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**NOTICE OF THE EXTRAORDINARY GENERAL MEETING OF THE SHAREHOLDERS**

Notice is hereby given that an Extraordinary General Meeting of the shareholders of the Company will be held on **Friday, the May 31, 2013** at Narada Gana Sabha ('Mini Hall'), No 314, T T K Road, Alwarpet, Chennai 600 018 at 10.00 a m to transact the following businesses:

**SPECIAL BUSINESS**

**ITEM NO 1. ALTERATION OF ARTICLES OF ASSOCIATION**

To consider and if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION.

**"RESOLVED THAT** pursuant to Section 31 and other applicable provisions and sections, if any, of the Companies Act, 1956, the regulations contained in the existing Articles of Association of the company be and are hereby replaced with the new set of Articles of Association of the Company, a copy of which is placed before the meeting and duly initialled by the Chairman for the purpose of identification and that the Regulations be incorporated the Articles of Association of the Company and shall be binding on the members of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take all such steps and actions for the purposes of making all such filings and registrations as may be required in relation to the aforesaid amendment to the Articles of Association and further to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution."

**ITEM NO 2. ISSUE OF SECURITIES FOR AN AGGREGATE AMOUNT NOT EXCEEDING ₹ 1,000 CRORES OR EQUIVALENT THEREOF**

To consider and if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION.

**"RESOLVED THAT** pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (the "Act") (including any amendment(s) thereto or re-enactment thereof) and the provisions of the Foreign Exchange Management Act, 2000 (the "FEMA"), Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 as amended and subject to any required approval, consent, permission and/or sanction of the Ministry of Finance (Department of Economic Affairs) and of Ministry of Industry (Foreign Investment Promotion Board/Secretariat for Industrial Assistance) and the Securities and Exchange Board of India (the "SEBI") Regulations and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon from time to time by the Government of India (the "GOI"), the Reserve Bank of India (the "RBI"), SEBI and/or any other competent authorities and the enabling provisions of the Memorandum of Association and Articles of Association of the Company, the Listing Agreements entered into by the Company with the stock exchanges on which the Company's shares are listed and subject to necessary approvals, permissions, consents and sanctions of concerned statutory and other authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which

may be agreed to by the Board of Directors of the Company (hereinafter called "**the Board**" which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute from time to time to exercise its powers including the power conferred by this resolution), the consent, authority and approval of the Company be and is hereby accorded to the Board to create, offer, follow on offer, issue and allot with or without a green shoe option, either in India or in the course of international offering(s) in one or more foreign markets, such number of equity shares ("**Equity Shares**"), Foreign Currency Convertible Bonds ("**FCCBs**"), Non Convertible Debentures with or without warrants, and/or any other financial instruments convertible into Equity Shares (including warrants or otherwise, in registered or bearer form) and/or any security convertible into Equity Shares with or without voting/special rights and/or securities linked to Equity Shares and/or securities with or without detachable warrants with right exercisable by the warrant holders to convert or subscribe to Equity Shares, including the issue and allotment of equity shares pursuant to a green shoe option, if any (all of which are hereinafter collectively referred to as "**Securities**") or any combination of Securities, in one or more tranches, whether rupee denominated or denominated in foreign currency, to any eligible person, as permitted under applicable law including Qualified Institutional Buyers, foreign/resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), Venture Capital Funds (foreign or Indian), Foreign Institutional Investors, Indian and/or Multilateral Financial Institutions, Mutual Funds, Non-Resident Indians, stabilizing agents and/or any other categories of investors, whether they be holders of shares of the Company or not (collectively called the "**Investors**") whether or not such Investors are members of the Company as may be decided by the Board in their discretion and permitted under applicable laws and regulations, of an aggregate amount not exceeding ₹ 1,000 crores or equivalent thereof in one or more foreign currency and/or Indian rupees, inclusive of such premium as may be fixed on such Securities by offering the Securities in one or more countries through Qualified Institutional Placement, follow on offer, private placement(s), or a combination thereof at such time or times, at such price or prices, at a discount or premium to market price or prices in such manner and on such terms and conditions including security, rate of interest, etc., as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of investors to whom the offer, issue and allotment shall be made to the exclusion of other categories of investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead manager(s) and/or other advisor(s) either in foreign currency or equivalent Indian Rupees inclusive of such premium as may be determined by the Board, in any convertible foreign currency, as the Board at its absolute discretion may deem fit and appropriate.

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof), the provisions of Chapter VIII of SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 (the "**SEBI ICDR Regulations**") including any amendments thereto; and the provisions of the FEMA, Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000, including any amendments thereto; the Board may at their absolute discretion, issue, offer and allot equity shares, fully convertible debentures, non-convertible debentures with warrants or any securities which are convertible into or exchangeable with equity shares in one or more foreign currency and / or Indian Rupees inclusive of such premium, to Qualified Institutional Buyers (as defined by the SEBI ICDR Regulations) pursuant to a qualified institutional placement, as provided under Chapter VIII of the SEBI ICDR Regulations and such securities shall be fully paid up and the allotment of such Securities shall be completed within 12 (twelve) months from the date of the shareholders resolution approving the proposed issue or such other time as may be allowed by the SEBI ICDR Regulations from time to time, at such price, being not less than the price determined in accordance with the pricing formula under the SEBI ICDR Regulations and subject to any permissible discount under the provisions thereof.

**RESOLVED FURTHER THAT** the Equity Shares shall be offered, issued and allotted under Chapter VIII of SEBI ICDR Regulations to Qualified Institutional Buyers at such price to be determined by the Board at its absolute discretion, subject to compliance with the SEBI ICDR Regulations and/or other applicable law, including, to the extent permitted, at a discount as may be permissible under the SEBI ICDR Regulations or premium to the floor price, calculated in accordance with the formula prescribed under the SEBI ICDR Regulations.

**RESOLVED FURTHER THAT** in pursuance of the aforesaid resolutions:

- a. the Securities to be so offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company; and
- b. the relevant date for the determination of applicable price for the issue of the Securities shall be as per the Regulations prescribed by SEBI, RBI, GOI through its various departments or any other regulator and the pricing of any equity shares issued upon the conversion of the Securities shall be made subject to and in compliance with the applicable rules and regulations and such price shall be

subject to appropriate adjustments in the applicable rules/Regulations/statutory provisions.

**RESOLVED FURTHER THAT** the relevant date for the determination of floor price for the issue of Equity Shares shall be the date on which the Board decides to open the issue.

**RESOLVED FURTHER THAT** in the event that Securities which are convertible into or exchangeable with equity shares /or non-convertible debentures with warrants (“**Convertible Securities**”) the relevant date for determining the price of the equity shares of the Company, if any, to be issued upon the conversion or exchange of such Convertible Securities including an exchange of the warrants, shall be the date [of the meeting on which the Board decides to open the proposed issue in accordance with the SEBI ICDR Regulations] / [on which the holders of such Convertible Securities become entitled to apply for the equity shares].

**RESOLVED FURTHER THAT** the issue of Equity Shares to the holders of the Convertible Securities upon the conversion or exercise thereof shall be, inter alia, subject to the following terms and conditions:

- a. in the event of the Company making a bonus issue by way of capitalisation of its profits or reserves prior to the allotment of the Equity Shares, the number of Equity Shares to be allotted shall stand augmented in the same proportion in which the equity share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced pro tanto;
- b. in the event of the Company making a rights offer by issue of Equity Shares prior to the allotment of the Equity Shares, the entitlement to the Equity Shares will stand increased in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Convertible Securities at the same price at which they are offered to the existing shareholders; and
- c. in the event of merger, amalgamation takeover, or any other re-organization or restructuring or any such corporate action, the number of Equity Shares, the price and the time period as aforesaid shall be suitably adjusted.

**RESOLVED FURTHER THAT** without prejudice to the generality of the above, subject to applicable laws and subject to approval, consents, permissions, if any, of any governmental body, authority or regulatory institution including any conditions as may be prescribed in granting such approval or permissions by such governmental authority or regulatory institution, the aforesaid Securities may have such features and attributes or any terms or combination of terms that provide for the tradability and free

transferability thereof in accordance with the prevailing practices in the capital markets including but not limited to the terms and conditions for issue of additional Securities and the Board subject to applicable laws, regulations and guidelines be and is hereby authorized in its absolute discretion in such manner as it may deem fit, to dispose of such Securities that are not subscribed.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolutions, the Board or the duly constituted committee by the Board be and is hereby authorized to do all such acts, deeds, matters and things including but not limited to finalization and approval for the preliminary as well as final offer document(s), determining the form and manner of the issue, including the class of investors to whom the Securities are to be issued and allotted, number of Securities to be allotted, issue price, face value, premium amount on issue/conversion of the Securities, if any, rate of interest, execution of various transaction documents, creation of mortgage/ charge in accordance with Section 293(1)(a) of the Act, in respect of any Securities as may be required either on pari-passu basis or otherwise, as it may in its absolute discretion deem fit and to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board or committee be and is hereby authorized to engage / appoint the Lead Managers, Legal Advisors, Guarantors, Depositories, Custodians, Registrars, Stabilizing Agent, Trustees, Bankers, Advisors and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memoranda, documents, etc. with such agencies and to seek the listing of such Securities on one or more national and/or international stock exchange(s).

**RESOLVED FURTHER THAT** the Board or committee be and is hereby authorized to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Convertible Securities or as may be necessary in accordance with the terms of the offering, all such Equity Shares ranking pari-passu with the existing Equity Shares of the Company in all respects, including dividend entitlement.

**RESOLVED FURTHER THAT** subject to the applicable law, the Board be and is hereby authorized to delegate all or any of its powers to any Director(s) or Committee of Directors / Company Secretary / other persons authorized by the Board to give effect to the aforesaid resolutions and is authorized to take such steps and to do all such acts, deeds, matters and things and accept any alteration(s) or modification(s) as they may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in regard to issue and allotment of securities including but not limited to :

- a. offering, issuing and allotting the Securities or any/all of them, subject to such terms and conditions, as the Board or Committee thereof may deem fit and proper in its absolute discretion, including inter alia, (a) terms for issue of additional Securities and for disposal of Securities which are not subscribed to by issuing them to banks/financial institutions/mutual funds or otherwise, (b) terms as are provided in domestic and/or international offerings of this nature, and, (c) terms and conditions in connection with payment of interest, dividend, voting rights, premium and redemption or early redemption, conversion into equity shares, pricing, variation of the price or period of conversion, and/or finalizing the objects of the issue/s and the monitoring of the same;
- b. Approving the offer document and filing the same with any other authority or persons as may be required;

- c. approving, finalising and authorizing execution of agreements and documents, including lock-up letters, agreements in connection with the creation of any security, and agreements in connection with the appointment of any intermediaries and/or advisors, (including for underwriting, marketing, listing, trading, appointment of lead manager(s)/merchant banker(s), guarantor(s), depository(s), custodian(s), stabilising agent(s), banker(s), advisor(s), registrar(s), paying and conversion agent(s), trustee(s), and other intermediaries as required), and to pay any fees, commission, costs, charges and other outgoings in connection therewith;
- d. Approving the specific nature and size of Security (in Rupees or such other foreign currency) to be offered, the issue price, the number of Securities to be allotted, the basis of allocation and allotment of Securities;
- e. To affix the Common Seal of the Company on any agreement(s)/ document(s) as may be required to be executed.
- f. Arranging the delivery and execution of all contracts, agreements and all other documents, deeds and instruments as may be required or desirable in connection with the issue of securities by the Company;
- g. Deciding upon the issue structure;
- h. Determining the Issue opening and closing dates;
- i. Determining the Issue price of the securities;
- j. Allotment of Securities;
- k. Opening such bank accounts and demat accounts as may be required for the transaction;
- l. To do all such acts, deeds, matters and things and execute all such other documents and pay all such fees, as it may, in its absolute discretion, deem necessary or desirable for the purpose of the transactions;
- m. To make all such necessary applications with the appropriate authorities and make the necessary regulatory filings in this regard; and
- n. Making applications for listing of the Equity Shares on one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned stock exchange(s).

### ITEM NO 3 . INCREASING FII INVESTMENT LIMITS IN THE COMPANY

To consider and if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION.

**RESOLVED THAT** subject to the provisions of the Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, Notification No. FEMA 45/ 2000 RB dated September 20, 2000, as issued by the Reserve Bank of India, as amended, the consolidated FDI Policy of the Government of India, as amended, and all other applicable statutory and/or regulatory requirements, and subject to all applicable approvals, permissions and sanctions and conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions, sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “**Board**” which term shall include a duly authorized Committee of Directors for the time being exercising the powers conferred by the Board of



Directors), consent of the Company be and is hereby accorded to the Board of Directors of the Company to permit Foreign Institutional Investors, (“**FII**s”), registered with the SEBI to acquire and hold on their own account and on behalf of each of their SEBI registered sub-accounts, upto 74 % (Seventy Four per cent) of the total paid-up Capital of the Company, provided however that the shareholding of each FII, on its own account and on behalf of each of the SEBI approved registered in the Company shall not exceed 10% (Ten per cent) of the total paid-up Capital of the Company.

**ITEM NO. 4 : APPOINTMENT OF SRI G S SUNDARARAJAN AS MANAGING DIRECTOR**

To consider and if thought fit, to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION.

**RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309 Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and any statutory modification (s) or re-enactments thereof ,the approval of the Company, be and is hereby accorded to the appointment of Sri G S Sundararajan as the Managing Director and Chief Executive Officer of the Company for a period of 5 years with effect from November 1, 2012 and shall perform such duties and exercise such powers as may from time to time be lawfully entrusted to and conferred upon him by the Board and shall act as Managing Director and Chief Executive Officer of the Company without drawing any remuneration with a liberty to the Board of Directors to alter and vary the terms and conditions of appointment within the guidelines specified under Schedule XIII of the Companies Act, 1956 or any statutory modification (s) or re-enactment thereof with the following powers :-

- 1) To carry on the day-to-day management of the business of the Company.
- 2) To purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire at such price and generally on such terms and conditions as he may think fit.
- 3) To carry on, manage, conduct, supervise, control, co-ordinate, plan, direct on behalf of the Company and for that purpose to use and turn to account all capital, credit, stock and property employed in the business of the Company and to appoint and dismiss
- 4) Secretaries, Managers, Officers, Clerks, Employees, Servants and agents and other persons and determine their powers and duties and fix their salaries and emoluments and require security in such instances and to such amount as he may think fit.
- 5) To enter into all such negotiations and contracts and vary all such contracts including revisions in terms and prices and execute and do all such acts and deeds in the name and on behalf of the Company as he may consider expedient for carrying on the business of the Company.
- 6) To demand, receive, accept, exercise, utilize any claim, privilege, licence or any object on behalf of the Company to which the Company is entitled to and to pay, repay, refund or release any moneys which the Company is obliged to pay, repay, refund or release for any demands made upon the Company.
- 7) To affix the Common Seal of the Company if so required on any documents to be executed for and on behalf of the Company in conformity with the Articles of Association of the Company.
- 8) To execute and arrange for execution of Indemnity Bonds, Counter Indemnity Bonds, Performance Bonds, Guarantees and such other documents as may be necessary or expedient.

- 9) To authorise and request Banks, Financial Institutions and Insurance Companies and others to issue in favour of any party or parties in connection with the business activities of the Company, indemnities and guarantees on behalf of the Company.
- 10) To receive all payments favouring the Company in payment of bills raised on any party or any demands made and issue valid receipts thereof.
- 11) To represent the Company before any Government, Tribunal, Court, Customs and Excise Authorities, Sales Tax Authorities, Import and Export Trade Control Authorities, Reserve Bank of India, Revenue Authorities, Municipal Bodies, Quasi-Public Bodies, Autonomous Corporations, Company Law authorities, Registrars or any Officers thereof in relation to any matter pertaining to the Company's business, including export business, properties or interests and to sign necessary applications, statements, petitions, appeals and declarations and to vote at all General Meetings on behalf of the Company in all matters which the Company may at any time be interested.
- 12) To open Bank Accounts in the name of the Company with any Nationalised, Non Nationalised, Foreign Banks Co-operative Banks, Gramin Banks and Post Offices in any part of India, to operate on such account or accounts and to close such accounts whenever desired.
- 13) To draw, accept, endorse, negotiate, retire, pay or satisfy any Bills of Exchanges, Promissory Notes, Cheques, Drafts, Pay Orders, Securities and other negotiable and Mercantile Instruments or Securities which may be deemed necessary in relation to the business affairs of the Company.
- 14) To issue limited Power of Attorney in favour of the Executives and Managers in charge of branches in matters relating to the operations of the Company.
- 15) To take decisions as to the recovery of common monthly expenses from the Associate Companies on an equitable basis in respect of services rendered by the Company at its Registered Office, Administrative Office, Regional Office and Branch Offices established throughout India and also for payment of such amounts to the respective companies whenever required.
- 16) To sign, execute, register and seal all documents, contracts and agreements including lease deeds in respect of any buildings, shops, godowns or premises taken on lease by the Company by any of its branches, depots, offices or for the residence of its officers.
- 17) To represent the Company before any authority in Court, Appellate Authorities, Police, State Government or local administration or authority, bank, financial institutions or elsewhere and to institute, close, discontinue and defend legal proceedings, civil, criminal or revenue including income-tax, sales tax, agricultural tax and excise matters and confess judgements or withdraw, compromise, compound or refer any matter of dispute to arbitration, as he may think fit.
- 18) To sign, verify, execute, decree, award, complaint, petition, apply, declare, affirm, refer, rejoinder, undertake, claim, counter-claim, make statements, issue counter statements, sworn affidavits, undertake, certify, lead evidence on oath, oral or documentary appeal, revisions, review, let in evidence of all kind before any court or before any person or before any authority, either in writing or otherwise.
- 19) To execute warrants, summons with the aid of police whenever necessary and to do all such acts, deeds and things which are necessary in the matters.
- 20) To defend and contest all claims, suits, applications and legal proceedings, whatsoever against the Company or to which the Company may be a party and if the Attorney shall think fit, compromise, submit to judgement or become non-suited in any such suit or proceedings.

- 21) To engage, retain and appoint any Solicitors, Advocates or Legal Practitioners for and on behalf of the Company to act or appear in respect of any suits or legal proceedings before any Court, Tribunal or Authority in respect of any matter to which the Company may be a party or otherwise interested.
- 22) To make and sign, execute, present and file all applications, complaints, petitions, written statements, execution petitions, pleadings and affidavits, vakalats and other documents that may be necessary or usual for conducting litigation on behalf of the Company and to authenticate any document on behalf of the Company and for filing the document before any Governmental Authorities such as Company Law Board, Registrar of Companies, Reserve Bank of India, Sales Tax Authorities, Income-tax Authorities, Central Excise Authorities etc.
- 23) To file and receive back from any of the Courts and Offices, documents of all kinds and to give receipt thereof; to deposit and obtain refund of Stamp duty or Court Fee or to repay the same; to deposit in or withdraw from any or all the Courts or other offices moneys and give receipts thereof; to apply for copies of documents or other records of Court or Offices; to apply for inspection of and to inspect records of which inspection is allowed.
- 24) To execute decrees, receive monies and obtain possession of properties in execution of decrees, give receipts and discharge thereof and compromise or compound any such decree.
- 25) To prepare, sign, execute, submit and file all statutory returns, letters, forms, registers and applications including applications for licences and renewals, lands for clearance of excisable goods required from time to time to be executed, filed and submitted to any central excise authorities in connection with the business of the Company.
- 26) To deposit and obtain refunds by cheques drawn in the name of the Company of excise duty or any charges or fees and to file claims with any Central Excise Authority or other concerned Officers.
- 27) To compound, compromise, settle any claim due to or due by the company from or to any person on such terms and conditions or to abandon or waive any claim including a claim in a suit or legal proceeding.
- 28) To file, verify, affirm affidavit and file application in the courts, forums, tribunals, judicial, quasi-judicial, for substitution and continue with the legal proceedings pending and to commence and continue fresh legal proceedings.
- 29) To effectively discharge the statutory duties imposed upon the Company by the Excise Law and Rules in force from time to time in connection with the business of the Company.
- 30) To authorise any one or more officials of the Company to do any of the above acts on behalf of the Company and to execute Powers of Attorney to such officials.

#### ITEM NO 5. APPROVAL OF EMPLOYEES STOCK OPTION SCHEME 2013

To consider and if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION.

**"RESOLVED THAT** pursuant to the provisions contained in Articles of Association of the Company and of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 ('the Act') and subject to the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('SEBI Guidelines') (including any statutory modifications or re-enactment of the Act or the SEBI Guidelines, for the time being in force) and and subject to other



approvals, permissions and sanctions as may be required, and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee including the Remuneration and Compensation Committee or any committee constituted by the Board to exercise its powers, including the powers conferred by this Resolution), consent and approval of the Company be and is hereby accorded to the Board to grant, issue, offer and allot at any time or from time to time to or for the benefit of the present and future permanent employee(s) and Director(s) of the Company, selected on the basis of criteria prescribed by the Board in accordance with the SEBI Guidelines, (hereinafter referred to as "the Eligible Employees" of the Company), except a promoter or a person who belongs to the promoter group, both these expressions being defined in the SEBI Guidelines and Director who directly or indirectly holds more than 10% of the issued capital, under a scheme titled "SCUF ESOP Scheme 2013" (hereinafter referred to as 'the Scheme'), such number of options as the Board may decide, which could give rise to the issue of equity shares of the nominal face value not exceeding 5% (Five percent) of the issued capital of the Company as on the date of this General Meeting amounting to ₹ 2,62,70,000 (Rupees Two crores sixty two lakhs and seventy thousand only) i.e., upto a maximum of 26,27,000 (Twenty six lacs twenty seven thousand) number of equity shares of the face value of ₹ 10/- each at exercise price of ₹ 300 (Rupees three hundred only) per option/equity share derived based on the SEBI Guidelines in one or more tranches with maximum vesting period being 5 years from the date of grant of options or such other period as the Board may determine within an exercisable period of 10 years from the date of grant or such other period as may be determined by the Board and the grant of options to each eligible employee/director shall not exceed 2,62,700 options.

**RESOLVED FURTHER THAT** each option shall vest in the hands of the option holder after a minimum of 12 months from the date of grant of the option or such longer period as may be determined by the Board from time to time subject to the condition mentioned that the option Grantee continues to be an employee of the Company and the performance or other conditions as may be determined by the Board from time to time.

**RESOLVED FURTHER THAT** vested options can be exercised either in whole or in part after the vesting date and within the vesting period only by the employee in whom the options have vested by making an application to the Company for issue of shares against the option vested in him by paying requisite amount of money and the unexercised portion of the vested options, will continue to be available to the employee or the nominee for exercise as provided for in the Scheme and the options granted to an employee cannot be transferred to any other person.

**RESOLVED FURTHER THAT** the Options shall be granted based on the evaluation process determined by the Board and Board would apart from examining and evaluating overall corporate performance inter alia, take into consideration the length of service, grade, performance, merit, key position, future potential contribution and conduct of the employee and such other factors as may be deemed appropriate by it.

**RESOLVED FURTHER THAT** the Company shall conform to the applicable provisions of SEBI Guidelines including the disclosure and accounting policies as specified in the said SEBI Guidelines and such other guidelines as may be applicable from time to time

**RESOLVED FURTHER THAT** the Company shall value the options granted under the Scheme, at their 'fair value' or 'Intrinsic value' as defined under the SEBI Guidelines as may determined by the Board and the difference between the employee compensation cost computed between fair value and Intrinsic value shall be disclosed in the Directors' Report and also the impact of this difference on profits and on Earnings Per Share ('EPS') of the Company ,if intrinsic value method is followed;

**RESOLVED FURTHER THAT** a document Shriram City Union Finance Ltd Employees Stock Option Scheme 2013 titled as “SCUF ESOP Scheme 2013 ('Scheme')” tabled at the meeting and initialled by the Chairman for identification, be and is hereby approved.

**RESOLVED FURTHER THAT** for the purpose of giving effect to any creation, offer, issue allotment, listing of securities under the Scheme, the Board is authorised on behalf of the Company to bring into effect, implement, decide upon, add, amend, restrict, , suspend, withdraw, revive the Scheme in part or in full at any time and from time to time as the Board may deem fit or as may be specified by any statutory authority(ies) to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable and pay fees and commission and incur expenses in relation to or for implementing the Scheme and to settle any queries, questions, doubts, difficulties that may arise without requiring the Board to secure any further approval or consent of the members of the Company for any matter what so ever relating to the Scheme and intent that the members shall be deemed to have given their approval thereto expressly by authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised in whole or in part, to do or authorise such other person to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable and pay fees and commission and incur expenses in relation to or for implementing the Scheme.

**RESOLVED FURTHER THAT** the said options may be granted and the equity shares may be allotted in accordance with the Scheme framed in that behalf, directly to such Eligible Employees or through a Trust, which may be set up under permissible law

**RESOLVED FURTHER THAT** the Board is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable in connection with formation, funding, including any contributions to be made by the Company, administration, operation, functioning of a Trust, if the Board deems necessary or desirable, through which the options may be granted/equity shares may be allotted to the Eligible Employees of the Company.

**RESOLVED FURTHER THAT** the Company may also provide any financial assistance to Trust to acquire, purchase or subscribe to the said equity shares of the Company in accordance with the provisions of the Companies Act and the Scheme.

**RESOLVED FURTHER THAT** the Remuneration and Compensation Committee and any other committee of the Company as constituted by the Board (the term Board referred in the above paragraphs includes this Committee) be and are hereby authorised to implement, administer/superintend the Scheme including identifying the Eligible Employees and determine the number of options that may be offered to them pursuant to the Scheme."

**ITEM NO 6 : APPROVAL OF GRANT OF EMPLOYEES STOCK OPTION SCHEME 2013 OF THE COMPANY TO ELIGIBLE EMPLOYEES OF THE SUBSIDIARY COMPANY(ies)**

To consider and if thought fit, to pass with or without modification(s) the following resolution as an SPECIAL RESOLUTION.

**"RESOLVED THAT** pursuant to the provisions contained in the Articles of Association of the Company and and 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 ('the Act') and subject to the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (including any statutory modifications or re-enactment of

the Act or the SEBI guidelines, for the time being in force) ('SEBI guidelines') and subject to other approvals, permissions and sanctions as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee including the Remuneration and Compensation Committee constituted by the Board to exercise its powers, including the powers conferred by this resolution), consent and approval of the Company be and is hereby accorded to the Board to grant, issue, offer and allot at any time and from time to time Options /shares under SCUF ESOP SCHEME 2013 ( Scheme) of the Company AS detailed in the resolution under item no. 5 in this notice to the eligible employees/directors of the subsidiary Company(ies) as may be allowed under prevailing laws, regulations and/or amendments thereto from time to time, on such terms and conditions as may be decided by the Board.

**RESOLVED FURTHER THAT** for the purpose of giving effect to any creation, offer, issue, allotment, listing of securities under the Scheme, the Board is authorised on behalf of the Company to bring into effect, implement, decide upon, suspend, withdraw, revive the Scheme from time to time as may be specified by any statutory authority to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable and pay fees and commission and incur expenses in relation to or for implementing the Scheme for subsidiary Company(ies) of the Company and to settle any queries, doubts, difficulties that may arise without requiring the Board to secure any further approval or consent of the members of the Company."

By Order of the Board  
For Shriram City Union Finance Limited

Place : Chennai  
Date : April 24, 2013

CRDASH  
Company Secretary

NOTES:

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is attached hereto.
2. All documents (including the existing and altered Memorandum and Articles of Association and ESOP Scheme 2013) of the Company referred to in the Explanatory Statement are open for inspection by the members at the Registered Office of the Company on any working days between 10.00 a.m and 2.00 p.m up to the date of the Extra-Ordinary General Meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself. The proxy need not be a member of the Company. A blank proxy form is enclosed. The proxy form duly stamped and executed should be deposited at the office of the Share Transfer Agent at Integrated Enterprises (India) Ltd, 2nd Floor, Kences Towers, No.1 Ramakrishna Street, Off. North Usman Road, T.Nagar, Chennai 600 017 at least forty-eight hours before the time fixed for the commencement of the meeting.
4. Members are requested to notify change in address, if any, in case of shares held in Electronic form to the concerned Depository Participant quoting their ID No. and in case of physical shares to the Share Transfer Agents quoting their folio numbers.
5. Members/Proxy holders are requested to produce at the entrance, the attached admission slip for admission to the meeting hall. Duplicate admission slips will not be provided at the hall.
6. The Members who hold shares in physical form are requested to intimate/update the email address to the Company/Share Transfer Agent while Members holding shares in demat form can intimate/ update their e-mail address with their respective Depository Participants.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

**ITEM NO.1**

Different clauses in the Articles of Association of the Company were included due to investment by different investors in the Company as per understanding with them . Few of the investors have exited their investment in the Company by sale of their investment in the Company. By virtue of their investment coming below the limit prescribed in the respective Share holder's agreement, the continuance of relevant articles in the Articles of Association of the Company, are not required. Therefore, those articles are dropped and where ever the reference to those articles are given, are also required to be dropped from the Articles.

For operational convenience it is proposed that the common seal provision be altered to contain that common seal of the Company would be affixed to any document requiring affixation of common seal shall be countersigned by any two persons as may be authorised by the Board or any Committees of the Board of Directors of the Company. This requires the approval of members of the Company.

The Articles of Association have been amended from time to time. The articles require rearrangement for easy reference. Like items are grouped together under a broad heading with a number to the heading. The articles under each broad heading are sub-numbered for easy reference. The arrangement of the articles would bring more clarity and easy reference.

The Articles of Association of the Company after incorporating the alterations referred to in this resolution is attached to this notice for reference.

Pursuant to the provisions of Section 31 of the Companies Act, 1956, amendment of Articles of Association requires approval of shareholders by way of special resolution. Accordingly, this matter has been placed before the shareholders for approval.

The Board therefore, submits the resolution for your consideration and recommends it to be passed as a special resolution.

A copy of the existing as well as new Articles of Association of the Company is available for inspection at the Registered Office of the Company during working hours on any working day.

None of the Directors are in any way interested or concerned in the resolution.

**ITEM NO. 2**

Substantial growth in business is expected in the Company and growth in business requires long term resources. Capital is one of the long term resource. For augmenting Capital, the Company is required to access capital market for issuing/allotting equity shares and equity related instruments or debentures or bonds and the same requires the approval of shareholders. In order to enable the Company to access the capital market, the Company needs to obtain the shareholders approval to create, offer, issue and allot Equity Shares, FCCBs and such other securities as stated in the resolution (the “**Securities**”) at such price or prices, in one or more tranches, at a discount or premium to market price or prices in such manner and on such terms and conditions including security, rate of interest, etc. as may be deemed appropriate by the Board and /or committee at its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made at the time of such offer, issue and allotment, considering the prevailing market conditions and other relevant factors and wherever

necessary in consultation with lead managers, either in foreign currency or equivalent Indian Rupees inclusive of such premium as may be determined by the Board and / or committee, in any convertible foreign currency, as the Board at its absolute discretion may deem fit and appropriate. The Company intends to issue Securities for a value upto ₹1,000 crore (Rupees One thousand crores only).

The special resolution seeks the approval of the Members of the Company to empower the Board without the need for seeking any further approval from the Members for the proposed Qualified Institutional Placement (“QIP”) with the Qualified Institutional Buyers (“QIB”) in accordance with the provisions of SEBI ICDR Regulations. Pursuant to the above, the Board may in one or more tranches issue and allot equity shares / fully convertible debentures / non-convertible debentures with warrants / any other securities (other than warrants) which are convertible into or exchangeable with equity shares on such date at such price or prices, at a discount or premium to the price calculated in accordance with Chapter VIII of the SEBI ICDR Regulations as may be determined by the Board. Any Convertible Securities issued shall be converted or exchanged with Equity Shares within 60 months from the date of allotment. (collectively referred to as “QIP Securities”)

The resources raised through this Issue would facilitate and meet Company's capital expenditure needs, capital requirements, repayment of loans, disbursements of loans meeting of expenses of the Issue and to meet any exigencies including pursuing new opportunities, etc. without the need for fresh approval from the shareholders. The pricing of the Securities to be issued to Qualified Institutional Buyers pursuant to Chapter VIII of the SEBI ICDR Regulations shall be freely determined subject to such price not being less than the price calculated in accordance with the SEBI ICDR Regulations. Further, SEBI ICDR Regulations permit issuer companies to offer a discount to the Floor Price determined in accordance with the SEBI ICDR Regulations. The Board and / or committee may, at its absolute discretion, decide the pricing for the shares to be offered, issued and allotted in the Qualified Institutional Placement.

The relevant date for the determination of floor price for the issue of the Equity Shares shall be the date of the meeting in which the Board of the Company decide to open the proposed issue. In the event that Securities which are convertible into or exchangeable with equity shares /or non-convertible debentures with warrants (“**Convertible Securities**”) the relevant date for determining the price of the equity shares of the Company, if any, to be issued upon the conversion or exchange of such Convertible Securities including an exchange of the warrants, shall be the date [of the meeting on which the Board decides to open the proposed issue in accordance with the SEBI ICDR Regulations] / [on which the holders of such Convertible Securities become entitled to apply for the equity shares]. For reasons aforesaid a resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalise the terms of issue. The securities issued pursuant to the offering would be listed on NSE/BSE/MSE.

The Special Resolution seeks to give the Board powers to issue Securities in one or more tranches, at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies and/ or individuals or otherwise as the Board in its absolute discretion may deem fit. The detailed terms and conditions for the offer will be determined by the Board in consultation with the advisors, lead managers, and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and in accordance with the applicable provisions of law and other relevant factors.

The issue/ allotment/ conversion would be subject to the availability of regulatory approvals, if any. The conversion of Securities held by foreign investors into Equity Shares would be subject to the applicable foreign investment cap.

The Securities issued under the Qualified Institutions Placement pursuant to the offer, may, if necessary, be secured by way of mortgage/ hypothecation on the Company's assets as may be finalized by the Board in consultation with the security holders/ trustees in favour of security holders/ trustees for the holders of



the said Securities.

As and when the Board does take a decision on matters on which it has the discretion, necessary disclosures will be made to the stock exchanges under the provisions of the Listing Agreement.

Section 81(1A) of the Companies Act, 1956 and the Listing Agreement entered into with the Stock Exchanges provide, inter alia where it is proposed to increase the subscribed share capital of the Company by allotment of further shares, such further shares shall be offered to the persons who on the date of the offer are holders of the equity shares of the Company in proportion to the Capital paid up on those shares as of that date unless the Members decide otherwise. The Special Resolution seeks the consent and authorization of the Members to the Board of Directors to make the proposed issue of securities.

The Special Resolution, if passed, will have the effect of allowing the Board and / or committee to issue and allot Securities to the investors who may or may not be the existing shareholders of the Company. The Company with this resolution intends to retain the right and flexibility to undertake the fund raising activity, including through an issue of Securities.

Your Board of Directors recommends the above resolution for your approval in the best interest of the Company.

None of the Directors is in any way concerned or interested in this resolution.

### **ITEM NO. 3**

In terms of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, and the Consolidated FDI Policy of the Government of India, Foreign Institutional Investors (“FIIs”)/SEBI approved sub-account of FIIs can, in aggregate, hold upto 24% of paid-up equity capital of an Indian company. The aforesaid regulatory requirements further provide that the limit of 24% may be increased upto the sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its general body, subject to prior intimation to the Reserve Bank of India. Keeping in view the proposed raising of funds by the Company, the interest of the FIIs in the shares of your Company and the inherent advantage thereof to the members at large, the Board of Director have, at their meeting held on January 29, 2013, decided to increase the limit of FIIs' holding to 74% , the aggregate prescribed sectoral limits in connection with ownership of shares by persons resident outside India as applicable to the Company, subject to the requisite approval of the members. Hence, the proposed resolution. None of the Directors is in any way concerned or interested in this resolution.

The Resolution set out at Item No. 3 of the Notice will also enable the FIIs to acquire shares of the Company through Stock Exchanges within the collective revised ceiling under the Portfolio Investment Scheme of the Reserve Bank of India and under the Foreign Direct Investment route.

### **ITEM NO. 4**

The business of the Company is fast expanding. In order to manage the growth in business and to take forward the other initiatives of the Company, the Company requires another Managing Director and Chief Executive Officer in addition to the existing Managing Director and Chief Executive Officer, Sri R Duruvasan.

Brief Profile of Sri G S Sundararajan :

Sri G S Sundararajan is a bachelor in Engineering from Coimbatore and post graduate diploma in

management from Indian Institute of Management, Ahmedabad. Sri G S Sundararajan was appointed as an Additional Director by the Board of Directors in its meeting held on December 31, 2009 and was appointed as a Director by the members of the Company in the Annual General Meeting held on July 30, 2010. Sri G S Sundararajan has a track record of successful design and execution of appropriate business models in small and medium enterprises (SME) segment and the under served sectors of the Indian economy.

Considering the requirements of the Company and the abilities of Sri G S Sundararajan, the Board in its meeting held on October 31, 2012 unanimously agreed to appoint Sri G S Sundararajan, subject to your approval, as Managing Director and Chief Executive Officer for a period of five years with effect from November 1, 2012 and he had consented to act as Managing Director and Chief Executive Officer without drawing any remuneration from the Company. The details of his powers are set out in the resolution no. 4.

Terms of Appointment :

- (a) **Tenure :** 5 years (November 1, 2012 to October 31, 2017)
- (b) **Remuneration :** No remuneration
- (c) **Benefits:** No benefits
- (d) **Expenses:** The Company shall reimburse all travelling, entertainment, business promotion and other similar out of pocket expenses incurred by him wholly in proper performance of his duties and responsibilities.
- (e) **Leave:** As per the policy of the Company
- (f) **Termination:** The Company or Sri G S Sundararajan may terminate the agreement by either party by giving notice in writing of 90 (Ninety) days.

The Board of Directors is at liberty to alter and vary the terms and conditions of appointment within the guidelines specified under Schedule XIII of the Companies Act, 1956 or any statutory modification (s) or re-enactment thereof.

#### **Memorandum of Concern or Interest :**

The above constitute the Abstract of the employment agreement between Shriram City Union Finance Limited and Sri G S Sundararajan and Memorandum of Interest issued to the members of the Company pursuant to Section 302(7) of the Companies Act, 1956. The abstract of employment was sent to members on November 1, 2012.

None of the Directors, except Sri G S Sundararajan is interested or concerned in the proposed resolution as it relates to his appointment.

#### **Inspection:**

Copy of the resolutions passed by the Board of Directors on October 31, 2012 and employment agreement entered into between the Company and Sri G S Sundararajan as aforesaid are available for inspection by the Members at the registered office of the Company during working hours on any working day.

The Board of directors commend passing of the resolution set out in Item No. 4 of the accompanying Notice.

## ITEM NO. 5 and 6

The growth in the business of the Company is achieved with continued hard work, dedication and support of employees. The employees need to be motivated. To motivate employees and to reward their hard work, the Company proposes to have an Employees Stock Option Scheme named as SCUF ESOP SCHEME 2013 (the Scheme). The employees will also enjoy the fruit of the growth of the Company. The Company strongly believes that employee welfare measures will create a sense of commitment and partnership among the employees towards the Company, paving the way for long term association and for further fuelling the growth of the Company. The Scheme would work as a financial motivator for the employees resulting in long term commitment of employees and growth of the Company. The Scheme would be as per the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("SEBI Guidelines"). The benefits will be extended to permanent employees of Company and eligible employees of subsidiary company (ies) and Directors.

The Scheme was considered by the Remuneration and Compensation Committee and by the Board of Directors in their respective meetings held on January 29, 2013. The Scheme requires to be approved by Shareholders of the Company by way of a special resolution. Accordingly the approval of the shareholders is sought by way of a Special Resolution. The Board recommends the passing of the resolution as a Special Resolution.

The Scheme is available for inspection at the registered office of the Company during business hours on all working days till the date of the ensuing Extraordinary General Meeting. The salient features of the Scheme are set out below as required under the SEBI Guidelines and other provisions of the applicable laws :-

- i) The Scheme is pursuant and subject to the SEBI Guidelines and SEBI Regulations which shall prevail over any term of the Scheme that is inconsistent with the SEBI Guidelines and SEBI Regulations or any other Regulations.
- ii) The Scheme shall be implemented, administered and superintended by the Committee constituted by the Board of Directors of the Company or by the Committee to be constituted by the Board of Directors for the same purpose including Remuneration and Compensation Committee. The term Board includes this committee.
- iii) **Number of Options to be granted** : It is proposed to issue, in the aggregate, a maximum number of 26,27,000 equity shares/options of face value of ₹ 10/- each not being more than 5% of the issued equity capital of the Company. However, within this limit of 26,27,000 equity shares/options, the Company may issue options to each Director and employee up to maximum of 2,62,700 equity shares.
- iv) **Identification of class of employees to participate in the Scheme** : All permanent employees of the Company shall be eligible to participate in the Scheme. The Board or the Committee shall, based on the performance and the tenure of Employment of the employee in the Company, grant options to such employees. An Employee who is a Promoter; or belongs to the Promoter group; or a director, who either by himself or through his Relative or through any body corporate, directly or indirectly, holds more than 10 percent of the outstanding equity shares of the Company, shall not be eligible to participate in the Scheme. The options/shares may be issued to the Eligible Employees in such phases and manner as the Board may deem fit.
- v) **Vesting, period of vesting etc** : Each option shall vest in the hands of the option holder after a minimum of 12 months from the date of grant of the option or such longer period as may be determined by the Board from time to time subject to the condition that the Option Grantee

continues to be an eligible employee of the Company and/or based on his/ her performance or other conditions as may be determined by the Board from time to time. The maximum vesting period shall be 5 years from the date of grant of the option ;

- vi) **Exercise Period :** The options shall be valid and exercisable for such period as may be determined by the Board from time to time, but would not exceed a period of 10 years from the date of vesting to the Eligible Employees. The options shall be exercised in accordance with the process as may be specified in the Scheme: The exercise period of the option will commence from the vesting date and expires upon the earliest of the following: (a) Not later than 10 years from the date of grant of options ,(b) In case of cessation of the continuous service of the employee due to resignation / termination of employment on 90 days from the date of such resignation / termination;(c) In case of death or permanent disability of the Employee, - the Options can be exercised by the legal heir of the Employee, within one year from such date of death, permanent disability;(d) Such lesser period as may be decided by the Board.
- vii) **Exercise Price :** The exercise price for the purpose of grant of options shall be such price as determined by the Board not being higher than (a) market price on the date of the grant or (b) average of the price prevailing for the type of share in respect of which options are granted during 3 months preceding the date on which the options are granted to the employee or (c) the issue price of any such shares have been issued within 3 months prior to the date of grant. Each option granted to an Eligible Employee shall entitle him/her to one equity share of the nominal value of ₹ 10/- each at the Exercise price of ₹ 300/-. Accordingly, the price was determined to be ₹ 1073/- as per SEBI Guidelines and Board felt to price at ₹ 300 per Option/equity share. The Board may re-price options that have not been exercised by the eligible employees, where such options have been rendered unattractive due to market price of shares. The consideration for the shares to be issued upon exercise of an option may, as determined by the Board at the time of granting the options, be in one or more tranches, consist of cash, cheque or consideration received by the Company under a cashless exercise programme implemented by the Company or any combination of the foregoing methods of payment subject to fulfilment of SEBI Regulations.
- viii) **Process of Exercise :** Vested Options can be exercised only by the employee in whom the Options have vested. Options granted to an employee shall not be transferred to any other person. The Employee in whom an Option is vested would make an application to the Company for issue of shares against the Option vested in him by paying requisite amount of money. This application should be made after the vesting date and within the exercise period. Vested Options can be exercised in part or whole. The unexercised portion of the vested options, will continue to be available to the employee or the nominee for exercise, in case of specified circumstances such as death, disability, etc. upto such time frame as provided for in the scheme.
- ix) **Appraisal Process :** The Committee/Board would, apart from examining and evaluating overall corporate performance, inter alia, take into consideration the length of service, grade, performance, merit, key position, future potential contribution and conduct of the employee and such other factors for determining the eligibility of Employees for the issue of Options under the Scheme.;
- x) **Disclosure of Accounting Policies :** The Company shall conform to the applicable provisions of SEBI Guidelines including the disclosure and accounting policies as specified in the SEBI Guidelines and such other guidelines as may be applicable from time to time.
- xi) **Method of valuation of Options :** The Company shall value the options granted under the Scheme, at their 'fair value' or 'Intrinsic value' as defined under the SEBI Guidelines as may determined by the Board. If the Company calculates the employee compensation cost using the

intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on Earnings Per Share ('EPS') of the Company shall also be disclosed in the Directors' Report;

- xii) **Issue of Options/Shares under the scheme to the employees of the subsidiary(ies)** : The company proposes to issue options under the Scheme to the permanent employees of its subsidiary(ies). Accordingly, the definition of permanent employees under the scheme covers the permanent employees of the subsidiary(ies). In order to issue options/ equity shares under the scheme to the employees of the subsidiary(ies), the SEBI guidelines (clause 6.3) requires approval of the Shareholders by way of a separate resolution. Hence, a separate resolution covering the issue of options to the employees of the subsidiary(ies) is proposed. At present, the company has got one subsidiary company, i.e. Shriram Housing Finance Limited.

The Board of Directors of the Company commend passing of the resolution set out in Item No.5 & 6 of the accompanying notice.

The Directors of the Company may be issued options and/or allotted equity shares under the Scheme and hence are deemed to be concerned/interested in the resolutions.

The members are requested to go through and understand the Scheme fully. The terms used here as defined in the Scheme/SEBI Regulations..The documents can be verified at the Registered office of the company at 123, Angappa Naicken Street, Chennai - 600 001 during working hours on any working day till the date of this meeting.

By Order of the Board  
For Shriram City Union Finance Limited

Place : Chennai  
Date : April 24, 2013

CR DASH  
Company Secretary



**SHRIRAM CITY UNION FINANCE LIMITED**

Regd. office: 123, Angappa Naicken Street, Chennai 600 001.

**ATTENDANCE SLIP**

(To be handed over at the entrance of the Meeting Hall)

I/ We hereby record my/our presence at the Extraordinary General Meeting of the Company to be held on Friday, May 31, 2013 at Narada Gana Sabha ('Mini Hall'), No 314, T T K Road, Alwarpet, Chennai 600 018 at 10.00 a m :

Full Name of the Member :  
 Regd. Folio No./ DP and Client ID No. :  
 No. of Shares held :  
 Full Name of the Proxy (in Block Letters) : .....  
 Signatures of the Member(s) or Proxy/Proxies present : .....

Please complete and sign this attendance slip and hand it over at the entrance of the meeting hall. Only Member(s) or their proxies with this attendance slip will be allowed entry to the Meeting. Duplicate slips will not be issued at the entrance.

----- Please Tear Here -----

**SHRIRAM CITY UNION FINANCE LIMITED**

Regd. office: 123, Angappa Naicken Street, Chennai 600 001.

**PROXY FORM**

I/We ..... having office ..... as being a member of Shriram City Union Finance Limited and holding ..... equity shares of the company (Regd. Folio No./ DP and Client ID ..... ) hereby appoint ..... of ..... or failing him/her ..... of ..... as my/our proxy to attend and vote for me/us on my/our behalf at the Extra Ordinary General Meeting of the Company to be held on Friday May 31, 2013 at Narada Gana Sabha ('Mini Hall'), No 314, T T K Road, Alwarpet, Chennai 600 018 at 10.00 a m and at any adjournment thereof.

Signed ..... day of ..... 2013

Affix Revenue Stamp
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**Note**

The form should be signed across the stamp as per the specimen signatures registered with the Company

Please Tear Here

**These Articles of Association were adopted by  
Special Resolution with effect from October 29, 1988**

**ARTICLES OF ASSOCIATION  
OF  
SHRIRAM CITY UNION FINANCE LIMITED**

**1. PRELIMINARY**

- 1.1 The Marginal notes hereto shall not affect the construction hereof. In these presents, the following words and expressions shall have the following meaning unless excluded by the subject or context.
- a. "The Act" shall mean The Companies Act, 1956, as amended from time to time.
  - b. Table "A" means Table "A" of the First Schedule of the Companies Act, 1956.
  - c. "The Board" or "The Board of Directors" means a meeting of the Directors duly called and constituted or as the case may be the Directors assembled at a Board or the requisite number of Directors entitled to pass a circular resolution in accordance with these Articles.
  - d. "The Company" or "This Company" means SHRIRAM CITY UNION FINANCE LIMITED.
  - e. "Directors" shall mean the Directors for the time being of the Company or as the case may be the Directors assembled at a Board.
  - f. "In Writing" includes printing, lithography, typewriting and any other substitutes for writing.
  - g. "Members" shall mean members of the company holding a Share or Shares of any class and registered in the Share Registers of the Company.
  - h. "Month" shall mean English calendar Month.
  - i. "Paid-up" shall include Credited as paid up.
  - j. "Person" shall include any Corporation as well as individuals.

- k. “These Presents” or “Regulations” means these Articles of Association as originally framed or altered from time to time and includes the memorandum where the context so requires.
- l. “The Register” shall mean the “Register of members” to be kept as required by Sec. 150 of the Act.
- m. “The Seal” means the Common Seal for the time being of the Company.
- n. “Special Resolution” shall have the meaning assigned thereto by Section 189 of the Act.
- o. “Debenture” includes Debenture stocks, bonds, and any other securities of the Company whether constituting charge in the assets or the Company or not.
- p. <sup>(1)</sup> “Beneficial Owner” shall mean the Beneficial Owner as defined in Clause (a) of Sub-section (1) of Section 2 of the Depositories Act, 1996.
- q. <sup>(1)</sup> “Depositories Act, 1996” shall include any statutory modifications or re-enactment thereof .
- r. <sup>(1)</sup> “Depository” shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.
- s. <sup>(1)</sup> “Member” means the duly registered holder, from time to time, of the Shares of the Company and includes every person whose name is entered as a Beneficial Owner in the records of the Depository.
- t. <sup>(1)</sup> “SEBI” means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.
- u. <sup>(1)</sup> “Security” shall mean such security as may be specified by SEBI.
- v. Words importing the masculine gender shall include the feminine gender and vice versa.
- w. Words importing the singular shall include the plural and words importing plural shall include the singular.

Words and expressions used and not defined in this Act but defined in the Depositories Act, 1996 shall have the same meanings respectively assigned to them in that Act.

<sup>(2)</sup>1.2 In Articles 9, 15.2, 15.13, 15.14, 15.17 and 15.18 capitalized terms shall have the following meanings:”

1.3 <sup>(2)</sup> ***“Equity Shares”*** shall mean the equity shares of the Company, with 1 (one) vote per equity share having a par value of Rs. 10 (Rupees Ten only) each;

<sup>(1)</sup>Clause (p to u) inserted at the AGM held on March 30, 2000

<sup>(2)</sup>Inserted Vide Resolution passed at the EGM held on December 4, 2008

- 1.4 <sup>(2)</sup> “**Equity Share Capital** means the total issued and paid up equity share capital of the Company, with voting rights;
- 1.5 <sup>(3)</sup> “**ESOP Scheme**” shall mean the employee stock options scheme pertaining to the grant of options approved at the general meeting of the shareholders of the Company;
- 1.6 <sup>(3)</sup> “**Exchanges**” shall mean the National Stock Exchange of India Limited, the BSE Limited and the Madras Stock Exchange Limited and any other stock exchange on which the Shares of the Company may be listed;
- 1.7 <sup>(3)</sup> “**Law**” includes all statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Government, statutory authority, tribunal, board, court or recognised stock exchange and, if applicable, international treaties and regulations;
- 1.8 <sup>(3)</sup> “**Memorandum**” shall mean the memorandum of association of the Company as amended from time to time;
- 1.9 <sup>(2)</sup> “**Other New Investors-II**” means Asiabridge Fund I LLC, IDBI Trusteeship Services Limited and Bessemer Venture Partners Trust.
- 1.10 <sup>(3)</sup> “**Share Capital**” shall mean collectively the Equity Share Capital and the Preference Share Capital;
- 1.11 <sup>(3)</sup> “**Shares**” shall mean all shares of the Company, whether equity or preference;
- 1.12 <sup>(3)</sup> “**Takeover Code**” shall mean the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and any amendments thereto from time to time;
- 2 Except as otherwise provided in these articles, the provisions contained in the Table A in the Schedule 1 to the Companies Act , 1956 shall be the regulations of the Company.
- 3 Requirements of Section 149 of the Act are to be complied with before commencement of business.
- <sup>(4)</sup> Requirements of Section 81 of the Act will be compiled with as and when applicable
- 4 Any branch or kind of business which by the Memorandum of Association of the Company or these presents, is expressly or by implication authorised to be undertaken by the Company may be undertaken by the Board at such times or times as they shall think fit and further may be deferred by them to be in abeyance, whether such branch or kind of business may have actually commenced or not so long as the Board may deem fit and expedient not to commence or proceed with such branch or kind of business.
5. Except as provided in Section 77 of the Act, no part of the funds of the Company shall be employed in the purchase of the Company’s own shares.

<sup>(3)</sup>Inserted Vide Resolution passed at the EGM held on June 27, 2007

<sup>(4)</sup>Amended at the AGM held on September 4, 2003

## 6. SHARE CAPITAL

- 6.1 <sup>(5)</sup>The Authorised Capital of the Company is Rs.140,00,00,000(Rupees One Hundred and Forty Crores Only) divided into 10,00,00,000 (Ten Crores) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 40,00,000 (Forty Lakhs) Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each with the power to issue the new shares upon such terms and conditions and to attach thereto such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Companies Act, 1956 and to vary, modify, amalgamate, abrogate any such rights privileges, conditions in such manner as may be provided by the Companies Act, 1956.
- 6.2 <sup>(6)</sup>The said Redeemable Preference Shares shall confer on the holders thereof the right to be paid out of the profits that may be, at any time, determined in priority to all other classes of Shares a fixed preference dividend at the rate of 14 percent per annum or such other rate as may be fixed by the General Meeting from time to time on the capital paid up thereon from the date of allotment without any deduction in respect of any Income Tax paid by the Company on its profits, but subject to the deduction of tax at source in accordance with the provisions of the Income Tax Act at the prescribed rate for the time being in force, but to no further rights in the profits of the Company, and at winding up, shall have capital paid up thereon and all arrear of dividend accrued, whether such dividend has been earned, declared or not upto the date of the commencement of the winding up in priority to repayment of the capital on the Equity Shares but with no further right to participate in the profits of the Company.
- a. The Said Redeemable Preference Shares shall be redeemable by the Company after the expiry of five years from the date of allotment of the said Redeemable Preference Shares but not later than ten years thereof, as the Company may deem fit subject to the provisions of Section 80 of the Companies Act, or of any statutory modification thereof for the time being in force. The following provisions shall apply with regard to the redemption of the said Redeemable Preference Shares namely:
- i. The Company shall have the right, subject to the provisions of the Companies Act, and any statutory modification thereof for the time being in force, to redeem the whole or any part of the redeemable preference Shares for the time being issued and outstanding upon giving to the holders thereof not less than three months previous notice in writing.
- ii. In the case of any partial redemption under Clause (1) of the Article the Company shall, for the purpose of ascertaining the particular Shares to be redeemed, cause a drawing to be made at the Registered office of the Company or at such other place as the Directors may decide in the presence of a representative of the auditors for the time being of the Company.
- iii. Any notice of redemption shall specify the particular Shares to be redeemed, the date fixed for redemption and the place at which the certificate for such Shares are to be presented for the redemption and upon such date each of the holders of the Shares concerned shall be bound to deliver to the Company at such place the certificates for such of the share concerned as are held by him

<sup>(5)</sup> AMENDED AT THE EGM HELD ON March 24, 2012

<sup>(6)</sup> AMENDED ON August 9, 1990



in order that the same may be cancelled. Upon such delivery the Company shall pay to such holder the amount due to him in respect of such redemption. If any certificate so delivered to the Company includes any shares not redeemable on that occasion, a fresh certificate for such Shares shall be issued to the holder delivering such certificate to the Company.

- iv. There shall be paid on each Redeemable Preference Share redeemed the amount paid up thereon together with a sum equal to any arrears or deficiency of the fixed dividend thereon to be calculated down to the date fixed for redemption and to be payable irrespective of whether or not such dividend has been earned declared or not. The Company shall not be entitled to exercise therefore said right of redemption, unless at or before such redemption, the entire arrears of the fixed preference dividend, whether earned declared or not up to, the date of redemption has been paid.
  - v. On the Company issuing notice of redemption in respect of Redeemable Preference Shares the dividends shall cease to accrue on the said Shares from and after the date of redemption fixed in such notice of redemption. Provided that if any Share holder duly entitled thereto presents the Shares certificates for redemption and the Company fails to pay the same on or after the date fixed for redemption then, interest shall be paid on the amount payable on redemption from the date of presentation till payment at 12 percent per annum.
  - vi. In calculating any fixed percentage of dividends payable on the capital paid upon any shares, such percentage shall be calculated up to and as on the date of the close of the Financial Year of the Company prior to the date of the declaration of dividend or Bonus at a General Meeting, and in respect of Interim Dividend up to and as on the date of the close of the period being whole or part of a Financial year for which such Interim Dividend is declared.
  - vii. The term “capital” paid up thereon on any Shares shall mean and include the amount paid up or credited as paid on the respective Shares.
  - viii. The rights for the time being attached to the said Preference Shares may be modified or dealt with in the manner provided in Section 106 and 107 of the Act and not otherwise.
- b. The redeemable Preference Shares shall confer on the holders thereof the voting rights set out for preference Shares in Section 87 of the Companies Act and the Equity Shares shall confer on the holders thereof voting rights set out for Equity Shares in Section 87 of the “Companies Act”.

6.3 The Company may, at its discretion, convert the un-issued shares into preference Shares and vice versa and the Company may issue any part or parts of the un-issued Shares upon such terms and conditions and with such rights and privileges annexed thereto as the Company, at its discretion but subject to the provisions of Section 86 to Section 89 of the Act may determine and in particular may issue such Shares with such preferential or qualified right to dividends and in the distribution of the assets of the Company as the company may subject to the aforesaid sections, determine.

- 6.4 The Company may, at its discretion, issue any portion of the un-issued capital as Redeemable Preference Shares, which at the option of the company, are liable to be redeemed and subject to the provisions of Section 80 with such terms as to dividends, preferential payment or return of the amount paid up thereon and as to conditions and terms of the redemption as the company may deem fit.
- 6.5 Subject to the provisions of the Act and these Articles, the Shares in the Capital of the Company for the time being (including any Shares forming part of any Increased capital of the Company) shall be under the control of the directors who may allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and (subject to compliance with the provisions of Section 79 of the Act) at a discount and at such times as they may from time to time think fit and proper and with full power, subject to sanction of the Company in General Meeting, to give any person the option to call for or be allotted Shares of any class of the company either at par or at a premium or subject as aforesaid at a discount such option being exercisable at such times and for such consideration as the Directors think fit.
- 6.6 Subject to provision of these Articles, the Shares shall be under the control of the Board, who may issue, allot or otherwise dispose of the same to such persons, on such terms and conditions and at such times as the Board thinks fit and if so authorised by the Company in General Meeting give to any person the call of any shares either at par or at premium and for such time and for such consideration as the Board thinks fit, provided that after the first allotment, upon the issue of any further Shares the Board shall comply with the provisions of Section 81 unless they shall have obtained the sanction of the Company in General Meeting to the issue of such Shares on other terms.
- 6.7 In addition to and without derogating from the powers for that purpose conferred on the Directors under Article 8 above, the company in general meeting may determine that any Shares (whether forming part of the original capital or any increased capital of the Company) shall be offered to such persons (whether members or holders of Debentures of the company or not) with the option to call for or be allotted shares of any class of the Company either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at a discount, such option being exercisable at such times and for such consideration as may be directed by such general meeting or the Company in general meeting may make any other provision whatsoever for the issue, allotment or disposal of any Shares.

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

- 6.8 Debenture/Debenture Stock, Loan/Loan Stock, bonds or other Securities conferring the right to allotment or conversion into Shares or the option or right to call for allotment of Shares shall not be issued except with the sanction of the Company in General Meeting.
- 6.9 a. The Board of Directors may issue and allot Shares in Capital of the Company as payment or part payment for any property sold or goods transferred or machinery or appliances supplied, or for services rendered to the company in or about the formation

or promotion of the company or the acquisition and or conduct of its business and any Shares which may be so allotted may be allotted as fully paid-up Shares and if so allotted shall be deemed to be fully paid up Shares.

- b. As regards all allotments, from time to time, the Board of Directors are to duly comply with Section 75 of the Act.
- 6.10 An application signed by or on behalf of the applicant for shares in the Company followed by an allotment of any Shares therein, shall be acceptance of Shares within the meaning of these articles and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purpose of these articles be a member.
- 6.11 In case Share/Debenture certificates are issued for either more or less than marketable lots, sub-division or consolidation into marketable lots will be done by the Company at no charge.
- 6.12 i Every person whose name is entered as a member in the Register of Members shall be entitled to receive:
- a. One Certificate for all his shares without payment or
  - b. Where the shares so allotted at any one time exceed the numbers of shares fixed as market lot in accordance with the usages of the stock exchange, at the request of the share -holder, several certificates one each per market lot and one for the balance without any payment for the same.
- ii. The Company shall within three months after allotment or within 15 days after the application for registration of the transfer of any Shares or Debentures is completed and have ready for delivery the certificates of all the shares and Debentures so allotted or transferred unless the conditions of issue of the said Shares otherwise provide.
- iii. Every Certificate shall be under the seal and shall specify the number of Shares to which it relates and the amount paid up thereon.
- 6.13 If a certificate be worn out, defaced or if there is no further space on the back thereof for endorsement of transfer, it shall, if required, be replaced by a new certificate free of charge provided however that such new certificates shall not be issued except upon delivery of the said worn out or defaced or used up certificate for the purpose of cancellation.
- 6.14 If a certificate is lost or destroyed the Company may, upon such evidence and proof of such loss or destruction and such indemnity as the Board may require and on payment of such a fee not exceeding Rupee one issue a renewed certificate. Any renewed certificate shall be marked as such.
- 6.15 <sup>(7)</sup>Provided that notwithstanding what is stated in clause 6.13 and 6.14, above the Directors shall comply with such Rules or Regulations or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.  
The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

<sup>(7)</sup>Amended at the AGM held on September 4, 2003

- 6.16. The company shall have a first and paramount lien upon all the Shares (other than fully paid up shares) registered in the name of each member (Whether solely or jointly with others) and upon the proceeds 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 interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares, Unless otherwise agreed the registration of a transfer of Shares shall operate as a waiver of the Company's lien, if any on such Shares. The Directors may at any time declare any Shares wholly or in part to be exempt from the provisions of this clause.

## **7. CALLS ON SHARES**

- 7.1 If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at eighteen percent per annum or at such lower rate, if any as the Board may determine.
- 7.2 The Board shall be at liberty to waive payment of any such interest wholly or in part.
- 7.3 <sup>(8)</sup>The notice of each call should be for a minimum of thirty days

## **8. PAYMENTS OF CALLS IN ADVANCE**

- 8.1 The Board of Directors may if they think fit, receive from any member willing to advance the same, all or any part of the money uncalled and unpaid upon any Shares/debentures held by him and upon all or any part of the moneys so advanced may (until the same would but for such advance become presently payable) pay interest at such rate (not exceeding 14%) (Fourteen per cent) p.a. or such other percentage as may be fixed in the regard as the maximum percentage without sanction of the company in General Meeting as may be agreed upon between the member paying the sum in advance and the board of Directors, provided that the amounts of advance calls so received shall not be entitled to rank for dividend or participate in the profits of the Company.
- 8.2 <sup>(9)</sup>The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

## **<sup>(10)</sup>9. FURTHER ISSUE OF SHARES**

- 9.1 In the event that the Company issues any further Shares or other warrants, convertible instruments, or any options or any appreciation rights and other securities convertible into securities or otherwise to any person ("Securities") at any point of time ("Fresh Offering"):

<sup>(8)</sup> Amended in the AGM held on October 15, 1994

<sup>(9)</sup> Amended at the AGM held on September 4, 2003

<sup>(10)</sup> Article 27A (renumbered as Article 9.1) replaced with following Article 27A (renumbered as Article 9.1) vide resolution passed at the EGM held on December 4, 2008

A. In case of a preferential issue:

- i. So long as the Other New Investors –II are entitled to pre-emptive rights under their respective agreements with the Company, the Company shall offer such percentage of Securities (“Offered Securities”) forming part of the Fresh Offering to the Other New Investors - II which is equal to their respective shareholding percentage in the Company prior to the Fresh Offering, on the same terms as the proposed Fresh Offering. The Company shall obtain all approvals, regulatory and otherwise, in this regard the Other New Investors-II shall be entitled to subscribe to the Offered Securities in the same proportion as their inter se shareholding in the Company.
- ii. If any of the Other New Investors – II to whom the Offer Securities have been offered in terms of Article 9.1 (A) (i) above decline to subscribe to their portion of the Securities (“Declined Securities”) offered under Article 9.1 (A) (i), then such declined Securities shall be offered proportionately to the non declining investors and the non declining Other New Investors-II in proportion to their respective shareholding percentage (inter se Other New Investors – II, as the case may be) prior to the Fresh Offering in the Company, on the same terms as the proposed Fresh Offering (should it so desire).
- iii. In the event that the non declining Other New Investors – II decline to subscribe to the Declined Securities in their pro-rata share offered to them under 9.1 (A) (ii) (**“Further Declined Securities”**), then the Company shall offer the Further Declined Securities proportionately to the non-declining Other New Investors II (if applicable) on the same terms as the proposed Fresh Offering. This process shall be repeated till such time as all the Securities being declined to be subscribed to by the declining party have been offered and have been declined by all the other parties. If however there are any balance Further Declined Securities not taken up by any of the Other New Investors-II, the shares shall be offered to Shriram Retail Holdings Private Limited (**“SRHPL”**) or any of its affiliates, on the same terms as the proposed Fresh Offering.

B. In case of a rights issue:

- i. If a whole or part of the rights issue remain unsubscribed (**“Unsubscribed Rights”**) on account of renunciation of this pre-emptive right by any of the Other New Investors-II or if any of the Other New Investors-II decline to subscribe to their portion of the rights shares, then such unsubscribed portion of the Securities shall be proportionately offered to the Other New Investors – II (inter se the shareholding of the Other New Investors – II, as the case may be) (should they so desire) on the same terms as the Fresh Offering. Provided that if any of the Other New Investors - II decline to subscribe to such Securities offered under this Article 9.1 (B) (i), the Company shall offer such Securities proportionately to Other New Investor – II (if applicable) the willing Other New Investors – II, as the case may be) on the same terms as the proposed rights issue. This process shall be repeated till such time as all the Unsubscribed Rights being declined to be subscribed to by the declining party have been offered and have been declined by all the other parties. If however there are any balance Unsubscribed Rights not taken up by any of the Other New Investors-II, the Unsubscribed Rights shall be offered to SRHPL or any of its affiliates, on the same terms as the proposed Fresh Offering.

For the purpose of Article 9.1, where the Other New Investors – II are offered shares for their subscription, it is clarified that the Other New Investors - II, as the case may be, shall be entitled to subscribe to such shares but shall be under no obligation to subscribe to such shares.”

- 9.2 <sup>(11)</sup>**Issue Of Sweat Equity Share/ Employees Stock Option Schemes** - Subject to the provisions of these Articles and in accordance with the provisions of Section 79A of the Companies Act, 1956 and of various other laws governing the issue, the Board may issue and allot Sweat equity shares under Employees Stock Option Schemes to the persons entitled from time to time.

## **10. NOMINATION BY SHAREHOLDER/ DEBENTURE HOLDER/ DEPOSITOR**

- 10.1 Every shareholder or debenture holder or depositor of the Company, may at any time, nominate a person to whom his shares or debentures or deposits shall vest in the event of his death in such manner as may be prescribed under the Act.
- 10.2 Where the shares or debentures or deposits of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the shares or debentures or deposits, as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.
- 10.3 Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares or debentures or deposits, the nominee shall, on the death of the shareholder or debenture holder or depositor or as the case may be on the death of the joint holders become entitled to all the rights in such shares or debentures or deposits or, as the case may be, all the joint holders, in relation to such shares or debentures or deposits, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.
- 10.4 Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures or deposits, to make the nomination to appoint any person to become entitled to shares in or debentures of or deposits of the Company in the manner prescribed under the Act, in the event of his death, during the minority.
- 10.5 A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-
- i) register himself as holder of the share or debenture or deposit, as the case may be; or
  - ii) to make such transfer of the share or debenture or deposit, as the deceased shareholder or debentureholder or deposit holder, as the case may be, could have made.

<sup>(11)</sup>Article 53 (renumbered as 10.1) to 56 (renumbered as 10.14) inserted at the AGM held on March 30, 2000

- 10.6 If the nominee elects to be registered as holder of the share or debenture or deposit himself as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debentureholder or deposit holder, as the case may be.
- 10.7 A nominee shall be entitled to the share dividend, interest on debentures, deposits and other advantages to which he would be entitled if he were the registered holder of the share or debenture or deposit. Provided that he shall not before being registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the Company.
- 10.8 Provided further 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 or deposit, and if the notice is not complied with within ninety days, the Board may hereafter withhold payment of all dividends, interest, bonuses or other moneys payable in respect of the share or debenture or deposit, until the requirements of the notice have been complied with.

#### 10.9 DEMATERIALISATION/REMATERIALISATION OF SECURITIES

1. Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event, the rights and obligations of the parties concerned and matters connected therewith or incidental thereto, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or re-enactment thereof.
2. The Company shall be entitled to dematerialize its existing shares, debentures and other securities, rematerialize its shares, debentures and other securities held in the Depositories and/or offer its fresh shares and debentures and other securities in a dematerialised form pursuant to the Depositories Act, and the Rules framed thereunder, if any.
3. Every person subscribing to or holding securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository.
4. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time Prescribed, issue to the beneficial owner the required Certificates of Securities.
5. If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.



6. All securities held by a Depository shall be dematerialised and be in fungible form.

#### 10.10 Rights of Depositories and Beneficial Owners

- a. Notwithstanding anything to the contrary contained in these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.
- b. Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- c. Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.

10.11 Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depositories Act.

10.12 The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form.

10.13 **REGISTER AND INDEX OF MEMBERS AND DEBENTURE HOLDERS** -The Company shall cause to be kept a Register and Index of Members and a Register and Index of Debentureholders in accordance with all applicable provisions of the Companies Act, 1956 and the Depositories Act, with details of shares and Debentures held in material and dematerial forms in any media as may be permitted by law, including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be Register and Index of Members and Security holders for the purposes of these Articles. 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.

10.14 **Beneficial Owner deemed as absolute owner** - Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or 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 on the part of any other person whether or not it has Express or implied notice thereof, but the Board shall be entitled at their sole discretion register any share in the joint names of any two or more persons or the survivor or survivors of them.

## 11. TRANSFER OF SHARES

- 11.1. The Instrument of transfer of any Share shall be duly stamped and executed both by or on behalf of the transferor and by or on behalf of the transferee and the transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the register in respect thereof.
- 11.2 The Board of directors shall not register any transfer of Shares unless a proper instrument of transfer duly stamped and executed by the transferor and transferee, has been delivered to the Company at its office or at such other place as the Directors may appoint for registration accompanied by the Share Certificate (or if no such certificate is in existence, by the letter of allotment of shares) and such other evidence as the Company may require to prove the title of the transferor of his right to transfer the Shares. Provided that where it is proved to the satisfaction of the Board of directors that an Instrument of transfer signed by the transferor and the transferee has been lost, the Company, may if the Board of Directors think fit, on an application in writing made by the transferee and bearing the stamp required by an instrument of transfer, register the transfer on such terms as to indemnity as the Board of Directors may think fit.
- 11.3 An application for the registration for the transfer of any share or Shares may be made either by the transferor, or by the transferee, provided that where such application is made by the transferor, no registration shall in the case of partly paid Shares, be effected unless the Company gives notice of the application to the transferee and subject to the provision of Article 23 of the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the register the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.
- 11.4 For the purpose of sub-clause (c) notice to the transferee shall be deemed to have been duly given if despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered in the ordinary course of post.
- 11.5 Nothing in sub-clause (d) shall prejudice any power of the Board of Directors to register as a Shareholder any person to whom the right to any Share has been transmitted by operation of law.
- 11.6 The Company should effect transfer, transmission, sub-division or consolidation of Shares/Debentures within 15 days from the date of lodgment thereof.
- 11.7 Notwithstanding anything contained in these articles, the Board of Directors of the Company may in their absolute discretion refuse splitting of any Share certificate or debenture certificate into denominations less than marketable lots i.e. the minimum number of Shares or Debentures as required for the purpose of trading on the Stock Exchange in which the Company's Shares and/or Debentures are/will be listed except where subdivision is required to be made to comply with a statutory provision or order of a competent Authority of law.
- 11.8 Shares in the Company shall be transferred by an instrument in writing in the prescribed form and shall in all respects comply within the provisions of the Act and any modifications thereof and the rules prescribed thereunder.

- 11.9 All instruments of transfer which shall be registered shall be retained by Company but any instrument of transfer which the Directors may decline to register shall on demand, be returned to the person depositing the same.

## **12. FEE ON TRANSFER OR TRANSMISSION**

- 12.1 No fee shall be charged for registration of transfer of Shares/Debentures or for effecting transmission or for registering any letters of probate, letters of administration and similar other documents.

## **13. DIRECTORS MAY REFUSE TO REGISTER ANY TRANSFER**

- 13.1 The Board of Directors may, at their absolute discretion and without assigning any reason, decline to register.
- a. The transfer or transmission of any Share not being a fully paid share to a person whom they do not approve of.
  - b. Any transfer or transmission of Shares on which the company has a lien.
- 13.2 The Directors may decline to register the transfer of any share a call on such share has been made unless and until the amount of such call together with the amount of all overdue calls, if any on such and on all other Shares registered in the name of the member, either, solely or jointly with any other person and the amount of all interest, if any, in respect of overdue calls and costs shall have been first paid to the Company and notwithstanding that the time appointed for the payment of the call may not have arrived, but this Article shall not apply to any transfer which may have been actually lodged with the Office previous to the resolution for the call having been passed by the directors.

The Registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with other person or persons indebted to the Company on any account whatsoever except a lien on shares.

- 13.3 If the Board of Directors refuse to register any transfer or transmission of share they shall, within one month from the date on which the instrument of transfer or the intimation of such transmission was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission as the case may be.
- 13.4 In case of such refusal by the Board the decision of the board shall be subject to the right of the appeal conferred by <sup>(12)</sup>Section 111A sub-clause (2) of the Act.
- 13.5 The provisions of this clause shall apply to transfers of stocks.
- 13.6 Every endorsement upon the certificate of any share in favour of any transferee shall be signed by a person duly authorised by the Board in that behalf. In case of any transferee of a Share applying for a new certificate in lieu of the old or existing certificate, he shall be

<sup>(12)</sup> Section added vide resolution passed at the EGM held on June 27, 2007

entitled to receive a new certificate on payment by him (in addition to the transfer fee) of a sum of Rupees one for every such certificate of share in respect of which the said transfer has been applied for, and upon his delivering up every cancelled old or existing certificate which is to be replaced by new one.

- 13.7 The company shall incur no liability or responsibility whatever in consequence of their registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owners (as shown or appearing in the register of members) to the prejudice of persons having or claiming any equitable rights, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right or title or interest 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 by or required to regard or attend to or give effect to any notice which may be given to it of any equitable right title or interest or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered to referred to in the books of the company, by the company shall nevertheless be at liberty to have regard and attend to any such notice and give effect thereto, if the Board of Directors shall think fit.

#### **14. UNCLAIMED DIVIDEND**

- 14.1 The company shall not forfeit any unclaimed dividend. Such unclaimed dividend shall be disposed off in the manner prescribed under section 205-A of the Companies Act, 1956.

#### **15. DIRECTORS**

- 15.1 Subject to the provision of Section 252 of the Act, until otherwise determined, the number of directors shall not be less than three or more than twelve including ex-officio Directors.
- 15.2 <sup>(13)</sup> The Board shall at all times be constituted in accordance with all corporate governance norms, including the provisions of the listing agreements between the Company and the Exchanges.
- 15.3. The first directors of the Company are:
- i. Sri. R Thyagarajan
  - ii Sri. A.V.S.Raja
  - iii Sri T. Jayaraman
- 15.4 The directors shall elect one of the body to be the chairman of the board of directors who shall hold such office as chairman until another chairman is substituted in his place.
- 15.5 If the Office of any director becomes vacant before the expiry of the period of directorship in normal course, the resulting casual vacancy may be filled by the Board of directors at a meeting of the Board. Any person so appointed shall hold office only to the date up to which the director in whose place he is appointed would have held Office if it had not become vacant as aforesaid.

<sup>(13)</sup>Inserted Vide Resolution passed at the EGM held on June 27, 2007

- 15.6 The directors may, from time to time appoint any person as an additional director provided that the number of directors and additional directors together shall not exceed the maximum number of directors fixed under article 29 above. Any person so appointed as an additional Director shall hold Office up to the date of next annual general meeting of the Company.
- 15.7 Every director including any ex-officio director shall be paid out of the funds of the company by way of remuneration such sum has may be fixed by the board, but not exceeding such sum of rupees as may be fixed for the time being as the maximum fees payable by the Central Government being applicable to the company as per the provisions of the Company's Act, 1956 for each meeting of the Board of Directors or any Committee of Directors attended by him irrespective of the number of days for which such meeting may continue consecutively and shall also be paid all reasonable traveling and other expenses incurred by him for attending the meeting of the Board of Directors or any Committee thereof, or General Meetings of the company or in connection with the business of the Company.
- 15.8 A Director including an ex-officio director or a director not liable to retire by rotation need not hold any Shares in the Company for being appointed as a director or continuing as a director.
- 15.9 Subject to the Provisions of Section 255 of the Companies Act, 1956, the Board of Directors may at any time and from time to time declare in respect of any Director appointed by the Company in General Meeting that his continued presence in the Board of Directors is advantage to the Company and that his office as Director shall not be liable to be determined by retirement by rotation for such period or until the happening of such event or contingency as the Board may specify and thereupon such Director shall not be liable for retirement by rotation but shall hold office for the period or until the happening of any event or contingency set out in the said resolution.
- 15.10 <sup>(14)</sup>The Board of Directors may enter into an agreement with any Financial Corporation/ Institution/ Bodies Corporate/ Banks and if the agreement so provides/ requires that so long as the said Financial Corporation/ Institution/ Bodies Corporate/ Banks held the specified face value of Shares in the capital of the Company or the specified amount of loan advanced or guaranteed by them, the Financial Corporation/ Institution/ Bodies Corporate/ Banks shall be entitled to appoint any person as ex-officio Director to the Board, the appointment shall be made in the manner following viz.,
- 15.11 <sup>(15)</sup>On receipt of a communication from the Financial Corporation/ Institution/ Bodies Corporate/ Banks of the proposed nomination of any person as Director as aforesaid, the Board of Directors shall, as soon as practicable, after the proposed Director has filed his consent with the Registrar of Companies under Section 264 of the Companies Act, 1956, declare that he has been appointed as a Director as aforesaid and such appointment of Director shall take effect as and from the date of resolution of the Board of Directors recording the said appointment. The Director so appointed shall be an ex-officio Director and shall not be liable for retirement by rotation. The Director appointed under the Articles shall be designated as 'Nominee Director'.

<sup>(14)</sup>Amended at the AGM held on September 8, 2004

<sup>(15)</sup>Amended at the AGM held on September 8, 2004





































































held by the Founders or the Investor, as the case may be, in the shares and warrants of the Company.

- a. At any time after March 31, 2011, the Investor shall have the right but not the obligation to require the Founders to purchase all or part of the Shares and / or Warrants in accordance with the provisions of this Article 28.3. The Investor may notify the Founders of its decision to exercise its rights under this Article 28.3 by delivering a notice in writing to the Founders (“**Exit Notice**”).
- b. The Founders may, within thirty (30) days from the receipt of the Exit Notice, notify in writing to the Investor (“**Founders Purchase Offer Notice**”) the name of a proposed purchaser (“**Proposed Purchaser**”) and the terms and conditions, including price (“**Exit Price**”), for purchase of all but not part of the Shares and Warrants held by the Investor. The Founders shall, along with the Founders Purchase Offer Notice, furnish documentary evidence of a definitive, irrevocable and binding offer for purchase to the Investor.
- c. The Investor may, within thirty (30) days from the receipt of the Founders Purchase Offer Notice (“**Acceptance Period**”) exercise its acceptance to sell all of its Shares and Warrants to the Proposed Purchaser at the Exit Price, by delivery of a written notice. Provided, however, the Investor shall not be required to make to the Proposed Transferee any (i) representations and warranties with respect to the business of the Company or the Holding Companies, (ii) indemnities or (iii) non-competition or similar arrangements or covenants that would bind the Investor or its Affiliates. In the event that the Investor has agreed to Transfer its Shares and Warrants pursuant to the Founders Purchase Offer Notice, then within ten (10) days of such written acceptance, the Founders shall remit to the Investor the consideration for the Shares and Warrants of the Investor sold pursuant to this Article.
- d. In the event the Investor, at its sole discretion, does not accept the offer for purchase referred to in sub-clause (c) above or where the Investor has failed to communicate its agreement to sell its Shares and Warrants to the Proposed Purchaser on the expiry of the Acceptance Period, the Investor may, within one hundred and eighty (180) days from the date of expiry of the Acceptance Period, furnish to the Founders a written notice (“**Drag Notice**”), giving the name and address of a proposed buyer (“the **Exit Buyer**”) along with the terms and conditions, including the price (“**Drag Price**”), offered by the Exit Buyer to purchase all or part of the Founders Shares and Warrants (“**Founders Exit Securities**”). The Drag Price shall not be less than the Exit Price and the Fair Market Value calculated as on the date of the Exit Notice.
- e. Upon delivery of the Drag Notice, the Founders shall be required to Transfer the Founder Exit Securities to the Exit Buyer, upon the same terms and conditions (including, without limitation, the Drag Price) as agreed by the Investor and the Exit Buyer, and shall make to the Exit Buyer representations, warranties, covenants, indemnities and agreements comparable to those made by the Investor in connection with the Transfer, and shall agree to the same conditions to the Transfer as the Investor agrees, it being understood that all such representation, warranties, covenants, indemnities and agreements shall be made by each Founder and the Investor severally and not jointly.

- f. In the event the Investor sells only Shares to the Exit Buyer at the Drag Price, the price per Warrant payable to the Founders shall be the excess (positive difference) of (i) the Drag Price over (ii) the balance payable towards exercise of each Warrant held by the Founders.

## **29. RESTRICTIONS ON DIRECT ACQUISITION OF INTEREST IN THE COMPANY**

- 29.1 Save as otherwise provided in these Articles, neither the Founders nor the Investor or their Affiliates shall acquire (directly or indirectly) any Shares of the Company or other instruments convertible or exchangeable into the Shares of the Company without the prior written consent of the other Party. All acquisitions of beneficial interest (direct or indirect) in the Company by the Founders, the Investor or their respective Affiliates shall be through SRHPL only and in accordance with these Articles and with the prior written consent of the other Party.
- 29.2 The Company shall not issue any further Shares, warrants, or other securities convertible or exchangeable into Shares (hereinafter defined as “**Further Shares**”) of the Company, unless (a) such issuance has been approved in accordance with Article 24 of these Articles and (b) SRHPL has first been offered a right to subscribe to the Further Shares.

## **30. CONSEQUENCES OF MATERIAL BREACH**

- 30.1 Notwithstanding anything to the contrary contained herein, but subject to this Article 30, in the event of a Material Breach of the provisions of these Articles, by the Holding Companies, the Investor, the Founders or the Company, the non-Defaulting Parties shall, in addition and without prejudice to such other and further remedies that they may be entitled to under these Articles, in law or in equity, be entitled to the following rights if such Material Breach or breach of other provisions of the Company’s Articles is not cured by the Defaulting Party within sixty (60) days (“**Cure Period**”) of receipt of a written notice to that effect from the non-Defaulting Party.
- 30.2 It is clarified for the avoidance of doubt that each of the following rights is without prejudice to the other.
- 30.3 It is further clarified that in the event that the non-Defaulting Party is compensated for such Material Breach in accordance with any agreement in writing to indemnify between the Defaulting Party and non-Defaulting Party, the rights contained in this Article 30 shall not be available to such non-Defaulting Party.
- 30.4 In the event of a Material Breach, the Defaulting Party and the Holding Companies shall provide a proxy in favour of the non-Defaulting Party or such Person as may be designated by the non-Defaulting Party to exercise their votes in support of the exercise by the non-Defaulting Party of any of the options detailed in this Article 30.
- 30.5 For the purpose of this Article 30, Fair Market Value shall be computed based on the date of written notice of breach.

### **31. PUT AND CALL OPTION**

- 31.1 The non-Defaulting Party shall have the right to either require the Defaulting Party, jointly and severally, to acquire any or all of the Shares and Warrants held by the non-Defaulting Party in the Company or Shares/Warrants held by the Non-Defaulting Party in SRHPL (collectively “the **Securities**”) at a price equivalent to 125% of the Fair Market Value of the Securities, or cause the Defaulting Party to sell to the non-Defaulting Party any or all of the Securities then held by the Defaulting Party at a price equivalent to 75% of the Fair Market Value of the Securities.
- 31.2 The non-Defaulting Party shall issue a notice in writing to the Defaulting Party within thirty (30) days from the expiry of the Cure Period setting out details of the option proposed to be exercised by the non-Defaulting Party, the number of Shares and / or Warrants in respect of which such option is proposed to be exercised and the price of each Share and / or Warrant for such purpose (“**Option Notice**”). The sale or purchase of the Shares and / or Warrants, as the case may be, pursuant to such Option Notice shall be completed within thirty (30) days from the date of the Option Notice.
- 31.3 The aforesaid premium or discount, as the case may be, to the Fair Market Value represents a reasonable assessment made by the Defaulting Party and the non-Defaulting Party of the damage likely to be caused to the non-Defaulting Party owing to such breach on the part of the Defaulting Party or the Company, and therefore represents the size of the liquidated damages payable to the non-Defaulting Party.
- 31.4 For the purpose of this Article, the Founders shall be considered as one party.

### **32 MERGER OF THE COMPANY WITH SRHPL**

- 32.1 The non-Defaulting Party shall have the right to requisition the convening of an extra ordinary general meeting of the shareholders of the Company to effect and sanction a merger of the Company and SRHPL. SRHPL and the Defaulting Party shall, for the sole purpose of protecting the non-Defaulting Party’s rights under this Article, vote in favour of any resolution at such meeting of the shareholders of the Company and SRHPL to authorize, sanction or effect such merger. The Board the Company shall, forthwith on such requisition being issued by the non-Defaulting Party to the Boards, cause such meeting of the shareholders of the Company to be held in accordance with the provisions of the Act.

### **33 LIQUIDATION OF SRHPL**

- 33.1 The non-Defaulting Party shall have a right to requisition the convening of an extra ordinary general meeting of the shareholders of SRHPL to effect a voluntary winding up of SRHPL on the grounds that it is just and equitable to do so. The Defaulting Party shall, for the sole purpose of protecting the non-Defaulting Party’s rights under this Article, vote in favour of any resolution at such meeting of the shareholders of SRHPL to authorize, sanction or effect such voluntary winding up. The Board of SRHPL shall, forthwith on such requisition being issued by the non-Defaulting Party to the Board of SRHPL, cause such meeting of the shareholders of SRHPL to be held in accordance with the provisions of the Act. The Defaulting Party and SRHPL shall provide a proxy in

favour of the non-Defaulting Party or such Person as may be designated by the non-Defaulting Party to exercise their votes in support of such winding up.

- 33.2 Upon the winding up of SRHPL in accordance with Article 33.1 hereof, the Shares or Warrants held by SRHPL in the Company shall be distributed in the following order of priority:
- a. Such number of Shares or Warrants shall be distributed to the non-Defaulting Party, the Fair Market Value of which is sufficient to compensate the non-Defaulting Party fully for any loss, expenses, liabilities or damages suffered by the non-Defaulting Party;
  - b. The balance Shares or Warrants, if any, shall be distributed pro-rata amongst the Defaulting Party and the non-Defaulting Party in the proportion of their fully diluted beneficial shareholding in SRHPL immediately prior to the date of issuance of the requisition under Article 34.1.

### 34 DRAG ALONG RIGHTS

- 34.1 Upon the Material Breach of any of the provisions of these Articles by the Defaulting Party, the non-Defaulting Party shall have the right but not the obligation to require the Defaulting Party to sell all but not part of the Shares or Warrants held by the Defaulting Party in the Company on the terms (including the price(s) for the relevant securities) that the non-Defaulting Party may have agreed with any bona-fide third party purchaser (“**Drag-Along Buyer**”) of all the Shares or Warrants held by the non-Defaulting Party. In such event, the Defaulting Party shall be unconditionally obliged to sell all but not part of their Shares or Warrants in the Company to the Drag-Along Buyer at the Drag-Along Price and on the same terms offered to the non-Defaulting Party (including the price(s) for the relevant securities “**Drag-Along Price**”).
- 34.2 In the event the non-Defaulting Party sells only Shares to the Drag-Along Buyer at the Drag-Along Price, the price per Warrant payable to the Defaulting Party shall be the excess (positive difference) of (i) the Drag-Along Price over (ii) the balance payable towards exercise of each Warrant held by the Defaulting Party.
- 34.3 For the purpose of Article 34.1 above, the non-Defaulting Party may deliver a written notice (“**Drag-Along Notice**”) to the Defaulting Party, stating that the non-Defaulting Party wishes to exercise its rights under Article 34.1 above, and setting forth the name and address of the Drag-Along Buyer, the Shares or Warrants proposed to be Transferred, the Drag-Along Price, and all other material terms and conditions offered by the Drag-Along Buyer.
- 34.4 Upon delivery of a Drag-Along Notice, the Defaulting Party or its Affiliates shall be required to Transfer all but not part of their Shares or Warrants to the Drag-Along Buyer, upon the same terms and conditions (including, without limitation, the Drag-Along Price) as agreed by the non-Defaulting Party and the Drag-Along Buyer, and shall make to the Drag-Along Buyer representations, warranties, covenants, indemnities and agreements comparable to those made by the non-Defaulting Party in connection with the Transfer (other than any non-competition or similar agreements or covenants that would bind the Defaulting Party or its Affiliates), and shall agree to the same conditions to the Transfer as the non-Defaulting Party agrees, it being understood that all such representation,

warranties, covenants, indemnities and agreements shall be made by each Defaulting Party and the non-Defaulting Party severally and not jointly.

### **35 DISTRIBUTION OF THE COMPANY'S SECURITIES**

- 35.1 Subject to Applicable Law, the non-Defaulting Party may, at its sole discretion, require SRHPL to distribute the Shares and / or Warrants held by SRHPL in the Company amongst the Founders and the Investor in proportion to their respective holdings in SRHPL in a tax efficient manner.
- 35.2 The non-Defaulting Party may, for the purpose of clause 35.1, requisition the convening of a meeting of Board of Directors of the Company or an extra ordinary general meeting of the shareholders of the Company, as the case may be, and the Board of Directors of the Company shall convene such meeting pursuant to such requisition within fifteen (15) days of receipt thereof.
- 35.3 For the sole purpose of protecting the rights of the Investor under this Article, the Defaulting Party has agreed to vote in favour of any resolution proposed to be passed in furtherance of the non-Defaulting Party rights under this Article 35, or to exercise any of their rights at any meeting requisitioned by the non-Defaulting Party under clause (b) in furtherance of the non-Defaulting Party rights herein.

### **36 CORPORATE GOVERNANCE RIGHTS**

Notwithstanding anything contained in Article 23, in the event of a Material Breach by the Defaulting Party, the following provisions shall take effect from the date of such Material Breach:

- 36.1 The non-Defaulting Party shall be entitled to nominate five members on the Board of the Company.
- 36.2 The Defaulting Party collectively shall be entitled to nominate one member on the Board of the Company.
- 36.3 The non-Defaulting Party shall be entitled to appoint and remove the managing director (whether referred to as the Managing Director, CEO, COO or otherwise) and Key Employees of SRHPL and the Company.
- 36.4 The Defaulting Party shall not be entitled to designate any member on any Committee(s) of the Board of the Company including, without being limited to, the Executive Committee.
- 36.5 The non-Defaulting Party shall be entitled to designate two (2) members on each Executive Committee.
- 36.6 The Defaulting Party shall not be entitled to participate in the appointment or nomination of any independent Director(s) on the Company or any Committee(s) thereof.
- 36.7 Any action with respect to any Fundamental Issue shall not require the specific consent of the Defaulting Party.

### 37. DISPUTE RESOLUTION

- 37.1 Any controversy, conflict or dispute of any nature arising out of or relating to or in connection with the provisions of these Articles between the Founders, the Investor or the Holding Companies or the Company, or any of them, shall be settled exclusively and finally by arbitration carried out in Singapore and conducted in the English language. Judgment on the award may be entered by any court having jurisdiction.
- 37.2 The arbitration shall be conducted and finally settled by three arbitrators in accordance with the Rules of Conciliation and Arbitration (the “**ICC Rules**”) of the International Chamber of Commerce (the “**ICC**”) in effect at the time of such arbitration. One arbitrator shall be appointed by the Founders and/or the Company and/or the Holding Companies, as the case may be; one arbitrator shall be appointed by the Investor; and the third arbitrator, who shall be the chairperson, shall be selected by the two party-appointed arbitrators. Failing appointment of any Party’s arbitrator or failing agreement between the two Party-appointed arbitrators regarding selection of the third arbitrator within thirty (30) days after the notice of intent to arbitrate is filed with the ICC (or such other period as may be agreed by the parties to such arbitration), such arbitrator shall be appointed by the Chairman of the ICC in accordance with the ICC Rules. Each arbitrator shall be fluent in English. Each of the Parties agrees, in connection with the enforcement of any arbitral award rendered pursuant to this Article, to submit to the exclusive jurisdiction of the courts in India.
- 37.3 Nothing contained hereinabove shall prejudice any party’s right to have recourse to any court having jurisdiction for the purpose of interim or interlocutory orders.

### 38. INTELLECTUAL PROPERTY RIGHTS

- 38.1 As long as the Investor continues to hold any beneficial interest in the Company, directly or through the Holding Companies, the New License Arrangement shall not be modified, cancelled, rescinded, revoked or otherwise be made subject matter of any arrangement or agreement whereby the Company ceases to be entitled to use the brand name and logos forming subject matter of the New License Arrangement.
- 38.2 Notwithstanding anything contained in Article 38.1, where the Founders have Transferred (not being a Transfer to the Affiliates of Founders) their entire beneficial interest in the Company, and the Investor causes any third party to hold a beneficial interest of 20% or more in the paid up share capital of such Company, the New License Arrangement shall stand terminated in respect of such Company on the expiry of twelve months from the date of such third party acquiring a beneficial interest of 20% or more in the paid up share capital of such Company.
- 38.3 In the event the Founders and the Investor Transfer their entire collective beneficial interest in the Company to a third party (“the **Transferee**”), the New License Arrangement shall stand terminated in respect of such Company on the expiry of twelve months from the date of such Transfer.
- 38.4 In the event that the licensor under the New License Arrangement (“**Licensor**”) agrees to continue the New License Arrangement (which shall be in its sole discretion), and if any consideration is agreed to be paid by any third party for acquiring any rights in connection with the brand name and logos forming subject matter of the New License Arrangement,

such consideration shall be distributed between the Investor and the Founders in proportion of their beneficial interest in the Company (whether directly or through the Holding Companies) as on the date of payment of such consideration. Provided however, this provision shall not be construed to creating any right, title or interest in the Company of any nature whatsoever.

- 38.5 The aforesaid shall be without prejudice to the rights and remedies that the Licensor has under Applicable Law or as may be specified under the New License Arrangement.

### **39. EXTINGUISHMENT OF RIGHTS**

39.1 Subject to Articles 39.2, 39.3 and 39.4, all rights of the Founders or as the case may be, the Investor (“the **Exiting Party**”) under these Articles shall expire on the sale / transfer (in one or more tranches) (not being a sale/transfer to the Affiliates of the Exiting Party) by the Exiting Party of more than 50% of the fully-diluted percentage beneficial ownership held by the Exiting Party in the Company (whether directly or through the Holding Companies) as on the Takeover Offer Closing Date.

39.2 Nothing contained in Article 39.1 shall apply to the following rights:

- a. Rights under Article 22.6 (Tag-Along Rights)
- b. Rights under Article 26 (Information Rights)
- c. Right of Registration under Article 28.1

39.3 Provided further that in the event of the rights of an Exiting Party expiring in accordance with Article 39.1, the Exiting Party shall, notwithstanding anything contained in Article 39.1, be entitled to nominate one director on the Board of Directors of SRHPL and the Company.

39.4 Without prejudice to Article 39.1, the rights of an Exiting Party under Article 39.2 and Article 39.3 shall expire in the event of a sale / transfer (in one or more tranches) (not being a sale/transfer to the Affiliates of the Exiting Party) by such Exiting Party of more than 75% of the fully-diluted percentage beneficial ownership held by the Exiting Party in the Company as on the Takeover Offer Closing Date.

39.5 The obligations of an Exiting Party under these Articles shall expire in the event of a sale/transfer (in one or more tranches) (not being a sale/transfer to the Affiliates of the Exiting Party) by such Exiting Party of more than 75% of the fully-diluted percentage beneficial ownership held by the Exiting Party in the Company as on the Takeover Offer Closing Date.

39.6 Upon expiry of 350 calendar days from the date of Closing, if the Investor fails to convert the First Anniversary Warrants (as defined in the TPG Subscription Agreement) in accordance with the terms set out therein then in such event the following consequences shall occur:

- a. The Investor’s rights under Article 28.3 (Drag-Along Rights) shall lapse;
- b. Investor's and the Founders' rights to nominate three members each to the Board of the Companies pursuant to Article 23.1 shall be modified such that the Investor shall have the right to nominate two members to the Board of the

Company, and the Founders shall have the right to nominate four members to the Board of the Company; and

- c. The Fundamental Issues as referred to in Article 24.1 shall stand replaced with the following Fundamental Issues.
- i. Entering in any new transactions with Connected Person/Concern or any modification (including any increase in provision of services or related charges) of the current transactions with Connected Person/Concern;
  - ii. Making any investments or acquiring any shares in any company which exceeds Rs. 250,00,00,000 (Rupees Two Hundred Fifty Crores only);
  - iii. Any change in the Memorandum or Articles of Association which directly affect the rights of the Investor;
  - iv. Any change in material accounting policies of the Company;
  - v. Any change in class rights, preferences and privileges of the shareholders (including common equity, preference shares and other convertible instruments) of the Company, including but not limited to any action that reclassifies any outstanding shares into shares having preferences or priority as to dividends or assets senior to or on a parity with shares held by the Investor;
  - vi. Voluntary delisting of the Shares;
  - vii. Passing any resolution or taking any steps to have the Company wound up, liquidated or to dissolve the Company, including taking steps to effect a recapitalization, reclassification, split off, spin off or bankruptcy of the Company;
  - viii. Appointment of the nominees of the Investor or Independent Directors under Article 23;
  - ix. Any commitment or agreement to do any of the foregoing.

#### **40. MAIN SERVICES AGREEMENT**

40.1 The Main Services Agreement shall be reviewed in the manner set out in the TPG Subscription Agreement.

#### **41. INVALID PROVISIONS**

41.1 If any provision these Articles is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations under these Articles or any or all of the Shareholders will not be materially and adversely affected thereby, (a) such provision will be fully severable; (b) or these Articles will be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof; (c) the remaining provisions of these Articles will remain in full force and effect and will not be



affected by the illegal, invalid or unenforceable provision or by its severance herefrom; and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of these Articles a legal, valid, and enforceable provision to the extent possible. The failure by any Party to complete any of the conditions precedent contemplated hereby by reason of any change in law shall not constitute illegality, unenforceability or invalidity of these Articles.”

Sl. No.	Name, addresses, Description and Occupation of Subscribers with their Signatures	Signature of Witness with Name, Address, Description and Occupation
1	<p>M.V. Seethapathy  47, Paripoorna Vinayagar  Koil Street,  Mylapore  Madras - 600 004  S/o. Late Veerasamy  Manager  Nagarajan Bros.  Madras - 600 017  (SD.) M.V. SEETHAPATHY</p>	<p>(Sd.) Y. Balaji  S/o R. Yagnaramam  17, Rangier Street  Madras - 600 017</p>
2.	<p>G. Sundaresan  43, Kalakshetra Road  Tiruvanmiyur  Madras - 600 041S/o Gopala Iyer  Chief Executive  Shriram Investments  Madras - 600 017  (Sd.) G.SUNDARESAN</p>	<p>Chartered Accountant</p>

Madras : Dated the 20th March 1986