
Interest received	104,417	272,099	-		
Proceeds from redemption / sale of Investments	-	45,254,136	21,367,192		
Net cash from Investing activities	104,417	23,526,235	367,192		(20,000,000)
Cash flow from financing activities					
Proceeds from issue of Shares		-	-		500,000
Share application money received		-	-		20,000,000
Net cash from financing activities		-	-		20,500,000
Net Increase / (decrease) in cash and cash equivalents	107,615	22,947,927	35,976	(4,490)	24,928
Cash and cash equivalents - Opening balance	23,004,341	56,414	20,438	24,928	-
Cash and cash equivalents - Closing balance	23,111,956	23,004,341	56,414	20,438	24,928

Note: The Cash flow statements have been prepared under the Indirect method as set out in Accounting Standard - 3, 'Cash Flow Statements'.

ESSAR SECURITIES LIMITED

ANNEXURE -4

NOTES FORMING PART OF ACCOUNTS

I. PRINCIPAL ACCOUNTING POLICIES :

The Financial statements have been prepared on accrual basis and in accordance with applicable accounting standards. A summary of the important accounting policies, which have been applied is set out below:

(i) Basis of Accounting :

The financial statements are prepared in accordance with the historical cost convention.

(ii) Investments :

Current unquoted investments are carried at lower of cost or fair value. Long term investments are stated at cost. Incidental expenses incurred in acquiring the investments are added to the cost. Decline in carrying amount of investments, if any, other than of temporary nature is provided for in the Profit and Loss Account.

(iii) Revenue Recognition :

Income from Investments in Mutual Fund is recognised on right to receive basis. Interest income is recognised on time accrual basis.

(iv) Taxation

The provision for current tax, if any, is computed in accordance with the relevant tax regulations. Deferred Tax is recognised on timing difference between accounting and taxable income for the year by applying applicable tax rates as per Accounting Standard-22 on 'Accounting for Taxes on Income'. Deferred Tax Assets is recognised wherever there is reasonable certainty that future taxable income will be available against which such Deferred Tax Assets can be realised.

v) Provisions and Contingent Liabilities

Provisions are recognised in the accounts for present probable obligations arising out of past events that require outflow of resources, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company, unless likelihood of an outflow of resources is remote. Contingent assets are not recognised in the accounts, unless there is virtual certainty as to its realisation.

II. NOTES TO THE ACCOUNTS :-

i. There are no amounts for which the company is contingently liable.

ii. Related Party Disclosures :

a) Related parties where control exists:

1. Holding Company:

Essar Investments Limited (upto 06/03/2009)

Essar Capital Limited (from 07/03/2009)

Essar Capital Holdings (India) Limited (Holding company of Essar Capital Limited)

2. Individuals having control or significant influence :

Shri.S.N.Ruia

Shri.R.N.Ruia

Shri.P.S.Ruia

Shri.A.S.Ruia

Shri.R.R.Ruia

b) Other related parties where there have been transactions or balances outstanding:

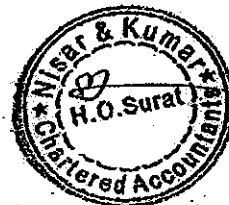
Enterprises controlled or significantly influenced by individuals or major shareholders

Essar Properties Limited, Reclame Commercial & Securities Private Limited, Essar Investments Limited (from 07/03/2009)

c) Details of transactions with the related parties :

Particulars	Holding Company		Other related parties	
	For the Year Ended March 31, 2008	For the period from the date of incorporation i.e. 15/12/2005 to 31/12/2006	For the Period Ended June 30, 2009	For the Year Ended March 31, 2009
<u>Issue and Allotment of Equity Shares</u>				
Essar Investments Limited	112,000,000	494,000		
<u>Application money received</u>				
Essar Investments Limited		20,000,000		
<u>Sale of Investments</u>				
Essar Properties Limited			111,849,950	12,124,166
Essar Investments Limited				
<u>Purchase of Investments</u>				
Essar Investments Limited	111,849,950		14,070,100	
Essar Properties Limited			12,124,100	
<u>Advance received</u>				
Essar Investments Limited				96,659,845
<u>Reimbursement of expenses (payable)</u>				
Essar Investments Limited	350,000		203,174	
Reclame Commercial & Securities Private Limited				68,416
d) Balances outstanding at the end of the year				
Debit balances				12,124,166
Credit balances			271,690	96,728,261

e) There are no transactions with related parties during the 3 months period ended March 31, 2007.



iii. Earning per Share

The calculation of the basic and diluted earning per share is based on following data:

Particulars	As at 30.06.2009	As at 31.03.2009	As at 31.03.2008	As at 31.03.2007	As at 31.12.2006
Earning for the purpose of basic and diluted earning per share					
Net profit / (Loss) for the year / period after tax (Rs.)	117,228	2,050,744	789,458	(10,108)	(480,61)
Number of Equity Shares at the beginning of the year	3,650,000	3,650,000	50,000	-	50,000
Add: Further issue of shares during the year	10,637,754	-	3,600,000	-	-
Number of Equity Shares at the end of the year	14,287,754	3,650,000	3,650,000	50,000	50,000
Weighted average number of equity shares considered for basic earnings per share	12,066,684	3,650,000	1,154,618	50,000	50,000
Weighted average number of equity shares including potential equity shares considered for diluted earnings per share	12,066,684	4,320,324	1,154,618	2,050,000	2,050,000
Basic earning per share (Rs.)	0.010	0.562	0.684	(0.202)	(9.6)
Diluted earning per share (Rs.)	0.010	0.475	0.684	(0.005)	(0.2)

iv. During the period ended June 30, 2009 the company has commenced provisioning of Consultancy & Advisory Services, resulting in two business segments viz. Consultancy & Advisory Services and Investment Activities. Segmentwise data for the period is as under:

	Consultancy & advisory services	Investment Activities	Amounts in Rupee Total for the period ended June 30, 2009
Segment Revenue	800,000	-	800,000
Segment Results (Segment Profit & Loss)	800,000	-	800,000
Unallocable income			506,8
Unallocable expenses			1,137,1
Provision for taxation			52,5
Net Profit / (Loss) after tax			117,2
Segment assets	823,616	226,194,200	227,017,8
Unallocable assets			24,751,4
			251,769,2
Segment liabilities	82,400	-	82,4
Unallocable liabilities			342,6
			425,0

Note: Previous year figures have not been given since the company was engaged in single business segment of Investments.

v. Previous year figures have been rearranged / regrouped wherever considered necessary.





## **SECTION – VI – LEGAL & OTHER INFORMATION**

### **Outstanding Litigation, Defaults and Material Developments:**

Save as stated herein:

- There are no outstanding or pending material litigation, suit, criminal or civil prosecution, proceeding initiated for offence (irrespective of whether specified in paragraph (l) of Part 1 of Schedule XIII of the Companies Act) or litigation for tax liabilities against the Company, its Promoters, Directors or Promoter Group companies.
- There are no material defaults, non-payments or overdues of statutory dues, institutional or bank dues or dues towards holders of debentures, bonds and fixed deposits and arrears of preference shares, other than unclaimed liabilities of the Company, its Promoters or Promoter Group Companies.

### **Material Developments**

The shareholders of the Company at their meeting held on January 27, 2009 passed a special resolution for shifting of registered office of the Company from Mumbai, in the State of Maharashtra to Chennai, in State of Tamilnadu. The Company Law Board, Western Region Bench have vide their order dated April 20, 2009 confirmed the alteration to the Memorandum of Association regarding situation of the registered office. The Registered Office is at present located at 56, New No. 77, C. P. Ramaswamy Road, Abhirampuram, Chennai - 600 018.

### **Government Approvals**

No government license / approval is required by the Company to carry on its activity.

## **SECTION VII – OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the scheme**

The Hon'ble High Court of Judicature at Bombay, by its order dated February 9, 2009 has approved the Scheme of Arrangement between India Securities Limited and Essar Securities Limited and their respective shareholders and creditors.

### **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.

### **Disclaimer Statement by the Company**

The Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisements to be published in terms of SEBI circular no. SEBI/CFD/SCRR/01/2009/03/09 dated September 3, 2009 or any other material issued by or at the instance of the Company and that any one placing reliance on any other source of information would be doing so at his own risk should be incorporated.

### **Disclaimer Clause by BSE**

As required, a copy of this Information Memorandum has been submitted to BSE. The BSE has vide its letter dated May 23, 2008 approved the said Scheme under clause 24(f) of the Listing Agreement and by virtue of that approval the BSE's name in this Information Memorandum has been incorporated as the Stock Exchange on which the Company's securities are proposed to be listed.

The BSE does not in any manner:

- Warrant, certify and 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 the BSE. Every person who desires to apply 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 subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

**Filing**

Copy of this Information Memorandum has been filed with BSE.

**Listing**

Application will be made to BSE for permission to deal in and for an official quotation of the Equity Shares of the Company. The Company has nominated BSE as the Designated Stock Exchange for the aforesaid listing of shares.

**Demat Credit**

The Company has executed Agreements with NSDL and CDSL for admitting its securities in demat form. On April 20, 2009 the Company made allotment of the equity shares and such shares were allotted in demat form to those shareholders who have provided necessary details to the Company and/or who were holding their shares in India Securities Limited in demat form, as on the Record Date.

**Dispatch of share certificates**

Upon allotment of Shares to eligible shareholders pursuant to the Scheme on April 20, 2009, the Company dispatched share certificates to those shareholders who were holding shares in India Securities Limited in physical form, as on the Record Date.

**Expert Opinions**

Save as stated elsewhere in this Information Memorandum, we have not obtained any expert opinions.

**Previous Rights and Public Issues**

The Company has not made any public or rights issue since incorporation.

**Commission and Brokerage on previous issues**

Since the Company has not issued shares to the public in the past, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its inception.

**Companies under the same management**

Except ISL there are no companies under the same management within the meaning of erstwhile Section 370(1B) of the Companies Act, 1956.

**Promise vis-a-vis Performance**

This is for the first time the Company is getting listed on the Stock Exchange.

**Outstanding Debenture Or Bonds And Redeemable Preference Shares And Other Instruments Issued By The Issuer Company**

There is no outstanding debentures or bonds and redeemable preference shares and other instruments issued by the Company.

**Stock Market Data For Equity Shares of the Company**

Equity shares of the Company are not listed on any stock exchanges. The Company is seeking approval for listing of shares through this Information Memorandum.

**Disposal of Investor Grievances**

Data Software Research Company Pvt. Ltd. are the Registrars and Transfer Agent of the Company to accept the documents/requests/complaints from the investors/shareholders of the Company. All documents are received at the inward department, where the same are classified based on the nature of the queries/actions to be taken and coded accordingly. The documents are then electronically captured before forwarding in the respective processing units.

The documents are processed by professionally trained personnel. Subsequent to the completion of the process the documents are scrutinized thoroughly by independent firm(s) of company Secretaries appointed by the Company.

The Company has set up service standards for each of the various processors involved such as effecting the transfer/dematerialization of securities/change of address ranging from 3-7 days.

Data Software Research Company Pvt. Ltd. maintains an age-wise analysis of the process to ensure that the standards are duly adhered to. The Company also has an Whole-time Company Secretary who is vested with responsibility of addressing the Investor Grievance in coordination with Registrar & Transfer Agents.

The Company Secretary may be contacted at the following address:

Shri Girish K. Sathe, Company Secretary

Essar Securities Limited

Essar House, 11, K.K. Marg, Mahalaxmi, Mumbai – 400 034

Email: [gsathe@essar.com](mailto:gsathe@essar.com) or [eslinvestors@essar.com](mailto:eslinvestors@essar.com)

PH : 66601100

## **MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF ESSAR SECURITIES LIMITED**

### **CAPITAL**

- 4) The Authorised Share Capital of the Company is Rs.15,00,00,000/- (Rupees Fifteen Crores only) divided into 1,50,00,000 (One Crore Fifty Lakh) Equity Shares of Rs.10/- each with power to increase and reduce the capital of the Company and to divide or subdivide the shares in capital for the time being into several classes and to attach thereto respectively such preferential qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of the Company for the time being and to modify or abrogate of any such rights privileges or conditions in such manner as may be permitted by Act, or provided by the Article of the Company for the time being.
- (a) The Company may in General Meeting, from time to time by ordinary resolution, increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue into one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions with such rights and privileges annexed thereto as the resolution shall prescribe 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 and with a right of voting at General Meeting of the Company in conformity with Sections 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Board shall comply with the provisions of Section 97 of the Act.
- (b) New Capital same as existing capital: Except in so far as otherwise provided by the conditions of issue or by these Articles, 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.
- (c) Redeemable Preference Shares: Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference Shares which are or at the option of the Company are liable to be redeemed in accordance with the applicable provisions of the Act and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.
- (d) Provisions to apply on issue of Redeemable Preference Shares: On the issue of redeemable preference Shares under the provisions of this Article, the following provisions shall take effect:-

- i) No such Shares shall be redeemed except out of profits of the Company, which would otherwise be available for dividend or out of proceeds of a fresh issue of Shares made for the purposes of redemption.
  - ii) No such Shares shall be redeemed unless they are fully paid.
  - iii) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's Shares Premium Account, before the Shares are redeemed
  - iv) 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 dividend, 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 provisions of the Act, relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.
  - v) Subject to the provisions of Sections 80 of the Act, the redemption of preference Shares may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Board may think fit.
- 5)
  - a) Further Issue of Capital: Subject to the Articles, the Company shall have right to issue further Shares in accordance with the provision of Section 81 of the Act.
  - b) Sub-division, consolidation and cancellation of Shares: Subject to the provisions of Section and other applicable provisions of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate the Shares or any of them and the resolution where 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 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.
- 6) **Modification of rights:**
  - a) Wherever the capital, by reason of the issue of the preference Shares or otherwise is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the members, of not less than three-fourth of the issued capital of that class or with the sanction special resolution passed at a separate general meeting of the holders of Shares of class and all the provisions hereinafter contained as to General Meeting shall mutatis mutandis apply to every such meeting. This Article is not to derogate from any power the Company would have, in the absence of this Article.

- b) The rights conferred upon the Holders of the Shares (including preference Shares if any) of any class issued with preferred or other rights or privileges shall unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, abrogated dealt with or varied by the creation of issue of further shares ranking *pari passu* therewith.

## SHARES AND CERTIFICATES

### **7) Register of Members:**

The Company shall cause to be kept a register and Index of Members in accordance with all applicable provisions of the Act with details of Shares held in material and dematerialized form in any media as may be permitted by law including in any form of electronic media. The Company shall be entitled to keep in any State or Country outside India a branch Register of Members resident in that State or Country.

### **8) Distinctive Number of Shares:**

The Shares shall be numbered consecutively according to their several denominations and except in the manner herein above mentioned, no Share shall be sub divided, provided however, that the provisions relating to consecutive numbering shall not apply to the Shares which are in dematerialised form.

### **9) Beneficial Owner;**

Save as herein otherwise provided, the Company shall be entitled to treat the Person whose name appears on the Register of Members as the holder of any share or whose name appears as the Beneficial Owner of Shares in the records of the Depository, as the absolute owner thereof and accordingly shall not except as ordered by a court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable, contingent, future or partial or other claim or claims or right to or interest in such share on the part of any other Person whether or not it shall have express or implied notice thereof. No notice of any trust, express, implied or constructive shall be entered in the Register of Members or of Debenture Holders.

### **10) Installment of Shares to be *duly* paid:**

If by the conditions of any allotment of any Shares the whole or any part of the amount or issue price thereof shall be payable by installments, every such installment shall when due, be paid to the Company by the Person who for the time being and from time to time shall be the registered holder of the Shares or his legal representatives and shall for the purposes of these Articles, be deemed to be payable on the date fixed for payment and in the case of non-payment the provisions of these Articles as to payment of interest and expenses of forfeiture and like and all the other relevant provisions of these Articles shall apply as if such installments were a call duly made notified as hereby provided



**11) The Board may issue Shares as fully or partly paid-up:**

Subject to the provisions of the Act and these Articles, the Board may allot and issue Shares in the Company as payment for any property sold or transferred or for services rendered to the Company in the conduct of its business or in consideration of pre-operative expenses incurred and the Shares not issued shall be deemed to be fully paid-up or partly paid-up Shares, as decided by the Board

**12) Shares under control of the Board:**

Subject to the provisions of these Articles and of the Act, the Shares shall be under the control of the Board which may allot or otherwise dispose of the same to such persons on such terms and conditions and at such time as it may think fit and subject to the sanction of the company in General Meeting with full power, to give any person the option to call for or to be allotted Shares of any class of the company either ( subject to the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount and such option being exercisable for such time and for consideration as the Directors may think fit . The Board shall cause to be made the returns as the allotment provided for in Section 75 of the Act.

**13) Power also to company in General Meeting to issue Shares at a premium or discount:**

In addition to and without derogating from the powers for that purpose conferred on the Board, under the Articles, the Company in General Meeting may, subject to the provisions of Section 1 of the Act, determine that any Shares (whether forming part of the original capital or of any increase capital of the company ) shall be offered to such person (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount , as such General Meeting shall determine and with full power to give any person (whether a member or not) the option to call for or be allotted Shares of any class of the company either (subject to compliance with the provisions of Sections 78 & 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such time and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any Shares.

**14) Acceptance of Shares:**

Any application signed *by or* on behalf of an applicant for Shares followed by an allotment of any Share 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 therefore placed on the Register of Member shall, for the purpose of this Article, be a Member

**15) Deposit and Call etc. to be a debt payable:**

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 them shall immediately on the inscription of 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 company from the allottee thereof and shall be paid by him accordingly.

**16) Liability of Members:**

Member or his heirs, executors or administrators to the extent of his assets, which come to their hands, shall be liable to 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 Board shall from time to time, require or fix the payment thereof.

**17) Issue of Shares with differential Rights:**

In the event it is permitted by law to issue Shares with differential voting rights or dividends or capital repayment or any other rights or privileges attached to them, the Directors may issue such Shares upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by law.

**18) Share Certificate:**

- a) Every Member or allottee of Shares shall be entitled , without payment to receive one certificate for all the Shares of the same class registered in his name Every share certificate shall specify the name of the Person in whose favour it is issued, the share certificate number and the distinctive number ( s) of 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 issues, against letters of acceptance or of renunciation or in cases of issue of bonus Shares PROVIDED THAT if the letter of allotment is lost or destroyed, the Board may impose such reasonable terms, if, any as it think fit, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigating the evidence. If any Member shall require additional certificate he shall pay for each additional certificate (not being in the marketable lot) such sum not exceeding One Rupee as the Board shall determine. The certificates of title to shall be issued under the Seal of the company and shall be signed in conformity with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 or any statutory modification or re-enactment thereof for the time being in force. Printing of blank forms to be used for issue of share certificates and maintenance of books and documents relating to issue of Share Certificate shall be in accordance with the provisions of the aforesaid rules. Such certificates of title to Shares shall be completed and kept ready for delivery within three months after the allotment and within one month after the application for the registration of the transfer of any such Shares unless the conditions of issue of share provide otherwise.

- (b) 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, equipment or other material used for the purpose.
- (c) Any two or more joint allottee or holders of Shares 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 any one of such joint owners on behalf of all of them.

Provided however, that no share certificate(s) shall be issued in respect of Shares held in Depository.

#### **19) Renewal of Shares Certificate:**

- (a) No certificate of any Share shall be issued either in exchange for those which are subdivided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out or where the pages 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.

PROVIDED THAT no fees shall be charged for issue of new certificates in replacement of those, which are old, decrepit or worn out or where the pages on the reverse for recording transfer have been fully utilised.

- (b) In case of rematerialisation of Shares, procedure prescribed under law, shall be followed.

#### **20) New certificates to be granted on delivery of the old certificates:**

New certificates shall not be granted under the provisions of the foregoing Article, except upon delivery of the worn out or defaced or used up certificate for the purpose of cancellation and upon proof of destruction or loss and upon such terms, if any, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigating evidence as the Board of Directors may think fit in the case of any certificate having been destroyed, lost or defaced beyond identification.

#### **21) Dematerialisation / Rematerialisation of Securities:**

The Company shall be entitled to dematerialise its existing Shares, debentures and other securities held in Depositories, in a dematerialized form and rematerialise its Shares, debentures and other securities pursuant to the Depositories Act and the rules, bylaws, regulations framed there under, if any.

**22) Recognition of Interest in Shares:**

- a) Company is not bound to recognise any interest in Shares other than of registered holder of the Shares.
- b) Except as ordered by a Court of Competent jurisdiction or as by law required, the Company not be bound to recognise, even when having notice thereof, any equitable, contingent, future or partial interest in any Share or (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, of the Person from time to time registered as holder thereof but Board shall be at liberty at their sole discretion to register any Share in names of any two or more Persons (but not exceeding 4 Persons) or survivor or survivors of them.

**23) The First name of joint - holders deemed sole holder:**

If any share stands in the name of two (2) or more persons, the person first named in the Register of Members shall as regards receipt of dividends or bonus or service of notices and all other matters connected with the company, except voting at meetings and the transfer of Shares, be deemed the sole holder thereof but the jointholders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share and for all incidents thereof according to the company's regulations

**24) Trust not recognized:**

- a) Save as herein otherwise provided, the Company shall be entitled to treat the Person whose name appears in the Register of Members as the holder of any Share as the absolute owner thereof and accordingly shall not (except as ordered by a Court of Competent jurisdiction or as by law required) be bound to recognise any benami, trust or equity or stable, contingent, future or partial or other claim or claims or rights to or interest in such share in the part of any other Person whether or not it shall have express or limited notice thereof. The provisions of Section 153 of the Act, shall apply.
- b) Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor (except in case where they are fully paid) or in the name of a Person of unsound mind or in the name of any firm or partnership.

**25) Declaration by Person not holding Beneficial Interest in any Shares:**

- a) Notwithstanding any thing herein contained, a Person whose name is at any time entered in Register of Members of the Company as the holder of a Share but who does not hold beneficial interest in such Shares, shall, if so required by the Act, within such time and such forms 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 it share in the manner provided in the Act.

- b) A Person who holds a beneficial interest in a Share or a class of Shares in the Company shall, if so required by the Act, 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 Company and such other particulars as may be prescribed as provided in the Act.
- c) Whenever there is a change in the beneficial interest in a share referred to above, the Beneficial Owner shall, if so required by the Act, within the time prescribed, form the date of such form and containing such particulars as may be prescribed in the Act.
- d) Notwithstanding anything contained in the Act and these Articles, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, 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.

#### CALLS

##### **28) Directors may make call:**

- (a) Subject to the provisions of Section 91 of the Act and subject to the Articles, the Board may, from time to time by a resolution passed at a meeting of the Board make such calls as it think fit upon the Members in respect of all moneys unpaid on the Shares whether on account of the nominal value of the Shares or premium payable thereon, held by them respectively, and each member or debentureholder shall pay the amount of every call so made on him to the person or persons and at the time and places appointed by the Board.
- (b) A call may be made payable by installments. A call may be postponed or revoked, as the Board may determine.
- (c) In case the terms of allotment make the amount payable at fixed time, each member shall pay the amount of every call so made at such fixed time.
- (d) Liability of joint-holders: The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

##### **29) Notice or calls:**

Subject to the Articles, not less than 14 days notice in Writing of any calls shall be given by the Company specifying the time and place of payment and the Person or Persons to whom such calls shall be paid.

**30) When call deemed to have been made:**

Subject to the Articles, a call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board and may be made payable by the Members on such date or at the discretion of the Board on such subsequent date as shall be fixed by the Board.

**31) Directors may extend time:**

The Board of Directors may, from time to time at its discretion, extend the time fixed for the payment of any call and may extend such time to call on any of the Members, as it may deem entitled to such extension, but no Member shall be entitled to such extension as a right, except as a matter of grace and favour.

**32) Amount payable at fixed time or by installments to be treated as calls:**

Subject to the Articles, if by the terms of issue of any Share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the Share or by way of premium) every such amount or installment shall be payable as if it were duly made by the Board and of which due notice has been given and all the provisions contained in respect of calls shall apply to such amount or installment accordingly.

**33) When interest on call or installment payable:**

If the sum payable in respect of any call or installment be not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the Share in respect of which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate not exceeding twelve per cent per annum as the Board shall fix from the day appointed for the payment thereof upto the time of actual payment, but the Board may waive payment of such interest wholly or in part.

**34) Evidence in action by Company against shareholders:**

On the trial or hearing of any action or suit brought by the Company against any Member or his legal representative for the recovery of any moneys claimed to be due to the Company in respect of his Shares it shall be sufficient to prove that the name of the Members in respect of his Shares the money is sought to be recovered and entered in the register of Member as the holder or as one of the holders at or subsequent to the date at which money sought to be recovered is alleged to have become due on the Shares in respect of which the money is to be recovered, that the resolution making the call is duly recorded in the minute book and the notice of such call was duly given to the Member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors in made such call, nor that a

quorum of Board was present at the meeting where it was decided to make such call, nor that the meeting at which any call was made was duly convened or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

**35) Payment in anticipation of calls may carry interest:**

- a) The Board may, if it thinks fit, agree to and receive from any Member willing to advance the same all or any part of the amount due upon the Shares held by him beyond the sums actually called for and upon the moneys so paid up in advance or so much thereof, from time to time and at any time thereafter as exceeds the amount of the calls then made upon in respect of its Shares on account of which such advances are made, the Board may pay allow interest at such rate not exceeding, unless the Company in General Meeting shall otherwise direct, six percent per annum to the Members paying the sum in advance. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to such Members three months notice in writing. The money so paid in advance of the amount of calls shall not confer a right to participate in profit or dividend.
- b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would become presently payable.

**LIEN**

**36) Partial payment not to preclude forfeiture:**

Neither the receipt by the Company of a portion of any money which shall, from time to time, be due from any Member or Debentureholders to the Company in respect of his Shares or debentures, either by way of principal or interest or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares or debentures as hereinafter provided.

**37) Company to have lien on Shares:**

The Company shall have a first and paramount lien upon all Shares (other than fully 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 a fixed time in respect of such Shares and no equitable interests in any share shall be created except upon the footing and condition that the Articles shall have full legal effect. Any such lien shall extend to all dividends from time to time declared in respect of Shares, PROVIDED THAT the Board may, at any time, declare any Share to be wholly or in part exempt from the provisions, of this Article.

**38) As to enforcing lien by sale:**

- (a) The Company may sell, in such manner as the Board think fit, any Shares on which the Company has a lien for the purpose of enforcing the same PROVIDED THAT no sale shall be made:
  - (i) Unless a sum in respect of which the lien exists is presently payable or
  - (ii) Until the expiration of fourteen days after a notice in Writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder for the time being of the Share or the Person entitled thereto by reason of his death or insolvency. For the purposes of such sale, the Board may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their Members to execute a transfer thereof on behalf of and in the name of such Members.
- (b) The purchaser shall not be bound to see the application of the purchase money nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

**39) Application of proceeds of sale:**

- (a) The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable; and
- (b) The residue, if any, after adjusting costs and expenses, if any, incurred shall be paid to the Person entitled to the Shares at the date of the sale (subject to a like lien for sums not presently payable existed on the Shares before the sale).

**FORFEITURE OF SHARES**

**40) If money payable on share not paid notice to be given:**

If any Member fails to pay the whole or any part of any call or any installment of a call on or before the day appointed for the payment of the same or any extension thereof, the Board may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to requiring him to pay the same together with any interest that may have accrued and all expenses the Company may have incurred by reason of such non-payment.



**41) Sum payable on allotment to be deemed a call:**

For the purposes of the provisions of these presents relating to forfeiture of Shares the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such share on the day of allotment.

**42) Form of Notice:**

The notice shall name a day (not being less than one month from the date of the notice) and a place or places on and at which such call or installment and such interest thereon at such rate as the Board may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed. Shares in respect of which the call was made or installment is payable will be liable to be forfeited.

**43) In default of payment Shares to be forfeited:**

If the requirements of any such notice as aforesaid are not complied with any Share or Shares in respect of which such notice has been given, may at any time thereafter before payment of all calls or installments and interests and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture

**44) Notice of forfeiture to a Member:**

When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whole name it stood immediately prior to the forfeiture and an entry of the forfeiture. With the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

**45) Forfeited Shares to be the property of the Company and may be sold, reallocated:**

Any share so forfeited, shall be deemed to be the property of the Company and may be sold, reallocated or otherwise disposed off, either to the original holder or to any other Person upon terms and in such manner as the Board of Directors shall think fit.

**46) Member still liable to pay money owing at the time of forfeiture and interest:**

Member whose Shares have been forfeited shall notwithstanding the forfeiture be liable to and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture, until payment, at such

rate as the Board may determine and the Board may enforce the payment of such moneys or any part thereof, if it, but shall not be under any obligation to do so.

**47) (a) Effect of forfeiture:**

The forfeiture of a Share shall involve the extinction of all interest in and all claims and demand against the Company in respect of the Shares and all other rights incidental to the Shares, except those rights expressly saved by these Articles.

**(b) Power to annul forfeiture:**

The Board may at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed off, annul the forfeiture thereof upon such conditions as it thinks fit.

**48) (a) The Company may receive the consideration, if any, given for the share on any sale, reallocation or other disposal thereof and may execute a transfer of the Share in favour of the Person to whom the share is sold or disposed off.**

(b) The Person to whom such Share is sold , re-allotted or disposed off shall thereupon be registered as the holder of the Share.

(c) Any such purchaser or allottee shall not (unless by express agreement) be liable to pay any calls, amounts, installments, interest and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment.

(d) Such purchaser or allottee shall not be bound to see to the application of the irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the Shares.

**49) Provisions of these Articles as to forfeiture to apply in case of non payment of any sum:**

The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes payable at a fixed time, whether on account of the nominal value of a Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

**50) Cancellation of share certificate in respect of forfeited Shares:**

Upon sale, re-allotment or other disposal of Shares, under the provisions of these Articles, the certificate or certificates originally issued in respect of the relative Shares

shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and be void and of no effect and the Board shall be entitled to issue a new certificate or certificates in respect of the such Shares to the Person or Persons entitled thereto.

**51) Evidence of forfeiture:**

A declaration in Writing that the declarant is a Director, Managing Director, Manager or Secretary of the Company and that a Share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all Persons claiming to be entitled to the Shares.

**52) Validity of sale:**

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board may appoint any Person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money and after his name has been entered in the register in respect of such Shares, the validity of the sale shall not be impeached by any Person and the remedy of any Person aggrieved by the sale shall be in damages only and against the Company exclusively.

The Provisions with respect to transfer, lien and forfeiture of Shares shall Mutatis Mutandis apply to transfer, lien and forfeiture of debentures.

**TRANSFER OF SHARES**

**53) Restrictions on Transfer of Ownership:**

a) No rights conferred by the ownership of a Share may be transferred separately from legal title to the Share itself and no Share can be transferred other than in accordance with the provisions of the Act and the Articles. Any transfer of Shares not made in accordance with the provisions of the Act and the Articles shall be null and void ab initio.

b) Title and Completion of Share Transfers

All transfers of Shares shall be effected upon the transferor selling as beneficial and legal owner free and clear of all liens, charges and encumbrances and together with all rights

attaching thereto. The transferor shall deliver to the transferee, forms of transfer in respect of relevant Shares duly executed by the transferor in favour of the transferee together with is relevant share certificates and shall vote on the

Board to register the transferee as the owner of the Shares against payment by the transferee of the price due in respect thereof subject to this clause the shareholders shall thereupon do or procure to be done all such acts and things as may be necessary to give full effect to the transfer and the registration thereof.

- 54)** The company shall keep a book to be called 'Register of Transfer' and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share held in material

**55) Instrument of transfer to be executed by transferor and transferee:**

Every instrument of transfer of Shares shall be executed both by the transferor and the transferee and the transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the Register of Members in respect thereof instrument of transfer shall be presented in the manner prescribed under Section 108 of the Act or any statutory modification thereof.

**56) Transfer books and Register of Members, when closed:**

The Board shall have power, on giving not less than seven (7) days prior notice by the advertisement in newspaper, circulating in the district in which the Registered Office of the Company is situated, to close the Transfer Books, the Register of Members or Register of the Debentureholders at such time or times and for such period or periods not exceeding thirty (30) days at a time and not exceeding in the aggregate forty-five (45) days in each year as it may deem expedient.

**57) Transfer of Securities:**

The provisions of Section 111 of the Companies Act, 1956 regarding powers to refuse Registration of Transfer and appeal against such refusal should be adhered to provided that Registration of transfer shall not be refused on the ground of the transferor either being alone or jointly with any other person or persons indebted to the company on any account whatsoever when the company has a lien on the Shares Transfer of Shares/ debentures in whatever lot shall not be refused.

**58) Applications by whom to be made:**

An application for the registration of a transfer of any Shares in the company may be made either by the transferor or by the transferee.

- 59)** In the case of transfer or transmission of Shares or other marketable securities where the Company has not issued any certificates and where such Shares or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

**60) Form of Transfer:**

The instrument of transfer of any share shall be in the prescribed form under the Companies (Central Government) General Rules and Forms, 1956 and in accordance with the requirements of Section 108 of the Act.

**61) No fees on Transfer or Transmission:**

No fee shall be charged for registration of transfer, Probate, Succession Certificate and Letters of Administration, Certificate of Death or Marriage, Power of Attorney or similar documents.

**62) Instrument of Transfer to be presented with evidence of Title:**

Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may required to prove the title of the transferor, his right to transfer the Shares and generally under the subject to such conditions and regulations as the-Board may, from time to time, prescribe and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board. In case of securities in demat, procedure as applicable to dematerialized Shares shall be followed.

**63) The Company not liable for discharge of a notice prohibiting registration of a Transfer:**

Subject to the provisions of the Act, the Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purported to be made by any apparent legal owner thereof as shown or appearing in the Register of Members to the prejudice of Persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so, 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 of Directors shall so think fit.

**64) Death of one or more jointholders of Shares:**

In the case of the death of any one (1) or more of the persons named in the Register of Members as the jointholders of any Share, the survivor or survivors shall be the only persons recognised by the company as having any title to or interest in the said Shares,

but nothing herein contained shall be taken to release the estate of a deceased jointholder from any liability on Shares held by him jointly with any other person

**65) Title to Shares of deceased Members:**

The executors or administrators or holders of a succession certificate or the legal representatives of a deceased Member (not being the joint-holders) shall be the only persons recognized by the company as having any title to the Shares registered in the name of such member, and the company shall not be bound to recognize such executors or administrators or holders of a succession Certificate or administrators or legal representatives who shall have obtained probate or letters as the case may be from a competent court, however in any case, where the Board in its absolute discretion thinks fit, the Board may dispense with production of probate or letter of administration or succession certificate, upon such terms as to indemnity or otherwise as the Board in its absolute discretion may deem appropriate and under the Articles and register the name of any who claims to be absolutely entitled to the Shares standing in the name of a deceased Member as a Member.

**66) Nomination Facility:**

- a) Every holder of Shares in, or holder of debentures of the Company may, at any time nominate, in the prescribed manner, a Person to whom his Shares in, or debentures of the Company shall vest in the event of his death.
- b) Where the Shares in, or debentures of, the Company are held by more than one Person jointly, the joint holders may together nominate, in the prescribed manner, a Person to whom all the rights in the Shares or debentures of the Company shall vest in the event of death of all the joint holders.
- c) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such Shares in, or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any Person the right to vest the Shares in or debentures of the Company, the nominee shall on the death of the Share holder or holder of debentures of the Company or, as the case may be, on the death of the joint holders become entitled to all the rights in the Shares or debentures of the Company or, as the case may be, all the joint holders, in relation to such Shares in, or debentures of the Company to the exclusion of all other Persons, unless the nomination is varied or cancelled in the prescribed manner under the Act.
- d) Where the nominee is a minor, it shall be lawful for the holder of the Shares or holder of debentures, to make the nomination to appoint in the prescribed manner any Person to become entitled to Shares in or debentures of the Company, in the event of his death during the minority.

**67) Transmission in case of nomination:**

- a) Any Person who becomes a nominee by virtue of the provisions of Section 109A of the Act, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either (i) to be registered himself as holder of the Share or debenture, as the case may be; or (ii) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made.
- b) The Board shall, in either case, have the same right to decline or suspend registration, as it would have had, if the deceased shareholder or debenture holder, as the case may be, had transferred the share or debenture, as the case may be, before his death.
- c) If the Person being a nominee, so becoming entitled, elects to be registered as holder of the share or debenture, as the case may be, himself, he shall deliver or send to the Company a notice in Writing signed by him stating that he so elects and such notice shall accompanied with the death certificate of the deceased Shareholder or debenture holder as the case may be.
- d) All the limitations, restrictions and provisions of this Act relating to the right to transfer and the registration of transfers of Shares or debentures shall be applicable to any such notice transfer as aforesaid as if the death of the Member had not occurred and the notice or transfer were a transfer signed by that Shareholder or debenture holder, as the case may be.
- e) A person, being a nominee, becoming entitled to a Share or debenture by reason of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture except that he shall not, before being registered a Member in respect of his Share or debenture, be entitled in respect of it to exercise any right conferred by Membership in relation to meetings of the Company. Provided that the Board may, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the Share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Share or debenture, until the requirements of the notice have been complied with.

**68) Registration of persons entitled to Shares otherwise by transfer:**

Subject to the provisions of the Articles any person becoming entitled to Shares in consequence of the death, lunacy, bankruptcy or insolvency of any member, or by and 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 his title as the Board thinks sufficient, either be registered himself as the holder of the Shares or elect to have some person nominated by him and approved by the Board registered as such holders; provided, nevertheless, that if such person shall elect to have his nominee registered, he shall testify to the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so he shall not be freed from any liability in respect of such Shares.

**69) Persons entitled may receive dividend without being a registered Member:**

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

**70) Reduction of Capital:**

The Company may subject to the provisions of Sections 78, 80, 100 to 105 of the Act from time to time, by a Special Resolution, reduce its Share 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 up again or otherwise. This Article is not to derogate from any power that the Company would have if it were omitted.

**71) Buy Back of securities:**

Notwithstanding anything contained in these Articles but subject to the provisions of Section 77A, 77AA and 77B of the Act, the Company may, when and if thought fit, buy-back such of the Company's own Shares or other securities as it may consider appropriate subject to such limits, restrictions, terms, conditions and approvals as may be required under the provisions of the Act.

**72) Issue of sweat equity Shares:**

- (a) The Company may issue sweat equity Shares of a class of Shares already issued if the following conditions are fulfilled, namely:



- (i) the issue of sweat equity Shares is authorised by a special resolution passed by the Company in a General Meeting;
  - (ii) the resolution specifies the number of Shares, current market price, in case the Shares of the Company are listed on the Stock Exchanges, consideration, if any, and the class or classes of directors or employees to whom such equity Shares are to be issued;
  - (iii) Not less than one year has at the date of the Issue elapsed since the date on which the Company was entitled to commence business;
  - (iv) the sweat equity Shares of a Company, in case the Shares are listed on a Stock Exchange, should be issued in accordance with the regulations made by the Securities and Exchange Board of India in this behalf.  
Provided that, so long as the equity Shares of the Company are not listed on any stock exchange, the sweat equity Shares are to be issued in accordance with the guidelines as may be prescribed.
- b) All the limitations, restrictions and provisions relating to equity Shares contained in the Act and these Articles, shall be applicable to such sweat equity Shares issued pursuant to clause (a)

**73) Power to issue share warrants:**

The Company may issue warrants subject to and in accordance with the provisions of Section 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any or which is fully paid upon application in Writing signed by the Persons registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identify of the Person signing the application and on receiving the certificates (if any) of the share and the amount of the stamp duty on the of the share and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require , issue a share warrant.

**74) Deposit of Share Warrants:**

- a) The bearer of a share warrant may, at any time, deposit the warrant at the Registered Office of the Company and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company and of attending and voting and exercising the other privileges of the Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant.
- b) Not more than one Person shall be recognised as depositor of the share warrant.
- c) Company shall, on two days Written notice, return the deposited share warrant to the depositor.

**75) Privileges and disabilities of the holders of share warrant:**

- a) Subject to as herein otherwise expressly provided, no Person shall as bearer of a share warrant, sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company or be entitled to receive any notice from the Company.
- b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the Holder of the Share included in the warrant and he shall be a Member of the Company.

**76) Issue of new share warrant or coupon:**

The Board may, from time to time, make bye-laws as to the terms on which (if it shall think fit), share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

**77) Conversion of Shares into Stock and Reconversion:**

The Company in a General meeting, may, by Ordinary Resolution:

- a) convert any paid up share into stock , and
- b) reconvert any stock into paid-up Shares of any denomination.

**78) Transfer of Stock:**

The several holders of such stock may transfer their respective interest therein or any part thereof in the same manner and subject to the same regulations under which the stock arose might, before the conversion, have been transferred or as near thereto as circumstances admit PROVIDED THAT the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the Shares from which the stock arose.

**79) Right of stock holders:**

The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the Company and other matters, as if they held the Shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock, which would not, if existing in Shares, have conferred those privileges or advantages.

**80) Regulations applicable to stock and share warrants:**

Such of the regulations of the Company as are applicable to paid up Shares shall apply to stock and the words "Share" and "Share- holder" in these regulations shall include "Stock" and "Stock- holder" respectively.

**BORROWING POWERS**

**81) Power of Borrow:**

Subject to the provisions of Sections 58A, 292 and 293 of the Act and of these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board, borrow, accept, deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purpose of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceeds the aggregate of the paid up capital of the Company and its free reserves (not being reserves a part for any specific purpose) the Board shall not borrow such money without the sanction of the Company in General Meeting. No debt incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.

**82) The payment or repayment of money borrowed:**

The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit and in particular in pursuance of a resolution passed at a meeting of the Board by the issue of bonds, 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 and the debentures and the debenture-stock and other securities may be made assignable free from any equities between the Company and the Person to whom the same may be issued

**83) Terms of issue of Debenture:**

Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at General Meeting, appointment of directors. The debentures with the right to conversion

into or allotment of Shares shall be issued only with the consent of the Company in General Meeting by a Special Resolution.

**84) Mortgage of uncalled capital:**

If any uncalled capital of the Company is included in or charged by a mortgage or other security, the Board may, subject to the provisions of the Act and these Articles, make calls on the Members in respect of such uncalled capital, in trust for the Person in whose favour such mortgage or security executed.

**85) Register of Mortgages, etc. to be kept:**

The Board shall cause a proper Register to be kept in accordance with the provisions of section 143 of the Act, of all mortgages, debentures and charges specifically effecting the property of the Company; and shall cause requirements of Sections 118, 125, and 127 to 144 both inclusive) of the Act in that behalf to be duly complied with, so far as they may be applicable.

**86) Register and index of Debenture holders:**

The company shall if at any time it issues debentures, keep a register and index of Debenture holders in accordance with Section 152 of the Act. The company shall have the powers to keep in any State or Country outside India a Branch Register of Debenture holders went in that State of Country.

## MEETING OF MEMBERS

**87) Statutory Meeting:**

The Statutory Meeting shall be held in accordance with the provisions of Section 165 of the Act a period of not less than one month and not more than six months from the date on .m"r. the Company shall be entitled to commence business.

**88) Annual General Meeting:**

Subject to the provisions of the Act, the Company shall hold AGM in each calendar year within six (6) months following the end of the previous Accounting Year of the Company. The Board shall provide the Company's previous Accounting Year's audited financial statement to all Shareholders at least (21) days before the AGM is held to approve and adopt the audited financial statements.

**89) Report, Statement and Registers to be laid before Annual General Meeting:**

The Company shall in every Annual General Meeting in addition to any other report or statement lay on the table, the Directors' Report, Audited Accounts, Auditors Report, the Proxy, with proxies and the Register of Directors, Register of Members, Register of Directors Share holdings. The Registers shall remain, open and accessible to the Members during the continuance of the meeting.

**90) Extra-ordinary General Meeting:**

All General Meetings other than the Annual General Meetings shall be called as Extra-ordinary General Meetings.

**91) Requisitionists' Meeting:**

- (a) Subject to the provisions of the Act, the Board shall on the requisition in Writing of such number of Members as hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists:
  - (i) give to the Members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution, which may properly be moved and is intended to be moved at the meeting.
  - (ii) circulate to Members entitled to have notice of any General Meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at the meeting.
- (b) The number of Members necessary for a requisition under clause (1) hereof shall be:
  - (i) such number of Members as represent not less than one-twentieth of the total voting power of all the Members having at the date of the requisition a right to vote on the resolution or business to which the requisition relates; or
  - (ii) not less than one hundred Members having the right aforesaid and holding Shares in the Company on which there has been paid up an aggregate sum of not less than Rupees one lakh in all.
- (c) Notice of any such resolution shall be given and any such statement shall be circulated to Members of the Company entitled to have notice of the meeting sent to them, by serving a copy of the resolution or statement on each Member in any manner permitted by the Act for service of notice of the meeting and notice of any such resolution shall be given to any other Member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act, for giving him notice of meeting of the

Company. The copy of the resolutions shall be served or notice of the effect of the resolution shall be given, as the case may be, in the same manner and so far as practicable, at the same time as notice of the meeting and where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.

- (d) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless:
  - (i) a copy of the requisition signed by the requisitionists (or two or more copies, which between them contain the signature of all the requisitionists) is deposited at the registered office of the Company.
    - (ia) in the case of requisition, requiring notice of resolution, not less than six weeks before the meeting ;
    - (ib) in the case of any other requisition, not less than two weeks before the meeting ;
  - and
  - (ii) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company expenses in giving effect thereto. PROVIDED THAT if after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company and an Annual General Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purposes thereof.
- (e) The Company shall also not be bound under this Article to circulate any statement if, on the application either of the Company or of any other Person who claims to be aggrieved, is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter.
- (f) Notwithstanding anything in these Articles, the business which may be dealt with at an Annual General Meeting shall include any resolution of which notice is given in accordance with this Article and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission, in giving it, to one or more Members.

**92) Extra-ordinary General Meeting by Board and by requisition:**

- (a) Board may, whenever it thinks fit, convene an Extra-ordinary General Meeting and an Extraordinary General Meeting shall be held on requisition from such

number of Members as required under the Articles or in default may be called by such requisitionists as provided by Section 169 of the Act and these Articles.

- (b) If at any time there are not within India sufficient directors capable of acting to form a quorum or if the number of directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing directors fail or neglect increase the number of directors to that number or to convene a general meeting, any director or any two or more Members of a Company holding not less than one-tenth of total paid up share capital of the Company may call an Extra-ordinary General Meeting the same manner as nearly as possible as that in which meeting may be called by the Board.

**93) Contents of requisition and number of requisitionists required and the conduct of meeting:**

- a) in case of requisition the following provisions shall have effect:
  - i) The requisition shall set out the matter for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the registered office of the Company.
  - (ii) The requisition may consist of several documents in like form, each signed by one or more requisitionists.
  - iii) The number of Members entitled to requisition a meeting in regard to any matter shall be such number as hold at the date of the deposit of the requisition, not less than one tenth of such of the paid-up share capital of the Company as at that date carries the right of voting in regard to that matter.
  - iv) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (c) shall apply separately in regard to such matter and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clause is fulfilled.
  - v) If the Board does not, within twenty one days from the date of the deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters on a day not later than forty-five days from the date of the deposit of the requisition, the meeting may be called:
    - (ia) by the requisitionists themselves, or
    - (ib) by such of requisitionists 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 the paid-up share capital of the Company as is referred to in sub-clause (c) of clause (1) whichever is less. PROVIDED THAT for the purpose of this sub-clause, the Board shall in the case of a meeting at which a resolution is to be proposed as a special

resolution, be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by sub-Section (2) of Section 189 of the Act.

- b) A meeting called under sub-clause (v) of clause (a) by requisitionists or any of them:
  - i) shall be called in the same manner, as nearly as possible, as that in which meeting is to be called by the Board ; but
  - ii) shall not be held after the expiration of three months from the date of the deposit of the requisition, PROVIDED THAT nothing in sub-clause (ii) shall be deemed to prevent a meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period.
- c) Where two or more Persons hold any Shares in the Company jointly, a requisition or a notice calling a meeting signed by one of them shall for the purpose of this Article, have the i.e. force and effect as if all of them has signed it.
- (d) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company and any sum repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the directors as were in default.

**94) Length of notice of meeting:**

- (a) A General Meeting of the Company may be called by giving not less than twenty- one days notice in Writing.
- (b) A General Meeting may be called after giving shorter notice than that specified in clause (a) hereof, if consent is accorded thereto:
  - (i) in the case of Annual General Meeting by all the Members entitled to vote thereat and
  - (ii) in the case of any other meeting , by Members of the Company holding not less than ninety-five per cent of such part of the paid up share capital of the Company as gives a right to vote at the meeting . PROVIDED THAT where any Members of the Company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others , those Members shall be taken into account for the purpose of this clause in respect of the former resolution or resolutions and not in respect of the latter.

**95) Contents and manner of services of notice:**

- (a) Every notice of a meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.



- (b) Subject to the provisions of the Act, notice of every General Meeting shall be given:
  - (i) to every Member of the Company in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act.
  - (ii) to the Persons entitled to a share in consequence of the death or insolvency of a Member, by sending it through the post to them by name or by the title of representative of the deceased or assignee of the insolvent or by like description, at the address, if any, in India supplied for the purpose by the Persons claiming to be so entitled or until such an address has been so supplied by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred **and**
  - (iii) to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act.
  - (iv) PROVIDED THAT where notice of a meeting is given by advertising the same in a newspaper circulating in neighborhood of Registered Office of the Company under sub - Section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to notice as required by that Section, but it shall be mentioned in advertisement that statement has been forwarded to Members of the Company.
- (c) Every notice convening a meeting of the Company shall state with reasonable prominence that a Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and that a proxy need not be a Member of the Company.

**96) Special and Ordinary business and explanatory statement:**

- (a)(i) In case of an Annual General Meeting, all business to be transacted at the meeting shall be deemed special, with exception of business relating to:
  - (a) the consideration of the Accounts, Balance Sheet and the Reports of the Board and Auditors ;
  - (b) the declaration of dividend ;
  - (c) the appointment of directors in the place of those retiring; and
  - (d) the appointment of and the fixing of the remuneration of Auditors; and
- (ii) In the case of any other meeting, all businesses shall be deemed special.
- (b) Where any items of business to be transacted at the meeting of Company are deemed to special as aforesaid, there shall be annexed thereto notice of the meeting a statement setting out all material facts concerning each such items of business, including in particular the nature of the concern or interest, if any, therein of every director. PROVIDED THAT where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighborhood of Registered Office of the Company under sub-Section (3) of the section 53 of the Act, the statement of material facts referred to

in Section 173 of the Act need not be annexed to the notice as required by that Section, but it shall be mentioned in the advertisement that the statement has been forwarded to the Members of the Company.

- (c) 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.

**97) Omission to give notice not to invalidate proceedings:**

No accidental commission to give such notice as aforesaid to or non-receipt thereof by any /member or other Person to whom it should be given, shall not invalidate the proceedings of any such meeting.

**98) Notice of business to be given:**

No General Meeting, Annual or Extra-ordinary shall be competent to enter upon, discuss or transact any business, which has not been mentioned in the notice or notices convening the meeting.

**99) Quorum:**

The quorum for a General Meeting with respect to any agenda shall be governed by the Act. If at a General Meeting quorum is not present within half an hour of the time appointed for holding the meeting, the meeting if called upon on the requisition of the Members, shall stand dissolved. In any case, the meeting shall stand adjourned to the same day in the next week or if that day is a holiday until the next succeeding day which is not a public holiday at the same time and or to such other day and at such other time and place as the Board may determine. If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting, the Members present shall be a quorum.

**100) Resolutions passed at adjourned meeting:**

Where a resolution is passed at an adjourned meeting of Company, the resolution for all purposes, be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

**101) Chairman of General Meeting:**

- a) At every General Meeting the Chair shall be taken by the Chairman of the Board of Directors. If at any meeting, the Chairman of the Board of Directors is not present within ten minutes after the time appointed for holding the meeting or though present, is unwilling to act as Chairman, the Managing Director would act as Chairman of the

meeting and if Managing Director is not present or though present, is unwilling to act as Chairman of the meeting, the Directors present may elect a Chairman for the meeting.

- b) Any act or resolution which, under the provisions of this Article or of the Act, is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently so done or passed if effected by an ordinary resolution unless either the Act or the Articles specifically require such act to be done or resolution passed by a special resolution.

**102) Business confined to 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.

**103) Chairman may adjourn meeting:**

- (a) The Chairman may, with the consent of any meeting at which a quorum is present and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (c) When a meeting is adjourned for thirty days or more notice of the adjourned meeting shall be given as in the case of an original meeting.
- (d) Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned meeting.

**104) How question to be decided at meetings:**

Every question submitted to a General Meeting shall be decided in first instance by a show of hands unless the poll is demanded as provided in these Articles.

**105) Chairman's declaration of result of voting on show of hands:**

A declaration by the Chairman of the meeting that on a show of hands, a resolution has or has not been carried either unanimously or by a particular majority and an entry to that effect

in the books containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof, of the number or proportion of votes cast in favour of or against such resolution.

**106) Demand of poll:**

Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting on his motion and shall be ordered to be taken by him on a demand made in that behalf by any Member or Members present in Person or by Proxy and holding Shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand Rupees has been paid up. The demand for a poll may be withdrawn at any time by the Person or Persons who make the demand.

**107) Time of taking of poll:**

A poll demanded on a question of adjournment or election of a Chairman shall be taken forthwith. A poll demanded on any other question shall be taken at such time not being later than forty-eight hours from the time when the demand was made and in such manner and place as the Chairman of the meeting may direct and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

**108) Chairman's casting vote:**

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

**109) Appointment of scrutinizers:**

Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutinizers to scrutinise the vote given on the poll and to report thereon to him. One of the scrutinizers so appointed shall always be a Member (not being an officer or employee of the Company) present at the meeting, provided such a Member is available and willing to be appointed. The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutinizer from office and fill vacancies in the office of the scrutinizer arising from such removal or from any other cause.

**110) Demand for poll not to prevent transaction of other business:**

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

**111) Special notice:**

Where, by any provision contained in the Act or these Articles, special notice is required for resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the meeting at which it is to be moved, exclusive of the day which the notice is served or deemed to be served and the day of the meeting. The Company shall immediately after the notice of the intention to move any such resolution has been received by it, give its Members notice of the resolution in the same manner as it gives notice of the meeting or if that is not practicable, shall give them notice thereof, either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by these presents not less than seven days before the meeting.

VOTES OF MEMBERS

**112) Member paying money in advance not to be entitled to vote in respect thereof:**

A Member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to *any* voting rights in respect of the moneys so paid by him until the same would become payable.

**113) Restriction on exercise of voting rights of Members who have not paid calls:**

No Member shall exercise any voting rights in respect of any Shares registered in his name which any calls or other sums presently payable by him have not been paid or in regard to the Company has exercised any right of lien.

**114) Number of votes to which Member entitled:**

Subject to the provisions of these Articles every Member of the Company, holding the Shares and entitled to vote shall , on a show of hands when present in Person (or being a body corporate present by a representative duly authorised) have one vote, and on a poll, when present in person (including a body corporate represented by a duly authorised representatives) or by an agent duly authorised under a Power of Attorney or by Proxy, his voting right shall be in proportion to his share of the paid-up equity share capital of the Company. Provided however, if any preference shareholder be present at any meeting of the Company, save as provided in clause (b) of sub-Section (2) of Section 87, he shall have a right to vote only on resolutions **before the meeting which** directly affect the rights attached to his preference Shares. A Member is not prohibited from exercising his voting rights on the 1d that he has not held his Shares or interest in the Company for any specified period proceeding the date on which the vote is taken.

**115) Votes of Members of unsound mind:**

A Member of unsound mind or in respect of whom order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on a poll, vote by proxy.

**116) Votes of joint Members:**

If there be joint registered holders of any Shares one of such Persons may vote at any meeting personally *or by* an agent duly authorised under a Power of Attorney or by Proxy in respect of such Shares , as if he were solely , entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and if more than one of such joint holders be present at any meeting either personally or by agent or by proxy, that one of the said Persons so present who stands higher on the Register of Members shall alone be entitled to speak and to vote in respect of such Shares, but the other or others of the holders shall be entitled to vote in preference to a Person present by an agent duly authorised under a Power of Attorney or by Proxy although the name of such Person present by agent or proxy stands first or higher in the register in respect of such Shares. Several executors or administrators of a deceased Member in whose name Shares stand shall for the purpose of these Articles be deemed joint holders thereof.

**117) Representation of Body Corporate:**

- (a) A body corporate (whether a Company within the meaning of the Act or not) may, if it is a Member or creditor of the Company (including a holder of debentures) authorise such Person as it thinks fit by a resolution of its Board of Directors or other Governing Body, to act as its representative at any meeting of the Company or any class of Members of the Company or at any meeting of the creditors of the Company or debenture holders of the Company. A Person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by Proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member, creditor or holder of debentures of the Company. The production of a copy of the resolution referred to above, certified by a Director or the Secretary of such body corporate before the commencement of the meeting shall be accepted by the Company as sufficient evidence of the validity of the said representative's appointment and his right to vote thereat.
- (b) Where the President of India or the Governor of a State is a Member of the Company, the President or as the case may be, the Governor may appoint such Person as he thinks fit to

act as his representative at any meeting of the Company or at any meeting of any class of Members of the Company and such a Person shall be entitled to exercise the same rights and powers including the right to vote by proxy, as the President or as the case may be the Governor could exercise as a Member of the Company.

**118) Votes in respect of deceased Members:**

Any Person entitled to Shares pursuant to transmission of Shares may vote at a General Meeting in respect thereof in the same manner as if he was the registered holder of such Shares provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of the rights to Shares and give such indemnity (if any) as the directors may require unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

**119) Voting in Person or by proxy:**

Subject to the provisions of these Articles, vote may be given either personally or by proxy. A body corporate being a Member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act.

**120) Rights of Members to use votes differently:**

On poll taken at a meeting of the Company a Member entitled to more than one vote or his proxy or other Persons entitled to vote for him, as the case may be need not, if he votes, use all his votes or cast in the same way all the votes he uses.

**121) Proxies**

Any Member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another Person (whether a Member or not) as his proxy to attend and vote instead of himself provided always that a proxy so appointed shall not have any right whatever to speak at the meeting.

**122) Proxy either for specified meeting or for a period:**

An instrument of Proxy may appoint a proxy either for the purpose of a particular meeting specified in the instrument and adjournment thereof or it may appoint a proxy for the purpose every meeting to be held before a date specified in the instrument and every adjournment any such meeting.

**123) No Proxy to vote on a show of hands:**

No proxy shall be entitled to vote by a show of hands.

**124) Instrument of Proxy when to be deposited:**

The instrument appointing a proxy and the Power of Attorney or Authority (if any) under which it is signed or a notarially certified copy of that Power of Attorney or Authority, shall be sited at the Registered Office of the Company forty-eight hours before the time fixed for holding the meeting at which the Person named in the instrument proposes to vote and in default thereof the instrument of Proxy shall not be treated as valid.

**125) Form of Proxy:**

- a) Every instrument of Proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit be in the form set out in Schedule IX to the Act and signed by the appointer or his attorney duly authorised in Writing or if the appointer is a body corporate be under its Seal or be signed by any officer or attorney duly authorised by it.
- b) A vote given in accordance with the terms of instrument of Proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the Proxy or of any Power of Attorney under which such Proxy was signed or the transfer of the Share in respect of which the vote is given, provided that no intimation in Writing of the death insanity, revocation or transfer shall have been received by the Company at the registered office before the commencement of the meeting or adjourned meeting at which the Proxy used provided nevertheless that the Chairman of any meeting shall be entitled to require evidence as he may in his discretion think fit of the due execution of an instrument of Proxy and of the same not having been revoked.

**126) Time for objection to vote:**

No objection shall be made to the qualification of any vote or to the validity of a vote except at we meeting or adjourned meeting at which the vote objected to is given or tendered and every vote, whether given personally or by proxy, not disallowed at such meeting shall be valid for all purposes and such objection made in due time shall be referred to the Chairman of the meeting.

**127) Chairman of any meeting to be the judge of validity of any vote:**

The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the time of taking of a poll shall be



the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final and conclusive.

**128) Custody of instrument:**

If any such instrument of appointment be confined to the object to appointing an attorney or proxy for voting at meetings of the Company, it shall remain permanently or for such time as the Board may determine, in the custody of the Company. If embracing other objects, copy thereof examined with the original shall be delivered to the Company to remain in the custody of the Company.

**DIRECTORS**

**129) Number of Directors:**

Subject to the provisions of the Act, the Board shall consist of a minimum of three directors, and a maximum of twelve directors.

**130) First Directors:**

The Persons hereinafter named shall be the first directors of the Company:

1. Mr. S. M. Lodha
2. Mr. Manoranjan Mahapatra
3. Mr. Murli Manohar Purohit

**131) Debenture Directors:**

Any Trust Deed for securing debentures or debenture-stocks, may, if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of debentures or debenture- stocks, of some Person to be a Director of the Company and may empower such Trustees or holder of debentures or debenture-stocks, from time to time, to remove and reappoint any Director so appointed. The Director appointed under Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director shall be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

**132) Corporation Directors:**

Any bond or any other Writing giving security issued or executed by the Company in favour of any Credit Corporation or any agreement executed by the Company in favour of a Credit Corporation may provide for the appointment of a Director (in these presents referred to as "The Corporation Directors") for and on behalf of the holder of such

bonds of such Credit Corporation for such period as therein provided for not exceeding the period for which any amount may be outstanding under such bond or Writing or agreement and for removal from the office of such Director and on a casual vacancy being caused whether by resignation, death removal or otherwise, for the appointment of another Director in the vacant place. The Corporation Director shall not be liable to retire by rotation and subject to the provisions of the Act be removed from his office by the Company.

**133) Nominee Director**

- a) Notwithstanding anything to the contrary contained in these Articles, so long as moneys remain owing by the Company to banks, Infrastructure Development Finance Company Limited (IDFC), State Bank of India (SBI), IFCI Limited (IFCI), ICICI Bank Limited (ICICI), Industrial Development Bank of India Limited (IDBI) or to any other Financing Company or so long as IDFC, SBI, IFCI, ICICI, IDBI or any other Financing Corporation or any other Financing Company or Body (each of the banks, IDFC, SBI , IFCI, ICICI, IDBI or other Finance Corporation or Credit Corporation or any other Financing Company or body is hereinafter in this Article referred to as "the Corporation ") continued to hold debentures in the Company as a result of underwriting or by direct subscription or private placement or so long as the Corporation holds Shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of my 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 Director/s") on the Board of the Company and to the Company and to remove from such office any Person or Persons so appointed and to appoint any Person or Persons in his or their place /s in accordance with the terms and conditions agreed to between the Company and Corporation or two or more of the Corporation jointly.
- b) The Board of Directors of the Company shall have no power to remove from office such Nominee Director/s. At the option of the Corporation, such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation, such Nominee Director/s shall not be liable to retirement by rotation, Subject as aforesaid the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligation as any other Director of the Company.
- c) The Nominee Director/s so appointed shall hold the said office only so long as moneys remained owing by the Company to the Corporation or so long as the Corporation or private placement or so long as the Corporation holds Shares in the Company as a result of underwriting or direct subscription or liability of the Company arising out of any guarantee is outstanding and the Nominee Director

/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold debentures /Shares in the Company or on the satisfaction of the liability of the Company arising out of any guarantee furnished by the Corporation.

- d) Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board meetings or the Committee meetings of which Nominee Director/s is/are Member/s as also the minutes of such meetings.
- e) The Company shall pay to the Nominee Director/s sitting fees and expenses, which the other directors of the Company are entitled to, but if any others fees, commission , moneys remuneration in any other form is payable to the directors of the Company, the fees, commission , moneys, remuneration in relation to such Nominee Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the 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 resolved by the Corporation and have such rights as are usually exercised or available to a wholetime Director, in the management of the affairs of the Borrower and such Nominee Director/s shall be entitled to receive any remuneration by way of fees, commission and moneys as may be approved by the Corporation and the Company.

**134) Limit on number of Non-retiring Directors:**

The provisions of the aforesaid Articles are subject to the provisions of Section 256 of the Act and number of such directors appointed under these Articles shall not exceed in the aggregate one-third of the total number of directors for the time being in office.

**135) Appointment of Alternate Directors:**

- (a) In the event that a Director (an "Original Director") is away for a continuous period of not less than three (3) months from the State in which the meetings of the Board are ordinarily held, the Board shall appoint another Director (an

"Alternate Director") for and in place of the Original Director. The Board shall appoint only such Alternate Director nominated by the Shareholder that nominated the Original Director. Upon the appointment of the Alternate Director, the Company shall ensure compliance with the provisions of the Act, including by filing necessary forms with the Registrar.

- (b) The Alternate Director shall be entitled to receive notice of all meetings and to attend and vote at such meetings in place of the Original Director and generally to perform all functions of the Original Director in his absence. The Alternate Director shall vacate office if and when the Original Director returns to the State in which meetings of the Board are ordinarily held.

**136) Directors may fill vacancies:**

The Directors shall have power at any time and from time to time to appoint any Person to be a Director to fill a casual vacancy. The Board of Directors at a meeting shall fill casual vacancy of the Board. Provided however that, if the Director whose office shall be so vacated has been nominated by ESL on the Board, then the person who shall be appointed on his place by the Board as aforesaid shall be a person so selected by ESL. 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 as aforesaid but he shall then be eligible for reelection.

**137) Additional Directors:**

The directors shall also have power at any time and from time to time to appoint any other Person to be a Director as an addition to the Board but so that the total number of directors shall not at any time exceed the maximum fixed under Article 128. Any Person so appointed as an addition to the Board shall hold his office only upto the date of the next Annual General Meeting but shall be eligible for appointment at such meeting.

**138) Qualification of Shares:**

A Director need not hold any qualification Shares.

**139) Director's fees:**

The director may be paid sitting fees of such amount, subject to a maximum amount as may be permitted under the Companies Act or the Central Government from time to time, for every meeting of the General Body, Board or its Committees or Sub-committees attended by them Directors may, subject to applicable restrictions / approvals, if any, under the Act and subject to the approval of ESL in writing and signed by any Director or Chief Executive Officer of ESL, be remunerated separately for the performance of special or executive duties. All directors will be entitled to be paid or

reimbursed their travelling, accommodation and subsistence expenses incurred in attending meetings (Board/general/any other committee meeting) and / or in the discharge of their duties as directors. The Directors may waive or reduce their fee for any meeting or period.

**140) Extra remuneration to Directors for special work:**

Subject to the provisions of Sections 198, 309, 310, 311 and 314 read with Schedule XIII of Act, if any Director, being willing shall be called upon to perform extra services (which expression shall include work done by a Director as a Member of any committee formed by Directors or in relation to signing Share Certificates) or to make special exertions in going or residing out of his usual place of residence or otherwise for any of the purposes of the Company, the Company shall remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his share in the remuneration above provided. The Directors (other than the Managing Director or any other Whole-time paid Director) shall also be entitled to further remuneration by way of commission at the rate of 1 per cent of the net profits of the Company calculated in accordance with the provisions of the Companies Act, 1956 and such remuneration shall be divided among the directors (other than the Managing Director or Whole-time paid directors) in such proportion and manner as may be agreed upon between them and the Board of Directors and in the absence of an agreement, equally.

**141) Traveling expenses incurred by Directors on Company's business:**

The Board of Directors may, subject to the limitations provided by the Act, allow and pay to Director who attends a meeting of the Board of Directors or any Committee thereof or General Meeting of the Company or in connection with the business of the Company at a place other than his usual place of residence for the purpose of attending a meeting such as the Board may consider fair compensation for traveling, hotel and other incidental expenses properly incurred by him, in addition to his fees for attending such meeting as above specified.

**142) Directors may act notwithstanding vacancy:**

The continuing Director or Directors may act notwithstanding any vacancy in the Board, but if and so long as their number is reduced below the quorum fixed by these Articles, for a meeting of the Board the Directors, may act for the purpose of increasing the number of Directors or that fixed for the quorum or for summoning a General Meeting of the Company but for no other purposes.

**143) Directors and Managing Director may contract with Company:**

Subject to the provisions of the Act, the directors (including a Managing Director and Whole time Director) shall not be disqualified by reason of his or their office as such from holding office under the Company or from contracting with the Company either as vendor, purchaser, lender, agent, broker, lesser or lessee or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any director or with Company or partnership, of or in which any director shall be a Member or otherwise interested be avoided, nor shall any Director so contracting or being such Member or so interested be liable to account to the Company for any profit realised by such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established, but it is declared that the nature of his interest shall be disclosed as provided by Section 299 of the Act and in this respect all the provisions of Sections 300 and 301 of the Act shall be duly observed and complied with.

**ROTATION AND APPOINTMENT OF DIRECTORS**

**144) Rotation of Directors:**

- a) not less than two-thirds of the total number of Director shall-
  - (i) be Persons whose period of the office is liable to termination by retirement of Directors by rotation and
  - (ii) save as otherwise expressly provided in the Articles be appointed/reappointed by the Company in General Meeting.
- (b) The non-retiring Directors appointed under Article 128(b), 130, 131 and/or 132 shall not be taken into account in determining the number of Directors liable to retire by rotation.

**145) Non-Retiring Directors:**

Subject to the provisions of Articles 145, the non-retiring Directors should be appointed by the Board for such period or periods as it may in its discretion deem appropriate.

**146) Retirement of Directors:**

Subject to the provisions of Section 256 of the Act and the Articles 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. Subject to Articles 128(b), 130, 131, 132, 143 and 144, the Debenture Directors, Nominee Directors, Corporation Directors, Managing Directors, if any, shall not be subject to retirement under this Article and shall not be taken into account in determining the number of Directors to retire by rotation. In these Articles, a "Retiring Director" means a Director retiring by rotation.

**147) Ascertainment of Directors retiring by rotation and filling of vacancies:**

Subject to Section 288(5) of the Act, the Directors to retire by rotation under Article 145 at every Annual General meeting shall be those who have been longest in office since their last appointment, but as between those who became directors on the same day, those who are to retire shall be default of and subject to any agreement amongst themselves, be determined by lot.

**148) Eligibility for re-election:**

A retiring director shall be eligible for re-election and shall act as a director throughout and till the conclusion of the meeting at which he retires.

**149) Company to fill vacancies:**

Subject to Section 258, 259 and 284 of the Act, the Company at the General Meeting at which a Director retires in manner aforesaid may fill up the vacancy by appointing the retiring Director or some other Person thereto.

**150) Provision in default of appointment:**

- (a) If the place of retiring Directors is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.
- (b) If at the adjourned meeting also, the place of the retiring Director is not filled up and the meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointment at the adjourned meeting, unless :
  - (i) At that meeting or the previous meeting a resolution for the re-appointment 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 the Board of Directors expressed his unwillingness to be so re-appointed.
  - (iii) He is not qualified or is disqualified for appointment.
  - iv) A resolution whether special or ordinary is required for his appointment or reappointment by virtue of any provisions of the Act, or

- v) The provision to sub-Section (2) of Section 263 of the Act will be applicable.

**151) Directors may be Directors of companies promoted by the Company:**

A Director may be or become a director of any company promoted by the Company or in *which* it may be interested as a member, shareholder or otherwise and no such director shall be countable for any benefits received as Director or shareholder of such company except, far as Section 309(6) and Section 314 of the Act may be applicable.

**152) Company may increase or reduce the number of Directors:**

Subject to Section 259 of the Act, the company may from time to time increase or reduce the number of directors and may alter their qualifications

**MANAGING DIRECTOR**

**153) Power to appoint Managing Directors:**

Subject to the provisions of Sections 267, 268, 269, 316 and 317 of the Act and subject to the approval of ESL in writing, the Board may, from time to time, appoint one or more Directors to Managing Director or Managing Directors or Whole-time Directors of the Company, either for a fixed period for which he is or they are to hold such office and may, from time to time, subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

**154) Remuneration of Managing Director:**

Subject to the provisions of Sections 309, 310 and 311 of the Act, a Managing Director shall in addition to any remuneration that might be payable to him as a Director of the Company under these Articles, receive such remuneration as may from time to time be approved by the Company.

**155) Special position of Managing Director:**

Subject to any contract between him and the Company, a Managing Director or Whole-time Director shall not while he continues to hold that office, be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire, but (subject to the provisions of any contract between him and the Company), he shall be subject to the same, revisions as to resignation and removal as the other Directors of the Company and shall, so facto and immediately, cease to be a Managing Director if he ceases to hold the office of for due to any cause.



**156) Powers of Managing Director:**

The Board of Directors may from time to time entrust to and confer upon a Managing Director whole-time Director for the time being such of the powers exercisable under these presents by the Directors, as they may think fit and may confer such powers for such time to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient and they may confer such powers, either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf and may from time to time, revoke, withdraw, alter or vary all or any of such powers.

**157) Proceedings of the Board:**

The meetings of the Board shall be held at such places, in or outside India as the Board may determine and failing any such determination at the Company's Registered Office.

- a. The Board shall meet at least once every calendar quarter. Any Director may call a meeting of the Board.
- b. Unless the requirement of notice is waived by all Directors, seven days Written notice (or such shorter period as all the Directors may agree) of Board meetings shall be given to all the Directors at their last known address in India or abroad.
- c. Each notice of a meeting of the Board shall be accompanied by an agenda specifying in reasonable details, the matters to be discussed at the relevant meeting and shall be accompanied by all necessary written information. Where a Board meeting cannot be held for want of quorum or otherwise, then the meeting shall stand adjourned, it shall be reconvened on the same day in the next week at the same place and time unless the Board decides otherwise. The minutes of Board meetings shall be given to each Director at their last known address, whether in India or abroad.
- d. Quorum for Directors Meetings: The quorum for meetings of the Board shall be one third or 2 (Two) Directors whichever is higher, If a quorum is not present, the meeting shall be adjourned to the same day in the next week at the same place and time, and if no quorum is then present at the adjourned meeting, the Directors present, not being less than two, shall form a quorum. Provided further that where the Board consists of a Director or Directors appointed in terms of Article 128(b), no quorum of a meeting of the Board shall be constituted unless one Director so appointed or his Alternate is present at such meeting.

**158) Procedure when meeting adjourned 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 till the same day in the next week, at the same time and place or if that day is a public holiday, till the next succeeding day which is not a public

holiday at the same time and place, unless otherwise adjourned to a specific date, time and place and if no quorum is then present at the adjourned meeting, the Directors present, not being less than two, shall form the quorum. Provided however that no quorum of a meeting of the Board shall be constituted unless one Director appointed under Article 128(b) or his Alternate is present at such adjourned meeting.

**159) Chairman of Meeting:**

- (a) Subject to the provisions of sub-clause (c) here of the Board may elect a Chairman of its meetings and determine the period for which he is to hold office.
- (b) The Chairman of the Board shall preside as Chairman of each meeting of the Board at which he is present and in his absence the Managing Director shall preside as Chairman of the meeting. In the absence of the Chairman and the Managing Director the Directors attending the meeting shall elect a Director from amongst themselves to chair the meeting.
- (c) Questions at Board Meeting how decided Subject to the provisions of Article 161, Sections 316, 375(5) and 386 of the Act, questions arising at any meeting of the Board shall be decided by a majority of votes and in case of any equality of votes, the Chairman shall have a second or casting vote.

**160) Powers of Board Meeting:**

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

**161) Directors may appoint committee:**

The Board may subject to the provisions of Section 292 and other relevant provisions of the Act or these Articles, delegate any of the powers other than the powers to make calls and to sue debentures to such committee or committees and may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to the persons or purposes, but every committee of the Board so formed shall in exercise of the powers so delegated conform to any regulation that may from time to time be imposed on it by the Board of Directors. Provided further that where any Director or Directors are appointed pursuant to Article 128(b), one of the members of such committees shall be a Director so appointed or his alternate. All acts done by any such committee of the Board in conformity with such regulations and in fulfillment of the purpose of their appointments, but not otherwise, shall have the like force and effect, as if done by the Board.

**162) Meeting of the Committee to be governed:**

The meetings and proceedings of any such committee of the Board consisting of two or more Members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board of Directors, so *far* as the same are applicable thereto and are not superseded by any regulations made by the Directors under the Articles Quorum for the committee meetings shall be two.

**163) Circular resolution:**

Subject to the provisions of the Act, resolutions of the Board may be passed by circulation, if resolution has been circulated in draft, together with necessary papers, if any, to all the Directors, then in India or outside India, and has been approved by a majority of the Directors resolutions may be signed by the Directors as single document or in counterparts.

**164) Acts of Board or Committee valid notwithstanding defect in 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 was some defect in the appointment of one or more of such Directors or any Person acting as aforesaid or that they or any of them were disqualified or had vacated office or that the appointment of any of them is deemed to be terminated by virtue of any provisions contained 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. Provided nothing contained here 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.

**POWERS OF THE BOARD**

**165) General powers of Management vested in Directors:**

The Board shall be responsible for the management of the business of the Company and determining the overall policies and objectives of the Company. The Board shall delegate responsibility for managing the day-to-day operations of the Company to either the Managing Director or the Committee of Directors or such other Person by whatever name called on such terms as the Board deems desirable.

**166) Certain powers to be exercised by the Board only at meetings:**

- (1) Without derogating from the powers vested in the Board under these Articles, the Board shall exercise the following powers on behalf of the Company and

they shall do so only by means of resolutions passed at the meeting of the Board:

- (i) The power to make calls on shareholders in respect of moneys unpaid on their Shares;
- (ii) The power to issue debentures;
- (iii) The power to borrow moneys otherwise than on debentures;
- (iv) The power to invest the funds of the Company; and
- (v) The power to make loans.

Provided that the Board may, by resolution passed at a meeting, delegate to any committee of Directors, the Managing Director or any other principal officer of the Company, the powers specified in sub-clauses (iii), (iv) and (v) to the extent specified below.

- (2) Every resolution delegating the power referred to in sub-clause (a)(iii) shall specify the total amount outstanding at any one time, up to which moneys may be borrowed by the delegate.
- (3) Every resolution delegating the power referred to in sub-clause (a)(iv) shall specify the total amount up to which the funds of the Company may be invested and the nature of the investments which may be made by the delegate.
- (4) Every resolution delegating the power referred to in sub-clause (a)(v) shall specify the total amount up to which loans may be made by the delegate, the purpose for which the loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.

#### **167) Certain powers of the Board:**

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

- (a) To pay the costs, charges and expenses preliminary and incidental to the formation, promotion, establishment and registration of the Company.
- (b) To pay and charge to the Capital Account of the Company any commission, lawfully payable there out under the provisions of Sections 76 of the Act.
- (c) Subject to the provisions of Sections 292 and 297 and other applicable provisions of the Act, to purchase or otherwise acquire for the Company any property, rights 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 in any such purchase or other acquisition, accept such title as the Director may believe or may be advised to be reasonably satisfactory.

- (d) At their discretion and subject to the provisions of the Act, to pay for any property, rights or privileges 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 tally 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 as may be either specifically Charged upon all or any part of the property of the Company and its uncalled capital or not so Charged.
- (e) To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage, pledge 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.
- f) To accept from any Member, so far as may be permissible by law, a surrender of his Shares any part thereof, on such terms and conditions as shall be agreed.
- g) To appoint any Person to accept and hold in trust for the Company property belonging to the Company or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustee or trustees.
- h) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officer or otherwise concerning the affairs of the Company and also to impound and allow time for payment on satisfaction of any debts due and of any claim or demands by or against the Company and to refer any difference or dispute to arbitration and observe the terms of any awards made therein in India and observe and perform or challenge any award made therein.
- i) To act on behalf of the Company in all matters relating to bankruptcy, insolvency, winding up and liquidation of companies.
- j) To make and give receipts, release and other discharge for moneys payable to the Company and for the claims and demands of the Company.
- k) Subject to the provisions of Sections 291(1), 295, and 372A and other applicable provisions the Act and these Articles, to invest and deal with any moneys of the Company not immediately required for the purposes thereof, upon such security (not being the Shares of his Company) or without security and in such manner as they may think fit and from time to time to vary or realise such investment. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.

- l) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or 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 other powers, provisions, covenants and agreements as shall be agreed upon.
- m) To open bank accounts and to determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipt, acceptances, endorsements, cheques, dividend warrants, release, contracts and documents and to give the necessary authority for such purposes.
- n) To distribute by way of bonus amongst the staff of the Company a Share or Shares in the profits of the Company and do give to any Director, officer or other Person employed by the Company a commission on the profits of any particular business and or transaction and to charge such bonus or commission as part of working expenses of the Company.
- o) To provide for the welfare of Directors or Ex-Directors or employees or ex-employees of the Company and the wives, widows and families of the 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 to provident and other associations, institutions and by providing or subscribing or contributing towards places of instructions and recreation, hospitals, dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provisions of Section 293(1) (e) of the Act, 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 the public and general utility or otherwise. The provisions of this Article shall not apply to Debenture Directors, Corporation Directors and Nominee Directors.
- p) Before recommending any dividend, to set aside, out of the profits of the Company, such sums as they may think proper for depreciation or the depreciation fund or to an insurance fund or as a reserve fund or sinking fund or any special or other fund or funds or account or counts to meet contingencies or to repay redeemable preference Shares, debentures or debenture-stock or for special dividends or for equalising dividends for repairing, improving, extending and maintaining any part of the property of the Company and such other purposes (including the purposes referred to in the preceding clause) as the Board may, in absolute discretion think conducive to the interest of the Company and subject to section 292 of the Act, to invest the several sums so set aside or so much

thereof as fired to be invested, upon such investments (other than Share of the Company) as they may think fit and from time to time to deal with and vary such investments and dispose off 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 or upon which the capital moneys of the Company might rightly be applied or expended and to divide the General Reserve or 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 to another Reserve Fund and/ or division of a Reserve Fund and with full power to employ the assets constituting all or any of the above funds including the depreciation fund in the business of the Company or in purchase or repayment of redeemable preference Shares, debentures or debenture-stock and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.

- (q) To appoint and at its discretion remove or suspend such general managers , managers, secretaries , assistants , supervisors, scientists , technicians , engineers, consultants, legal, medical or economic advisers , research workers , labourers , clerks , agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers, duties and scope of work or services and to fix their salaries or emoluments or remuneration and acquire security in such instances and to such amounts as they may think fit and also from time to time provide for the management and transactions of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit.
- (r) From time to time and at any time to establish any local Board for managing the affairs of the Company in any specified locality in India or elsewhere and to appoint any Person to be Members of such local Board or managers or agencies and to fix their remuneration.
- (s) Subject to Section 292 of the Act, from time to time and at any time, to delegate to any Persons so appointed any of the powers, authorities and discretions for the time being vested in the Board , other than their powers to make calls or to make loans or borrow moneys and to authorise the Members for the time being of such local Board or any of them to fill up any vacancies therein and to act notwithstanding vacancies and such appointment or delegation may be made on such terms subject to such conditions as the Board may think fit and the Board may at any time remove any Person so appointed and may annual or vary any such delegation.

- (t) 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 discretions (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 appointments may (if the Board thinks fit) be made in favour of the Members of any local Board established as aforesaid or in favour of any Company or the shareholders , Directors , Nominees 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 for the protection of convenience of Persons dealing with such Attorneys as the Board may think fit and may contain powers enabling any such delegated Attorneys as aforesaid to subdelegate all or any of the powers , authorities and discretion for the time being vested in them.
- (u) Subject to Sections 294, 297 , 300 and other applicable 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, deeds and things in the name and on behalf of the Company as they may consider expedient.
- (v) From time to time make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.
- (w) To purchase or otherwise acquire any lands, buildings, machinery, premises, hereditaments , property, effects, assets, rights, credits, royalties, business and goodwill of any Company carrying on the business which the Company is authorised to carry on in any part of India.
- x) To purchase, take on lease for any term of years or otherwise acquire any factories, or any land or lands, with or without buildings and out-houses thereon, situate in any part of India such price or rent and under and subject to such terms and conditions as the Directors may think fit and in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
- y) To sure and keep insured against loss or damage by fire or otherwise for such period and such extent as it may think proper all or any part of the buildings, machinery, goods, stores produce and other movable property of the Company, either separately or co-jointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.



- z) To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.
- aa) To sell from time to time any articles, materials, machinery, plants, stores and other articles and things belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and bye-products
- ab) From time to time to extend the business and undertaking of the Company by adding altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company or by erecting new or additional building and to expend such sum of money for the purpose aforesaid or any of them as may be thought necessary or expedient.
- ac) To undertake on behalf of the Company any payment of all rents and the performance of toe covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions and otherwise to acquire the free hold lands of the Company for the time being held under lease or for an estate less than free hold estate.
- ad) To improve, manage, develop, exchange, lease, sell, resell and repurchase, dispose off, deal with or otherwise turn to account, and property (movable or immovable) or any rights privileges belonging to or at the disposal of the Company or in which the Company is interested.
- ae) To let, sell or otherwise dispose off, subject to the provisions of Section 293 of the Act and we other Articles, any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment of satisfaction for the same in cash or otherwise as it thinks fit.
- af) Generally, subject to the provisions of the Act and these Articles, to delegate the powers, authority and discretions vested in the Directors to any Person, firm, Company or fluctuating body of Persons as aforesaid.

## MINUTES

### **168) Minutes to be made:**

- a) The Company shall cause minutes of all proceedings of General Meetings and of all proceedings of every meeting of the Board or of every committee thereof within thirty days the conclusion of every such meeting concerned by making entries thereof in books kept that purpose with their pages consecutively numbered.
- b) Each page of every such books shall be initialed or signed and the last page of the record proceedings of each meeting in such books shall be dated and signed.

- i) in the case of minutes of proceedings of a meeting of Board or of a committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
- ii) in the case of proceedings of the General Meeting, by the Chairman of the said meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman, within that period by a Director duly authorised by the Board for the purpose.

**169) Minutes to be evidence of the proceedings:**

- (a) The minutes of proceedings of every General Meeting and of the proceedings of every meeting of the Board or of every committee kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.
- (b) Books of Minutes of General Meeting to be kept: The books containing the aforesaid minutes shall be kept at the Registered Office of the Company and be open for inspection  
for any Member without charge as provided in Section 196 of the Act and any Member shall be furnished with a copy of any minutes in accordance with the terms of that Section. Where the minutes of the proceedings of any General Meeting or of any meeting of the Board or of a Committee of Directors have been kept in accordance with the provisions of Section 193 of the Act, until the contrary is proved, the meeting shall be deemed to have been duly called and held, all proceedings thereat to have been duly taken place and in particular all appointments of Directors, Auditors or Liquidators made at the meeting shall be deemed to be valid.

THE SECRETARY

**170) Secretary:**

The Secretary of the Company shall be such Person as shall from time to time be determined by the Board, in accordance with the provisions of the Act.

DIVIDEND

**172) Division of profits:**

- (a) 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.

- (b) No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this regulation as paid on the Shares.

**173) The Company in General Meeting may declare dividends:**

The Company in General Meeting may declare Dividend, to be paid to Members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors but the Company may declare a dividend in General Meeting. No Dividend shall be payable except out of profits of the Company arrived at in the manner provided for in Section 205 of the Act.

**174) Interim Dividend:**

Board may from time to time pay to the Members such interim dividends as in their gent the position of the Company justifies.

**175) Debts may be deducted:**

- a) The Directors may retain any Dividend on which the Company has a lien and may apply the one in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
- b) The Board may retain the Dividend payable upon Shares in respect of which any Person entitled to become a Member pursuant to transmission of Shares.

**176) Dividends in proportion to amount paid-up:**

The dividend shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portions of the period in respect of which the dividend is paid any Share is issued on terms, providing that it shall rank for Dividends as from a particular date, such share shall rank for Dividend accordingly.

**177) Member to receive dividend whilst indebted to the Company and the Company's right of reimbursement thereof:**

No Member shall be entitled to receive payment of any dividend or bonus in respect of his or Shares, whilst any money may be due or owing from him to the Company in respect of Shares (or otherwise however either alone or jointly with any other Person or Persons) and the Board may deduct from the dividend to any Member, all such sums of money so due from him to the Company.

**178) a) Effect of Transfer of Shares:**

A transfer of Shares shall not pass the right to any dividend declared therein before the registration of the transfer.

**b) Dividend to joint holders:**

Any one of several Persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Shares.

**179) Dividend how remitted:**

Dividend payable in cash may be paid by cheque or warrant sent through post direct to registered address of the shareholder entitled to the payment of the dividend or in case of holders, to the registered address of that one of the joint holders which is first named on register of Members or to such Person and to such address as the holders or the joint holders may in Writing direct. The dividend may also be paid to the Shareholders by crediting the amount directly in the account notified by such shareholder. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost to the Member or Person entitled thereto by forged endorsement of cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

**180) Notice of dividend:**

Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holder of the Share in the manner mentioned in the Act.

**181) Reserves:**

The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors be applicable for meeting contingencies or for any other purpose to which the profits of the Company may be properly applied and pending such application may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time consider fit.

**182) Set-off of call against dividend:**

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 and the dividend may, if so arranged between the Company and the Members, be set off against the calls.

## CAPITALISATION

### 183) Capitalization

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

### 184) Fractional certificates:

- (a) Whenever such a resolution as aforesaid shall have been passed, the Board shall
  - (i) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid Shares and
  - (ii) generally do all acts and things required to give effect thereto
- (b) The Board shall have full power :
  - i) to make such provision, by the issue of fractional cash certificate or by payment in cash or otherwise as it think fit, in the case of Shares becoming distributable in fractions also
  - ii) to authorise any Person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively credited as fully paid up, of any further Shares to

which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf, by the application thereof of either respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing Shares.

- c) Any agreement made under such authority shall be effective and binding on all such members.
- d) That for the purpose of giving effect to any resolution , under the preceding paragraph of Article, the Directors may give such directions as may be necessary and settle any question of difficulties that may arise in regard to any issue including distribution of new Equity Shares and fractional certificates as they think fit.

#### ACCOUNTS

##### **186) Right of Member to copies of Balance. Sheet and Auditor's Report:**

Any Member or holder of debentures of the Company whether he is or is not entitled to have copies of the Company's Balance Sheet sent to him shall, on demand be entitled to be furnished without charge and any Person from whom the Company has accepted a sum of money by way of deposit, shall on demand accompanied by the payment of a fee of one rupee, be entitled to be furnished with a copy of the Balance Sheet of the Company and of every document required by law to be annexed or attached thereto including the Profit and Loss Account and the Auditor's and Director's Report.

#### DOCUMENTS AND NOTICES

##### **188) Members bound by documents or notices served on or given to previous holder:**

Every Person, who by operation of law, transfer or other means whatsoever, shall become entitled to any Share be bound by every document or notice in respect of such Share, which prior to his name and address being entered on the Register of Members, shall have been duly served on or given to the Person from whom he derived his title to such Share.

##### **189) Service of documents on Company:**

A document may be served on the Company or an officer thereof by sending it to the Company or officer at the Registered Office of the Company by post under a certificate of posting or by registered post or by leaving it at its registered office.

**190) Authentication of documents and proceedings:**

Save as otherwise expressly provided in the Act, a document or proceedings requiring authentication by the Company may be signed by a Director, the Managing Director or the Secretary or other authorised officer of the Company and need not be under the Seal of the Company.

**191) Inspection of Minutes:**

The minutes of all proceedings of General Meetings shall be open to inspection for the members and the extracts may be taken there from in the same manner, to the same extent and on payment of the same fees as in case of the Register of Members of the Company. Copies of entries in the Registers mentioned in the foregoing Articles (except those relating to the Board) shall be furnished to the Persons entitled to the same on such days and during such business hours as may be consistent with the provisions of the Act in that behalf

**WINDING UP**

**192) Distribution of Assets:**

If the Company shall be wound up and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital, such assets be distributed so that as nearly as may be the losses shall be borne by the Members in proportion to the capital paid up or which ought to have been paid up at the commencement of winding up on the Shares held by them respectively and if in the winding the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid at the commencement of the winding up, the excess shall distributed amongst Members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the Shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

**193) Distribution in specie or kind:**

- a) If the Company shall be wound up, whether voluntarily or otherwise, the liquidator may, with sanction of a special resolution, divide amongst the contributories in specie or kind, 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 or any of them as the Liquidator, with the like sanction, shall think fit.
- b) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in

particular any class may be given preferential or special rights-or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, the contributory who would be prejudiced thereby shall have a right to dissent.

- c) In case any Shares to be divided as aforesaid involve a liability to calls or otherwise, any person entitled under such division to any of the said Shares may within ten days after the passing of the special resolution by notice in Writing direct the liquidator to sell his proportion and pay him the net proceeds and the liquidator shall, if practicable, act accordingly.

**194) Directors and others right to indemnity:**

Subject to the provisions of Section 201 of the Act, every director or officer or servant of the Company or any Person (whether an officer of the Company or not) employed by the Company as auditor, shall be indemnified by the Company against and it shall be the duty of the Directors out of the funds of the Company, to pay all costs, charges, losses and damages which any such Person may incur or become liable to by reason of any contract entered into or any act, deed, matter or thing done, concurred in or omitted to be done by done by him in any way in or about the execution or discharge of his duties or supposed duties (except such, if any, as he shall incur or sustain through or by his own wrongful act, neglect or default including expenses and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such director, Officer or Auditor or other) officer of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which the Court grants relief to him.

**195) Director, Officer not responsible for acts of others:**

Subject to the provisions of Section 201 of the Act, no Director, Auditor or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damages arising from the insolvency or tortuous act of any Person, firm or Company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part or for any other loss, damage or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.



**196) Secrecy Clause:**

Every Director, **Manager**, Auditor, Treasurer, 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 a strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matter 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 provisions in these presents contained.

**197) No Member to enter the premises of the Company without permission:**

No Member or other Person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Board or Managing Director or to inquire 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 the trade secret, mystery of trade, secret process or any other matter which relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

## **SECTION VIII – OTHER INFORMATION**

### **Material Contracts and Documents for inspection**

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Information Memorandum) which are or may be deemed material have been entered or to be entered into by our Company. – **Not applicable.**

### **Documents for inspection**

Copies of the following documents will be available for inspection at the Registered Office of the Company on any working day (i.e. Monday to Friday and not being a bank holiday in Mumbai) between 11.00 a.m. to 1.00 p.m. upto seven days from the date of filing of this information memorandum.

#### **List of Documents**

1. Memorandum and Articles of Association as amended till date.
2. Certificate of Incorporation.
3. Copy of the Scheme of Arrangement between India Securities Limited and Essar Securities Limited and their respective shareholders and creditors sanctioned by the Hon'ble High Court of Judicature at Bombay vide its order dated February 9, 2009.
4. Letter dated May 23, 2008 of BSE vide which they have conveyed their 'No-Objection' to the Scheme of Arrangement between ISL and ESL pursuant to clause 24(f) of the Listing Agreement.
5. Tripartite Agreement with NSDL dated February 13, 2009 and CDSL dated April 23, 2009.
6. SEBI letter no. CFD/DIL/SP/DK/186631/2009 dated December 8, 2009 granting relaxation from the strict enforcement of the requirements of clause (b) to sub-rule (2) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 for the purpose of listing of shares of ESL.

## **DECLARATION**

To the best of knowledge and belief of the Board of Directors of the Company, all statements made in this information memorandum are true and correct.

Yours faithfully

For and on behalf of the Board of Directors  
For Essar Securities Limited

Sd/-  
Girish K. Sathe  
Manager & Company Secretary  
Place: Mumbai  
Date : December 14, 2009