

-/Certified True Copy/-

For S.P. APPARELS LTD



P.SUNDARARAJAN
CHAIRMAN AND MANAGING DIRECTOR
(DIN : 00003380)

S.P. APPARELS LIMITED

MEMORANDUM AND ARTICLES OF ASSOCIATION



CERTIFICATE OF INCORPORATION

COMPANY REGISTRATION NUMBER

U18101TZ2005PLC012295

I hereby certify that **" S.P. APPARELS LIMITED "**

*****/Part IX of *****

is this day incorporated under the Companies Act, 1956, (No. 1 of 1956) and that the Company is Limited.

Given under my hand at **COIMBATORE**

this **EIGHTEENTH** day of **NOVEMBER**

TWENTY SEVENTH **KARTIKA**

Two thousand and **FIVE**

One Thousand Nine Hundred and Twenty **SEVEN**..... (SAKA)



V. S. Srinivasan
Registrar of Companies
TAMIL NADU
COIMBATORE

[Signature]
For S.P. APPARELS LTD

P.SUNDARARAJAN
CHAIRMAN AND MANAGING DIRECTOR
(DIN : 00003380)

MEMORANDUM OF ASSOCIATION
OF
S. P. APPARELS LIMITED

THIS MEMORANDUM OF ASSOCIATION MADE AND ENTERED ON THIS 11th DAY OF NOVEMBER, 2005 BETWEEN:

1. Mr.P.SUNDARARAJAN, Son of Sri.S.PERUMAL MUDALIAR aged about 49 years and residing at D.No:192, EAST SAMBANDAM STREET, R.S.PURAM, COIMBATORE (Party of First part)
2. Mrs.S.LATHA, Wife of Sri.P.SUNDARARAJAN aged about 41 years and residing at D.No:192,EAST SAMBANDAM STREET, R.S.PURAM, COIMBATORE (Party of Second part)
3. V.SENTHIL, Son of Sri. V.VISWANATHAN, aged about 26 years and residing at D.No:255(OLD No:53), ERODE ROAD, VADIVEL NAGAR, KARUR – 639 002 (Party of Third part)
4. S.SHANTHA, Wife of Sri. V.SENTHIL aged about 22 years and residing at D.No:255 (OLD No:53), ERODE ROAD, VADIVEL NAGAR, KARUR – 639 002 (party of Fourth part)
5. P.VELUSAMY Son of Sri. S.PERUMAL MUDALIAR aged about 56 years and residing at No:3D, VIDYALAYA ROAD, SALEM – 636 007 (Party of Fifth part)
6. V.PADMINI, Wife of Sri. P.VELUSAMY aged about 48 years and residing at No:3D, VIDYALAYA ROAD, SALEM – 636 007 (Party of Sixth part)
7. P.ASHOKARAMAN, Son of Sri. S.PERUMAL MUDALIAR aged about 47 years and residing at No:35, ARUNACHALA ASARI STREET, SALEM – 636 001 (Party of Seventh part)

WHEREAS Pursuant to a partnership deed dated 19th day of September, 2005, the parties of FIRST to SEVENTH parties have been carrying on business in partnership under the name and style "S.P.APPARELS".

WHEREAS by the revised partnership deed dated 7th Day of November, 2005 the partnership was further reconstituted by the declaration of the partnership firm as Joint Stock Company.

WHEREAS the said partnership is the Joint Stock Company within the meaning of Section 566 of the Companies Act, 1956 and having a permanent paid up capital of Rs.5,00,00,000/- (Rupees Five Crores only) divided into 50,00,000 (Fifty lakhs) equity shares of Rs.10/- (Rupees Ten only) each contributed and held by the parties in the following proportions.

Sl.No.	Name of the Partner	No. of Shares	Amount (Rs.)
1	P. SUNDARARAJAN	39,75,000	3,97,50,000
2	S. LATHA	10,00,000	1,00,00,000
3	V. SENTHIL	5,000	50,000
4	S. SHANTHA	5,000	50,000
5	P. VELUSAMY	5,000	50,000
6	V. PADMINI	5,000	50,000
7	P. ASHOKARAMAN	5,000	50,000
	Total	50,00,000	5,00,00,000

AND WHEREAS the parties in their meeting held on 9th NOVEMBER, 2005 unanimously resolved to register the said Joint Stock Company under PART IX of the Companies Act, 1956 so as to carry on the objects uninterrupted and to facilitate further expansion of the business activities on the following terms.

- I. The name of the Company is "S.P.APPARELS LIMITED".
- II. The Registered Office of the Company shall be situated in the State of TAMIL NADU.
- III. (A) THE MAIN OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE: -
 1. To carry on all or any of the business as manufacturers, traders, importers, exporters, retailers, makers, designers, stockists, distributors, consignors, consignees, agents, factors of and/or otherwise deal in hosiery goods readymade garments, made-ups, towels, knit wears, home textile and fabrics of all descriptions made out of cotton, man made fibres and silks.
 2. To manufacture, spin, weave, prepare, bleach, dye, print or in any other any to manipulate Cotton, Cotton Yarn, Silk, Artificial silk, Staple Fibre, Rayon, Polyester, Wool, Nylon, acrylic, jute, melange, Synthetic and other fibrous substances or blended varieties thereof and to deal in, sell, purchase or otherwise trade in all or any of the above products and to carry on the business of cotton spinning mill, staple fibre and other fibrous substances, spinning mills, weaving mills, cotton ginning and pressing.
 3. To carry on business as drapers and dealers of furnishing fabrics in all its branches, as customers, ready made dress and mantle makers, silk mercers, makers and suppliers of clothing, lingerie and trimmings of every kind, furriers, drapers, haberdashers, milliners, hosiers, gloves, lace makers, feather dressers, felt makers dealers in and manufacturers of yarns and fabrics.
 4. To carry on all of the business of processing, Scouring, Sizing, Bleaching Colouring, dyeing, texturising, Calendaring, Printing, Mercerising and finishing, buying, selling, importing, exporting cotton, linen, wool, Silk, Artificial silk, Rayon, Chemical, Synthetic, Yarn, Fabric, textiles, and textile substances of all kind.

B. THE OBJECTS INCIDENTAL OR ANCILLARY TO ATTAINMENT OF THE ABOVE OBJECTS ARE:

1. To purchase, take on lease or in exchange, hire otherwise acquire and to hold and deal with any lands, (Whether freehold, leasehold or otherwise) with or without buildings or any interest or interests therein situate in India, or elsewhere and any machinery, plant, apparatus, Substances, products and articles and any trade-marks, trade names, trade-designs, rights or privileges or other property and rights of any kind or description whatsoever which the company may think necessary or convenient for the purpose of its business.
2. To acquire the whole or any part of the business property and liabilities of any person, firm or company carrying on or proposing to carry on any business which the Company is authorised to carry on or possessed of property suitable for the purpose of this company or which can be carried on in connection there with or which is capable of being conducted so as directly or indirectly to benefit the Company.
3. To transact and carryout all types of Agency business and to establish branches or appoint agencies for or in connection with any of the objects of the Company to carry on any business or branch of a business which the Company is authorised to carry on by means or through the agency of any subsidiary company or companies and to enter into any arrangement with such subsidiary company for taking the profits to and bearing the losses of any business or branch so carried on or for taking the profits to and bearing the losses of any business or branch so carried on or for financing any such subsidiary company or companies and to enter into any arrangement with such subsidiary company for taking the profits to and bearing the losses of any business or branch so carried on or for financing any such subsidiary company or guaranteeing its liabilities or to make any other arrangement which may seem desirable with reference to any business or branch so carried including power at any time and either temporarily or permanently, to close any such branch or business.
4. To enter into partnership, or into any arrangement for sharing profits or for any union of interest, joint-venture, reciprocal concession or co-operation with person or persons, or company or companies carrying on or engaged in or about to carry on or engage in any business transaction which this company is authorised to carry on or engage in or in any business or transaction which the Company is authorised to carry on.
5. To sell, improve, manage, develop, exchange, lease, mortgage, dispose of or turn to account or otherwise deal with all or any part of the lands and buildings or other property and rights of the company whatsoever.
6. For the purpose mentioned in the preceding clause, to appoint and remunerate any Directors, Trustees, Accountant or other experts or agents.
7. To enter into contracts, agreements and arrangements with any other company firm or person for the carrying out by such other company, firm or person on behalf of the company of the objects for which the company is formed.
8. To act as agents and brokers for Sellers, Buyers, Exporters, Manufacturers, Merchants, Tradesmen, Insurance and Others and generally to undertake and carryout agency work on commission business.
9. To buy, sell, refine, manipulate, import, export, and deal in ingredients, components, materials, articles, substances, apparatus and things capable of being used in connection with any business of the company.

10. To acquire, develop and turn into account any land in particulars by laying out and preparing the same for building purpose, constructing, altering, pulling down, decorating, maintaining, finishing, fittings-up and improving buildings and by plantings, paving drawing, forming, cultivating, letting on building lease or building agreement and by advancing money to and entering into contracts and arrangements of all kinds with tenants and others.
11. To employ experts to investigate and examine into the conditions, prospects, value, character and circumstances of any business concerns and undertaking and generally of any assets, property or rights.
12. To sell, lease, mortgage, surrender, abandon and in any other manner deal with or dispose of the undertakings or property of the Company any part thereof for such considerations as the company may think fit, and in particular for shares and other securities of any other company having objects altogether or in part similar to those of this company.
13. To appoint Directors or Managers of any subsidiary company or of any other company in which this company is or may be interested.
14. To take or otherwise acquire and hold shares, in any other company having objects altogether or in part similar to those of this company.
15. To build, erect, construct, maintain and/or alter any lands held by the company and factories, godowns, offices, works, or other buildings, structures or erection whatsoever necessary or convenient for the purposes of the company and to insure and to keep insured the same.
16. To take part in the supervision and control of the business or operations of any company or undertaking subject to the provisions of the companies Act, 1956. However company shall not act as manager or managing agents of any other company.
17. To repair, alter, remodel, clean, renovate, convert, manipulate and prepare for resale and resell any goods from time to time belonging to the company.
18. To buy, sell, repair, alter and exchange, refine, manipulate, let on hire, import, export and deal in all kinds of substances, articles, apparatus, plant, machinery, appliances, tools, commodities and things which may be required for the purposes of any of the business of the company or commonly supplied or dealt in by persons engaged in any such business or which may seem capable of being profitably dealt with in connection with any of the said business.
19. To refer or agree to refer any claim, demand, dispute or any other question, by or against the company or in which the company is interested or concerned and whether between the company and the member or members or his or their representative or between the company and third parties, to arbitration in India or at any place outside India, and to observe and perform and to do all acts, deeds matters and things to carry out or enforce the awards.
20. To apply for, purchase or otherwise acquire and protect and renew in any part of the world any patents, rights, brevets d" invention, copy rights, know-how, licences, concession, industrial property, intellectual property and the like conferring any exclusive or non-exclusive or limited right to their use, application or exploitation or any secret or other information as to any invention or otherwise which may seem capable of being used for any of the purpose of the company or the acquisition of which may seem calculated, directly or indirectly, to benefit the company and to use, exercise, develop or grant licences in respect of or otherwise turn to account the property rights or information so acquired and to expend money in experimenting upon, testing or improving any such patents, inventions or rights.

21. To make donations to such persons or institutions and in such cases either or cash or any other assets as may be thought directly or indirectly conducive to any of the Company's objects or otherwise expedient and in particular to remunerate any person or corporation introducing business to this company and also subscribe, contribute, or otherwise assist or guarantee money for charitable, scientific, religious or benevolent public or cultural, educational or other institutions, objects and to establish and support or aid in the establishment and support associations, institutions, funds trusts and convenience for the benefit of the employees or ex-employees (including Directors) of the Company or its Predecessors in business or of persons having dealing with the Company or the dependents, relatives or connection of such persons and in particular friendly or other benefit societies and to grant pension, allowance, gratuities and bonuses either by way of annual payments or a lump sum and to make payments towards insurance and to form and contribute to provident funds benefits and other welfare funds of or for such persons.
22. To establish, provide, maintain and conduct, or otherwise subsidise research laboratories and experimental workshops for scientific and technical research and to under-take and carry on with all scientific and technical researches experiments and tests of all kinds and to promote studies research, both scientific and technical investigations and invention by providing, subsidising endowing or assisting laboratories, workshop, libraries, lectures, meetings and conference and by providing for the awards of exhibitions, scholarships, prizes and grants to students or otherwise and generally to encourage, promote researches, investigations, experiments, tests and inventions of any kind that may be considered likely to assist any of the business which the company is authorised to carry on.
23. To amalgamate, enter into any partnership or partially amalgamate with or acquire interest in the business of any other company person or firm carrying on or engaged in, any business transaction which the company is authorised to carry on.
24. To enter into arrangement with any Government or authority supreme, municipal, local or otherwise or any person or Company that may seem conducive to the company's objects or any of them and to obtain from any such Government authority person or company any rights, privileges, characters, contracts, licences and concessions, which the company may think it desirable to obtain and to carry out, exercise and comply therewith.
25. To establish or promote or concur in establishing or promoting any company or companies for the purpose of acquiring all or any of the property, rights and liabilities of the company or for any other purpose which may seem directly or indirectly calculated to benefit the company and to place or guarantee the placing or underwrite, subscribe for or otherwise acquire all of any part of the shares, debentures, or other securities of any such other company.
26. To pay for any rights, know-how, technical assistance or property acquired by the company and to remunerate any person or company for services rendered or to be rendered in placing of shares in the companies capital or any debentures, debentures-stock or other securities of the company or in or about the formation or promotion of the company or the acquisition of property by the company or the conduct of its business whether by cash payment or by the allotment of shares, debentures, or other securities of the company, credited, as paid up in full or in part or otherwise.
27. To acquire any such shares, stocks, debentures, debenture-stock, bonds obligations or securities by original subscription, rendered, purchase, exchange or otherwise and to subscribe for the same, either conditionally or otherwise and to guarantee the subscription thereof and to exercise and enforce all rights and powers conferred by or incidental to the ownership thereof.

28. To underwrite, acquire, take-up and hold shares, stock debentures, debentures-stock, bonds, obligations and securities issued or guaranteed by any company constituted or carrying on business in India or in any foreign country and debentures, debenture-stock bonds, obligations and securities issued or guaranteed by any Government, Sovereign Ruler, Commissioner, Public Body or Authority, Supreme, Municipal, Local or otherwise whether in India or any foreign country.
29. To insure the whole or any part of the property of the company either fully or partially to protect and indemnify the company from liability or loss in any respect either fully or partially and also to insure and to protect and indemnify any part or portion thereof either on mutual principal or otherwise.
30. To vest any movable or immovable property, rights or interest acquired by or belonging to the Company in any person or company on behalf of or for the benefit of the Company and with or without any declared trust in favour of the company.
31. To pay out of the funds of the company all expenses which the Company may lawfully pay with respect to the promotion, formation and registration of the Company or the issue of its capital including brokerage and commission for obtaining applications for or taking placing or underwriting of shares, debentures or other securities of the company.
32. To improve, manage, develop, sell, exchange, lease, mortgage grant licences, easements and other rights over and in any manner deal with, turn to account or dispose of, the Company or any part thereof, for such consideration, as the Company may think fit and in particular for shares, debentures or securities of any other company.
33. To invest and deal with the moneys of the Company not immediately required in such manner as may from time to time be determined.
34. To pay all preliminary expenses of any company promoted by the company or any company in which the company is or may contemplate being interest, including in such preliminary expenses, all or any part of the costs and expenses of owners of any business or property acquired by the company.
35. To undertake and execute trusts the undertaking of which may seem to the company desirable and either gratuitous or otherwise.
36. To adopt such means of making known the business of the company as may seem expedient and in particular by advertising in the press, by circulars, by purchase and exhibition of works of art or interest, by publication of books and periodicals and by granting prizes and rewards.
37. To open Bank Accounts of all nature including overdraft accounts and to operate the same and to draw, make accept endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments and to deal with all documents, mercantile or otherwise, in any ordinary course of business.
38. Subject to the provisions of the Companies Act, 1956 to lend or advance money or to give credit to such persons or companies and on such terms as may seem expedient and in particular to customers and others having dealings with the company and to guarantee the performance of any contract obligation and the payment of money to any such persons or companies and generally to give guarantees and indemnities.

39. Subject to the provisions of Section 58A and other applicable rules of Companies Act, 1956, to receive money on deposit or loan, borrow or raise moneys in such manner as the Company shall think fit, and in particular by the issue of debenture-stock (perpetual or otherwise) and to secure the repayment of any money borrowed raised or owing by mortgage, charge or lien upon all or any of the property or assets of the Company (both present and future) including its uncalled capital and also by a similar mortgage, charge or lien to secure and guarantee the performance by the Company or any other person or company of any obligation undertaken by the company or any person or company as the case may be.
40. To carry out in any part of the world all or any part of the Company's objects as principal, agents, factors, trustee, contractor or otherwise, either along or in conjunction with any other person, firm, association, corporate body, municipally, province, state body public or Government or colony or dependency thereof.
41. To exercise all or any of its corporate powers, rights and privileges and to conduct its business in all or any its branches in the Union of India and in any or all states, territories, possessions, colonies and dependencies thereof and in any or all foreign countries and for this purpose to have and maintain and to discontinue such number of offices and agencies therein as may be convenient.
42. To guarantee the payment of money unsecured or secured by or payable under or in respect of promissory notes, bonds, contracts, mortgages, charge, obligations, instruments and securities of any company or any Authority, Supreme, Municipal, Local or otherwise or of any person whomsoever, whether incorporated or not incorporated and generally to guarantee or become sureties for the performance of any contracts or obligations.
43. To do all or any of the above things as principals, agents, trustees, contractors or otherwise and by or through agents, subcontractors, trustees or otherwise and either alone or in conjunction with others.
44. To lend and advance money or give credit to such persons or companies and on such terms as may seem expedient and in particular to customers and others having dealings with the Company and to guarantee the performance of any contract or obligation and the payment of money to or any such persons or companies and generally to give guarantee and indemnities.
45. * To generate, purchase, accumulate supply and distribute electric energy through wind mills and otherwise and supply electrical and other non – conventional methods and other energy to factories, workshop and other places.

* The clause 45 was inserted by means of special resolution passed by the shareholders of the Company in the Extraordinary General Meeting held on 28.10.2006.

C. THE OTHER OBJECTS FOR WHICH THE COMPANY IS ESTABLISHED ARE :

1. To lend or advance money either with or without security and to arrange or negotiate loan and to carry on the business of financiers, brokers, money-lenders and bill brokers, but not amounting to Banking Business as defined in Banking Regulations Act, 1949.
2. To purchase, sell or hire out or sell on hire-purchase system all kinds of motor vehicles, motor cycles, aeroplanes, launches, boats, mechanical or otherwise, sewing machines, radio sets, gramophones pianos and musical instruments, cameras, electric fans, cinematographic machines and apparatus, heaters, refrigerators and other electrical domestic appliances,

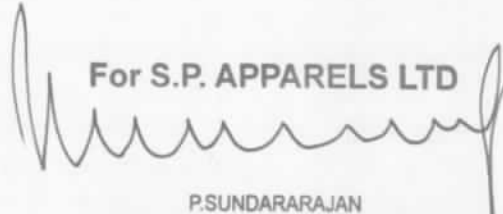
furniture, wooden and metallic, household equipment and all classes or machinery and/or other articles that the company may deem fit.

3. To run a publishing house for publishing of periodicals, magazines, newspapers, catering to various interest pertaining to medical, social moral, commerce, industry and trade.
4. To carry on the business as advertising agents, advertisement contractors and designers of advertisements, in all their branches.
5. To carry on the business of running hospitals, nursing homes, child welfare and family planning centres, diagnostic centres, pathological laboratories, X-Ray clinics and also to carry on the business of running creches.
6. To acquire or set up and run schools, colleges, training and professional institutions and music, dance and art centres.
7. To carry on the business of constructors, engineers, contractors, designers, ownership flat sellers, building experts and advisers, dealers in stones, cement, sand, iron and other building materials and paints and varnishes of all types as may be required for the purpose of the business of the company.
8. To construct, hold erect and maintain, buy and sell lands, houses, apartments to any person and on such terms and conditions as may be deemed for it by the company.
9. To set up and run mixed farms, poultry farms, sheep farms, young stock farms, piggeries and stud farms.
10. To cultivate, grow, produce and deal in all kinds of agricultural, horticulture and plantation produces.
11. To manufacture fabricate install erect buy, sell, Trade import, export, all kinds water, air pollution control plant equipment and devices of all kinds and descriptions.
12. To carry on the business of growing processing, ginning various kinds of cotton and fibres of all kinds.
13. *
To generate, purchase, accumulate supply and distribute electric energy through wind mills and otherwise and supply electrical and other non - conventional methods and other energy to factories, workshop and other places.

IV. The liability of the members is limited.

V.** "The authorized share capital of the Company is Rs.47,25,00,000/- (Rupees Forty Seven Crores Twenty Five Lakhs Only) divided into 4,72,50,000 (Four Crores Seventy Two Lakhs Fifty Thousand) Equity Shares of Rs.10/- (Rupees Ten only) each with power to increase or reduce the capital of the Company and to reclassify or divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, cumulative, convertible, redeemable, qualified with special rights, privileges, conditions or restrictions as may be determined by or in accordance with the provisions of the Articles of Association of the Company for the time being in force, and to vary, modify, enlarge or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 2013 or provided by the Articles of Association of the Company or the legislative provisions for the time being in force."

- * The Clause 13 was deleted by means of special resolution passed by the shareholders of the Company in the Extraordinary General Meeting held on 28.10.2006.
- ** The Clause V was amended vide Scheme of Amalgamation of S.P. Texfab Private Limited with S.P. Apparels Limited sanctioned by the Hon'ble High Court, Madras by orders dated 1st March, 2007 in C.P. Nos. 13 and 14 of 2007.
- ** The Clause V was amended vide Scheme of Amalgamation of Sri Balaji Bakkiam Spinning Mills Limited with S.P.Apparels Limited sanctioned by the Hon'ble High Court, Madras by orders dated 23rd April, 2008 in C.P.No. 79 of 2008
- ** As amended by means of a special resolution passed by the shareholders of the Company at the Annual General Meeting held on 30th September, 2015.
- ** As amended by means of a Special resolution passed by the shareholders of the Company at the Annual General Meeting held on 20th September, 2019.


For S.P. APPARELS LTD
P.SUNDARARAJAN
CHAIRMAN AND MANAGING DIRECTOR
(DIN : 00003380)

For S.P. APPARELS LTD

P.SUNDARARAJAN
CHAIRMAN AND MANAGING DIRECTOR
(DIN : 00003380)

We, the several persons, whose names, addresses and descriptions are subscribed hereunder are desirous of being formed into a Company in pursuance of this Memorandum of Association and we respectively agree to take the number of equity shares in the capital of the company set opposite to our respective names.

Sl.No	Name and address, Description and Occupation of the subscribers	No.of equity shares taken by each subscriber	Signature of subscribers
1.	P. SUNDARARAJAN, S/o. S.Perumal Mudaliar, D.No.192, East Sambadam Street, R.S.Puram, Coimbatore. BUSINESS	39,75,000 (Thirty Nine Lakhs seventy Five Thousand Only)	Sd \ - P.SUNDARARAJAN
2.	S. LATHA, W/o. P.Sundararajan, D.No.192, East Sambadam Street, R.S.Puram, Coimbatore. BUSINESS	10,00,000 (Ten Lakhs Only)	Sd \ - S.LATHA
3.	V. SENTHIL, S/o. V.Viswanathan, D.No.255, Old No.53, Erode Road, Vadivel Nagar, Karur - 639 002. BUSINESS	5,000 (Five Thousand Only)	Sd \ - V.SENTHIL
4.	S. SHANTHA, W/o. V.Senthil, D.No.255, Old No.53, Erode Road, Vadivel Nagar, Karur - 639 002. BUSINESS	5,000 (Five Thousand Only)	Sd \ - S.SHANTHA
5.	P. VELUSAMY, S/o. S.Perumal Mudaliar, No.3 - D , Vidyalaya Road, Salem - 636 007. BUSINESS	5,000 (Five Thousand Only)	Sd \ - P.VELUSAMY
6	V. PADMINI W/o. P.Velusamy No.3 - D , Vidyalaya Road, Salem - 636 007. BUSINESS	5,000 (Five Thousand Only)	Sd \ - V.PADMINI
7	P. ASHOKARAMAN S/o. S.Perumal Mudaliar No.35, Arunachala Asari Street, Salem - 636 001. BUSINESS	5,000 (Five Thousand Only)	Sd \ - P.ASHOKARAMAN

Witness (with address, description and occupation) to above signatures.

For S.P. APPARELS LTD

P.SUNDARARAJAN
CHAIRMAN AND MANAGING DIRECTOR
(DIN: 00013380)

Avinashi, Dated : 11th day of November, 2005

V. SAKTHIVEL B.COM., FCA.,
S/o. S. Venkidusamy,
7-AA - Ramakrishna Road,
Salem - 636 007.
Chartered Accountant

THE COMPANIES ACT, 2013
AND
THE COMPANIES ACT, 1956 (to the extent applicable)

ARTICLES OF ASSOCIATION
OF
S.P. APPARELS LIMITED
(COMPANY LIMITED BY SHARES)

(Incorporated under the Companies Act, 1956)

The following regulations comprised in these Articles of Association were adopted pursuant to a shareholders' resolution adopted at the Annual General Meeting of the Company held on 30th September, 2015 in substitution for, and to the entire exclusion and replacement of, the earlier regulations comprised in the Articles of Association of the Company that were in effect prior to the date of the above shareholders' resolution.

These Articles (as defined below) consist of two parts - Part A and Part B. In case of any inconsistency between Part A and Part B of these Articles, the provisions of Part B shall prevail. However, Part B of these Articles shall cease to remain in effect and shall automatically be excluded from these Articles without any further action by any party (including the Company or any of its Members) immediately on the commencement of trading of the Equity Shares (as defined below) on any recognized stock exchange pursuant to the Qualified IPO (as defined below).


For S.P. APPARELS LTD

P.SUNDARARAJAN
CHAIRMAN AND MANAGING DIRECTOR
(DIN : 00003380)

PART A

I. INTRODUCTION

1. The regulations contained in Table 'F' in the first schedule to the Companies Act, 2013 shall apply to the Company to the extent to which they are not modified, varied, amended or altered by these Articles. *

II. DEFINITIONS

2. Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act (as defined below) or any statutory modification thereof in force at the date at which the Articles become binding on the Company. The marginal notes hereto are inserted for convenience and shall not affect the construction hereof and in these presents, unless there be something in the subject or context inconsistent therewith:
 - (a) **"Act"** means the Companies Act, 2013 to the extent notified and Rules made thereunder, and the provisions of the Companies Act, 1956 to the extent in force as applicable and includes where the context so admits any re-enactment or statutory modification thereof for the time being in force, so far as may be applicable.
 - (b) **"Annual General Meeting"** means a general meeting of the Members held in accordance with the provisions of Section 96 of the Act and any adjourned holding thereof.
 - (c) **"Articles"** means these Articles of Association as adopted or as from time to time altered or amended by special resolution of the shareholders.
 - (d) **"Auditors" or "Auditor"** means the auditor or auditors of the Company appointed in pursuance of the provisions of Section 139 of the Act.
 - (e) **"Beneficial Owner"** means the beneficial owner as defined in Clause (a) of Sub-Section (1) of Section 2 of the Depositories Act, 1996.
 - (f) **"Board of Directors" or "Board"** means the Board of Directors for the time being of the Company and includes a Committee constituted by the Board (**"Committee"**).
 - (g) **"The Company" or "This Company"** means "S.P. APPARELS LIMITED".
 - (h) **"Chairman/Vice Chairman"** means and includes Chairperson/Vice Chairperson for the time being of the Company by whatever name called and appointed in accordance with the Act and these Articles.
 - (i) **"Depositories Act"** means the Depositories Act, 1996 and includes where the context so admits, any statutory modification or re-enactment thereof.
 - (j) **"Depository"** means a depository as defined under Clause (e) of sub-section (1) of Section (2) of the Depositories Act.
 - (k) **"Directors"** means the directors for the time being of the Company.
 - (l) **"Dividend"** includes interim dividend but excludes bonus Shares.

- (m) **"Equity Shares"** mean the fully paid-up equity shares of the Company of a face value of Rs.10 each or any other issued share capital of the Company that is reclassified, reorganised, reconstituted or converted into equity shares of the Company.
- (n) **"Exchange"** means the Stock Exchange or Exchanges where the Equity Shares of the Company are listed for the time being.
- (o) **"Independent Director"** means a person as defined in Section 149(6) of the Act and/or under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under Clause 49 of the agreement entered into with the Exchange for listing of Equity Shares including any statutory modifications or re-enactments thereto.
- (p) **"Key Managerial Personnel"** means the persons as defined in Section 2(51) of the Act.
- (q) **"Listing Obligations Regulations"** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes the agreement entered into with the Exchange for listing of Equity Shares and includes where the context so admits any amendment or modification thereof for the time being in force.
- (r) **"Managing Director"** means the managing director or the deputy managing director or the joint managing director for the time being of the Company by whatever name called and appointed in accordance with the Act and these Articles.
- (s) **"Member"** or **"Shareholder"** means a Person as defined in Section 2(55) of the Act.
- (t) **"Memorandum"** means the Memorandum of Association of the Company.
- (u) **"Month"** means the English Calendar month.
- (v) **"Office"** means the registered office for the time being of the Company.
- (w) **"Register"** means the Register of Members of the Company required to be kept and maintained under Section 88 of the Act.
- (x) **"Registrar of Companies"** means the registrar of companies of the State in which the Office is for the time being situated.
- (y) **"Rules"** means the rules framed by the Ministry of Corporate Affairs ('MCA') under the Act, as amended from time to time.
- (z) **"Paid-up Capital"** includes credited as paid-up.
- (aa) **"Seal"** means the common seal of the Company.
- (aa) **"Share Capital"** means the capital for the time being raised or authorised to be raised for the purposes of the Company.
- (ab) **"Shares"** means the shares into which the capital is divided and interests corresponding to such Share.
- (ac) **"Person"** includes any corporation as well as individual.
- (ad) **"Proxy"** includes attorney duly constituted under a power of attorney appointed in accordance with the provisions of the Act and the Rules.
- (ae) **"In Writing"** and **"Written"** includes printing, lithography and other modes of representing or reproducing words in a visible form.

- (af) Words importing the singular number also include the plural number and vice-versa.

III. REGISTERED OFFICE

3. The Office shall be at such place as the Board shall determine subject to provisions of the Act.

IV. SHARES

4. a) Share Capital

The Authorised Share Capital of the Company is as stated in Clause V of the Memorandum with the rights, privileges and conditions attached thereto as are provided by the Articles for the time being. The Company shall have power to increase, reduce, consolidate, sub-divide or otherwise alter the Share Capital and to divide the Shares in the Share Capital for the time being into several classes and to attach thereof respectively such preferential or other rights, privileges and conditions in such manner as may be permitted by the Act or provided by the Articles of the Company for the time being.

b) Redeemable Preference Shares

Subject to the provisions of these Articles and of the Act, the Company shall have power to issue preference Shares which may, at the option of the Company, be liable to be redeemed out of the profits or out of the proceeds of a fresh issue of Shares made for the purposes of such redemption. The Board may, subject to the provisions of Section 55 of the Act and the Companies (Share Capital and Debenture) Rules, 2014, exercise such power in such manner as it may think fit.

- c) In respect of terms of issue of Shares the provisions of Articles 53, 54, 55, 56 and 57 shall apply.

d) Dematerialisation or Rematerialisation of shares

The Company shall be entitled to dematerialize all or any of its existing securities, rematerialize all or any of its securities held in the Depositories and / or to offer its fresh Shares or buyback its Shares in a dematerialized form pursuant to the Depositories Act and the relevant Rules, if any.

e) Option to receive securities certificates or to hold Shares with Depository

Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository.

- f) If a person opts to hold his security with a Depository, the Company shall intimate such Depository about the details of allotment of the security, and on receipt of the information, the Depository shall enter in its records the name of the allottees as the Beneficial Owner of the security.

g) Securities in Depositories

The joint-holders of a Share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such Share.

10. Trust not recognised

Subject to Section 89 of the Act, save as herein otherwise provided, the Company shall be entitled to treat the registered holder of any Share as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction or as by statute required, be bound to recognise any equitable or any other claim to or interest in such Share on the part of any other person.

11. Who may be registered

Shares may be registered in the name of any person, company or other body corporate. Not more than three persons shall be registered as joint-holders of any Share.

12. Company not to purchase its own shares

Save as permitted by Section 67 of the Act, the funds of the Company shall not be employed in the purchase of security, Shares in the Company and the Company shall not give, directly or indirectly, any financial assistance, whether by way of loan, guarantee, the provision of security or otherwise, for the purpose of or in connection with any purchase of or subscription for Shares in the Company or shares of any company of which it may, for the time being, be a subsidiary. The Articles shall not be deemed to affect the power of the Company to enforce repayment of loans to Members or to exercise a lien conferred by Article 31.

***13. Purchase of own shares**

Notwithstanding anything contained in these Articles but subject to the provisions of the Companies Act, 2013 or any other law for the time being in force the Company may pursuant to a resolution of the Board or Shareholders, may purchase its own Equity Shares or other securities, by way of a Buy Back arrangement.

V. SHARE CERTIFICATES

14. Authority to issue Share Certificates

Subject to the provisions of the Act and the Companies (Share Capital and Debentures) Rules, 2014 or any statutory modification or re-enactment thereof;

i) the certificates of title to Share and duplicate thereof when necessary shall be issued as may be approved by the Board or any Committee thereof;

ii) **Members right to certificate**

Every Member shall be entitled free of charge to one certificate for all the Shares of each class registered in his name or if the Board so approves to several certificates each for one or more of such Shares and the Company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be.

*** As amended by means of Special Resolution passed by the shareholders of the Company at the Annual General Meeting held on 19th September 2022.**

For S.P. APPARELS LTD


P. SUNDARARAJAN
CHAIRMAN AND MANAGING DIRECTOR
(DIN : 00003380)

All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 88, 89 and 186 of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owner.

(h) Rights of Depositories and Beneficial Owners

Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.

- (i) Save as otherwise provided in (h) above, the Depository, as the registered owner of the securities, shall not have any voting rights or any other rights in respect of the security held by it.

5. Allotment of shares

Subject to these Articles and the provisions of the Act, the Shares of the Company whenever issued shall be under the control and the disposal of the Board who may issue, allot or otherwise dispose off the Shares or any of them to such Persons, in such proportion, on such terms and conditions and at such times and at par or at a premium or subject to compliance with Section 53 of the Act at a discount as they may, from time to time, think fit and proper, and may also issue and allot Shares in the capital of the Company in payment or part payment for any property or assets sold or transferred to or for services rendered to the Company in or about the conduct of its business and the Shares which may be so allotted may be issued as fully paid-up Shares and if so issued shall be deemed to be fully paid-up Shares, provided that option or right to call Shares shall not be given to any Person or Persons without the sanction of the Company in a general meeting.

6. Power to issue Shares

The Company may, subject to the Act, issue any part or parts of the unissued Shares (either equity or preference carrying a right to redemption out of the profits or liable to be so redeemed at the option of the Company) upon such terms and conditions and with such rights and privileges annexed thereto as the Board at their discretion may think fit and proper. Subject to the provisions of the Act and the Rules, in particular, the Board may issue such Shares with such preferential or qualifying rights to dividends and for the distribution of the assets of the Company as the Board may, subject to the aforesaid sections, determine from time to time.

7. Commission and Brokerage

The Company may exercise the power of paying commission conferred by Section 40(6) of the Act along with Rules thereof and in such case shall comply with the requirements of that section and the Rules. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid Shares or partly in one way and partly in the other. The Company may also on any issue of Shares or debentures pay such brokerage as may be lawful.

8. Installment of Shares to be duly paid

If, by the conditions of allotment of any Share, the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the Person who, for the time being, shall be the registered holder of the Share or by his executor or administrator.

9. Liability of joint-holders of Shares

Such certificate shall be issued in accordance with the provisions of the Act and Rules. Every certificate shall be under the Seal, if any, and shall specify the number and distinctive numbers of the Shares to which it relates and the amount paid-up thereon and shall be in such form as the Board may prescribe and approve. In respect of any Shares held jointly by several Persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to one of several joint-holders shall be sufficient delivery to all such holders. [Any Member of the Company shall have the right to sub-divide, split or consolidate the total number of Shares held by them in any manner and to request the Company to provide certificate(s) evidencing such sub-division, split or consolidation.

Provided, however, no Share certificate(s) shall be issued for Shares held by the "Beneficial Owner(s)" with the Depository. Provided that notwithstanding what is stated above, the Company shall comply with such rules or regulations or requirements of any stock exchange or the rules made under Securities Contracts (Regulation) Act, 1956, the Act or any other law applicable in this behalf.

iii) If any share certificate is worn out, defaced, mutilated or torn or if there is no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of Shares, then upon production and surrender thereof to the Company, a new share certificate may be issued in lieu thereof, and if any share certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Board deems adequate, a new share certificate in lieu thereof shall be given to the party entitled to such lost or destroyed share certificate. Every share certificate under this Article shall be issued without payment of fees if the Board so decides, or on payment of such fees (not exceeding Rs. 50) as the Board shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of Shares. Notwithstanding the foregoing provisions of this Article, the Board shall comply with applicable law including the rules or regulations or requirements of any stock exchange, the Rules and the rules made under the Securities Contracts (Regulation) Act, 1956, or any statutory modification or re-enactment thereof, for the time being in force.

iv) Fees for sub-division of letters of allotment, letters of right etc.

Such fee as provided pursuant to the provisions of the Act or Rules thereof or any lesser amount as may be decided by the Board or Committee of the Board from time to time shall be charged for:

a)

Sub-division of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations corresponding to the market unit of trading.

b) Sub-division of renounceable Letters of Right.

VI. CALLS

15. Calls

The Board may, from time to time, subject to the sanction of shareholders and subject to the terms on which any Shares may have been issued and subject to the provisions of Section 49 of the Act, make such calls as the Board thinks fit upon the Members in respect of all moneys unpaid on the Shares held by them respectively and not by the conditions of allotment thereof

made payable at fixed times and each Member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board. A call may be made payable by installments and shall be deemed to have been made when the resolution of the Board authorising such call was adopted.

16. Restriction on power to make calls

Notice of any call as may be prescribed shall be given specifying the time and place of payment and to whom such call be paid.

17. Payment of interest on call

i) If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the holder for the time being in respect of the Share for which the call shall have been made or the installment shall be due, shall pay interest for the same at maximum rate, as prescribed in the Act or Rules or under any other law for the time being in force, from day appointed for the payment thereof to the time of the actual payment or at such lower rate as the Board may determine.

ii) The Board shall be at liberty to waive payment of any such interest either wholly or in part.

18. Amount payable at fixed times or payable in installments on calls

If, by the terms of any Share or otherwise, any amount is made payable upon allotment or at any fixed time or by installments at fixed times, whether on account of the amount of the Share or by way of premium, every such amount or installment shall be payable as if it were a call duly made by the Board and of which due notice had been given, and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.

19. Evidence in action by Company against shareholders

On the trial or hearing of any action or suit brought by the Company against any Shareholder or his representatives to recover any debt or money claimed to be due to the Company in respect of his Share, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the Register as a holder, or one of the holders of the number of Shares in respect of which such claim is made and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Board who made any call, nor that a quorum was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.

20. Payment of calls in advance

The Board may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the money due upon the Share held by him beyond the sums actually called for and upon the money so paid or satisfied in advance, or so in respect thereof as from time to time exceeds the amount of the calls then made upon the Share in respect of which such advance has been made, the Company may pay interest at such rate as may be fixed by the Board. Money so paid in advance of calls shall not rank for dividends or confer a right to participate in profits. The Board may at any time repay the amount so advanced upon giving to such a Member not less than three (3) month's notice in writing. The Member 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 any calls on debentures of the Company.

21. Revocation of call

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

VII. FORFEITURE

22. If calls or installment not paid notice may be given

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

23. Date and place of payment of call

The notice shall name a day in accordance with the Act and the place or places on and at which such call or installment and such interest and expenses aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place appointed, the Shares in respect of which such call was made or installment is payable will be liable to be forfeited.

24. If notice is not complied with, Shares may be forfeited

If the requirements of any such notice as aforesaid not be complied with, any Share in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect.

25. Notice of forfeiture

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

26. Forfeited Share to become property of the Company

Any Share so forfeited shall be deemed to be the property of the Company and the Board may sell, re- allot or otherwise dispose off such forfeited Share in such manner as it thinks fit.

27. Power to cancel forfeiture

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

28. Liability on forfeiture

A Person whose Share has been forfeited shall cease to be a Member in respect of such Share, but shall, notwithstanding the forfeiture, remain liable to pay and shall forthwith pay to the Company, all calls or all installments, interest and expenses, owing upon or in respect of such Share, at the time of the forfeiture, together with interest thereon, from the due date to the time of actual payment at such rate as may be fixed by the Board and the Board may enforce the payment thereof, or any part thereof without any deduction or allowance for the value of the Shares at the time of forfeiture, but shall not be under an obligation to do so.

29. Evidence of forfeiture

A duly verified declaration in writing that, the declarant is a Director, Manager or Secretary of the Company and has been authorised by a Board resolution to act as declarant and that certain Shares in the Company have been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all Persons claiming to be entitled to the Shares and such declaration and the receipt of the Company for the consideration, if any, given for the Shares on the sale or disposition thereof shall constitute a good title to such Shares and the Person to whom any such Share is sold shall be registered as the holder of such Share and shall not be bound to see the application of purchase money, nor shall his title to such Share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposal.

30. Forfeiture provisions to apply to non- payment in terms of issue

The provisions of Articles 22 to 29 hereof shall apply in the case of non-payment of any sum which, by the terms of issue of Share, becomes payable at a fixed time, whether on account of the nominal value of a Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

VIII. LIEN

31. Company's lien on shares

The Company shall have a first and paramount lien upon every Share not being fully paid-up, registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for moneys (whether presently payable or not) called or payable at a fixed time in respect of such Share whether the time for the payment thereof shall have actually arrived or not and no equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect. Fully paid-up Shares shall be free from all liens. Such lien shall extend to all dividends from time to time declared in respect of such Share subject to the provisions of Section 124 of the Act and also to bonus declared on the Shares. Unless otherwise agreed, the registration of a transfer of a Share shall operate as waiver of the Company's lien if any, on such Share.

32. Enforcing lien of sale

For the purpose of enforcing such lien, the Board may sell the Share subject thereto in such manner as it thinks fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell have been served on such a Member, his executor or administrator or his committee, curator bonis or other legal representative as the case may be and default shall have been made by him or them in the payment of the moneys called or payable at a fixed time in respect of such Share for such prescribed period after the date of such notice.

33. Application of proceeds of sale

The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the Share before the sale) be paid to the Persons entitled to the Share at the date of this sale.

34. Validity of sales in exercise of lien and after forfeiture

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board may appoint some persons to execute an instrument of transfer of the Share sold and cause the purchaser's name to be entered in the Register in respect of the Share sold and the purchaser shall not be bound to see the regularity of the proceedings, nor to the application of the purchase money and after his name has been entered in the Register in respect of such Share the validity of the sale shall not be impeached by any Person, and the remedy of any Person aggrieved by the sale shall be in damages only and against the Company exclusively.

35. Board's power to issue new share certificate

Where any Share, under the powers in that behalf herein contained, is sold by the Board and the share certificate in respect thereof has not been delivered to the Company by the former holder of such Share, the Board may issue a new share certificate for such Share distinguishing it in such manner as it may think fit from the share certificate not so delivered.

IX. TRANSFER AND TRANSMISSION

36. Execution of transfer, etc.

The instrument of transfer shall be in writing and all the provisions of Section 56 of the Act and the Companies (Share Capital and Debentures) Rules, 2014, shall be duly complied with in respect of all transfers of Shares and the registration thereof.

37. Transfer of Demat Shares

Nothing contained in the foregoing Article shall apply to transfer of securities affected by the transferor and transferee both of whom are Beneficial Owners with the Depository.

38. Application by transferor

Application for the registration of the transfer of a Share may be made either by the transferor or the transferee, provided that where such application is made by the transferor no registration shall, in the case of a partly paid Share, be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 56 of the Act and the Companies (Share Capital and Debentures) Rules 2014 and subject to provisions of these Articles the Company shall, unless objection is made by the transferee within specified time, 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 of the transfer was made by the transferee.

39. Form of transfer

The instrument of transfer shall be in the form prescribed by the Act and the Companies (Share Capital and Debentures) Rules, 2014. A common form of transfer shall be used in case of transfer of Shares.

40. Form of transfer of Demat Shares

Nothing contained in the foregoing article shall apply to transfer of securities affected by the transferor and transferee both of whom are Beneficial Owners with the Depository.

41. Board's power to refuse to registration of transfer

Subject to the provisions of these Articles, and of Section 58 or any other applicable provisions of the Act and Listing Obligations Regulations or any other applicable provisions of any other law for the time being in force or any statutory modification(s), the Board, may on sufficient cause, refuse to register any transfer of Shares or the transmission of Shares by operation of law of the right to a Share. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other Person or Persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares.

42. No transfer to a person of unsound mind etc.

No transfer shall be made to a person of unsound mind and no transfer of partly paid Shares shall be made to a minor.

43. Instrument of transfer left at Office when to be retained

Every instrument of transfer shall be left at the Office for registration, accompanied by the certificate of the Share to be transferred or, if no such share certificate is in existence, by the Letter of Allotment of the Share and such other evidences as the Board may require to prove the title of the transferor or his right to transfer the Share. Every instrument of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Board may refuse to register, unless the Board decide otherwise, shall be returned to the person depositing the same.

44. Notice of refusal to register transfer

If the Board refuses, whether in pursuance of Article 41 or otherwise, to register the transfer of, or the transmission by operation of law of the right to any Share, the Company shall, within the time prescribed by the Act, Rules or Listing Obligations Regulations send the transferee and transferor or to the person giving intimation of such transmission, as the case may be, notice of the refusal.

45. Fee on registration of transfer

No fee shall be payable to the Company in respect of transfer or transmission of any Shares in the Company, probate, succession certificate, letters of administration, certificate of death or marriage, power of attorney or similar other document.

46. Transmission of registered Shares

The executor or administrator of a deceased Member (not being one of several joint-holders) shall be the only person recognised by the Company as having any title to the Shares

registered in the name of such Member and in case of the death of any or more of the joint-holders of any registered Share, the survivor shall be the only person recognised by the Company as having any title to or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on the Share held by him jointly with any other person. In case of death of the survivor, provisions of Section 72 of the Act shall apply. Before recognising any executor or administrator, the Board may require him to obtain a grant or probate or Letters of Administration or other legal representation, as the case may be from a competent court in India, provided nevertheless that in any case where the Board, in its absolute discretion thinks fit, it shall be lawful for the Board to dispense, Letters of Administration or such other legal representation upon such terms as to indemnity, as it considers proper.

47. Transfer of Shares of insane, minor, deceased, or bankrupt Members

Any committee or guardian of a lunatic or minor Member or any person becoming entitled to transfer a Share in consequence of the death or bankruptcy or insolvency of any Member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board thinks sufficient, may, with the consent of the Board (which the Board shall not be bound to give), be registered as a Member in respect of such Share, or may, subject to the regulations as to transfer herein before contained transfer such Share.

48. Election under Transmission

i)

If the person so becoming entitled under transmission shall elect to be registered as a holder of the Share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

ii)

If the person aforesaid shall elect to transfer the Share, he shall testify his election by executing an instrument of transfer of the Share.

iii)

All the limitations, restrictions and provisions, of these Articles relating to the right to transfer and the registration of instruments of transfer of a Share shall be applicable to any such notice or transfer as aforesaid, as if the death, lunacy, bankruptcy or insolvency of the Member had not occurred.

49. Rights of persons entitled to Shares under Transmission

A person so becoming entitled under transmission to a Share by reason of death, lunacy, bankruptcy of the holder shall, subject to the provisions of Article 83 and of Section 123 of the Act, be entitled to the same dividends and other advantages as he would be entitled to if he were the registered holder of the Share, except that he shall not before being registered as a Member in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company. Provided that the Board may at any time give a notice requiring any such person to elect, either to be registered himself or to transfer the Share, and if the notice is not complied with within the time fixed by the Board, the Board may thereafter withhold payment of all dividends, bonuses, or other moneys payable in respect of the Share, until the requirements of the notice have been complied with.

50. Nomination of Shares

i) Every holder of Shares in, or holder of debentures of the Company may, at any time, nominate, in the prescribed manner, a person to whom his Shares in, or debentures of, the Company shall vest in event of his death.

ii) Where the Shares in, or debentures of the Company are held by more than one person jointly, the joint-holders may together nominate, in the prescribed manner a person to whom all the rights in the Shares or debentures of the Company shall vest in the event of death of all joint-holders.

iii) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such Shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the Shares in or debentures of the Company, the nominee shall, on the death of the Shareholder or holder of debentures of the Company or, as the case may be, on the death of the joint-holder becomes entitled to all the rights in the Shares or debentures of the Company or, as the case may be, all the joint-holders, in relation to such Shares in or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

iv) Where the nominee is a minor, it shall be lawful for the holder of the Shares or holder of the debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to Shares in, or debentures of the Company, in the event of his death, during minority.

v) Any person who becomes a nominee may upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either to be registered himself as holder of the Share(s) or debenture(s) as the case may be or to make such transfer of the Share(s) or debenture(s) as the deceased shareholder or debenture holder, as the case may be, could have made.

51. The provisions of these Articles relating to transmission by operation of law shall *mutatis mutandis* apply to any other securities including debentures of the Company.

X. INCREASE AND REDUCTION OF CAPITAL

52. Power to increase Capital

The Company may, by an ordinary resolution adopted by the Members in a general meeting or by postal ballot, increase its capital, from time to time, by creation of new Shares of such amounts as may be deemed expedient in accordance with the applicable provisions of the Act.

53. On what conditions new Shares may be issued

Subject to any special rights or privileges for the time being attached to any Shares in the capital of the Company then issued, the new Shares or the existing unissued Shares of any class may be issued. In the case of new Shares upon such terms and conditions and with such rights and privileges attached thereto as the Shareholders resolving in a general meeting upon the creation thereof shall direct, and if no directions be given, and in the case of existing unissued Shares as the Board, subject to the Act, shall determine, and in particular in the case of preference Shares such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with rights of redemption.

54. Issue of Sweat Equity Shares to Employees or Directors

Subject to the provisions of the Act and other applicable law and relevant rules and regulations, the Company may issue sweat Equity Shares to employees or directors at a discount or for consideration other than cash for providing know-how or making available rights in the nature of

intellectual property rights or value additions, by whatever name called or for the performance of past or future services, provided that such issue is authorised by a special resolution adopted by the Company in a general meeting.

55. Provisions relating to the issue of shares

(a) Before the issue of any new Shares, the Company in a general meeting or through postal ballot may make provisions as to the issue and allotment of the new Shares, and in particular may determine to whom such Shares shall be offered in the first instance, and whether at par or at a premium or discount, and upon default of any such provisions, or so far as the same shall not extend, the new Shares may be issued in conformity with the provisions of Article 5.

(b) Subject to the provisions of the Act, where the new Shares are offered to the persons who at the date of the offer, are holders of the Equity Shares of the Company then such Share shall be offered in proportion, as nearly as circumstances admit, to the capital paid-up on these Shares at the date. Such offer shall be made by a notice specifying the number of Shares offered and limiting a time as may be prescribed by the Act and Rules thereof within which the offer, if not accepted, will be deemed to have been declined. Such offer shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to them in favour of any other person and the notice referred to above hereof shall contain this statement of this right, provided that the directors may decline, without assigning any reason to allot any Shares to any person in whose favour any Member may renounce the Shares offered to him. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board may dispose off such Shares in such manner which is not disadvantageous to the Shareholders and the Company.

(c) The Company may offer the new Shares to employees under a scheme of employees' stock option, subject to a special resolution adopted by the Company and subject to such conditions as may be prescribed under the Act, the Rules and any other applicable law.

(d) The Company may offer the new Shares to any Persons, whether or not those Persons include the Persons referred to in Article 55(b) or Article 55(c) above, either for cash or for consideration other than cash, if the price of such Shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed under the Act and such offer has been approved by a special resolution in a general meeting.

(e) Notwithstanding anything contained in this Article, but subject, however, to Section 62(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debenture or loans into shares, or to subscribe for Shares in the Company, provided however that the terms of the debentures or loans include a term providing for such option have also been approved before the issue of such debentures or the raising of loan by a special resolution in a general meeting.

56. How far new Shares to rank with existing Shares

Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new Shares shall be considered part of the then existing Share Capital of the Company and shall be subject to the provisions herein contained with reference to the

payment of dividends, calls and installments, transfer and transmission, forfeiture, lien, surrender and otherwise.

57. Inequality in numbers of new Shares

If owing to any inequality in the number of new Shares to and the number of Shares held by the Members entitled to have the offer of such new Shares, any difficulty that may arise in the apportionment of such new Shares or any of them amongst the Members, such difficulty shall, in the absence of any direction in the Shareholders' resolution creating the Shares or by the Company in a general meeting, be determined by the Board.

58. Reduction of Share Capital

The Company may, subject to the applicable provisions of the Act and Rules, from time to time, by special resolution reduce its capital and any capital redemption reserve account or securities premium account, in any manner and with and subject to any incident authorised and consent required by law.

59. Issue of Bonus Shares

Subject to the provisions of Section 63 of the Act read with the applicable Rules, the Company may issue bonus Shares to its Members out of (i) its free reserves; (ii) the securities premium account; or (iii) the capital redemption reserve account.

XI. ALTERATION OF CAPITAL

60. Power to alter Share Capital

The Company in a general meeting or through postal ballot may, subject to the provisions of the Act, from time to time:-

- (a) consolidate and divide all or any of its Share Capital into Shares of larger amount than its existing Shares;
- (b) sub-divide its existing Shares or any of them into Shares of smaller amount than is fixed by the Memorandum so, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived;
- (c) convert all or any of its fully paid-up Shares into stock, and reconvert that stock into fully paid-up Shares of any denomination;
- (d) cancel any Shares which at the date of the adopting of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its Share Capital by the amount of the Shares so cancelled.

61. Surrender of shares

Subject to the provisions of the Act, the Board may accept from any Member the surrender, on such terms and conditions as shall be agreed, of all or any of his Shares.

XII. MODIFICATION OF RIGHTS

62. Power to modify rights

Whenever the capital (by reason of the issue of preference Shares or otherwise) is divided into different classes of Shares, all or any of the rights and privileges attached to each class may, subject to the provisions of the Act, be modified, commuted, affected, abrogated, varied or dealt with by consent in writing by the holders of not less than three-fourths of the issued Shares of that class, or by a special resolution adopted at a separate meeting of the holders of the issued Shares of that class and all the provisions herein after contained as to general meetings shall *mutatis mutandis*, apply to every such meeting. This Article is not by implication to curtail the power of modification which the Company would have if this Article were omitted. The Company shall comply with the provisions of Section 117 of the Act as to forwarding a copy of any such agreement or resolution to the Registrar of Companies.

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

XIII. BORROWING POWERS

63. Power to borrow

Subject to the provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, the directors may from time to time at their discretion, by resolution adopted at the meeting of the Board, accept deposit from Members or public or others either in advance or calls, or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purpose of the Company not exceeding the aggregate of the paid-up Share Capital of the Company and its reserves. Provided, however, where the monies to be borrowed, together with the monies already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aforesaid aggregate, the Directors shall not borrow such monies without the consent of the Company in a general meeting by means of special resolution.

64. Conditions on which money may be borrowed

The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular, by the issue of bonds, redeemable debentures or debenture-stock, or any mortgage, or other tangible security on the undertaking or the whole or any part of the property of the Company (both present and future).

65. Issue of debentures, debenture- stocks, bonds, etc. with special privileges

Any debentures, debenture-stocks, bonds or other securities may be issued at a premium or otherwise and with any special privileges, as to redemption, surrender, drawings, allotment of Shares, appointment of Directors and otherwise, debentures, debenture-stocks, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Provided that the debentures, debenture stock, bonds or other securities with the right to allotment of the or conversion into Shares shall not be issued except with the consent of the Company in a general meeting or through Postal Ballot subject to provisions of Section 71 of the Act.

66. Instrument of transfer

Save as provided in Section 56 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the debentures.

67. Notice of refusal to register transfer

If the Board refuses to register the transfer of any debentures within time limit as may be prescribed, the Company shall send to the transferee and to the transferor, notice of the refusal.

XIV. GENERAL MEETINGS

68. When Annual General Meeting to be held

In addition to any other meetings, the "Annual General Meeting" of the Company shall be held in each calendar year and not more than fifteen (15) months shall elapse between the date of one annual General Meeting of the Company and that of the next. and subject to the provisions of the Act, during such business hours and places as may be determined by the Board under the provisions of the Act or the Rules made thereunder. Any other meeting of the Company shall be called as "Extra-ordinary General Meeting".

69. Calling of a general meeting by circulation

The Board may also decide to call a general meeting by adopting a resolution by circulation and the resolution so adopted would be as effective as a resolution adopted at the Board meeting.

70. Circulation of Member's Resolution

The Company shall comply with provisions of Section 111 of the Act, as to giving notice of resolutions and circulating statement on the requisition of Members.

71. Notice of meeting

Save as permitted under Section 101 of the Act, a general meeting of the Company may be called by giving prior notice as may be prescribed either in writing or through electronic mode. Notice of every meeting shall be given to the Members and such other person or persons as required under and in accordance with Section 101 of the Act and it shall be served in the manner authorised by Sections 20 and 101 of the Act and the Rules.

XV. PROCEEDINGS AT A GENERAL MEETING

72. Business of meeting

Subject to the Act, the ordinary business of an Annual General Meeting shall be to receive and consider the financial statements, including consolidated financial statements and the reports of the Directors and the Auditors thereon, to elect Directors in the place of those retiring, to appoint Auditors and fix their remuneration and to declare dividends. All other business transacted at an Annual General Meeting and all business transacted at any other general meeting shall be deemed to be special business.

73. Quorum to be present when business commenced

No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Quorum for the meeting shall be determined in accordance with Section 103 of the Act.

74. When if Quorum not present, meeting to be cancelled and when to be adjourned

If within half-an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened by requisition of Members shall be cancelled, but in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such time and place as the Board may by notice appoint and if at such adjourned meeting a quorum is not present within half-an-hour from the time appointed for holding the meeting those Members, who are present and not being less than two (2) shall be quorum and may transact the business for which the meeting was called.

75. Resolution to be adopted by the Company in a general meeting

Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or adopted by the Company in a general meeting or through postal ballot shall be sufficiently so done or adopted if effected by an ordinary resolution as defined in Section 114 (1) of the Act unless either the Act or these Articles specifically require such act to be done or resolution adopted by a special resolution as defined in Section 114 (2) of the Act.

76. Chairman of a general meeting

The Chairman of the Board and in his absence Vice Chairman shall be entitled to take the chair at every general meeting ("**Chairman/Vice Chairman**"). If there is no such Chairman/Vice Chairman, or if at any meeting he is not present within fifteen (15) minutes after the time appointed for holding such meeting, or is unwilling to act, the Directors present shall choose another Director as Chairman, and if no Directors is present, or if all the Directors present decline to take the Chair, then the Members present shall, on a show of hands or on a poll if properly demanded, elect one (1) of their numbers being a Member entitled to vote, to be the Chairman/Vice Chairman.

77. How questions to be decided at meetings

At any general meeting a resolution put to the vote of the meeting shall, unless a poll is demanded under Section 109 of the Act or voting is carried out electronically, be decided on a show of hands in accordance with Section 107 of the Act and the Companies (Management and Administration) Rules, 2014. In the case of an equality of votes, the Chairman shall, have a right to vote, both on a show of hand and a casting vote at the poll in addition to the vote or votes to which he may be entitled as a Member.

78. What is the evidence of adopting of a resolution where poll is not demanded

A declaration by the Chairman that on an evidence of the show of hands a resolution has or has not been carried, either unanimously or by a particular majority and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion the votes cast in favour of or against such resolution.

79. Demand for Poll

(i) Subject to the Act, before or on the declaration of the result of voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of his own motion and shall be ordered to be taken by him on a demand made in that behalf by a Member or Members

present in person or by Proxy and holding Shares in the Company conferring their powers to vote on such resolution, being Shares which is not less than 1/10 of the total voting power in respect of the resolution or on which the aggregate sum of not less than Rs.5,00,000 has been paid-up.

(ii) If a poll be demanded as aforesaid it shall be taken forthwith on a question of adjournment or election of a Chairman and in any other case in such manner and at such time, not being later than forty-eight (48) hours from the time, when the demand was made, and at such place as the Chairman directs and subject as aforesaid, either at once or after an interval or adjournment or otherwise and the results of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was demanded.

(iii)

The demand of a poll may be withdrawn at any time by the person or persons who made the demand.

(iv) Where a poll is to be taken, the Chairman shall appoint scrutinizer(s) as prescribed by the Rules to scrutinize the votes given on the poll and report to him thereon.

(v) On a poll, a Member entitled to more than one (1) vote, or his Proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

(vi) The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

80. Power to adjourn a general meeting

(i) The Chairman of a general meeting may adjourn the general meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(ii) Save as otherwise provided in Section 103 of the Act, when the meeting is adjourned it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting unless the adjournment is for such period or more as may be prescribed in the Act and Rules.

81. Vote of Members

i) Save as hereinafter provided, on a show of hands every Member present in person and being a holder of Equity Shares shall have 1 (one) vote and such other person present, as the Act or Rules thereof may prescribe from time to time being a holder of the Equity Shares or not, shall have 1 (one) vote.

ii) Save as hereinafter provided, on a poll the voting rights of a holder of Equity Shares shall be as specified in Section 47 of the Act.

iii) The voting rights of every Member holding preference Shares, if any, shall upon a show of hands or upon a poll be subjected to the provisions, limitations and restrictions laid down in Section 47 of the Act. Provided that no body corporate shall vote by Proxy so long as resolution of its Board under the provisions of Section 113 of the Act is in force and the person named in such resolution is present at the general meeting at which the vote by Proxy is tendered.

iv) A Member may exercise his vote if permitted by the Act and the Rules at a meeting or by postal ballot or by electronic means in accordance with the Section 108 of the Act read with the Companies (Management and Administration) Rules, 2014 and shall vote only once.

82. Procedure where a company or body corporate or President or Governor is a Member

Where a body corporate (hereinafter called "**Member Company**") is a Member of the Company, then their representation at the general meeting shall be in accordance with Section 113 of the Act. Such a person so authorised shall be entitled to exercise the same rights and powers, including the right to vote by Proxy on behalf of the Member Company which he represents, as that Member Company could exercise if it were an individual Member.

83. Votes in respect of deceased, insane and insolvent Members

Any Person entitled under these Articles for transfer of Shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such Shares, provided that at least forty eight (48) hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he purports to vote he shall satisfy the Board of his right to transfer such Shares, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof. If any Member is of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, he may vote whether on a show of hands or at a poll, by his Committee, or other legal guardian and any such Committee or legal guardian may, on a poll, give their votes by Proxy.

84. Votes in respect of Joint-Holders

Where there are joint registered holders of any Share, any one of such persons may vote at any general meeting either personally or by Proxy in respect of such Share as if he were solely entitled thereto and if more than one of such joint-holders be present at any general meeting either personally or by Proxy, then one of the said persons so present whose name stands first on the Register in respect of such Share alone shall be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any Share is registered shall for the purpose of this Article be deemed joint-holders thereof.

85. Votes by Proxy

Votes may be given either personally, or in the case of a body corporate, by a representative duly authorised as aforesaid, or by Proxy in accordance with the provisions of Section 105 of the Act read with the Companies (Management and Administration) Rules, 2014.

86. Instrument appointing a Proxy to be deposited at the office

The instrument appointing a Proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if such appointer is a body corporate, be under its seal if any or be signed by an officer or attorney duly authorised by it.

87. Proxy forms sent by Company

The Company agrees that it will send out Proxy forms to all shareholders and debenture holders in all cases where proposals other than of a purely routine nature are to be considered, such Proxy forms being so worded that a shareholder or debenture holder may vote either for or against each resolution.

88. Instrument appointing a Proxy to be deposited at the office

The instrument appointing a Proxy and the power of attorney or other authority (if any) under which it is signed, or a notarized copy of that power or authority, shall be deposited at the Office not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument purports to vote in respect thereof and in default the instrument of Proxy shall not be treated as valid.

89. Whether vote by Proxy valid though authority revoked

A vote given in accordance with the terms of an instrument appointing a Proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument, or transfer of the Share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the Share shall have been received by the Company at the office before the vote is given. Provided nevertheless that the Chairman shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of Proxy and that the same has not been revoked.

90. Form of instrument appointing a Proxy

Every instrument appointing a Proxy shall be retained by the Company and shall, be in the form as prescribed in the Companies (Management and Administration) Rules, 2014.

91. Restriction on voting

No Member shall be entitled to exercise any voting rights either personally or by Proxy at any meeting of the Company in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, exercised, any right of lien but the Board may by a resolution waive the operation of this Article.

92. Objections raised on voting

- i) Any objection as to the admission or rejection of a vote either, on a show of hands, or on a poll made in due time, shall be referred to the Chairman, who shall forthwith determine the same, and such determination made in good faith shall be final and conclusive.
- ii) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.

XVI. DIRECTORS

93. Number of Directors

The number of Directors of the Company shall not be less than three (3) and not more than fifteen (15).

Provided that the Company may appoint more than fifteen (15) directors after adopting a special resolution of Members. The composition of the Board will be in consonance with the Act and the Listing Obligations Regulations.

94. The first Directors of the Company are :

1. Mr.P.SUNDARARAJAN
2. Mrs.S.LATHA
3. Mrs.S.SHANTHA

95. NOMINEE DIRECTOR : Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Reconstruction Bank of India (IRBI), Life Insurance Corporation of India (LIC),The Industrial Credit and Investment

Corporation of India Limited (ICICI), Unit Trust of India (UTI), General Insurance Corporation of India (GIC), National Insurance Company Limited (NIC), The Oriental Insurance Company Limited (OIC), The New India Assurance Company Limited (NIA), United India Insurance Company Limited (UII), or a state Financial Corporation or any financial institution owned or controlled by the Central Government or a state Government or state Government by themselves (each of the above is hereinafter in this Article referred to as "**the Corporation**") out of any loans / debenture assistance granted by them to the Company or so long as the Corporation holds or continues to hold Debentures / Shares in the Company as a result of underwriting or by direct subscription or private placement, or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, whole time or non-whole time, (which Director or Directors, is / are hereinafter referred to as "Nominee Directors/s") on the Board and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their places.

The Board shall have no powers to remove from office the Nominee Director/s. At the option of the Corporation such nominee Director/s shall not be required to hold any Share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any money remain owing by the Company to the Corporation or so long as the Corporation holds debentures/Shares in the Company as a result of underwriting or by direct subscription or private placement or the liability the Company arising out of the guarantee is outstanding and the Nominee Director/s appointed in exercise of the said power shall *ipso facto* vacate such office immediately once the moneys owed by the Company to the Corporation are paid off or on the Corporation ceasing to hold debentures/ Shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Articles shall be entitled to receive all notices of and attend all general meeting, board meeting and of the meetings of the Committee of the Board of which the Nominee Director/s is/are member/s as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.

The Company shall pay the Nominee Director/s sitting fees expenses to which the other Directors of the Company are entitled, but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the corporation and the same shall accordingly be paid by the company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship, shall also be paid or reimbursed by the Company to Corporation or, as the case may be, to such Nominee Director/s.

Provided that if any such Nominee Director/s is an officer of the Corporation the sitting fees, in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall be accordingly paid by the Company directly to the Corporation. Provided also that in the event of nominee directors being appointed as whole-time director shall

exercise such powers and duties as may be approved by the Corporation and have such rights as are usually exercised, or available to a whole time Director in the management of the affairs of the Company. Such whole-time Director/s shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Corporation.

96. Company to increase or reduce number of Directors

Subject to the provisions of the Act and these Articles, the Company may from time to time increase or reduce the number of Directors within the limits fixed by Article 93.

97. Limit on number of non-retiring Directors

a) Subject to the Act and these Articles, the Directors not exceeding one-third of the total number of Directors for the time being of the Company shall be liable to retirement by rotation or if their number is not three or multiple of three, then the number nearest to one-third shall retire from office. The Independent Directors and any other Director as may be prescribed in the Act or Listing Obligations Regulations shall not be counted in the total number of Directors for this purpose.

b) Subject to the provisions of Articles 97 and 98 and Section 152 of the Act, all Directors other than the Directors who are not retiring by rotation, additional/ alternate/ Independent Directors shall be persons whose period of office is liable to determination by retirement by rotation. Neither a nominated Director nor an additional Director appointed by the Board under Article 98 hereof nor an Independent Director shall be liable to retire by rotation within the meaning of this Article. All the Directors who are not retiring except Independent Directors and any other Director as may be prescribed in the Act or Listing Obligations Regulations shall however, be counted in determining the number of retiring Directors.

98. Power of Directors to add their number

The Board shall have power at any time and from time to time to appoint any person as an additional Director as an addition to the Board but so that the total numbers of Directors should not exceed the limit fixed by these Articles and the Act. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for re-election.

99. Qualification Shares

A Director shall not be required to acquire qualification Shares.

100. Director's Remuneration and expenses

Subject to the approval of the Board, each Director shall be entitled to receive out of the funds of the Company a fee for attending a meeting of the Board or any other meetings, within the limit permitted, from time to time, by the Act or the Rules made thereunder. The Directors who are neither Managing Director nor Whole-Time Director may be paid a remuneration exclusive of any fees and reimbursement of expenses payable to them for attending meetings etc. which shall not exceed 1 (one) percent or such other higher amount as may be permitted under the Act or Rules thereof, of the net profit of the Company as may be decided by the Board.

All other remuneration, if any, payable by the Company to each Director, whether in respect of his services as a Managing Director or a Director in the whole or part time employment of the Company or otherwise shall be determined in accordance with and subject to the provisions of

these Articles and of the Act. The Directors shall be entitled to be paid their all travelling, hotel and other expenses incurred in consequence of their attending the Board and other meetings or otherwise incurred in the execution of their duties as Directors or in performing any of the task on behalf of the Company.

101. Remuneration for extra services

If any Director, being willing, called upon to perform extra services or to make any special exertions for any of the purposes of the Company or as a Members of a Committee of the Board then, subject to Section 197 of the Act, the Board may remunerate the Directors so doing either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled.

102. Board may act notwithstanding vacancy

The continuing Directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum as fixed by the Articles, the Directors shall not except for the purpose of filling vacancies or for summoning a general meeting as so long as the number is below the minimum.

103. Vacation of office of Director

The office of Director shall *ipso facto* become vacant if at any time he commits any of the acts set out in Section 167 of the Act.

104. Office or place of profit of Director

No director or other person referred to in Section 188 of the Act shall hold an office or place of profit save as permitted by that Section and the Companies (Meetings of Board and its Powers) Rules, 2014.

105. Conditions under when Directors may contract with Company

Subject to the provisions of Sections 184, 188 and 192 of the Act and the Rules made thereunder neither shall a Director be disqualified from contracting with the Company whether as vendor, purchaser or otherwise for goods, materials or services or for underwriting the subscription of any Shares in or debentures of the Company nor shall any such contract or agreement entered into by or on behalf of the Company with the relative of such Director, or a firm in which such Director or relative is a partner or with any other partner in such firm or with a private company of which such Director is a member or director, be void nor shall any director so contracting or being such member or so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding office or of the fiduciary.

106. Which Directors to retire

a) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between Persons who became Directors on the same day those to retire shall, in default of and subject to any agreement among themselves, be determined by lot drawn at a meeting of the Board.

b) Save as permitted by Section 162 of the Act, every resolution of a general meeting for the appointment of a Director shall relate to one named individual only.

107. Power to remove Directors by ordinary resolution on special notice

The Company may remove any Director other than directors nominated pursuant to Articles 95 before the expiration of his period of office in accordance with the provisions of Section 169 of the Act and may subject to the provisions of Section 161 of the Act appoint another Person instead of the Director so removed who was appointed by the Company in a general meeting or by the Board under Article 108.

108. Board may fill up casual vacancies

If any Director appointed by the Company in a general meeting vacates office as a Director before his term of office expires in the normal course, the resulting casual vacancy may be filled up by the Board at a meeting of the Board, but any person so appointed shall retain his office so long only as the vacating Director would have retained the same if no vacancy has occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Article 107.

109. When the Company and candidate for office of Directors must give notice

The eligibility and appointment of a person other than a retiring Director to the office of Director shall be governed by giving notice in accordance with the provisions of Section 160 of the Act.

XVII. ALTERNATE DIRECTORS

110. Power to appoint alternate Directors

The Board may in accordance with and subject to the provisions of Section 161 of the Act, appoint any Person to act as alternate Director for a Director during the latter's absence for a period of not less than three (3) months from India. No Person shall be appointed as alternate Director to an Independent Director unless he is qualified to be appointed as Independent Director under the provisions of the Act.

XVIII. PROCEEDINGS OF BOARD OF DIRECTORS

111. Meeting of Directors

The Board may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit; provided that a meeting of the Board shall be held as per the provision of the Act, Rules and the Listing Obligations Regulations.

112. Director may summon meeting

A Director may, at any time, and the manager or secretary shall, upon the request of a Director made at any time, convene a meeting of the Board and the provisions of Section 173 of the Act and the Companies (Meetings of Board and its Powers) Rules, 2014 shall apply in this regard.

113. Chairman Emeritus/Mentor

The Board may appoint Chairman Emeritus/Mentor to guide the Board. He may be remunerated as per the provisions of these Articles and provided with such amenities and facilities as may be required to perform his functions and approved by the Board.

114. Chairman/Vice Chairman

The Board may appoint a Chairman of its meetings. The Board may also appoint a Vice Chairman to preside over the meeting of the Board in absence of Chairman. If no such Chairman/Vice Chairman is appointed or if at any meeting of the Board, the Chairman/Vice Chairman is not present within five minutes after the time appointed for holding the same, the Directors present shall choose someone of their member to be the Chairman of such meeting.

115. Quorum

The quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of Section 174 of the Act. If a quorum shall not be present within fifteen (15) minutes of the time appointed for holding a meeting of the Board, it shall be adjourned until such date and time as the Chairman of the Board shall appoint. The participation of the Directors can be in person or through video conferencing or other audio visual means as may be prescribed by the Companies (Meetings of Board and its Powers) Rules, 2014 or permitted by law.

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

117. How questions to be decided

Subject to the provisions of Sections of 186(5), 203(3) of the Act and save as otherwise expressly provided in these Articles, questions arising at any meetings shall be decided by a majority of votes.

118. Power to appoint Committees and delegate

The Board may, subject to the provisions of the Act, from time to time and at any time, delegate any of its powers to a Committee consisting of such Director or Directors as it thinks fit and may, from time to time revoke such delegation. Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

119. Proceedings of Committee

The meeting and proceedings of such Committee consisting of two (2) or more Directors shall be governed by the regulations made by the Board in that regard in accordance with the provisions, if any, of the Act and the Listing Obligations Regulations.

120. When acts of a Director valid notwithstanding defective appointment

Acts done by a person as a Director shall be valid, notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or had been terminated by virtue of any provisions contained in the Act or in these Articles. Provided that nothing in these Articles shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have been terminated.

121. Resolutions by Circulation

Save in those cases where a resolution is required by Sections 161(4), 179, 182, 184, 186, 188, 203 or any other provision of the Act, to be adopted at a meeting of the Board, a resolution shall be as valid and effectual as if it had been adopted at a meeting of the Board

or a Committee of the Board, as the case may be duly called and constituted if a draft thereof in writing is circulated, together with the necessary papers, if any, to all the Directors or to all the members of the Committee as the case may be, at their address(es) registered with the Company in India by hand delivery or by post or by courier, or through such electronic means as may be prescribed and has been approved by a majority of the directors or Members, who are entitled to vote on the resolution.

Provided that, where not less than one-third of the Directors of the Company for the time being require that resolution under circulation must be decided at the meeting of the Board, the Chairman shall put the resolution to be decided at a meeting of the Board.

XIX. MINUTES

122. Minutes to be made

a) The Board shall in accordance with the provisions of Section 118 of the Act and the Companies (Management and Administration) Rules, 2014, cause minutes to be kept of every general meeting of the Company and of every meeting of the Board or of every Committee of the Board.

b) Any such minutes of any meeting of the Board or of any Committee or of the Company in a general meeting, if kept in accordance with the provisions of Section 118 of the Act and the Companies (Management and Administration) Rules, 2014, shall be evidence of the matters stated in such minutes. The minute books of general meetings of the Company shall be kept at the Office and shall be open to inspection by Members as per the provisions of the Act or the Rules made thereunder. The minute books of general meetings may also be kept for inspection in electronic mode as prescribed under the Companies (Management and Administration) Rules, 2014.

XX. POWERS OF THE BOARD

123. General power of Company vested in the Board

Subject to the provisions of the Act and these Articles, the business of the Company shall be managed by or under the direction of the Board who shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and do. Provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other statute or by the Memorandum of the Company or by these Articles or otherwise, to be exercised or done by the Company in a general meeting. Provided further that wherever the Act or any other statute or the Memorandum of the Company or these Articles, provide for exercise of powers by the Board subject to the Members approval in a general meeting, the Board shall exercise such powers only with such approval. In exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of the Company or in these Articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the Company in a general meeting, but no regulation made by the Company in a general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

124. Specific Powers given to Directors

Without prejudice to the general powers conferred by the immediately preceding Article and to any other powers or authority conferred by these presents on the Directors or on the Managing Director, it is hereby expressly declared that the Directors shall subject to the regulations of

these presents and to the provisions of the Act and in addition to the powers of the Board provided under Section 179 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, have the following powers, that is to say, power:

To carry the agreement into effect

- (i) To take such steps as they think fit to implement and to carry into effect all agreements.

To pay preliminary expenses

- (ii) To pay costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.

To acquire and dispose of property and rights

- (iii) 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 they think fit and subject to the provisions of Section 180(1) of the Act, to sell, let, lease, exchange, or otherwise dispose of absolutely or conditionally any part of the property, privileges and undertaking of the Company upon such terms and conditions and for such consideration as they may think fit.

To pay for property in debenture etc.

- (iv) At their discretion to pay for in debentures etc. property rights, privileges acquired by or services rendered to the Company either wholly or partially in cash or in Shares (subject to Section 62 of the Act), bonds, debentures or other securities of the Company and any such Shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon; and such bonds, debentures, or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

To secure contracts by mortgage

- (v) To secure, the fulfillment of any contracts, agreements or engagement entered into by Company by mortgage or charge of all or any of the property of the Company and its unpaid capital for the time being or in such manner as they may think fit, subject to Section 180 of the Act.

To appoint officers etc.

- (vi) To appoint and at their discretion remove or suspend such agents, employees, officers, clerks and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties and fix their salaries or emoluments whether by way of commission or participation in profits or partly in one way and partly in another and to require security in such instances and to such amount as they think fit.

To appoint trustees

- (vii) To appoint any Person or Persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes and to execute and do all such deeds, documents and things as may be requisite in relation to any such trust and to provide for the remuneration of such trustee or trustees.

To bring and defend actions etc.

(viii) Subject to the provisions of Act, to institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Company.

To refer to arbitration

(ix) To refer any claims as demands by or against the Company to arbitration and observe and perform the awards.

To give receipts

(x) To make and give receipts, releases and other discharges for money payable to the Company and for the claims and demands of the Company.

To act in matters of bankrupts and insolvents

(xi) To act on behalf of the Company in all matters relating to bankrupts and insolvents.

To authorize acceptance etc.

(xii) To determine who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, releases, contracts, negotiable instruments and documents.

To appoint attorneys

(xiii) From time to time to provide for the management of the affairs of the Company either in different parts of India or elsewhere in such manner as they think fit and in particular to establish branch officers and to appoint any persons to be the attorneys or agents of the Company with such powers (including powers to sub-delegate) and upon such terms as may be thought fit.

To invest moneys

(xiv) Subject to the provisions of Sections 67, 179, 180(1), 186 of the Act, to invest and deal with any of the moneys of the Company not immediately required for the purposes thereof upon such securities (not being Shares in this Company) and in such manner as they think fit and from time to time to vary or realise such investments.

To give security by way of indemnity

(xv) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon.

To give percentage of profits

(xvi) Subject to the provisions of Section 188 of the Act, to give to any person employed by the Company, as remuneration for their services as such, a commission on the profits of any

particular business or transaction or a Share in the profits of the Company. Such commission or Share or profits shall be treated as part of the working expenses of the Company.

To make bye laws

(xvii) From time to time make, vary and repeal bye-laws for the regulation of the business of the Company, its officers and servants.

To make contracts etc.

(xviii) To enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds, things in the name and on behalf of the Company as they may consider expedient or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.

To establish and support charitable objects

(xix) Subject to the provisions of Sections 181 and 182 of the Act to establish, maintain, support and subscribe to any national, political and charitable institutions or funds of public object, and any institution, society, or club which may be for the benefit of the Company or its employees or may be connected with any town or place where the Company carries on business, to give pensions, gratuities, or charitable aid to any Person or Persons who have served the Company or to the wives, children or dependents of such Person or Persons, that may appear to the Directors just or proper, whether any such Person, his widow, children or dependents have or have not a legal claim upon the Company.

To set aside profits for Provident Fund

(xx) Subject to the provisions of the Act, before recommending any dividends, to set aside portions of the profits of the Company to form a fund to provide for such pensions, gratuities or compensation, or other benefits or to create any provident or benefit or other funds in such or any other manner as the Director may deem fit.

To make and alter rules

(xxi) To make and alter rules and regulations concerning the time and manner of payment of the contributions of the employees and the Company, respectively to any such funds and the accrual, employment, suspension and forfeiture of the benefits of the said funds and the application and disposal thereof and otherwise in relation to the working and management of the said fund as the Directors shall from time to time think fit.

To do other acts

(xxii) To do any and all other acts and things of whatsoever nature which are permitted under the law and exercise all such powers subject to the provisions of the Act.

To delegate powers to a Director, officer or employee

(xxiii) Subject to the provisions of the Act, to delegate all or any of the powers hereby conferred upon them to the Managing Director or to any other Director, officer or employees of the Company as they may from time to time think fit, other than a power to issue debentures and to make calls on shareholders in respect of moneys unpaid on their Shares.

XXI. MANAGING OR WHOLE – TIME DIRECTOR(S)

125. Powers of Board to appoint Managing or Whole-time Director(s)

Subject to the provisions of the Act, and of these Articles, the Company in a general meeting or the Board may from time to time appoint one or more of their body to be Managing Director or Managing Directors (in which expression shall be included Joint or Deputy Managing Director) or Whole-time Director or Whole-time Directors of the Company, for such term not exceeding five years at a time and upon such terms and conditions as they may think fit, from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

Further the Managing Director as stated in Article 126 can hold the position of the Chairman of the Board for the better governance of the Company.

126. Subject to the approval of the Board of the Company, the Chairman/Vice Chairman of the Board of the Company can hold the position of the Managing Director and/or the Chief Executive Officer of the Company at the same time.

127. Subject to the provisions of the Act, and of these Articles, a Managing Director or an Executive Chairman / Whole-time Director may subject to the Shareholders' approval at the time of appointment or reappointment or otherwise continue to hold office not subject to retirement by rotation under Article 107. However, they shall be counted in determining the number of retiring Directors. He shall, subject to the provisions of any contract between him and the Company, be subject to the same provisions as to the resignation and removal of the other Directors of the Company and he shall *ipso facto* and immediately cease to be a Managing Director or an Executive Chairman/Whole-time Director if he ceases to hold the office of Director for any cause, provided that if at any time the number of Directors (including Managing Director or Executive Chairman/Whole-time Director) as are not subject to retirement by rotation shall exceed one-third of the total number of Directors for the time being, then such Managing Director or Executive Chairman/Whole-time Director, as the Directors shall from time to time select, shall be liable to retirement by rotation in accordance with Article 105 for that period and the Directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being.

Further retirement by rotation and re-appointment of Managing Director or Chairman on determination of their office by retirement of Directors by rotation as stated above shall not affect their current tenure of appointment and will not be treated as break in their respective office.

128. Subject to the provisions of the Act and of these Articles and of any contract between him and the Company, the remuneration of the Managing Director or Whole-time Director shall from time to time be fixed by the Directors, subject to the approvals of the Members of Company and may be by way of fixed monthly payment or commission on profits of the Company or by participation in such profits or by any or all of these modes or any other mode not expressly prohibited by the Act. A Managing Director or Whole-time Director shall in addition to the above remuneration not be entitled to the fee for attending meetings of Board or Committee.

129. Power and duties of Managing or Whole-time Director

Subject to the provisions of the Act and of these Articles, the Company or the Board may from time to time entrust to and confer upon a Managing Director or Managing Directors or Whole-

time Director or Whole-time Directors for the time being, such of the power exercisable under these Articles or otherwise by the Directors as they may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and condition they may subject to the provisions of the Act and of these Articles confer such powers either collaterally with, or to the exclusion of or in substitution for all, or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

XXII. MANAGEMENT

130. Management of the Company

The Board may in accordance with the provisions of the Act appoint a Whole-time Chairman or Vice Chairman, or Managing Director or Whole-time Director or Manager to manage its affairs. A Director may be appointed as a Secretary, or Manager but Secretary or Manager need not be a Director of the Company. The terms and conditions and the appointment of Whole-time/Managing Directors shall be subject to the provisions of the Act and to the consent of the Members of the Company, wherever required.

131. Subject to the provisions of the Act, the following regulations shall have effect:

a) Local Management

The Board may, from time to time, provide for the management of the affairs of the Company outside India (or in any specified locality in India) in such manner as it shall think fit and the provisions contained in the paragraphs (b) to (e) below shall be without prejudice to the general powers conferred by this paragraph.

b) Local Directorate delegations

The Board, from time to time and at any time, may establish any local directorates or agencies for managing any of the affairs of the Company outside India, or in any specified locality in India and may appoint any persons to be members of any such local directorate or any managers or agents and may fix their remuneration and, save as provided in Section 179 of the Act, the Board from time to time and at any time may delegate to any Person so appointed any of the powers, authorities and discretions for the time being of any such local directorate or any of them to fill up any vacancies therein and to act notwithstanding vacancies and may fix any such appointment conditions as the Board may think fit and the Board may at any time remove any Person so appointed and may annul or vary any such delegation.

c) Power of Attorney

The Board may, at any time and from time to time, by power of attorney appoint any persons to be the attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those which may be delegated by the Board under the Act and these Articles) and for such period and subject to such conditions as the Board may, from time to time think fit any such appointments may, if the Board thinks fit be made in favour of the members or any of the members of any local directorate established as aforesaid, or in favour of the Company or of the members, directors, nominees, or officers of any company or firm, or in favour of any fluctuating body of persons whether

nominated directly or indirectly by the Board and any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys as the Board thinks fit.

d) Sub-delegation

Any such delegate or attorneys as aforesaid may be authorised by the Board to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

e) Register of Members or debenture holders

The Company shall keep and maintain a Register of Members, Index of Members, Register and index of Debenture holders and Register and index of other security holders in accordance with the applicable provisions of the Act, with details of Shares and debentures held in material/physical and dematerialised form 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 Section 11 of the Depositories Act shall be deemed to be Register of Members and index of Members and Register and Index of Debenture holders and Register and Index of other Security holders, as the case may be, for the purpose of the Act. The Company may cause to be kept in any State or country outside India, as may be permitted by the Act, a foreign Register of Members or debenture holders resident in any such State or country and the Board may from time to time, make such provisions as it may think fit relating thereto and may comply with the requirement of any local law and shall in any case comply with the provisions of Sections 88 of the Act and the Companies (Management and Administration) Rules, 2014.

f) Option to opt out in respect of any security

If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.

g) The Depository shall, on receipt of information as above, make appropriate entries in its records and subsequently inform the Company.

h) The Company shall within the prescribed time of the receipt of the intimation from the Depository and on fulfillment of such conditions and payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee, as the case may be.

i) Service of Documents

Notwithstanding anything in the Act, or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode (including by any data drives or discs).

j) Provisions of Articles to apply to shares held in Depository

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 in physical form subject to the provisions of the Depository Act.

k) Allotment of Securities dealt with in a Depository

Notwithstanding anything in the Act, or these Articles where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

l) Distinctive number of securities held in a Depository

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 which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Every forfeited or surrendered Share held in material form shall continue to bear the number by which the same was originally distinguished.

XXIII. KEY MANAGERIAL PERSONNEL

132. Appointment and Remuneration

Subject to Section 203 of the Act, the Board shall appoint a Managing Director, Whole-time Director, Chief Executive Officer, Company Secretary, Chief Financial Officer and such other Officers as Key Managerial Personnel as may be prescribed on such terms and conditions and on such remuneration as may be approved by the Board and may remove them by means of resolution of the Board.

133. Powers of Key Managerial Personnel

Without prejudice to the general powers or authorities conferred by these presents on Key Managerial Personnel, it is hereby expressly declared that the Key Managerial Personnel shall subject to the regulations of these presents and to the provisions of the Act and in addition to the powers of the Key Managerial Personnel provided under the Act, have the power and authority to represent the Company and to enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds, things in the name and on behalf of the Company as they may consider expedient or in relation to any of the matters for the purposes of the Company.

XXIV. AUTHENTICATION OF DOCUMENTS

134. Power to authenticate documents

Any Director or the Key Managerial Personnel or any officer authorised by the Board for the purpose shall have power to authenticate any documents and accounts relating to the business of the Company and to certify copies thereof, extracts thereof or extracts therefrom as true copies or extracts, where any books records, documents or accounts are elsewhere than at the Office, the local manager or other officer of the Company having the custody thereof, shall be deemed to be a person appointed by the Board as aforesaid.

135. Certified copies of resolution of the Board

A document purporting to be a copy of resolution of the Board or an extract from the minutes of a meeting of the Board which is certified as such in accordance with the provisions of the immediately preceding Article shall be exclusive evidence in favour of all persons dealing with

the Company upon the faith thereof that such resolution has been duly adopted or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Directors.

XXV. ANNUAL RETURNS

136. Annual Returns

The Company shall comply with the provisions of Section 92 of the Act as to the making of Annual Returns.

XXVI. RESERVES

137. Reserves

The Board may, from time to time before recommending any dividend, set apart any and such portion of the profits of the Company as it thinks fit as reserves to meet contingencies or for the liquidation of any debentures, debts or other liabilities of the Company, for equalisation of dividends, for repairing, improving or maintaining any of the property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interest of the Company and may, subject to the provisions of the Act invest the several sums so set aside upon investments (other than Shares of the Company) as it may think fit and from time to time deal with and vary such investment and dispose off all or any part thereof for the benefit of the Company and may divide the reserve into such special funds as the Board thinks fit, with power to employ the reserve or any parts thereof in the business of the Company and that without being bound to keep the same separate from other aspects.

138. Investment of Money

All money carried to the reserves shall nevertheless remain and be profits of the Company subject to due provisions being made for actual loss or depreciation for the payment of dividends and such moneys and all the other moneys of the Company not immediately required for the purposes of the Company may, subject to the provisions of the Act, be invested by the Board in or upon such investments or securities as it may select or may be used as working capital or may be kept at any Bank on deposit or otherwise as the Board may, from time to time think proper.

139. Carry forward of profits

The Board may also carry forward any profits which it may consider necessary not to divide without setting them aside as a reserve.

XXVII. CAPITALISATION OF RESERVES

140. Capitalisation of reserves

Any general meeting may resolve that any moneys, investments, or other assets forming part of the undivided profits of the Company standing to the credit of the reserves, or any capital redemption reserve accounts, or in the hands of the Company and available for dividend or representing premiums received on the issue of Shares and standing to the credit of the securities premium account be entitled and distributed among such of the Shareholders as would be entitled to receive the same if distributed by way of dividend and in the proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such Shareholders in paying up in full of any unissued Shares, of the Company which shall be distributed accordingly or in or towards payment of the

uncalled liability on any issued Shares, or towards both and that such distribution or payment shall be accepted by such Shareholders in full satisfaction of their interest in the said capitalised sum.

Provided that any sum standing to the credit of a securities premium account or a capital redemption reserve account may, for the purpose of this Article only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus Shares.

141. Surplus money

A general meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income tax, be distributed among the Members.

142. Fractional certificates

For the purpose of giving effect to any resolution as mentioned in Articles 140 and 141, the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificate, and may determine that cash payments shall be made to any Members upon the footing of the value so fixed for such fractional certificate in order to adjust the rights of all parties and may vest such cash or for such fractional certificates in trustees upon such trusts for the persons entitled to the dividends or capitalised funds as may seem expedient to the Board. Where requisite, a proper contract shall be filled in accordance with Section 39 of the Act, and the Board may appoint any person to sign such contract on behalf of the person entitled to the dividends or capitalised fund and such appointment shall be effective.

XXVIII. DIVIDENDS

143. Declaration of Dividends

The Company in a general meeting may declare dividends to be paid to the Members according to their rights and interest in the profits and may, subject to the provisions of Section 127 of the Act, fix the time for payment. The dividend declared shall not exceed the amount recommended by the Board, but, the Company in a general meeting may declare a dividend, which is lesser in amount than as recommended by the Board.

144. Dividend to be paid out of the profits

No dividend shall be paid otherwise than out of the profits of the year or any other undistributed profits except as provided by Section 123 of the Act. No dividend shall carry interest against the Company.

145. Dividends to be pro-rata on the paid-up amount

Subject to the special rights of the holders of preference Shares, if any, for the time being, the profits of the Company distributed as dividend or bonus shall be distributed among the Members in proportion to the amount paid or credited as paid on the Shares held by them, respectively, but no amount paid on a Share in advance of calls shall while carrying interest be treated for the purpose of this Article as paid on the Share. All dividend shall be apportioned and paid *pro rata* according to the amount paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms providing that it shall rank for dividend as from a particular date such Shares shall rank for dividend accordingly.

146. What to be seemed net profit

The declaration of the Board subject to Members' adoption in Annual General Meeting as to the amount of the net profits of the Company shall be conclusive.

147. Interim Dividends

The Board may subject to Section 123 from time to time, pay to the Members such interim dividend or Shares as in its judgment the position of the Company justifies.

148. Debts may be deducted

The Board may retain any dividend payable on Shares on which the Company has lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

149. Dividend and call together

Subject to the provisions of Article 15, any general meeting declaring a dividend may make a call on the Members of such amount as the meeting fixes, but so that the call on each Member shall not exceed the dividend payable to him, so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the Member may be set off against the call.

150. Dividend in cash

No dividend shall be payable except in cash, provided that nothing in the foregoing shall be deemed to prohibit the capitalisation of profits or reserves of the Company for the purpose of issuing fully paid-up bonus Shares or paying up any amount for the time being unpaid on the Shares held by the Members of the Company.

151. Dividend Profit

A transfer of Shares shall not pass the rights to any dividend declared thereon before the registration of the transfer.

152. Power to retain dividend until transmission is effected

The Directors may retain the dividend payable upon Shares in respect of which any Person is under transmission entitled to transfer, until such Person shall become a Member in respect of such Shares or shall duly transfer the same.

153. Payment of Dividend to Member on mandate

No dividend shall be paid in respect of any Share except to the registered holder of such Share or to his order or to his bankers, but nothing contained in this Article shall be deemed to require the bankers of a registered shareholder to make a separate application to the Company for the payment of the dividend.

154. Dividend to joint shareholders

Any one of several Persons who are registered as the joint-holders of any Share may give effectual receipt for all dividends, bonuses and other payments in respect of such Share.

155. Notice of declaration of dividend

Notice of any dividend, whether interim or otherwise, shall be given to the persons entitled to Share therein in the manner hereinafter provided.

156. Payment of Dividend

All dividend and other dues to Members shall be deemed to be payable at the Office of the Company. Unless otherwise directed, any dividend, interest or other moneys payable in cash in respect of a Share may be paid by any banking channels or cheque or warrant sent through the post to the registered address of the holder, or in the case of joint-holders, to the registered address of that one of the joint-holders who is the first named in the Register in respect of the joint-holding or to such person and at such address as the holder, or joint-holders, as the case may be, may direct and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.

157. Unclaimed dividends

Where the Company has declared a dividend but which has not been paid or claimed within thirty (30) days from the date of declaration, the Company shall, within seven (7) days from the date of expiry of the thirty (30) day period, transfer the total amount of dividend which remains so unpaid or unclaimed, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "Unpaid Dividend of S.P. Apparels Limited". Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven (7) years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund established under the Act.

158. Forfeiture of dividend

The Company agrees that it will not forfeit unclaimed dividend before the claim becomes barred by law and that such forfeiture, when effected will be annulled in appropriate cases.

XXIX. BOOKS AND DOCUMENTS

159. Books of account to be kept

The Board shall cause proper books of account to be kept in accordance with Section 128 of the Act.

160. Where to be kept

Subject to the provisions of the Act, the books of account shall be kept at the Office or at such other place in India as the Board may decide and when the Board so decides, the Company shall, within prescribed time of the decision, file with the Registrar of Companies a notice in writing giving the full address of that other place. The books can also be kept in electronic mode as prescribed by the Act and Rules subject to compliance of prescribed guidelines.

161. Inspection by Director

- a) The books of account shall be open to inspection by any Director during business hours in accordance with the applicable provisions of the Act and the Rules.
- b) The Board shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations, the books of account and books and documents of the Company, other than those referred to in Articles 122 and 172 or any of them shall be open to the inspection of the Members not being Directors and no Member (not being a

Director) shall have any right of inspecting any books of account or books or documents of the Company except as conferred by law or authorised by the Board or by Company in a general meeting.

***161(1). SEAL**

The Board shall provide for safe custody of the seal. The seal of the company shall not be affixed to any instrument except by the authority of the resolution of the Board or a committee in that behalf, and except in the presence of at least one director. Such signature shall be conclusive evidence of the fact that the seal has been properly affixed. As regards affixing the seal to share certificate the same shall be affixed in accordance with the provisions of the Companies (Share Capital and Debentures) Rules, 2014 or any other statutory regulations.

XXX. ACCOUNTS

162. Balance Sheet and Profit and Loss Account

At every Annual General Meeting, the Board shall lay before the Company the financial statements including consolidated financial statements in accordance with the provisions of Section 129 of the Act read with the Companies (Accounts) Rules, 2014, and such financial statements including consolidated financial statements shall comply with the requirements of Sections 129, 133 and 134 and of Schedule III to the Act so far as they are applicable to the Company but, save as aforesaid the Board shall not be bound to disclose greater details of the result or extent of the trading and transactions of the Company than it may deem expedient.

163. Board's Report

There shall be attached to the financial statements laid before the Company in the Annual General Meeting a report by the Board complying with Section 134 of the Act.

164. Copies to be sent to Members and others

A copy of every financial statements including consolidated financial statements, Auditors report and every other document required by law to be annexed or attached to the financial statements shall, as provided by Section 136 of the Act, within prescribed time before the General Meeting be sent to every such Member, debenture holder, trustee of the debentures issued by the Company and to all other Persons to whom the same is required to be sent by the said Section either by electronic mode or through such other mode as may be prescribed by the Rules.

165. Copies of Balance Sheet etc. to be filed with the Registrar of Companies

The Company shall comply with Section 137 of the Act as to filing copies of the financial statement including consolidated financial statement and documents required to be annexed or attached thereto with the Registrar of Companies.

*** As amended by means of Special resolution passed by the Shareholders of the Company through postal ballot / e voting on 25th March 2020.**

For S.P. APPARELS LTD


P. SUNDARARAJAN
CHAIRMAN AND MANAGING DIRECTOR
(DIN : 00003380)

XXXI. AUDITORS

166. Accounts to be audited annually

Subject to the provisions of the Act, once at least in every year the books of account of the Company shall be audited by one or more auditor or auditors.

167. Appointment, remuneration, rights and duties of Auditors

The appointment, powers, rights, remuneration and duties of the auditors shall be regulated by Sections 139 to 146 and Section 148 of the Act and Rules made thereunder.

XXXII. SERVICE OF NOTICES AND DOCUMENTS

168. How notice to be served on Members

A notice or other documents may be given by the Company to its Members in accordance with Sections 20, 101 and 136 of the Act and Rules made thereunder.

169. Notice valid though Member deceased

Subject to the provisions of Article 167 any notice or document delivered or sent by post to or left at the registered address of any Member in pursuance of these Articles shall, notwithstanding such Member being deceased and whether or not the Company have notice of his death, be deemed to have been duly served in respect of any registered Share, whether held solely or jointly with other persons by such Member until some other persons be registered instead as the holder or joint-holders thereof and such service shall for all purposes of those presents be deemed to be a sufficient service of such notice or document on his heirs, executors or administrators and all persons, if any, jointly interested with him in any such Share.

170. Service of process in winding-up

Subject to the provisions of the Act, in the event of a winding-up of the Company, every Member of the Company who is not for the time being in the place where the Office of the Company is situated shall be bound, within prescribed time after the adoption of an effective resolution to wind-up the Company voluntarily or the making of an order for the winding-up of the Company, to serve notice in writing on the Company appointing some person residing in the neighbourhood of the Office upon whom all summons, notices, process, orders and judgments in relation to or under the winding-up of the Company may be served and in default of such nomination, the liquidator of the Company shall be at liberty, on behalf of such Member, to appoint some such person and serve upon any appointee whether appointed by the Member or the liquidator shall be deemed to be good personal service on such Member for all purposes and where the liquidator makes any such appointment, he shall, with all convenient speed, give notice thereof to such Member by advertisement in some daily newspaper circulating in the neighbourhood of the office or by a registered letter sent by post and addressed to such Member at his address as registered in the Register and such notice shall be deemed to be served on the day on which the advertisement appears or the letter would be delivered in the ordinary course of the post. The provisions of this Article do not prejudice the right of the liquidator of the Company to serve any notice or other document in any other manner prescribed by these Articles.

XXXIII. KEEPING OF REGISTERS AND INSPECTION

171. Registers, etc. to be maintained by Company

The Company shall duly keep and maintain at the Office, Registers, in accordance with Sections 85, 88, 170, 187, 189 and other applicable provisions of the Act and Rules made thereunder in electronic form or in such form and in such manner as may be prescribed under the Act or the Rules.

172. Supply of copies of Registers

The Company shall comply with the provisions of Sections 85, 94, 117, 171, 186 and 189 of the Act and the Rules as to the supplying of copies of the registers, deeds, documents, instruments, returns, certificates, and books etc. herein mentioned to the Persons herein specified when so required by such Persons on payments, where required, of such fees as may be fixed by the Board but not exceeding charges as prescribed by the said Sections of the Act and Rules framed thereunder.

173. Inspection of Registers etc.

Where under any provision of the Act or Rules any Person whether a Member of the Company or not, is entitled to inspect any register, return, certificate, deed, instrument or document (including electronic records) required to be kept or maintained by the Company, the Person so entitled to inspection shall be permitted to inspect the same during such business hours and place as may be determined by the Board under the provisions of the Act and the Rules thereunder.

174. When Registers of Members and Debenture holders may be closed

The Company, after giving appropriate previous notice, subject to the provisions of Section 91 of the Act and Rules made thereunder and the Listing Obligations Regulations, close the Register of Members or the register of debenture holders or the register of security holders, as the case may be, for any period or period as may be prescribed.

XXXIV. RECONSTRUCTION

175. Reconstruction

On any sale of the undertaking of the Company, the Board or the liquidator on a winding-up may, if authorised by a special resolution, accept fully paid or partly paid-up Shares, debentures, or securities of any other company whether incorporated in India or not other than existing or to be formed for the purchase in whole or in part of the Company's property and the Board (if the profits of the Company permit) or the liquidators (in a winding-up) may distribute such Shares or securities, or any other property of the Company amongst the Members without realization or vest the same in trustees for them and the special resolution may provide for the distribution or appropriation of the cash, Shares or other securities benefit or property, otherwise than in accordance with the strict legal rights of the members of contributories of the Company and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of Shares shall be bound by any valuation or distribution so authorised and waive all rights in relation thereto, save only in case the Company is proposed to be or is in course of being wound-up, such statutory right (if any) under the Act as are incapable of being varied or excluded by these Articles.

XXXV. SECRECY

176. Secrecy

Every Director, manager, secretary, Trustee for the Company, its Member or debenture-holder, members of a Committee, officer, servant, agent, accountant, other person employed in or about the business of the Company shall, if so required by the Board or by a Managing Director before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these Articles contained.

XXXVI. WINDING-UP

177. Distribution of assets

Subject to the provisions of the Act, if the Company shall be wound up and the assets available for distribution among Members and not sufficient to repay the whole of the paid-up Share Capital, such assets shall be distributed so that as nearly as may be and the losses shall be borne by the Members in proportion to the paid-up Share Capital at the commencement of the winding-up, on the Shares held by them respectively. And if in a winding-up assets available for distribution among the Members are more than sufficient to repay the whole of the paid-up Share Capital at the commencement of the winding-up, the excess shall be distributed among the Members in proportion to the paid-up Share Capital at the commencement of the winding-up, paid-up or which ought to have been paid-up on the Shares held by them, respectively. But this Article is to be without prejudice to the rights the holders of Shares issued upon special terms and conditions. Preference shareholders shall have prior rights to repayment of capital and dividends due.

178. Distribution of assets in specie

Subject to the provisions of the Act, if the Company shall be wound-up, whether voluntarily or otherwise, the liquidators may, with the sanction of a special resolution divide among the contributories, in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefits of the contributories, or any of them, as the liquidators with the like sanction, shall think fit.

XXXVII. INDEMNITY

179. Indemnity to Directors and officers

Subject to the provisions of the Act every Director, Managing Director, whole-time Director, manager, secretary or officer of the Company or any person (whether an officer of the Company or not) employed by the Company and any person appointed as Auditor shall be indemnified out of the funds of the Company against all bonafide liabilities incurred by him as such Director, Managing Director, whole-time Director manager, secretary officer, employee or Auditor in defending any proceedings, whether civil or criminal in which judgment is given in his favour, or in which he is acquitted or discharged or in connection with any application under the Section 463 of the Act in which relief is granted to him by the Court.

180. Insurance Policy for indemnity

Subject to the provisions of the Act and the Rules, the Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former Directors, Key Managerial Personnel and officers for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable.

XXXVIII. GENERAL POWERS

181. General Powers under the Article

Where any provisions of the said Act, provides that the Company shall do such act, deed, or thing, or shall have a right, privilege or authority to carry out a particular transaction, only if it is so authorised in its Articles, in respect of all such acts, deeds, things, rights, privileges and authority, this Article hereby authorises the Company to carry out the same, without the need for any specific or explicit Article in that behalf.

PART B

XXXIX. PROVISIONS RELATING TO THE INVESTOR

182. Definitions:

In these Articles, unless the context otherwise requires, the following expressions shall have the following meanings:

"Act" means the Indian Companies Act, 2013;

"Affiliate" means, in relation to any Person, any entity controlled, directly or indirectly, by that Person, any entity that controls, directly or indirectly, that person, or any entity under common control with that Person or, in the case of a natural person, any Relative of such person. For the purpose of this definition:

(i) **"control"** means the power to direct the management and policies of an entity whether through the ownership of voting capital, by contract or otherwise, the expressions "Controls", "Controlling" and "Controlled" shall be construed accordingly; and

(ii) A holding or subsidiary company of any entity shall be deemed to be an Affiliate of that entity;

With respect to the Investor, "Affiliate" shall also include New York Life Investment Management India Fund II, LLC having its registered office at 4th Floor, Ebene Heights, 34 Cyber City, Ebene, Mauritius, of which the Investor is a wholly owned subsidiary, NYLIM-JB Asset Management Co. (Mauritius) LLC having its registered office at 4th Floor, Ebene Heights, 34 Cyber City, Ebene, Mauritius and Jacob Ballas Capital India Private Limited having its registered office at 1F, Commercial Plaza, Radisson Hotel, Mahipalpur, National Highway 8, New Delhi, 110037 and each of their respective affiliates, investors and shareholders as well as (1) any fund, collective investment scheme, trust, partnership (including, without limitation, any co-investment partnership), special purpose or other vehicle or any subsidiary or affiliate of any of the foregoing, in which any of the Persons mentioned above is a general or limited partner, shareholder, investment manager or advisor, member of a management or investment committee, nominee, custodian, trustee or unit holder and (2) in the case of any entity included in clause (1), any partners, members, directors, officers, employees or investors (either directly or indirectly through any investment partnerships of entities of such entity) who are distributees of investments held by such entity pursuant to the bona fide liquidation of such entity in which securities held by such entity are distributed to such distributees.

"Agreement" means the Share Subscription and Shareholders' Agreement dated October 26, 2006 amongst Investor, the Company and the Promoters.

"Annual Business Plan" means the annual business plan of the Company as prepared from time to time and approved by the Board in accordance with Article 1.2 of **Schedule 11** (*Company and Promoters Covenants*) of the Agreement.;

"Arbitration Board" has the meaning set forth in Article 194.

"Assets" means all property and assets (including moveable, immoveable, tangible and intangible) used in the Business.

"Audited Financial Statements" mean the audited financial statements of the Company and each of the Subsidiaries for each Financial Period (which include a

balance sheet, statement of cash flows and a profit and loss statement) prepared in accordance with Indian GAAP.

"Board of Directors or Board" means the Board of Directors of the Company.

"Business" means the business being carried out by the Company and other members of the SPAL Group, including manufacture, distribution and sale of textiles, garments and apparel and other allied activities, including the development of brands for apparel and related accessories and the establishment of retail outlets, whether owned or franchised, for such activities.

"Business Day" means a day other than Saturday or Sunday or public holidays in India under the Negotiable Instrument Act, 1881 on which scheduled banks are generally open for business in Coimbatore and Mauritius.

"Charter Documents" mean the Memorandum and the Articles of the Company

"Claims" mean all actions, suits, proceedings or arbitrations pending or threatened, at law, in equity or before any Governmental Authority or competent court.

"Closing" shall mean the completion of the actions set forth in Clause 4 of the Agreement;

"Closing Date" means the date fixed by the Investor for the Closing, but in any event shall be a date not later than November 30, 2006;

"Confidential Information" means all information, whether written or oral, relating to the Company, any of the parties or their Affiliates, or their respective businesses or operations, or the Transaction Documents and the terms hereof and includes, but is not limited to:

(a) any business or technical information whether or not stored in any medium, relating to the business of the Company (and/or those of its customers) or the Investor (or the Investor Group) or the Promoters including but not limited to financial information, equipment, documentation, strategies, marketing plans, pricing information, information relating to existing, previous and potential customers and contracts disclosed to any party or its representatives;

(b) information relating to the Company or the Investor (or the Investor Group) or the Promoters which is obtained whether (without limitation) in writing, pictorially, in machine-readable form, on floppy diskettes or orally, by any party or its representatives from any other party or its representatives, in each case in connection with the business relationship between the Company, the Promoters and the Investor (or the Investors Group);

(c) information derived from information falling within this definition;

(d) original information supplied by the Company or its representatives;

"Company" means S.P. Apparels Limited;

"Company Representations and Warranties" has the meaning set forth in Clause 5 of the Agreement.

"Competing Business" means any business which competes with the Business.

"Control" means the power to direct the management and policies of an entity whether through the ownership of voting capital, by contract or otherwise, the expressions "Controls", "Controlling" and "Controlled" shall be construed accordingly;

"CPPL" means Crocodile Products Private Limited, a company incorporated under the provisions of the Act and having its registered office at 105-D, Mettupalayam Road, G.N. Mill Post, Coimbatore, Tamil Nadu - 641029.

"Disclosure Schedule" means Schedule 4 of the Agreement which contains the disclosures of the Company in relation to the Company Representations and Warranties.

"Encumbrance" means any mortgage, charge (whether fixed or floating), pledge, lien (statutory or other), hypothecation, assignment, security interest or other encumbrances of any kind securing or conferring any priority of payment in respect of any obligation of any person and includes without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security in each case under any applicable law.

"Equity Shares" mean the equity shares issued by the Company with a par value of Rupees 10 per share or any other issued share capital of the Company which is reclassified, reorganised, reconstituted or converted into equity shares.

"Equity Share Equivalents" mean any security or obligation which is by its terms, directly or indirectly convertible into or, exchangeable or exercisable for Equity Shares, including, without limitation any option, warrant or other subscription or purchase right with respect to the Equity Shares or any Equity Share Equivalent.

"Financial Year" means the period of 12 months commencing on 1st April and ending on 31st March of every calendar year.

"Governmental Authority" means the government of any nation, state, city, locality or other political subdivision thereof or any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Indemnified Party" has the meaning set forth in Article 192.

"Indemnifying Party" has the meaning set forth in Article 192.

"Independent Director" shall have the meaning given to this term in Clause 49 of the Listing Agreement of the Bombay Stock Exchange.

"Indian GAAP" means generally accepted accounting principles in India.

"Investor" means New York Life Investment Management India Fund (FVCI) II LLC having its registered office at 4th Floor, Ebene Heights, 34 Cyber City, Ebene, Mauritius and any Permitted Transferee of the Investor.

"Investor Group" means the Investor and its Affiliates;

"Investor Shares" means all the Equity Shares held by the Investor (or any member of the Investor Group) at any time;

"IPO" means the first bona fide public offering of Equity Shares, whether by means of a Public Issue or a Offer for Sale, and Listing of the Company's Equity Shares and their admission to trading on a Recognised Stock Exchange, and in which the underwriting and placement is lead managed by the IPO Investment Banks.

"IPO Investment Banks" means IL&FS and SBI Caps who have been appointed as the lead managers for the IPO or such investment banking firms with extensive experience of capital markets as may be appointed in place and stead of any or both of IL&FS and SBI Caps with the prior approval of the Investor.

"Lease Agreements" means the lease agreements to be entered into between the Company and or Mr.P.Sundararajan and/or Mrs.S.Latha, as the case may be, within 30 days of Closing, in connection with the immovable properties more particularly identified in Part 2 of Schedule 7 (List of immovable properties) of the Agreement, upon such terms and conditions acceptable to the Promoters and approved by the Investor and in the form attached to the Agreement as Exhibit C;

"Listing" means the admission of the Equity Shares of the Company to the official list of the Recognised Stock Exchange.

"Losses" has the meaning set forth in Article 192.

"Management Agreements" means the agreements to be entered into between the Company and Mr.P.Sundararajan (as the Managing Director of the Company) and the Company and Mrs.S.Latha (as a Whole-Time Director of the Company), on terms and conditions agreed with the Investor including with regard to the tenure of employment, which in the case of Mr.P.Sundararajan, shall be till such time as the Investor holds shares in the Company.

"Material Adverse Effect" means any (a) event, occurrence, fact, condition, change, development or effect that is or may be materially adverse to the valuation, business, operations, prospects, results of operations, condition (financial or otherwise), properties (including intangible properties), Assets (including intangible assets) or liabilities of the Company or the Subsidiaries or to the value of the Investor's shareholding in the Company or (b) material impairment of the ability of the Company or the Promoters to perform their respective obligations hereunder;

"NYLIM-JB AMC" means NYLIM-JB Asset Management Co. (Mauritius) LLC.

"Offer for Sale" means the invitation of offers from the public at large for the purpose of sale of Equity Shares of the Company held by the Shareholders as provided for in the Agreement.

"Offer Price" has the meaning set forth in Article 192.

"Permitted Transferee" means any Person to whom the Investor or the Promoters, as the case may be, have Transferred their Equity Shares, pursuant to the provisions of the Agreement and these Articles.

"Project Expansion" means the proposed expansion of the Company's manufacturing capacities and related activities at a cost of Rs 3,230 million as more particularly described in Schedule 13 to the Agreement.

"Promoters" means Mr. P. Sundararajan and Mrs. S. Latha and promoter means any of them.

"Public Issue" shall mean the public issue of new Equity Shares of the Company as provided in the Agreement.

"Recognised Stock Exchange" means the National Stock Exchange of India, Bombay Stock Exchange or any other internationally recognised stock exchange (as recommended by the IPO Investment Banks) on which the Company's Equity Shares are listed or to be listed.

"Related Party" in relation to a Promoter, means:

- (a) each other Promoter;
- (b) any Relative of such Promoter;
- (c) any entity that is directly or indirectly Controlled by, or is under common Control with, or in Control of, such Promoter and/or his Relative; and
- (d) any other person disclosed in the Disclosure Schedule.

"Relative" of a natural person means any spouse, parent, child, grandparent, grandchild or sibling of such person and any parent, child, grandparent, grandchild or sibling of the spouse of such person.

"Requirements of Law" means, as to any Person, any law, statute, treaty, rule, regulation, licence or franchise or determination of an arbitrator or a court or other Governmental Authority or stock exchange, in each case applicable to or binding upon such person or any of its property or to which such person or any of its property is subject or pertaining to any or all of the transactions contemplated or referred to in any of the Transaction Documents.

"RBI" means the Reserve Bank of India

"Rs." or "Rupees" means the lawful currency of India.

"Shareholders" means (a) the Investor and (b) the Promoters and (c) any Permitted Transferee who has agreed to be bound by the terms and conditions of the Agreement in accordance with Clauses 9 to 11 of the Agreement and the corresponding Articles of these Articles, and the term

"Shareholder" shall mean any such person;

"Shareholders Meeting" has the meaning set forth in Article 184.

"SPAL Group" means the Company and the Subsidiaries and any other Affiliate of the Company from time to time;

"SPT" means S.P. Texfab Private Limited a company incorporated under the Act and having its registered office at 39-A Extension Street, Kaikattipudur, Avinashi – 641654, Coimbatore, TamilNadu.

"Subscription Amount" means the subscription amount of Rs.360,000,000/- (Three Hundred and Sixty Million only) paid by the Investor to the Company in connection with the Company issuing and allotting to the Investor the Subscription Shares.

"Subscription Shares" means the 1,800,000 fully paid-up Equity Shares of the Company aggregating to 10.71% of the equity share capital of the Company at a price of Rs. 200/-

(Rupees Two Hundred only) per Equity Share, issued and allotted to the Investor by the Company at Closing.

"Subsidiaries" means SPT and CPPL and includes any partnership or firm in which the Company or any Subsidiary is a partner;

"Transaction Documents" mean the Agreement and such other documents and writings as may be agreed to be executed by the parties to the Agreement.

"Transfer" shall mean (in either the noun or the verb form including, with respect to the verb form, all conjugations thereof within their correlative meanings) with respect to any Equity Shares, creation of any Encumbrance, the sale, assignment, transfer or other disposition (whether for or without consideration, whether directly or indirectly, and whether voluntary, involuntary or by operation of Law) of any such Equity Shares or any interest therein;

Interpretation

In these Articles, unless the context otherwise requires:

Accounts. Any reference to a balance sheet, profit and loss statement or other financial statement or accounts shall include a reference to any note thereto.

Agreed Form. References to a document "in the agreed Form" shall be to a document agreed between and initialled for identification by or on behalf of the parties.

Directly or Indirectly. The phrase "directly or indirectly" means directly, or indirectly through one or more intermediate persons or through contractual or other legal arrangements, and "direct or indirect" has the correlative meaning.

Gender and Number. Unless the context otherwise requires, all words (whether gender-specific or gender neutral) shall be deemed to include each of the masculine, feminine and neuter genders, and words importing the singular include the plural and vice versa.

Headings. Headings are included for convenience only and shall not affect the construction of any provision of the Agreement.

Include not Limiting. "Include," "including," "are inclusive of" and similar expressions are not expressions of limitation and shall be construed as if followed by the words "without limitation".

References to Documents. References to the Agreement include the Schedules and Exhibits, which form an integral part of the Agreement. A reference to any Clause, Schedule or Exhibit is, unless otherwise specified, to such Clause of, or Schedule or Exhibit to, the Agreement. The words "hereof," "hereunder" and "hereto," and words of like import, refer to the Agreement as a whole and not to any particular Clause hereof or Schedule or Exhibit to the Agreement. A reference to any document (including the Agreement) is to that document as amended, consolidated, supplemented, novated or replaced from time to time.

Statutory References. A reference to a statute or statutory provision includes, to the extent applicable at any relevant time:

- (i) that statute or statutory provision as from time to time consolidated, modified, re-enacted or replaced by any other statute or statutory provision; and
- (ii) any subordinate legislation or regulation made under the relevant statute or statutory provision.

Time. If a period of time is specified and dates from a given day or the day of a given act or event, such period shall be calculated exclusive of that day. If the day on or by which something must be done is not a Business Day, that thing must be done on or by the Business Day immediately following such day. References to a time of day shall be references to Indian Standard Time applicable to New Delhi.

Persons. The term "person" includes any individual, firm, corporation, partnership, company, trust, association, joint venture, government (or agency or political subdivision thereof) or other entity of any kind, whether or not having separate legal personality. A reference to any person in these Articles shall, where the context permits, include such person's executors, administrators, legal representatives and permitted transferees, successors and assigns.

References to "Rupees" and "Rs" are references to the lawful currency of India.

One "crore" is equivalent to 10 million and any reference to amounts expressed in "crores" or any part thereof shall be construed accordingly.

183. SUBSCRIPTION SHARES

1. The Subscription Shares shall rank *pari passu* with the existing Equity Shares of the Company in all respects including but not limited to voting rights, dividends, rights and bonus issuance and shall have the rights and entitlements set forth in these Articles.
2. The Company shall be responsible for the payment of any and all taxes or duties related to the allotment, stamp or other similar taxes attributable to the issuance and allotment of the Subscription Shares.
3. The Company shall make all such filings with Governmental Authorities required under any Requirements of Law in India in connection with the Subscription Shares issue and allotted to the Investor pursuant to the Agreement and these Articles. Without prejudice to the generality of the foregoing, the Company shall ensure that it makes the necessary filings with the RBI in respect of the issue and allotment of the Subscription Shares in favour of the Investor as required under the provisions of the Foreign Exchange Management Act, 1999 and the regulations framed thereunder, within the prescribed period of 30 days and provide the Investor with an acknowledged copy of such filing.
4. Unless otherwise agreed in writing by the Investor, the Company shall utilize the Subscription Amount to finance, in part the Project Expansion, repayment of any short term loans taken for the project, working capital requirements, any other purposes specifically agreed with the Investor.
5. Within 30 days of receipt of Closing or such other period as may be reasonably required by the Investor prior to the IPO, the Company will provide the Investor with a statement certified by its auditors evidencing the use of Subscription Amount in the manner set out in Article 140(4) above.
6. Within 30 days from the Closing (i) the Company and the Promoters shall execute the Lease Agreements in respect of each of the immovable properties listed in Part 2 of Schedule 7 of the Agreement on commercial terms agreed upon by the Investor (ii) SP Textiles shall have executed agreements transferring such of its assets including the windmills as are agreed upon between the Parties and leasing such of its assets including land and buildings as are agreed upon between the Parties on the commercial terms and in the manner agreed upon between the Parties, prior to Closing.

184. CORPORATE GOVERNANCE

1. General. From and after the execution of the Agreement, at any regular or special meeting of Shareholders of the Company (a "**Shareholders Meeting**") (a) each Shareholder shall exercise the votes attached to its Equity Shares and each Shareholder and the Company

shall take all other actions necessary or desirable, to give effect to the provisions of the Agreement and the provisions of this Chapter XXXX (including, without limitation, Clauses 8.3 and 8.9 of the Agreement and Articles 184(4) and 184(9) of these Articles) and to ensure that the Amended Charter Documents are not, at any time hereafter, in conflict with any provisions of the Agreement; (b) each Shareholder shall exercise the votes attached to his or its Equity Shares in favour of any matter submitted for action by the Company's Shareholders, in conformity with the specific terms and provisions of the Agreement and the Amended Charter Documents; and (c) no Shareholder shall exercise the votes attached to his or its Equity Shares in favour of any amendment of the Charter Documents which would be in conflict with, or purport to amend or supersede, any of the provisions of the Agreement (including, without limitation, Clauses 8.4 and 8.9 of the Agreement and Articles 184(4) and 184(9) of these Articles.

2. Shareholder Actions. In order to give effect to the provisions of the Transaction Documents and these Articles including in particular Chapter XXXX hereof, each Shareholder: (a) hereby agrees that when any action or vote is required to be taken by such Shareholder pursuant to the Transaction Documents and these Articles, such Shareholder shall use his or its reasonable efforts to call, or cause the appropriate officers and directors of the Company to call, a Shareholders Meeting; and (b) shall use his or its reasonable efforts to cause the Board of Directors to adopt all resolutions necessary to give effect to the provisions of the Transaction Documents and these Articles including in particular Chapter XXXX hereof.

3. Shareholders Meeting. Except with the written consent of the Investor, not less than 21 days written notice shall be given to each Shareholder of the convening of a Shareholders Meeting.

4. Election of Directors, Number and Composition.

a. Following Closing, the Board of Directors shall comprise of 6 Directors. The strength of the Board may be increased or reduced from time to time to such higher or lower number as the Investor and Promoters may agree.

b. Prior to Listing at least one third of the Board of Directors shall, at all times, comprise of Independent Directors and the Independent Directors shall be appointed only with the affirmative vote of the Investor and upon Listing the Company will at all times meet the requirements of the Recognised Stock Exchange(s) where the Equity Shares are listed and applicable law including the regulations of the Securities and Exchange Board of India ("SEBI"), in respect of Independent Directors and composition of the Board of Directors.

c. Upon Listing, the Company will at all times meet the requirements of the Recognised Stock Exchange(s) where the Equity Shares are listed and applicable law including the regulations of the SEBI, in respect of Independent Directors and composition of the Board of Directors under Clause 49 of the Listing Agreement of stock exchanges in India. Prior to Listing, the Company and the Promoters will do all such acts and things as are required to prepare for and comply with such regulations so as to qualify for Listing and meet governance standards expected of a company listed on the Bombay and National Stock Exchanges.

d. The Investor shall, until Listing, be entitled to nominate, appoint, remove and replace from time to time at its sole discretion, one director ("**Investor Director**") on the Board of Directors of the Company. The Investor Director and his alternate, if any, shall not be liable to retire by rotation. Subsequent to Listing, a nominee of the Investor may, upon invitation by the

Company and the Promoters, join the Board of Directors of the Company in order to act as an Independent Director.

e. To the extent permissible by law, the appointment of the Investor Director of the Investor shall be by direct nomination by the Investor and any appointment or removal under this Article shall, unless a contrary intention appears, take effect from the date it is notified to the Company in writing. If the law does not permit the person nominated by the Investor to be appointed as a director of the Company merely by nomination by the Investor, then at all times during the term of the Agreement the Company and the Promoters shall ensure that the Board forthwith (and in any event within 7 (seven) days of such nomination or at the next Board meeting, whichever is earlier) appoints such person as a director of the Company. It is agreed that the Investor Director will be a person who is an employee or director or authorized official of the Investor Group.

f. If the Investor desires that the Investor Director appointed and/or nominated by them should cease to be a director, the Promoters shall exercise all their rights, including their rights as or in respect of directors and their voting rights in relation to the Equity Shares held by them in the Company in such manner so as to ensure such removal as soon as may be practicable. The Investor who appointed/nominated the original Investor Director shall have a right to recommend any other person to be appointed as director in place of the original Investor Director. The Shareholders shall ensure that only such person is appointed in place of the Investor Director as is recommended by the Investor who appointed such original Investor Director. All nominations for the replacement director made by the Investor shall be in writing and shall take effect on its receipt at the office of the Company and shall be given effect to in the manner mentioned in Article 184(4)(e) above.

g. The Investor shall be entitled to nominate a person to be appointed as the alternate director to the Investor Director nominated by the Investor. The Shareholders shall ensure that such persons are appointed as the Investor Director's alternate director. Such alternate director may attend all meetings and exercise all voting rights of the Investor Director where such Investor Director is not in attendance.

h. In addition, the Investor Director shall be entitled to be a member of, or at the option of the Investor, an invitee on any of the committees of the Board of Directors and the Company, including, without limitation, the management committee, the ethics and compensation committee, audit committee and mergers and acquisitions committee (in each case, by whatever name so called)

i. The committees of the Board of Directors and the Company referred to above shall be so constituted that the majority of its members shall comprise Independent Directors.

j. The Investor Director shall be a non-executive Director and shall have no responsibility for the day-to-day management of the Company and shall not be liable for any failure by the Company to comply with any applicable law. The Company shall nominate directors or persons other than the Investor Director as "persons in charge" as contemplated under applicable law and shall ensure that the Investor Director is not included within the scope of "Officer who is in default" under applicable law.

k. The Investor Director shall not be required to hold any qualification shares.

I. Mr.P.Sundararajan or any other person nominated by Mr.P.Sundararajan shall be the Chairman of the Board of Directors. In his absence, the Chairman of the Board of Directors shall be selected, from time to time, by a majority vote of the Directors.

5. Authority of Board of Directors. The Board of Directors shall exercise their powers subject to the provisions of the Agreement and these Articles.

6. Board Meetings.

(a) Frequency: Meetings of the Board of Directors shall take place at least once in every three month period and at least four such meetings shall be held in a year.

(b) Notice: In addition to the meetings which are referred to in Article 184(6) (a) above, meetings may be called by the Chairman of the Board of Directors or by any Director, in consultation with the Chairman of the Board of Directors, or by the Managing Director or Investor Director by giving notice in writing to the Company Secretary specifying the date, time and agenda for such meeting. The Company Secretary shall upon receipt of such notice give a copy of such notice to all Directors of such meeting. Not less than 7 days notice shall be given to all Directors of any meeting of the Board of Directors; provided, however, that such notice period (i) shall not apply in the case of an adjourned meeting pursuant to Clause Article 184(6) (c) of these Articles and (ii) may be reduced with the written consent of the Investor Director. Notice of a meeting of the Board of Directors shall be accompanied by a written agenda specifying the business of such meeting and copies of all papers relevant for such meeting.

(c) Quorum: All meetings of the Board of Directors shall require a quorum of at least one third of the number of Directors on the Board, and until Listing include the presence of the Investor Director or his/her alternate throughout the meeting. If such a quorum is not present within one hour from the time appointed for the meeting, the meeting shall adjourn to the place and time seven days later at which meeting the Directors present shall constitute a quorum provided that notice of such adjourned meeting shall have been delivered to all Directors (including the Investor Director) at least five days prior to the date of such adjourned meeting (unless the Investor Director shall have given written approval for an adjourned meeting called at shorter notice).

(d) Electronic Participation: In the event that the Act allows board meetings to be held by electronic means, the Investor Director may participate in Board of Directors meetings by such electronic means (including by and in conference, video conference or such other means by which all of the participating Directors may hear and see each other at the same time), and such participation shall constitute presence for purposes of the quorum provisions of Article 184 (6) (c) of these Articles.

(e) Voting: At any Board of Directors meeting, each Director may exercise one vote. Except as provided in Clause 184(9) of these Articles the adoption of any resolution of the Board of Directors shall require the affirmative vote of a majority of the Directors present at a duly constituted meeting of the Board of Directors.

(f) Action by Circular: Subject to Clause 184(9) of the Agreement and the corresponding Article of these Articles, any action that may be taken by the Directors at a meeting may be taken by circulating a draft of a resolution and approving such resolution in accordance with sections 175 and 179 of the Act.

7. Reimbursement of Expenses; Directors & Officers Insurance. The Company shall immediately upon Closing, procure suitable Director and Officers Liability insurance in favour of the Investor Director and such other directors on the Board as may be agreed between the Investor and the Promoters, from a reputable insurance company, in respect of claims or liabilities resulting from the actions or omissions of the Directors as directors of the Company or the actions or omissions of the Company in respect of which the directors may become liable, for an adequate amount as specified by the Investor in the case of the Investor Director and in the case of any other director, as decided by the Board. The Investor Director shall be entitled to re-imbursement by the Company of all reasonable expenses incurred by him/her in connection with attending meetings of the Board/committees.

8. No guarantees by Investor. The Investor shall not have any obligation to provide any indemnity, guarantee or other security to any third party in support of loans, overdraft facilities or borrowings entered into, required by or otherwise procured for the Company.

9. Actions of the Shareholders and Board of Directors: Reserved Matters.

(a) Notwithstanding anything to the contrary contained in the Agreement and these Articles, neither the Company nor the Shareholders shall take, approve or otherwise ratify any of the actions (whether by the Board of Directors either at a duly convened meeting or by means of a circular resolution or by the Shareholders at a Shareholders Meeting) described below (Reserved Matters) without the prior positive written consent of the Investor:

(i) Change of Business. The entry into a new line of business other than the Business or any diversification or change in the Business by Company and/or any member of the SPAL Group or cessation of any Business;

(ii) Acquisition of entity. Any acquisition both within the Business and/or outside the Business of any entity involving a financial commitment of over Rs 100 million;

(iii) Change in Capital Structure. Any change in the capital structure of the Company or Subsidiaries (including, but without limitation, any buy-back, consolidation, sub-division or reconstruction of or conversion of loans into, share capital of the Company) or except as permitted under Clause Article 184 of these Articles, the issue of further Shares (of whatever class) or equity interest or the creation of any options, warrants or employee stock options, other rights to subscribe for, acquire or call for Shares or redemption or purchase by the Company of Shares or a reduction in the share capital of the Company or any alteration of the rights attaching to the share capital of the Company;

(iv) Amendment to Charter Documents. Any amendment or restatement of the Amended Charter Documents.

(v) Mergers and Consolidations. To dispose of or close the whole or any substantial part of any undertaking of the Company and/or any of the subsidiaries of the Company or undertake, effect, approve, permit or recommend any re-organisation, merger (except the proposed merger of SPT into SPAL), amalgamation, acquisition, reconstruction, reorganisation or consolidation, strategic sale or other similar transaction of or by the Company or any of its subsidiaries or any arrangement or compromise with the Company's or any Subsidiary's creditors or shareholders.

(vi) Joint Ventures/subsidiaries: (i) To create new subsidiaries and/or Affiliates of the Company or to permit any company to become its subsidiary or (ii) Cause or permit the

Company or any subsidiary of the Company to enter into any joint venture, partnership or technology transfer arrangements;

(vii) Transfer of Subsidiary's Shares. Any sale, conveyance, exchange or transfer to another person of any shares of any subsidiary of the Company including the Subsidiaries.

(viii) Assets. Any sale or disposal of (including through a de-merger) any Assets of any member of the SPAL Group including intellectual property rights, exceeding a value of Rs 50,000,000/- (Rupees Fifty million).

(ix) Liquidation. Any voluntary liquidation under or winding up of any member of the SPAL Group or participating in any scheme of reconstruction.

(x) Annual Business Plans. Approval of the Annual Business Plan (including any amendments thereof), which will include the annual financial budget consisting of a projected profit and loss account, balance sheet and cash flow statements, together with supporting details, including capital expenditure plans and borrowings, which shall be presented to the Board of Directors of the Company and the Investor at least 30 days prior to the commencement of each Financial Year.

(xi) Capital Expenditure. Capital expenditure exceeding 50,000,000/- (Rupees Fifty million) of the budgeted annual capital expenditure set out in the applicable Annual Business Plan;

(xii) Borrowing and Indebtedness. Any borrowing which may result in the Company's Long Term Debt : Net Worth ratio exceeding 2.5:1 and Total Debt: Net Worth exceeding 3.5:1 and Debt Service Coverage Ratio of 1.75; Long term Debt shall mean all term loans and other loans not specifically denominated as working capital facilities, exceeding a tenure of 3 years for repayment. Net Worth shall mean the sum of the issued and paid up Equity Share Capital, free reserves, share premium and credit balance in the profit and loss account as reduced by any deferred revenue expenditure not written off and debit balance in the profit and loss account. Total Debt shall mean all the sum of all loans and indebtedness of the Company, including working capital, short term and unsecured loans. Debt-Service Coverage Ratio shall mean the ratio of the sum of the profits after tax, interest and depreciation to the sum of total term loan installments payable and interest.

(xiii) Security/Loans/Guarantees: Except as otherwise agreed between the Parties in relation to the Project Expansion, (i) the creation of any mortgage, charge, pledge, lien, Encumbrance or other third party right over any of the SPAL Group's Assets, other than for enabling any borrowing or indebtedness under the applicable Annual Business Plan; or (ii) the giving by any member of the SPAL Group of any loans to third parties or any guarantee or indemnity to or becoming a surety for any third party, other than to lenders for providing loans to any other member of the SPAL Group in the ordinary course of business or to any other person in the ordinary course of business. (iii) the giving of loans to Directors/Promoters;

(xiv) Investments. Any investments including investments by way of deposits, loans, shares or in any other manner, provided that this Clause will not be applicable to investment in bank deposits (with reputed banks), units of debt mutual funds or in Government Bonds.

(xv) Related Party Transactions. Any transactions with Promoters and Related Parties of Promoters if the value or consideration (whichever is higher) thereof, along with the value or consideration (whichever is higher) of all other agreements, transactions and dealings between the Company and any and all Promoters and such Related Parties in any Financial Year exceeds Rs.[15,000,000] (Rupees Fifteen million) except for payments made under or in

respect of the (i) Lease Agreements (ii) Management Agreements (iii) transactions with SP Superfine Cotton Mills Pvt. Ltd which are not in accordance with Clause 2.5 of Schedule 11 (Covenants) of the Agreement.

(xvi) Accounting. (i) Approval of the annual Audited Financial Statements for all members of the SPAL Group; (ii) approval of the Consolidated Financial Statements, according to Indian GAAP; (iii) any change in accounting policies of any member of the SPAL Group other than as required by any applicable law; (iv) appointment and re-appointment of and any change in the statutory auditors, and (v) changing the Financial Year of any member of the SPAL Group.

(xvii) ESOPS. Taking any steps for the issue of Employee Stock Option Plans (ESOPS) and/or sweat equity or similar scheme by whatever name called in respect of the Company and/or its subsidiaries and the terms thereof.

(xviii) IPO: All decisions with regard to and for an IPO (including any Offer for Sale) or any other Listing of the Equity Shares or other securities convertible into Equity Shares, except as may be specifically set out in the Agreement.

(xix) Material Contracts: The entering into or modification of any agreements of the Company and its subsidiaries not covered in the Annual Business Plan and having a value of more than Rs. 50 million.

(xx) For the purpose of this clause the Technology Licence Agreement dated 26th April, 1994 entered into between CPPL and CIPL as amended by the addenda dated 16th May, 2006 shall be deemed to be a significant commercial contract entered into by CPPL.

(xxi) Use of the proceeds: Any use of Investor's Subscription Amount in a manner other than as provided in Schedule 5 (Use of Proceeds) of the Agreement;

(xxii) Delegation. Delegation of any of the matters set out herein. (b) The Investor may communicate in writing its consent or refusal to the aforesaid Reserved Matters within 7 Business Days of receipt of an intimation in this regard from the Company. In the event that the Investor has not given its positive written consent or refusal in respect of any such Reserved Matter, within 7 Business Days of receipt of intimation in this regard from the Company, the Company shall send the Investor a second notice in respect of the proposed action relating to the Reserved Matter. In the event there is no further written response or objection from the Investor within a period of 7 Business Days from the receipt of the second notice of the Company (such notices being duly given in accordance with the provisions of the Agreement and these Articles) it shall be deemed that the Investor has provided its consent to the proposed action (in the manner and to the extent set out in the Company's aforesaid notices).

10. Company Covenants. The Company covenants to comply with each covenant in Part I of Schedule 11 (Company Covenants) of the Agreement and covenants to procure the compliance by each other member of the SPAL Group with each covenant in Part I of Schedule 11 of the Agreement, unless the context otherwise requires.

11. Promoters Covenants. Each Promoter shall (a) comply with the covenants in Part II of Schedule 11 (Promoters Covenants) of the Agreement; and (b) cause the Company to comply with each covenant in Part I of Schedule 11 (Company Covenants) of the Agreement.

12. **Investor Covenant.** Each Investor shall at all times, duly comply with, fulfil and perform all the terms and conditions of, and all its obligations and duties under, the Agreement.

13. **Remedial Action.** Immediately following the notification by the Company to the Investor in accordance with Part I of Schedule 11 (Company Covenants) of the Agreement of an event which could have a Material Adverse Effect on the condition of the Company, the Investor shall have the right to discuss the impact of such event on the business, operations and financial condition of the Company with the Promoters and the Company and seek remedial actions, including strengthening of the key management personnel of the Company and the Company and the Promoters, jointly and severally, hereby covenant and agree to seriously consider the Investor's reasonable in this regard.

185. TRANSFER AND TRANSMISSION OF SHARES BY PROMOTERS.

1. Restriction on Transfers by Promoters.

Notwithstanding anything contained in the Agreement and these Articles, the Promoters shall not be entitled to, and shall not, Transfer any Equity Shares held by them or any interest in such Equity Shares save and except with the prior written consent of the Investor, except for (i) inter se Transfers between the Promoters themselves and/or to the children of the Promoters subject to what is stated in Article 185 (2) of these Articles (ii) transmission of Equity Shares to the legal heirs of the Promoters, subject to what is stated in Article 185 (2) of these Articles below and (iii) any Encumbrances on the Equity Shares made in favour of the banks, financial institutions or other lender of the Company or SPT existing as on the date hereof as set out in Schedule 9 (List of existing loans and details of security provided) of the Agreement. Any attempt to Transfer any Equity Shares or other securities or any rights there under in violation of the preceding sentence shall be null and void ab initio.

2. Transfer and/or Transmission of Promoters Equity Shares to Legal Heirs:

In case of Transfer of the Equity Shares to the children of the Promoters and/or transmission of the Equity Shares of the Promoters or any of them, in the manner set out in the Agreement and these Articles, the heirs, executors or administrators or transferee, as the case may be, shall be bound by the terms and conditions as set out in the Agreement and these Articles and shall be subject to the same rights and obligations of the Promoter as set out in the Agreement and these Articles and shall execute a deed of adherence substantially in the form attached to the Agreement as Exhibit [A], prior to the Company transferring such Equity Shares to his/her name.

186. TAG-ALONG RIGHTS

1. Subject to Article 185, so long as the Investor holds not less than 5% of the Equity Shares, if the Promoters (or any of them) (the **"Selling Shareholder"**) proposes to Transfer any of their Equity Shares aggregating to 10% or more of the equity share capital of the Company (the **"Sale Shares"**), in a single transaction or a series of transactions, with the written consent of the Investor, to any person other than a person specified in Article 185 (1) (a **"New Purchaser"**), it shall deliver a written notice to the Investor (the **"Tag-Along Notice"**) stating the :

(i) number of Shares it proposes to transfer as a percentage of the total number of Shares held by it (the "Percentage");

(ii) proposed consummation date of such transfer;

(iii) name and address of the New Purchaser; and

(iv) proposed amount and form of consideration and terms and conditions of payment offered by such New Purchaser, along with a written representation that such New Purchaser has been informed of the "tag-along" rights provided for in the Clause 10 of the Agreement and this Article 186 and has agreed to purchase all the Equity Shares required to be purchased in accordance with the terms of the clause 10.1 of the Agreement and this Article 186 and a representation that no consideration, tangible or intangible, is being provided to the Selling Shareholder that will not be reflected in the price paid to the Investor on exercise of their tag-along rights hereunder. In the event that the proposed consideration for the transfer includes consideration other than cash, the Tag Along Notice shall include a calculation of the fair market value of such consideration and an explanation of the basis for such calculation. The total value of the consideration for the proposed transfer is referred to herein as the "**Offer Price**".

2. The Investor shall have the right to transfer to such New Purchaser a percentage of Equity Shares held by such Investor equal to the Percentage, or any portion thereof. The number of Equity Shares to be sold by the Investor will be calculated by applying the Percentage to the total number of Equity Shares held by the Investor.

3. In the event that the Investor decides not to exercise its "tag-along" rights as set out in the Clause 10 of the Agreement and this Article 186 the Investor may at its sole option, permit the Promoters to transfer to the New Purchaser the Equity Shares of the Promoters up to a maximum of 20% of the total Equity Shares of the Company. or (ii) purchase the Sale Shares at the Offer Price. The Investor shall be entitled to exercise its right under the Clause 10.3 of the Agreement and this Article 186 [3] by notice in writing to the Promoters within 10 Business Days of receipt by it of the Tag-Along Notice, provided however that in the event that the Investor opts to purchase the Sale Shares, such purchase shall be completed by the Investor within a period of 45 days from the receipt by the Investor of the Tag-Along Notice from the Promoters.

4. If the Investor wishes to exercise its right under this Article 186, it shall deliver a written notice ("**Response Notice**") to the Selling Shareholder within 10 Business Days of receipt by it of the Tag-Along Notice, requiring the Selling Shareholder to ensure that the New Purchaser also purchases such number of the Equity Shares of the Investor as mentioned in the Response Notice at the same price and on the same terms as are mentioned in the Tag Along Notice, provided that the Investor may waive its rights under Clause 10.2 of the Agreement and Article 186 (2) prior to the expiration of such 10 Business Day period by giving written notice to the Selling Shareholder, with a copy to the Company.

5. In the event that the New Purchaser refuses to purchase all the Shares offered by the Selling Shareholder and the Investor, the maximum number of Shares which the proposed New Purchaser is willing to purchase shall be allocated amongst the Shares offered by the Selling Shareholder and the Investor on a pro-rata basis in the ratio of total Shares held by the Selling Shareholder and the Investor.

6. For the avoidance of doubt, the Investor exercising its tag along rights under Clause 10 of the Agreement and this Article 186, will not be obliged to provide any representations or warranties to the New Purchaser, other than a representation that the Equity Shares it wishes to transfer are free and clear from all Encumbrances and that the Equity Shares are being transferred with appropriate authorisations internal to it.

7. The New Purchaser acquiring any Equity Shares of the Company pursuant to Clause 10 of the Agreement and this Article 186 shall be bound by the terms and conditions as set out in the Agreement and shall be subject to the same rights and obligations of the Promoter as set out in the Agreement and shall execute a deed of adherence substantially in the form attached to the Agreement as Exhibit A, prior to the Company transferring such Equity Shares to his/her name

187. TRANSFER RIGHTS OF THE INVESTOR

1. Investor's Shares freely transferable

(a) Except as set out in the Agreement and the provisions of these Articles, the Equity Shares held by the Investor shall be freely transferable and there shall be no restriction on the Transfer of the Equity Shares held by the Investor.

(b) If at any time prior to the IPO or a period of 4 years from the execution of the Agreement, whichever is earlier, the Investor wishes to transfer all or any portion of its Equity Shares to any Person, **(Third Party Purchaser)**, who is not a member of the Investor Group, the Investor shall first deliver to the Promoters a written notice **(Investor Notice)** irrevocably offering to sell to the Promoters the number of Equity Shares proposed to be transferred **(Offered Shares)**. Within a period of 10 Business Days from the receipt of such notice **(Notice Period)**, the Promoters should intimate to the Investor in writing **(Purchase Notice)** the Promoters' intention to purchase all (and not less than all) the Offered Shares or its intention to procure the purchase by any Person designated by the Promoters of the Offered Shares, and the price at which the Promoters intend to complete such purchase **(Purchase Price)**.

(c) Upon receipt of the Purchase Notice, the Investor shall be entitled to require the Promoters to purchase all the Sale Shares at such Purchase Price. In such event, such sale shall, subject to Article 187(2) of these Articles, be completed within a period of 30 days from the expiry of the Notice Period, or such further date as may be mutually agreed between the Investor and the Promoters. If the purchase is not completed within such 30 day period, then, without prejudice to the Investor's other rights, the Investor shall thereafter be entitled to sell the Offered Shares to any other person on such terms and conditions the Investor may deem fit.

(d) Should the Promoters fail to provide the Investor with a Purchase Notice then the Investor shall thereafter be entitled to Transfer upto all the Offered Shares to any other person at any price, or if the Investor chooses not to accept the Purchase Price, then the Investor shall thereafter be entitled to Transfer upto all the Offered Shares to any other person at a price which is equal to or higher than the Purchase Price. Such sale shall be completed within 90 days of the expiry of the Notice Period (as extended pursuant to Article 193(2) of these Articles), failing which the provisions of Article 187(1) (b) to (d) shall once again apply to the Offered Shares.

(e) In the event that the Investor proposes to sell its equity shares to any Third Party Purchaser in the manner set out in the Agreement, the Promoters and the Company shall

provide the Investor with such assistance and co-operation as may be required by the Investor to enable the Investor to sell its Equity Shares in the manner set out in Article 187(1) including providing the Third Party Purchaser with all reasonable information relating to the SPAL Group and assistance in the conduct of a due diligence on the legal, financial and other affairs of the SPAL Group.

(f) Notwithstanding the foregoing, the Investor shall not, at any time prior to Listing, transfer any Investor Shares to any person, directly or indirectly, engaged in, or participating in, a Competing Business except with the prior written consent of the Promoters. Provided that foreign or Indian institutional investors or financial institutions or private equity funds will not be deemed to be engaged in, or participating in, a Competing Business for the purpose of this Article. The restriction contained in this Article shall not apply if Listing does not take place within a period of 4 years from the Closing Date.

2. Transfers between members of Investor Group

For the avoidance of doubt, it is clarified that there shall be no restrictions on inter-se Transfers of the Equity Shares between any member of the Investor Group.

3. Transferee of Investor Shares

A Permitted Transferee of the Investor Shares shall be entitled to all the rights of the Investor under the Agreement and these Articles. It is however clarified that only one entity i.e either the Investor or the Permitted Transferee of the Equity Shares of the Investor (as may be decided by the Investor at its sole discretion) shall be entitled to the special rights or obligations of the Investor under the Agreement and these Articles, following the transfer of the Investor Shares provided however that each Permitted Transferee would be entitled to the rights available to shareholder of the Company under applicable law.

188. ANTIDILUTION

1. The Company and the subsidiaries shall not, except with the positive written consent of the Investor, issue any Equity Shares, or Equity Share Equivalents or other instruments entitling the holder to receive any Equity Shares of the Company, including but not limited to share splits, share dividends and recapitalizations (a "Dilution Instrument"), except as set out in Article 188(2) below.

2. The Company shall be entitled to issue such number of Equity Shares through the IPO as is necessary to raise an additional amount of up to Rs. 1 billion, provided the following pricing conditions are met for issue of Equity Shares at the IPO:

a. If the IPO is completed on or before December 31, 2006, the lower end of the IPO price band shall not be less than Rs.200 per Equity Share of a par value of Rs.10/- (adjusted for any split or consolidation of the par value of the equity Share); and

b. If an IPO is completed between January 1, 2007 and June 30, 2007, the lower end of the IPO price band shall not be less than Rs.230/- per Equity Share of a face value of Rs.10/- (adjusted for any split or consolidation of the par value of the Equity Share);

3. It is clarified that if an IPO is not completed on or before June 30, 2007, the issue of any Equity Shares thereafter will only be with the Investor's positive written consent and at such price as may be agreed to by the Investor.
4. The Investor shall have the right but not the obligation to sell the Investor Shares or any part thereof in any IPO of the Company's Equity Shares.
5. The Parties to the Agreement do agree that any IPO undertaken by the Company shall be done in consultation with the IPO Investment Banks.
6. The Company agrees and undertakes that it shall not issue any Dilution Instrument in contravention of the provisions of this Article 188.

189. PUBLIC OFFERS AND EXIT

IPO on or before June 30, 2007

1. In addition to the Subscription Amount raised by the Company by way of issue of the Investor Shares, the Company and the Promoters shall have the right to issue additional Equity Shares at an IPO so to enable the Company to raise additional funds of up to Rs.1 billion on or before June 30, 2007 (through the IPO) in order to finance its Project Expansion.
2. The Company undertakes to make, and the Promoters, jointly and severally, undertake to use all their respective rights in the Company (including but not limited to voting rights) to ensure that the Company shall in the first instance, make best efforts to achieve an IPO and cause the Company's Equity Shares to be Listed on or before 30th June, 2007. The Company shall ensure that the lower end of the IPO price band shall be as set out in Article 188(2) above.
3. In the event that the IPO shall comprise of a Public Issue and the number of new Equity Shares offered to the public under such Public Issue shall not be sufficient to meet the minimum percentage of Equity Shares mandated to be offered to the public under the provisions of applicable law or to achieve a Listing of the Equity Shares on the Recognised Stock Exchange, the Investor shall be entitled to sell the Investor Shares or any part thereof in any IPO and/or to require all the Shareholders including the Promoters as part of such Public Issue, to contribute proportionately to offer to the public such number of Equity Shares as shall be sufficient to meet the applicable minimum percentage of Equity Shares required to be offered to the public to complete the IPO as stipulated by any Requirement of Law.

IPO after 30 June, 2007

4. In the event that the IPO is not achieved before the end of one year from the date of the Agreement at the latest, by reason of any market or other adverse operating conditions preventing such an IPO, the Company and the Promoters shall, if so required by the Investor, complete a preferential allotment of Equity Shares to a reputed financial investor (which may include the Investor who will have the right to participate proportionately on the same terms to maintain its shareholding) of an amount to be mutually agreed between the Company,

Promoters and the Investor, at such price and within such time as agreed with the Investor, in order to complete the Project Expansion.

5. In the event of the IPO being postponed to any period after June 30, 2007, Company undertakes to make, and the Promoters, jointly and severally, undertake to cause the Company to make, an IPO within 4 (Four) years from the date of the Agreement.

6. In the event that any IPO undertaken by the Company shall comprise of a Public Issue and the number of new Equity Shares offered to the public under such Public Issue shall not be sufficient to meet the minimum percentage of Equity Shares mandated to be offered to the public under the provisions of applicable law or to achieve a Listing of the Equity Shares on the Recognised Stock Exchange, the Investor shall be entitled to sell the Investor Shares or any part thereof in any IPO and/or to require all the Shareholders including the Promoters as part of such Public Issue, to contribute proportionately to offer to the public such number of Equity Shares as shall be sufficient to meet the applicable minimum percentage of Equity Shares required to be offered to the public to complete the IPO as stipulated by any Requirement of Law .

7. Without prejudice to the foregoing, if the Company does not achieve an IPO on or before 4 years from the date of the Agreement, the Investor shall have a right to call upon the Company and the Promoters to make a suitable Offer for Sale of an appropriate number of Equity Shares to meet the minimum Listing requirements of the Recognised Stock Exchange and the Company hereby undertakes to make, and the Promoters, jointly and severally, undertake to use all their respective rights in the Company (including but not limited to voting rights) to ensure that the Company will facilitate such a suitable Offer for Sale. The provisions of Article 189(3) of these Articles shall be applicable mutatis mutandis to the aforesaid Offer for Sale of the Company.

8. Without prejudice to the other provisions of the Agreement and these Articles or the rights available to the Investor under the Agreement and these Articles or otherwise in equity or in law, if within 4 (Four) years from the date of the Agreement the Company has not been able to complete an IPO then the Investor shall have the right to (but not the obligation) call upon the Company and the Promoters, jointly and severally, to use all their best efforts and respective rights in the Company (including but not limited to voting rights) and to do all acts and things and take all such steps as are necessary to ensure the sale of all or any of the Investor Shares to a third party at a price commensurate with the fair value of the Company at that time, such fair valuation/net worth to be determined by a reputed investment bank acceptable to the parties. If the Investor requests such assistance from the Company and the Promoters by issuing a written notice, the Company and the Promoters will make best efforts to assist the completion of such sale within 6 (six) months from the receipt of a notice in this regard. For the avoidance of doubt, it is clarified that in such an event, the provisions of Clause 11.1 (b) to (d) of the Agreement and Article 187(1)(b) to (d) shall not apply provided however that the Promoters and the Company shall be bound to comply with their obligations under Clause 11.1 (e) of the Agreement and Article 187 (1) (e) of these Articles.

9. Investor's unfettered right to Transfer Equity Shares.

Without prejudice to the other provisions of the Agreement and these Articles or the rights available to the Investor under the Agreement and these Articles or otherwise in equity or in law, if the Company's Equity Shares are not listed on the Recognised Stock Exchange pursuant to an IPO within a period of 4 years from the date of the Agreement, the Investor

shall be entitled to transfer or otherwise dispose of or deal with in any manner all or part of the Investor Shares without any restriction whatsoever. Following the IPO the Investor shall be entitled to transfer the Investor Shares without any fetters whatsoever.

10. Compliance and code of conduct in relation to any IPO undertaken by the Company

Subject to applicable law, the Company and the Promoters shall ensure that the Investor is not classified as a promoter of the Company for any purpose whatsoever, including but not limited to an IPO. Nothing in the Agreement and these Articles shall require the Investor to do or omit to do anything that may result in it becoming a promoter of the Company under the SEBI Guidelines. Subject to applicable Requirements of Law, the Company undertakes that it shall not name the Investor as a promoter in any prospectus or other document relating to the issuance of Equity Shares.

11. Within the statutorily required period after the Offer for Sale and/or Public Issue, the Company shall take necessary steps to have all of its Equity Shares (including, for the avoidance of doubt, the Investor Shares) listed on the applicable Recognised Stock Exchange.

12. All costs, charges, fees and expenses, including those of the IPO Investment Banks and any other agents, banks or managers involved with the IPO, incurred in connection with the IPO shall be borne and paid by the Company.

13. The Company shall, at its own cost, comply with all ongoing Listing requirements including inter alia, payment of all present and future costs relating to the Listing and sponsorship, underwriting fees, Listing fees, merchant bankers fees, bankers fees, brokerage, commission and any other costs that may be incurred due to the changes to the applicable Requirements of Law for the time being in force.

14. Subject to the applicable law, the Company and the Promoters agree that the Investor, shall not, upon Listing or sale of the Equity Shares held by it, be required to give any warranties or indemnities to any underwriter, broker, Recognised Stock Exchange, any Governmental Authority or any other person other than in relation to title of its Shares.

15. The Company and the Promoters jointly and severally undertake to indemnify the Investor and their Affiliates both in India and elsewhere, as well as its officers against any damages, claims, litigation and resulting costs arising out of any misrepresentation, inadequate disclosure or incorrect and misleading information contained either in the IPO prospectus or other publicity material and/or future representation and information.

16. The Company, the Promoters and the Investor shall take all such steps, and extend all such co operation to each other and the IPO Investment Bank as may be required for the purpose of expeditiously making and completing an IPO in accordance with the Clause 13 of the Agreement and this Article 189.

17. The Company and the Promoters hereby agree to execute such documents and perform, or procure the performance of, such other acts as the Investor may deem necessary or desirable to enable them to Transfer any Shares held by them, including, without limitation, upon the issue of American depositary receipts or global depositary receipts or any other derivative instruments, if the Company undertakes a follow-on

international offering after Listing. For the avoidance of doubt, all costs, charges, fees and expenses incurred by the Company or the Promoters pursuant to the Clause 13.17 of the Agreement and this Article 189 (17) shall be borne by the Company.

18. The Company and the Promoters shall provide the Investor with copies of the contents of all material, representations and information contained in the promotion, publicity and marketing of the public offering leading to the offering of Equity Shares in the IPO and as well as before or after the completion of Listing, prior to the publication or filing, as the case may be of such material. The Investor reserves the right to require changes and alterations to these including specifically as to the manner, style, context and use of name and involvement of the Investor, any member of the Investor Group and its role in the Company.

19. The Promoters and the Company do hereby covenant to the Investor that they shall do all such acts deeds and things (including where necessary the obtaining of all such consents and approvals, whether required by applicable law or otherwise) as may be necessary to complete the IPO and list the Equity Shares of the Company on one or more of the Recognised Stock Exchanges.

190. PROMOTERS NON-COMPETITION COVENANTS

1. During the term of the Agreement, except with the prior written consent of the Investor, neither the Promoters nor their Affiliates shall set up or engage in, directly or indirectly through holding companies/ partnerships or corporations or any other Person, any business or businesses competing with the Business. The direct or indirect holding of shares or any other interest in any Person in excess of [15%] of the total shares (or other capital) of such Person by the Promoters and/or their Affiliates where such Person carries on a business similar to or competing with the Business shall be construed as competition by the Promoters/their Affiliates with the Business

2. The Promoters shall devote their time and attention reasonably required for the Business and their responsibilities as executive directors and key management personnel of the Company and the SPAL Group.

3. The Promoters, shall not use or disclose the Confidential Information relating to the Company and other members of the SPAL Group except for the purpose of the Business.

191. SURVIVAL/ EVENTS OF DEFAULT

1. Term of Agreement: The Agreement shall subject to Clause 15.6 thereof and Article 191(2) below, terminate on the happening of any of the following events, whichever is earlier:

a. by mutual agreement between the Company, the Promoters and the Investor;

b. on the completion by the Investor of a Transfer of Equity Shares resulting in the Investor holding less than 5% of the total Equity Shares of the Company;

2. Upon Listing all the rights of the Investor under the Agreement and these corresponding provisions of Chapter XXXX of these Articles shall cease except for (i) those rights which the Investor is entitled to under the provisions of the Act (ii) the rights of the Investor under Clause 10 of the Agreement and Article 186 of these Articles (Tag along), Clauses 15.3 to 15.5 of the

Agreement and Articles 191 (3) to 191 (5) of these Articles (Default), Clause 16 of the Agreement and Article 192 of these Articles (Indemnity) and Clause 14 of the Agreement and Article 190 of these Articles (Non-Compete) (iii) those rights of the Investor to receive information relating to the SPAL Group as set out in Clause 1.3 of Article I of Part I of Schedule 11(Covenants) of the Agreement, provided however that the rights of the Investor shall continue following the Listing only so long as the Investor holds not less than 5% of the total Equity Shares of the Company.

3. Events of Default. An "Event of Default" shall occur if:

(a) in the case of any breach of the Agreement or the provisions of Chapter XXXX of these Articles by a Promoter or an Investor, any Investor or Promoter, as the case may be, sends to such defaulting party a notice in writing detailing such breach ("**breach notice**") and that breach is not remedied within 30 days of the receipt of a breach notice; or

(b) a Promoter is adjudicated by a competent court as being unable to pay its debts as they fall due (except debts contested in good faith); (ii) a moratorium is declared in respect of its indebtedness; (iii) if a liquidator, trustee in bankruptcy, receiver or the like is appointed by a competent court and such appointment remains unstayed or unvacated for a period of 90 days after the date of such order by a competent court in respect of that Promoter; (iv) if a receiver or manager is appointed by a competent court in respect of all or a substantial part of the assets of that Promoter and such appointment remains unstayed or unvacated for a period of 90 days after the date of such appointment; or (v) if all or a substantial part of the assets of that Promoter have been finally confiscated by action of any Governmental Authority, against which no appeal or judicial redress lies.

(c) The Investor is adjudicated by a competent court as being unable to pay its debts as they fall due (except debts contested in good faith); (ii) a moratorium is declared in respect of its indebtedness; (iii) if a liquidator, trustee in bankruptcy, receiver or the like is appointed by a competent court and such appointment remains unstayed or unvacated for a period of 90 days after the date of such order by a competent court in respect of the Investor; (iv) if a receiver or manager is appointed by a competent court in respect of all or a substantial part of the assets of the Investor and such appointment remains unstayed or unvacated for a period of 90 days after the date of such appointment; or (v) if all or a substantial part of the assets of the Investor have been finally confiscated by action of any Governmental Authority, against which no appeal or judicial redress lies.

4. Consequences of Event of Default.

(a) If an Event of Default occurs in respect of a Promoter, the Promoters, jointly and severally, hereby covenant and agree upon receipt of notice in writing thereof by the Investor to purchase by itself or to cause a sale to a third party of all the Equity Shares held by the Investor for a consideration equal to the greater of (i) the aggregate subscription price paid by the Investor at the time of acquisition of Equity Shares held by such Investor; and (ii) the Fairdale of the Equity Shares held by such Investor as determined by SBI Capital Markets Limited having its registered office at 202, Maker Tower 'E', Cuffe Parade, Mumbai – 400 005 in case of their unavailability, any other investment banker mutually appointed by the parties, within a period of 3 months from the receipt of the aforesaid notice.

(b) If an Event of Default occurs in respect of the Investor, the Investor hereby covenants and agrees upon receipt of notice in writing thereof by the Investor to sell all the Equity Shares held by it to the Promoters or a third party designated by the Promoters for a consideration equal to the lower of (i) the aggregate subscription price paid by the Investor at

the time of acquisition of Equity Shares held by the Investor; and (ii) the fair value of the Equity Shares held by the Investor as determined in the manner set out in Clause 191(4) of these Articles.

Additional Rights. The rights under Article 191(4) above shall be without prejudice to, and in addition to, all other rights of the parties hereto in respect of any breach of the Agreement and any provision of Chapter XXXX of these Articles.

192. INDEMNITY

1. **Indemnification.** Except as otherwise provided in Clause 16 of the Agreement and this Article 192, the Company and each Promoter, jointly and severally, (the **"Indemnifying Party"**) undertakes to indemnify, defend and hold harmless the Investor and its directors, officers and agents (each, an **"Indemnified Party"**) to the fullest extent permitted by law from and against any and all losses, Claims, damages, liabilities, judgments, fines, obligations, expenses and liabilities of any kind or nature whatsoever (including but not limited to any investigative, legal and other expenses incurred in connection with, and any amounts paid in settlement of, any pending or threatened legal action or proceeding) (collectively, **"Losses"**) resulting from or arising out of any material breach of any representation or warranty, covenant or agreement by the Company or any Promoter in the Agreement or any of the provisions of Chapter XXXX of these Articles or that any Indemnified Party may at any time become subject to or liable for in connection with claims by third parties (provided that the Indemnified Party shall make all reasonable efforts to resolve the claim with such third party) by reason of the status of such Investor as shareholder of the Company.

2. In connection with the obligation of the Indemnifying Party to indemnify for expenses as set forth in Clause 16.1 of the Agreement and Article 192(1) above, the Indemnifying Party shall, upon presentation of appropriate invoices containing reasonable detail, reimburse each Indemnified Party for all such expenses (including reasonable fees, disbursements and other charges of counsel incurred by the Indemnified Party in any action between the Indemnifying Party and the Indemnified Party or between the Indemnified Party and any third party) as they are incurred by such Indemnified Party; provided, however, that if an Indemnified Party is reimbursed under this Article for any expenses, such reimbursement of expenses shall be refunded to the extent it is finally judicially determined that the Losses in question resulted primarily from the willful misconduct or gross negligence of such Indemnified Party.

3. **Notification.** Each Indemnified Party under this Article 192 shall, as soon as practicable after the receipt of notice of the commencement of any Claim against such Indemnified Party in respect of which indemnity may be sought from the Indemnifying Party under this Article, notify the Indemnifying Party in writing of the commencement thereof. The omission of any Indemnified Party to so notify the Indemnifying Party of any such action shall not relieve the Indemnifying Party from any liability which it may have to such Indemnified Party unless, and only to the extent that, such omission results in the Indemnifying Party's forfeiture of substantive rights or defences.

4. The representations and warranties contained in the Agreement shall survive until the completion of the IPO (the **"R&W Claim Period"**) and upon the expiration of the R&W Claim Period, the rights of the Indemnified Parties under this Article 192 shall automatically terminate without any action from the parties to the Agreement. Any notice seeking any indemnity for any Losses should be submitted by the relevant Indemnified Party to any Indemnifying Party within the R&W Claim Period.

193. MISCELLANEOUS

1. Share Certificate Legend.

All transfers of Shares are subject to the provisions of Articles 185 (1) of these Articles. This restriction shall be placed on a restrictive legend on the share certificates held by the Shareholders, such legend to be in place on or before the Closing Date. If the Shares are dematerialized, the above transfer restriction will be given to the transfer agent with instructions that the Shares can be transferred only in compliance with this transfer restriction.

2. Time extended to obtain approvals

Where the Investor requires prior legal, governmental, regulatory or shareholder consent for an acquisition or disposal of Equity shares pursuant to the Agreement and these Articles, then notwithstanding any other provision of the Agreement and these Articles, the Investor shall only be obliged to acquire or dispose of such Equity Shares once such consent or approval is obtained, and the Company and the Shareholders shall use their reasonable endeavours to obtain any such required approvals. Any period within which a Transfer of Equity Shares by the Investor has to be completed shall be extended by such further period as is necessary for the purpose of obtaining the above approvals, provided the Investor has exercised reasonable endeavours to obtain such approvals. Provided that if any of the above mentioned approvals are finally withheld, then the Investor shall be deemed not to have offered to sell the concerned Equity Shares.

3. Compliance with Applicable Law

The SPAL Group shall carry on only such activities as are permitted by applicable law, for which purpose, the SPAL Group shall adhere to any restrictions that are applicable on account of the investment by the Investor in the Company, including any provisions of the Foreign Direct Investment Policy of the Government of India, the Foreign Exchange Management Act, 1999 and any Rules, Regulations or circulars issued thereunder.

4. Exercise of Rights by Investor

The Investor has appointed NYLIM-JB AMC as its investment manager whereby NYLIM-JB AMC may exercise all the rights of the Investor in its capacity as its investment manager. Accordingly, the rights of the Investor under the Transaction Documents and these Articles may be exercised by NYLIM-JB AMC for and on behalf of the Investor and the Company and the Promoters shall accept such acts and deeds of NYLIM-JB AMC, on behalf of the Investor pursuant to the Agreement, provided however that nothing contained herein shall prevent the Investor from exercising its rights under the Transactions Documents and these Articles by itself.

5. Notices

All notices under the Agreement and these Articles shall be written in English and shall be sent by hand or by courier or by facsimile or by other electronic means (which shall include but not limited to e-mails and e-mail attachments) to the applicable party at the contact details indicated below or to such other address, facsimile number or e-mail address as a party shall designate by similarly giving notice to the other party at the address set out below:

(a) if to the **Company**: to the Managing Director, with a copy to the Company Secretary at 39-A, Extension Street, Kaikattipudur, Avinashi - 641654, Coimbatore, Tamil Nadu, India, fax to the attention of Mr.P.Sundararajan at Fax no:91 4296 304280 Email:spindia@s-p-apparels.com

(b) if to the **Promoters**: at S.P.Apparels Limited, 39-A, Extension Street, Kaikattipudur, Avinashi -641654, Coimbatore, Tamil Nadu, India, fax to the attention of Mr. P. Sundararajan at Fax no: 91 4296 304280 Email:sundar@s-p-apparels.com

(c) if to **Investor**: at New York Life Investment Management India Fund (FVCI) II LLC, 4th Floor, Ebene Heights, 34 Cyber City, Ebene, Mauritius Fax: +230-467 4000 to the attention of Ms. Veena Kuniah and copy to Gulshan Ramgoolam at Email:veena@ifsm Mauritius.com; Gulshan@ifsm Mauritius.com

With a copy to:

Jacob Ballas Capital India Private Limited, 1F, Commercial Plaza, Radisson Hotel, Mahipalpur, National Highway 8, New Delhi 110037 to the attention of Mr. Srinivas Chidambaram, Managing Director, Email: Srinivas.chidambaram@jbindia.co.in

All such notices, demands and other communications shall be deemed to have been duly given when delivered by hand or by courier, when actually delivered and in the case of delivery by facsimile or other electronic means upon transmission thereof, provided that the sender has received a receipt indicating proper transmission and a hard copy of such notice or communication is sent by hand or despatched by courier to the relevant address set out above), on the next Business Day following transmission by facsimile or other electronic means, as the case may be.

Any party may by notice given in accordance with this Article designate another address or person for receipt of notices hereunder.

6. Successors and Assigns; Third Party Beneficiaries

(a) The Agreement and the provisions of these Articles including Chapter XXXX hereof shall inure to the benefit of and be binding upon the successors and permitted assigns of the parties to the Agreement. The Investor may assign any of their rights and/or obligations under the Agreement or the other Transaction Documents and these Articles to any of its Affiliates or Permitted Transferee of the Investor and to any investor or prospective investor in any such person. The Company and the Promoters shall not assign any of their rights and/or obligations under the Agreement and these Articles without the prior written consent of the Investor.

(b) Any of the rights of the Investor under the Agreement and under the Transaction Documents and these Articles may be exercised by any Affiliate or Permitted Transferee of the Investor on behalf of the Investor.

7. Amendment and Waiver

(a) No failure or delay on the part of the Company or the Investor in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies provided for herein

are cumulative and are not exclusive of any remedies that may be available to the Company or the Investor at law, in equity or otherwise.

(b) Any amendment, supplement or modification of or to any provision of the Agreement or these Articles, any waiver of any provision of the Agreement or these Articles, and any consent to any departure by the Company or the Investor from the terms of any provision of the Agreement and these Articles, shall be effective (i) only if it is made or given in writing and signed by the Company and the Investor, and (ii) only in the specific instance and for the specific purpose for which made or given. Except where notice is specifically required by the Agreement and these Articles, no notice to or demand on the Company in any case shall entitle the Company to any other or further notice or demand in similar or other circumstances.

8. Severability

If any one or more of the provisions contained under the Agreement or these Articles, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired, unless the provisions held invalid, illegal or unenforceable shall substantially impair the benefits of the remaining provisions hereof.

9. Publicity; Confidentiality

Except as may be required by Requirements of Law, neither the Company nor any of the Shareholders shall issue a publicity release or public announcement or otherwise make any disclosure concerning the Agreement, the transactions contemplated thereby, the Investor, the Business, technology and financial affairs of the Company or any other information received from any other party to the Agreement, without the prior written approval of the other parties to the Agreement; provided, however, that nothing in the Agreement and these Articles shall restrict the recipient of such information from disclosing information:

(a) that is already publicly available;

(b) that was already known to such recipient on a non-confidential basis prior to its disclosure in connection with the transactions contemplated by the Transaction Documents;

(c) that may be required or appropriate in response to any summons or subpoena or in connection with any litigation, provided that such recipient will use reasonable efforts to notify the provider of such information in advance of such disclosure so as to permit the provider of such information to seek a protective order or otherwise contest such disclosure, and such recipient will use reasonable efforts to cooperate, at the expense of such provider, with such provider in pursuing any such protective order,

(d) to such recipient's officers, directors, shareholders, advisors, employees, members, partners, controlling persons, auditors or counsel on a confidential basis; or

(e) to persons from whom releases, consents or approvals are required, or to whom notice is required to be provided, pursuant to the transactions contemplated by the Transaction Documents.

If any announcement is required by any Requirements of Law to be made by any party to the Agreement, prior to making such announcement such party will deliver a draft of such announcement to the other parties and shall give the other parties reasonable opportunity to comment thereon.

10. Further Assurances.

Each of the parties to the Agreement shall execute such documents and perform such further acts (including, without limitation, obtaining any consents, exemptions, authorisations or other actions by, or giving any notices to, or making any filings with, any Governmental Authority or any other person) as may be reasonably required or desirable to carry out or to perform the provisions of the Agreement and these Articles.

11. Chapter XXXX to override other provisions of these Articles

In the event of any inconsistency between the provisions of chapter XXXX of these Articles and the other provisions of the Articles contained in the preceding chapters, the provisions of this Chapter XXXX shall override the other provisions of the Articles and the Company, Promoters and other Shareholders shall take such actions as may be required in their capacity to amend the Articles of the Company to give effect to the provisions of Chapter XXXX.

194. GOVERNING LAW AND DISPUTE RESOLUTION

1. **Governing Law.** The Agreement shall be governed by, and construed in accordance with, the laws of India, without regard to the principles of conflicts to law of any jurisdiction.
2. **Negotiation, Conciliation and Mediation.** Any and all claims, disputes, questions or controversies involving the parties to the Agreement and arising out of or in connection with or relating to the Agreement and these Articles, or the execution, interpretation, validity, performance, breach or termination of the Agreement and these Articles (including, without limitation, the provisions of this Article 194 (collectively, **"Disputes"**) which cannot be finally resolved by such parties within one (1) month of the arising of a Dispute by amicable negotiation and conciliation shall first be submitted for settlement by informal mediation to a panel consisting of one nominee of each party to the Agreement. If any such panel is unable to resolve and settle the Dispute within one (1) month after the Dispute is first submitted to it, then any party shall be entitled to cause the Dispute to be submitted for arbitration pursuant to the terms of Article 194(3) below.
3. **Arbitration**
 - (a) Any Dispute which is not settled to the satisfaction of the parties under Article 194(2) above, shall be finally resolved by arbitration in accordance with the Arbitration and Conciliation Act, 1996 and any rules, regulations, amendments or changes made thereunder. For the purpose of such arbitration, Investor shall appoint the first arbitrator, the Company shall appoint the second arbitrator and the third arbitrator shall be appointed by the other two arbitrators (**"Arbitration Board"**).
 - (b) The place of arbitration shall be in Chennai. All arbitration proceedings shall be conducted in the English language. The arbitrators shall decide any such dispute or

claim strictly in accordance with the governing law specified in Article 194(1). Judgment upon any arbitral award rendered hereunder may be entered in any court having jurisdiction, or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be.

- (c) The parties agree to facilitate the arbitration by (i) cooperating in good faith to expedite (to the maximum extent practicable) the conduct of the arbitration, (ii) making available to one another and to the Arbitration Board for inspection and extraction all documents, books, records, and personnel under their control or under the control of a person controlling or controlled by such party if determined by the Arbitration Board to be relevant to the dispute, (iii) conducting arbitration hearings to the greater extent possible on successive Business Days and (iv) using their best efforts to observe the time periods established by the Arbitration Board for the submission of evidence and briefs.
- (d) The costs and expenses of the arbitration, including, without limitation, the fees of the arbitration, including, without limitation, the fees of the Arbitration Board, shall be borne equally by each party to the dispute or claim, and each party shall pay its own fees, disbursements and other charges of its counsel.
- (e) Any award made by the Arbitration Board shall be final and binding on each of the parties that were parties to the dispute. The parties expressly agree to waive the applicability of any laws and regulations that would otherwise give the right to appeal the decisions of the Arbitration Board so that there shall be no appeal to any court of law for the award of the Arbitration Board.

Sl.No	Name and address, Description and Occupation of the subscribers	Signature of subscribers
1.	P. SUNDARARAJAN, S/o. S.Perumal Mudaliar, D.No.192, East Sambadam Street, R.S.Puram, Coimbatore. BUSINESS	Sd \ - P.SUNDARARAJAN
2.	S. LATHA, W/o. P.Sundararajan, D.No.192, East Sambadam Street, R.S.Puram, Coimbatore. BUSINESS	Sd \ - S.LATHA
3.	V. SENTHIL, S/o. V.Viswanathan, D.No.255, Old No.53, Erode Road, Vadivel Nagar, Karur – 639 002. BUSINESS	Sd \ - V.SENTHIL
4.	S. SHANTHA, W/o. V.Senthil, D.No.255, Old No.53, Erode Road, Vadivel Nagar, Karur – 639 002. BUSINESS	Sd \ - S.SHANTHA
5.	P. VELUSAMY, S/o. S.Perumal Mudaliar, No.3 – D , Vidyalaya Road, Salem – 636 007.	Sd \ - P.VELUSAMY

	BUSINESS	
6	V. PADMINI W/o. P.Velusamy No.3 – D , Vidyalaya Road, Salem – 636 007. BUSINESS	Sd \ - V.PADMINI
7	P. ASHOKARAMAN S/o. S.Perumal Mudaliar No.35, Arunachala Asari Street, Salem - 636 001. BUSINESS	Sd \ - P.ASHOKARAMAN

Witness (with address, description and occupation) to above signatures.

V. SAKTHIVEL B.COM., FCA.,
S/o. S. Venkidusamy,
7-AA - Ramakrishna Road,
Salem - 636 007.
Chartered Accountant

Avinashi, Dated : 11th day of November, 2005

IN THE HIGH COURT OF JUDICATURE AT MADRAS
(Original Jurisdiction)

Thursday, the first day of March, 2007

THE HON'BLE MRS. JUSTICE CHITRA VENKATARAMAN

Company Petition Nos.13 and 14 of 2007

In the matter of the Companies Act, 1956 (1 of 1956)

And

In the matter of scheme of Amalgamation
of

S.P.TEXFAB PRIVATE LIMITED

WITH

S.P.APPARELS LIMITED

C.P.No. 13 of 2007.

S.P.Texfab Private Limited, a company incorporated under the Companies Act, 1956 and having its Registered office at 39-A, Extension Street, Kaikattipudur, Avinashi — 641654, Coimbatore District, represented by Mr.P.Sundararajan, Director.,

.....Petitioner/Transferor Company.

This Company Petition praying this Court:-

- a) To sanction the scheme of Amalgamation of S.P.Texfab Private Limited with S.P.Apparels Limited by the High Court with effect from 15th April 2006 so as to be binding on all the shareholders and creditors of the Petitioner Company namely, S.P.Texfab Private Limited and on the said Petitioner Company.
- b) To dissolve the Petitioner Company namely, S.P.Texfab Private Limited without winding up.

C.P.No.14 of 2007.

S.P.Apparels Limited, a Company registered under part IX of the Companies Act, 1956 and having its Regd. Office at No.39-A, Extension Street, Kaikattipudur, Avinashi — 641 654, represented by Mr.P.Kalaiselvan, Company Secretary.,

.....Petitioner / Transferee Company.

This company petition praying this court to Sanction the Scheme of Amalgamation of S.P.Texfab Private Limited with S.P.Apparels Limited by the High Court with effect from 1st April 2006 so as to be binding on all the shareholders and creditors of the petitioner Company namely, S.P.Apparels Limited and on the said petitioner company.

These Company Petitions having been heard on 23-02-2007 in the presence of Mr.P.H.Arvind Pandian, Advocate for the Petitioners in both the Company Petition Nos.13 and 14 of 2007 and Mr.T.Chandrasekaran, Senior Panel Counsel appearing for the Regional Director, Southern Region, Department of Company Affairs, Chennai and Mr.M.Jayakumar, Assistant Official Liquidator, for Official Liquidator, High Court, Madras, and upon reading the company petition Nos.13 and 14 of 2006, and the affidavit of R.Vasudevan, the Regional Director, Southern Region, Department of Company Affairs, Chennai, and the Report dated 15-02-2007 filed by the Official Liquidator, High Court, Madras in C.P.No.13 of 2007 and the advertisement of the company petitions having been made in one issue of English daily "The Hindu Business Line" dated 29-01-2007 and also in one issue of Tamil daily "Malai Murasu" dated 29-01-2007 and this court having dispensed with the convening, holding and conducting of the meetings of the Equity Shareholders of the said petitioner companies by an order dated 04-01-2007 and made in C.A.Nos.2550 and 2551 of 2006, and the order of this court dated 20-01-2007 and made in C.P.No.13 of 2007, and having stood over for consideration till this date and coming on this day before this court for orders in the presence of the said Advocates for the parties hereto, and on perusal of the report summarising the report of the Chartered Accountant, that the affairs of the transferor Company had not been conducted in a manner prejudicial to the interest of its members or to public interest and they do not come across as any act of misfeasance by the Directors attracting the provisions of Sections 542 and 543

of the Companies Act, 1956, and this Court taking note of the report by the Chartered Accountant as enclosed by the Official Liquidator, High Court, Madras.

This Court doth hereby sanction the scheme of Amalgamation annexed hereunder with effect from 01-04-2006 and declare the same to be binding on all the shareholders and creditors of the said Companies and on the said Companies, THIS COURT DOTH FURTHER ORDER AS FOLLOWS:-

1. That, the petitioner Companies herein do file with the Registrar of Companies, Coimbatore, a certified copy of the order within 30 days from this date.
2. That, the parties of the scheme of Amalgamation or any other person interested shall be at liberty to apply to this Court for any directions that may be necessary in regard to carrying out this Scheme of Amalgamation annexed hereunder.
3. That, the Transferor Company Viz.S.P.Texfab Private Limited shall be dissolved without being wound up.
4. That Mr.T.Chandrasekaran, Senior Panel Counsel shall be entitled to a fee of Rs.2,500/- (Rupees Two Thousand Five Hundred Only) from each Company.

SCHEME OF AMALGAMATION
OF
S.P.TEXTFAB PRIVATE LIMITED
WITH
S.P. APPARELS LIMITED
AND THEIR RESPECTIVE SHARE HOLDERS

PART I – GENERAL

1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following shall have the meanings as provided herein:

- 1.1 "Act"** means the Companies Act, 1956 or any statutory modification or reenactment thereof.
- 1.2 "Appointed Date"** means the date from which this Scheme shall become operative viz., 1st April, 2006 or if the Boards of Directors of the Transferor Company and the Transferee Company require any other date subsequent to 1st April, 2006 and/or the High Court of Judicature at Madras modifies the Appointed Date to such other date, then the same shall be the Appointed Date.
- 1.3 "Court"** means the Hon'ble High Court of Judicature at Madras or such other Court/ Tribunal empowered to sanction the Scheme as per the provisions of the Act.
- 1.4 "Effective Date"** means the date or last of the dates on which the certified copy of the order of the Court sanctioning this Scheme is obtained.
- 1.5 "Scheme of Amalgamation" or "Scheme" or "The Scheme" or "This Scheme"** means this Scheme of Amalgamation in its present form or with any modification(s) approved, imposed, or directed by the Court.
- 1.6 "Transferee Company"** means S.P.Apparels Limited, a company registered under part IX of the Companies Act, 1956 and having its registered office at 39-A, Extension Street, Kaikattipudur, Avinashi - 641 654.
- 1.7 "Transferor Company"** means S.P. Textfab Private Limited, a company incorporated under the Companies Act, 1956, and having its registered office at 39-A, Extension Street, Kaikattipudur, Avinashi - 641 654.
- 1.8 "Undertaking"** shall mean and include the whole of the undertaking of the Transferor Company, as a going concern, including their businesses, all secured and unsecured debts, liabilities, duties and obligations and all the assets, properties, rights, titles and benefits, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or

intangible, present or contingent and including but without being limited to land and building (whether owned, leased, licensed), all fixed and movable plant and machinery, vehicles, fixed assets, work in progress, current assets, investments, reserves, provisions, funds, licenses, registrations, copyrights, patents, trade names, trade marks and other rights and licenses in respect thereof, applications for copyrights, patents, trade names, trade marks, leases, licenses, tenancy rights, premises, ownership flats, hire purchase and lease arrangements, lending arrangements, benefits of security arrangements, computers, office equipment, telephones, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, benefits of agreements, contracts and arrangements, powers, authorities, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and advantage, deposits, reserves, provisions, advances, receivables, deposits, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, tax credits (including but not limited to credits in respect of income tax, sales tax, value added tax, turnover tax, service tax, etc), Software Licence, Domain / Websites etc., in connection / relating to the Transferor Company and other claims and powers, of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company, as on the Appointed Date.

- 1.9 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act and other applicable laws, rules, regulations and byelaws as the case may be, including any statutory modification or re-enactment thereof from time to time.

2. SHARE CAPITAL

- 2.1 The Authorised Capital of the Transferor Company as on 31st March 2006 is Rs.10,00,00,000/- divided into 10,00,000 Equity Shares of Rs. 100/- each. The issued, subscribed and paid-up capital of the Transferor Company as on 31st March 2006 is Rs. 5,11,00,000/- divided into 5,11,000 Equity Shares of Rs. 100/- each. Subsequently, there has been no change in the Authorised Capital and also the issued, subscribed and paid up capital of the transferor Company.
- 2.2 The Authorised Capital of the Transferee Company as on 31st March 2006 is Rs.21,00,00,000/- divided into 2,10,00,000 Equity Shares of Rs. 10/- each. The issued, subscribed and paid-up capital of the Transferee Company as on 31st March 2006 is Rs. 15,00,00,000/- divided into 1,50,00,000 Equity Shares of Rs. 10/- each. Subsequently, the Authorised Capital was increased on December 2, 2006 to Rs.23,00,00,000/- divided into 2,30,00,000 Equity Shares of Rs.10 each. The Company also allotted 18,00,000 Equity Shares of Rs.10/- on November 7, 2006. Thus as on December 2, 2006, the Authorised Capital of the Transferee Company is Rs.23,00,00,000/- divided into 2,30,00,000 Equity Shares of Rs.10/- each and the issued, subscribed and paid up capital of the Transferee Company is Rs.16,80,00,000/- divided into 1,68,00,000 equity Shares of Rs.10/- each.
- 2.3 All the Equity shares issued by the Transferor Company as above, are held by the Transferee Company and its nominees. Accordingly, the Transferor Company is a wholly owned subsidiary of the Transferee Company.

PART II - TRANSFER AND VESTING

3. TRANSFER OF UNDERTAKING

3.1 The Undertaking shall be transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company in the following manner:

- a) With effect from the Appointed Date, the whole of the Undertaking of the Transferor Company comprising its business, all assets and liabilities of whatsoever nature and wheresoever situated, shall, under the provisions of Section 391 read with Section 394 and all other applicable provisions, if any, of the Act, without any further act or deed (save as provided in Sub-clauses (b), (c) and (d) below), be transferred to and vested in and/ or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, as from the Appointed Date, the Undertaking of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Company therein.

Provided that for the purpose of giving effect to the vesting order passed under Section 391 to 394 in respect of this Scheme, the Transferee Company shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the title and the appurtenant legal right(s) upon the vesting of such assets of the Transferor Company in accordance with the provisions of Section 391 to 394 of the Act, at the office of the respective Registrar of Assurances or any other concerned authority, where any such property is situated.

- b) All the movable assets including cash in hand, if any, of the Transferor Company, capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Transferee Company. Such delivery shall be made on a date mutually agreed upon between the Board of Directors of the Transferor Company and the Transferee Company.
- c) In respect of movables other than those specified in sub-clause (b) above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, the following modus operandi for intimating third parties shall, to the extent possible, be followed:
 - (i) The Transferee Company shall give notice in such form as it may deem fit and proper, to each person, debtor, loanee or deposittee as the case may be, that pursuant to the Court having sanctioned the Scheme, the said debts, loans, advances, bank balances or deposits be paid or made good or held on account of the Transferee Company as the person entitled thereto to the end and intent that the right of the Transferor Company to recover or realise the same stands extinguished and that appropriate entry should be passed in its books to record the aforesaid change;
 - (ii) The Transferor Company shall also give notice in such form as they may deem fit and proper to each person, debtor, or borrower that pursuant to the Court having sanctioned the Scheme the said debt, loan, advance or deposit be paid or made good or held on account of the Transferee Company and that the right of the Transferor Company to recover or realise the same stands extinguished.

- d) In relation to the assets, if any, belonging to the Transferor Company, which require separate documents of transfer, the Transferor Company and the Transferee Company will execute necessary documents, as and when required.
- e) With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature, description, whether or not provided for in the books of accounts and whether disclosed or undisclosed in the balance sheet of the Transferor Company shall also, under the provisions of Section 391 read with Section 394 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause.

However, the Transferee Company may, at any time, after the coming into effect of this Scheme in accordance hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of the secured creditors of the Transferor Company or in favour of any other party to the contract or arrangement to which the Transferor Company is a party or any writing, as may be necessary, in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Company as well as to implement and carry out all such formalities and compliances referred to above.

- f) The transfer and vesting of the Undertaking of the Transferor Company as aforesaid shall be subject to the existing securities, charges and mortgages, if any subsisting, over or in respect of the property and assets or any part thereof of the Transferor Company.

Provided however that any reference in any security documents or arrangements (to which the Transferor Company is a party) pertaining to the assets of the Transferor Company offered, or agreed to be offered, as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to the Undertaking of the Transferor Company as are vested in the Transferee Company by virtue of the aforesaid Clauses, to the end and intent that, such security, charge and mortgage shall not extend or be deemed to extend, to any of the other assets of the Transferor Company or any of the assets of the Transferee Company.

Provided further that the securities, charges and mortgages (if any subsisting) over and in respect of the assets or any part thereof of the Transferee Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges or mortgages to the end and intent that such securities, charges and mortgages shall not extend or be deemed to extend, to any of the assets of the Transferor Company vested in the Transferee Company.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by the Transferor Company which shall vest in the Transferee Company by virtue of the amalgamation of the Transferor Company with the Transferee Company and the Transferee Company shall not be obliged to create any further or additional security therefore, after the amalgamation has become operative.

- g) In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person and availed of by the Transferor Company are concerned, the same shall vest with, and be available to, the Transferee Company on the same terms and conditions.
- h) Loans or other obligations, if any, due between or amongst the Transferor Company and the Transferee Company shall stand discharged and there shall be no liability in that behalf. In so far as any securities, debentures or notes issued by the Transferor Company, and held by the Transferee Company and vice versa are concerned, the same shall, unless sold or transferred by the Transferor Company or the Transferee Company, as the case may be, at any time prior to the Effective Date, stand cancelled as on the Effective Date, and shall have no effect and the Transferor Company or the Transferee Company, as the case may be, shall have no further obligation outstanding in that behalf.
- i) The Transferor Company shall have taken all steps as may be necessary to ensure that vacant, lawful, peaceful and unencumbered possession, right, title, interest of its immovable property is given to the Transferee Company.
- j) Where any of the liabilities and obligations/assets attributed to the Transferor Company on the "Appointed Date" has been discharged/sold by the Transferor Company after the "Appointed Date" and prior to the "Effective Date", such discharge/sale shall be deemed to have been for and on behalf of the Transferee Company.
- k) From the "Effective Date" and till such time that the names of the bank accounts of the Transferor Company are replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company, in its name, in so far as may be necessary.

4. LEGAL PROCEEDINGS

- 4.1 All suits, actions and proceedings of whatsoever nature by or against the Transferor Company on the Appointed Date shall be transferred to the name of the Transferee Company and the same shall be continued and enforced by or against the Transferee Company, to the exclusion of the Transferor Company.
- 4.2 If proceedings are taken against the Transferor Company, in respect of matters referred to above, it shall defend the same in accordance with the advice of, and at the cost of, the Transferee Company, as the case may be from Appointed Date till Effective Date, and the latter shall reimburse and indemnify the Transferor Company, against all liabilities and obligations incurred by the Transferor Company in respect thereof.

5. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 5.1 Subject to the other provisions contained in the Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature to which the Transferor Company is a party, subsisting or having effect immediately before this arrangement under this Scheme, shall be, in full force and effect, against or in favour of the Transferee Company, and may be enforced as fully and as effectively as if instead of the Transferor Company, the Transferee Company had been a party thereto. The Transferee Company shall enter into and / or issue and / or execute deeds, writings or confirmation or enter into any tripartite arrangement, confirmations or novations to which the Transferor Company will, if

necessary, also be party in order to give formal effect to the provisions of this clause, if so required or become necessary.

- 5.2 As a consequence of the amalgamation of the Transferor Company with the Transferee Company in accordance with this Scheme, the recording of change in name from the Transferor Company to the Transferee Company, whether for the purposes of any licence, permit, approval or any other reason, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority without the requirement of payment of any transfer or registration fee or any other charge or imposition whatsoever.
- 5.3 The Transferee Company may, at any time, after the coming into the effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any party to any contract or arrangement to which the Transferor Company is a party or any writings, as may be necessary, to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Company, implement or carry out all such formalities or compliances referred to above on the part of the Transferor Company, as the case may be, to be carried out or performed.
- 5.4 For the removal of doubts, it is expressly made clear that the dissolution of the Transferor Company without the process of winding up as contemplated hereinafter, shall not, except to the extent set out in the Scheme, affect the previous operation of any contract, agreement, deed or any instrument or beneficial interest to which the Transferor Company is a party thereto and shall not affect any right, privilege, obligations or liability, acquired, or deemed to be acquired prior to Appointed Date and all such references in such agreements, contracts and instruments to the Transferor Company shall be construed as reference only to the Transferee Company with effect from the Appointed Date.

6. EMPLOYEES

- 6.1 All the executives, staff, workmen, and other employees in the service of the Transferor Company, immediately before the Appointed Date, under this Scheme shall become the executives, staff, workmen, and other employees of the Transferee Company, on the basis that:
- a) Their services shall have been continuous and shall not have been interrupted by reason of such transfer as if such transfer is effected under Section 25 FF of the Industrial Disputes Act, 1947;
 - b) The terms and conditions of service applicable to the said staff, workmen, and other employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately before the transfer;
 - c) In the event of retrenchment of such staff, workmen, or other employees, the Transferee Company shall be liable to pay compensation in accordance with law on the basis that the services of the staff, workmen, or other employees shall have been continuous and shall not have been interrupted by reason of such transfer; and
 - d) In so far as the existing provident fund trusts, gratuity fund and pension and / or super annuation fund trusts created by the Transferor Company for its employees

are concerned, the part of the funds referable to the employees who are being transferred shall be continued for the benefit of the employees who are being transferred to the Transferee Company pursuant to the Scheme in the manner provided hereinafter. In the event that the Transferee Company has its own funds in respect of any of the funds referred to above, the amounts in such funds in respect of contributions pertaining to the employees of the Transferor Company, shall, subject to the necessary approvals and permissions, be transferred to the relevant funds of the Transferee Company. In the event that the Transferee Company does not have its own fund, in respect of any of the aforesaid matters, the Transferee Company may, subject to necessary approvals and permissions, continue to contribute to the relevant funds of the Transferor Company until such time that the Transferee Company creates its own fund, at which time the contributions pertaining to the employees of the Transferor Company shall be transferred to the funds created by the Transferee Company.

7. SAVING OF CONCLUDED TRANSACTIONS

- 7.1 The transfer of Undertaking under Clause 3 above, the continuance of proceedings by or against the Transferee Company under Clause 4 above and the effectiveness of contracts and deeds under Clause 5 above shall not affect any transaction or proceedings or contracts or deeds already concluded by the Transferor Company on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of itself.

8. CONDUCT OF BUSINESS OF THE TRANSFEROR COMPANY TILL EFFECTIVE DATE

With effect from the Appointed Date and up to and including the Effective Date:

- 8.1 The Transferor Company shall carry on, and be deemed to have been carrying on, all business activities and shall be deemed to have been held for and on account of, and in trust for, the Transferee Company.
- 8.2 All profits or income or income tax accruing or arising to the Transferor Company, or losses arising or expenditure incurred by them, on and from Appointed Date upto the Effective Date, shall for all purposes be treated as, and be deemed to be treated as, the profits or income or losses or expenditure or income tax of the Transferee Company.
- 8.3 The Transferor Company shall carry on its business activities with proper prudence and diligence and shall not, without prior written consent of the Transferee Company, alienate, charge or otherwise deal with or dispose off any of the business undertaking or any part thereof (except in the ordinary course of business or pursuant to any pre-existing obligations undertaken by the Transferor Company prior to the Appointed Date).
- 8.4 The Transferee Company shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferee Company may require including the registration, approvals, exemptions, reliefs,

etc., as may be required / granted under any law for time being in force for carrying on business by the Transferee Company.

- 8.5 The Transferor Company shall continue to comply with the provisions of the Act including those relating to preparation, presentation, circulation and filing of accounts as and when they become due for compliance.
- 8.6 The Transferor Company shall not declare any dividend, between the Appointed Date and the Effective Date, without the prior written consent of the Transferee Company.
- 8.7 The Transferor Company shall not make any modification to its capital structure, either by an increase (by issue of rights shares, bonus shares, convertible debentures or otherwise), decrease, reclassify, sub-divide or re-organise or in any other manner, whatsoever, except by mutual consent of the Board of Directors of the Transferor Company and of the Transferee Company.
- 8.8 The Transferor Company shall not vary, except in the ordinary course of business, the terms and conditions of the employment of their employees without the consent of the Board of Directors of the Transferee Company.

9. AUTHORISED SHARE CAPITAL

- 9.1 Upon the Scheme becoming fully effective, the authorised share capital of the Transferor Company shall stand combined with the authorised share capital of the Transferee Company. Filing fees and stamp duty, if any, paid by the Transferor Company on its authorised share capital, shall be deemed to have been so paid by the Transferee Company on the combined authorised Share capital and accordingly, the Transferee Company shall not be required to pay any fee/ stamp duty for its increased authorised share capital.
- 9.2 Clause V of the Memorandum of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 94 and 394 and other applicable provisions of the Act by deleting the existing Clause and replacing it by the following:

"The Authorised share capital of the company is Rs.33,00,00,000 (Rupees Thirty Three Crores) divided into 3,30,00,000 (Three Crores Thirty Lakhs) Equity Shares of Rs.10/- (Rupees Ten) each with powers to increase and/or reduce the Capital of the Company and to divide the shares in the Capital for the time being into several classes and to attach thereto respectively such rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company."
- 9.3 The approval of this Scheme by the shareholders of the company under section 391 and 394 of the Act shall be deemed to have the approval under sections 16, 94 and other applicable provisions of the Act and any other consents and approvals required in this regard.

10. CANCELLATION OF SHARES OF THE TRANSFEROR COMPANY

- 10.1 Upon this Scheme coming into effect, the Equity Shares of the Transferor Company held by the Transferee Company along with Equity Shares in the Transferor Company held by the nominees of the Transferee Company, constituting the entire paid up equity share capital of the Transferor Company will stand cancelled. No shares or consideration shall be issued / paid by the Transferee Company pursuant to the amalgamation of the Transferor Company, which is a wholly owned subsidiary of the Transferee Company.

11. ACCOUNTING TREATMENT

- 11.1 The Transferee Company shall, upon the Scheme coming into effect, record the assets and liabilities of the Transferor Company vested in it pursuant to this Scheme at the respective book values thereof and in the same form as appearing in the books of the Transferor Company at the close of business of the day immediately preceding the Appointed Date.
- 11.2 The Transferee Company shall record the Reserves of the Transferor Company in the same form and at the same values as they appear in the financial statements of the Transferor Company at the close of business of the day immediately preceding the Appointed Date. Balances in the Profit and Loss Account of the Transferor Company shall be similarly aggregated with the balances in Profit and Loss Account of the Transferee Company. Balances shown as Miscellaneous Expenditure (to the extent not written off or adjusted) in the balance sheet of the Transferor Company shall be similarly aggregated with balances of the Transferee Company.
- 11.3 The excess, if any, of the value of the assets over the value of the liabilities of the Transferor Company vested in the Transferee Company pursuant to this Scheme as recorded in the books of account of the Transferee Company shall, after adjusting the amounts recorded in terms of Clause 11.2 above, be credited to the General Reserve account in the books of the Transferee Company.
- 11.4 The deficit, if any, in the value of the assets over the value of the liabilities of the Transferor Company vested in the Transferee Company pursuant to this Scheme as recorded in the books of account of the Transferee Company shall, after adjusting the amounts recorded in terms of Clause 11.2 above, be debited to the Goodwill account in the books of the Transferee Company.
- 11.5 In case of any differences in accounting policy between the Transferor Company and the Transferee Company, the impact of the same till the amalgamation will be quantified and adjusted in the General Reserve of the Transferee Company to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- 11.6 To the extent there are inter-corporate loans or balances between the Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities, as the case may be.

PART III - GENERAL TERMS AND CONDITIONS

12. APPLICATION TO COURT

- 12.1 The Transferor Company and the Transferee Company shall, with reasonable despatch, apply to the Court for necessary orders or directions for holding meetings of the members of the Transferor Company and the Transferee Company for sanctioning this Scheme of Amalgamation under Section 391 of the Act or for dispensing the holding of such meetings and orders under Section 394 of the Act, for carrying this Scheme into effect and for dissolution of the Transferor Company without winding up.

13. DISSOLUTION OF TRANSFEROR COMPANY

- 13.1 Subject to an order being made by the Court under Section 394 of the Act, the Transferor Company shall be dissolved without the process of winding up on the Scheme becoming effective in accordance with the provisions of the Act and the Rules made thereunder.

14. MODIFICATIONS / AMENDMENTS TO THE SCHEME

- 14.1 The Transferor Company and the Transferee Company through their respective Board of Directors including Committee of Directors or other persons, duly authorised by the respective Boards in this regard, may make, or assent to, any alteration or modification to this Scheme or to any conditions or limitations, which the Court or any other Competent Authority may deem fit to direct, approve or impose and may give such directions including an order of dissolution of the Transferor Company without process of winding up as they may consider necessary, to settle any doubt, question or difficulty, arising under the scheme or in regard to its implementation or in any manner connected therewith and to do and to execute all such acts, deeds, matters and things necessary for putting this Scheme into effect, or to review the portion relating to the satisfaction of the conditions to this scheme and if necessary, to waive any of those (to the extent permitted under law) for bringing this scheme into effect.
- 14.2 If any part or provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Transferor Company and the Transferee Company, affect the validity of implementation of the other parts and/or provisions of the Scheme.

15. DATE OF TAKING EFFECT

- 15.1 The Scheme set out herein in its present form or with any modification(s) or amendment(s) approved, imposed or directed by the Court shall be effective from the Appointed Date but shall be operative from the Effective Date.

16. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS

This Scheme is conditional on and subject to -

- 16.1 The sanction or approval under any law of the Central Government, State Government, or any other agency, department or authorities concerned being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required.
- 16.2 The Scheme being agreed to by the respective requisite majorities of the members of the Transferor and the Transferee Companies, if a meeting of Equity Shareholders of the said companies is convened by the Court, and the sanction of the Court being accorded to the Scheme.
- 16.3 The sanction by the Court under Sections 391 and 394 and other applicable provisions of the Act being obtained by the Transferor Company and the Transferee Company.
- 16.4 The filing with the Registrar of Companies, Coimbatore of certified copies of all necessary orders, sanctions and approvals mentioned above by the respective Company.

17. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

- 17.1 In the event of the Scheme not being sanctioned by the Court and/or the order or orders not being passed as aforesaid before 30th June 2007 or within such further period or periods as may be agreed upon between the Transferor and Transferee Companies who are hereby empowered and authorised, to agree to and extend the aforesaid period from time to time without any limitations in exercise of their powers through and by their respective Board of Directors, the Scheme shall become fully null and void and in that event no rights and liabilities shall accrue to or be inter-se by the parties in terms of the Scheme.

18. EXPENSES CONNECTED WITH THE SCHEME

- 18.1 All costs, charges, levies, fees, duties and expenses of the Transferor Company and the Transferee Company respectively in relation to or in connection with negotiations leading up to the Scheme and of carrying out and completing the terms and provisions of this Scheme and in relation to or in connection with the Scheme shall be borne and paid by the Transferee Company.

WITNESS, The Hon'ble Thiru.AJIT PRAKASH SHAH, The Chief Justice of Madras High Court, aforesaid this the 1st day of March'2007.

DEPUTY REGISTRAR (0.5) I/C

IN THE HIGH COURT OF JUDICATURE AT MADRAS
(Original Jurisdiction)

Wednesday, the Twenty Third day of April, 2008

THE HON'BLE MRS. JUSTICE CHITRA VENKATARAMAN

Company Petition Nos.79 of 2008

In the matter of the Companies Act, 1956 (1 of 1956)

And

In the matter of

Sri Balaji Bakkiam Spinning Mills Limited

And

In the Matter of Amalgamation of

Sri Balaji Bakkiam Spinning Mills Limited

With

S.P.Apparels Limited.

CP.NO. 79/2008:

Sri Balaji Bakkiam Spinning Mills Limited, a company registered under the Companies Act, 1956, and having its Registered Office at No. 15/31, B-6, Ceebros Enclave, First Main Road, Gandhi Nagar, Adayar, Chennai - 600 020, Represented by Mr.P.Sundararajan, Director

.....Petitioner/Transferor Company.

-Vs-

S.P.Apparels Limited, a Company registered under IX of the Companies Act, 1956 and having its Registered Office at No.39-A, Extension Street, Kaikattipudur, Avinashi - 641 654, Coimbatore District.

.....Respondent/Transferee Company

This Company Petition praying this Court that the Scheme of Amalgamation of Sri Balaji Bakkiam Spinning Mills Limited with S.P.Apparels Limited, be sanctioned by the High Court with effect from 15th April, 2007 so as to be binding on all the shareholders and creditors of the Petitioner Company namely, Sri Balaji Bakkiam Spinning Mills Limited and on the said Petitioner Company and also on the

Respondent Company namely, S.P.Apparels Limited and on all the shareholders and creditors of the Respondent Company.

That the Petitioner Company namely, Sri Balaji Bakkiam Spinning Mills Limited, be dissolve without winding up.

This Company Petition coming on this day before this Court for hearing in the presence of Mr.P.H.Arvinth Pandian, Advocate for the Petitioner in the Company Petition No.79/2008, and Mr.K.Ravindranath, Senior Central Government Standing Counsel appearing for the Regional Director, Southern Region, Department of Company Affairs, Chennai, and Mr.M.Jayakumar, Assistance Official Liquidator for Official Liquidator, High Court, madras and upon reading the Company Petition No.79/2008 and affidavit of R.Vasudevan, Regional Director, Southern Region, Department of Company Affairs, Chennai and the report dated 8/4/2008 filed by the Official Liquidator, High Court, Madras in C.P. No.79/2008 and the advertisement of the Company Petition having been made in one issue of English Daily "The Hindu Business Line" dated 17/3/2008 in Chennai and Coimbatore Editions and also in one issue of Tamil Daily "Malai Malar" dated 17/3/2008 in Chennai and Coimbatore Edition and this Court having dispensed with the convening, holding and conduction of the meeting of the equity shareholders of the said Petitioner Company by an order dated 16/2/2008 and made in C.A.No.481/2008 and the orders herein dated 6/3/2008 and on perusal of the report of the Official Liquidator, High Court, Madras summarizing the report of the Chartered Accountant states that the affairs of the Transferor Company had not been conducted in a manner prejudicial to the interest of its members or to the public interest and they do not come across any act of misfeasance by the directors attracting the provisions of Section 542 and 543 of the Companies Act, 1956, and this Court taking note of the report filed by the Chartered Accountant as enclosed by the Official Liquidator, High Court, madras.

This Court doth hereby sanction the Scheme of Amalgamation Annexed hereunder with effect from the 'appointed date' as given under clause 1.2 of the Scheme, viz., 1.4.2007, and declare the same to be binding on all the shareholders and creditors of the said companies and on the said Companies, THIS COURT DOTH FURTHER ORDERS FOLLOWS:-

- (1) That, the Petitioner Company herein do file with the Registrar of Companies, Chennai and Coimbatore a certified copy of the order within 30 days from this date.
- (2) That, the parties to the Scheme of Amalgamation or any other person interested shall be at liberty to apply to this Court for any directions that may be necessary in regard to carrying out this Scheme of Amalgamation Annexed hereunder.
- (3) That, the Transferor Company viz., Sri Balaji Bakkiam Spinning Mills Limited shall be dissolved without being wound up.
- (4) That the Mr. K.Ravindranath, Senior Panel Counsel shall be entitled to a fee of Rs.2500/- (Rupees Two thousand five hundred only) from the Petitioner Company.

SCHEME OF AMALGAMATION
OF
SRI BALAJI BAKKIAM SPINNING MILLS LIMITED
WITH
S.P.APPARELS LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS

PART I - GENERAL

1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following shall have the meanings as provided herein:

- 1.1 "Act"** means the Companies Act, 1956 or any statutory modification or reenactment thereof.
- 1.2 "Appointed Date"** means the date from which this Scheme shall become operative viz., 01 April 2007 or if the Boards of Directors of the Transferor Company and the Transferee Company require any other date prior or subsequent to is 01 April 2007 and/or the High Court of Judicature at Madras modifies the Appointed Date to such other date, then the same shall be the Appointed Date.
- 1.3 "Court"** means the Hon'ble High Court of Judicature at Madras or such other Court / Tribunal empowered to sanction the Scheme as per the provisions of the Act.
- 1.4 "Effective Date"** means the date on which the certified copy of the order of the Court sanctioning this Scheme is filed with the Register of Companies by the Transferor Company.
- 1.5 "Scheme of Amalgamation" or "Scheme" or "The Scheme" or "This Scheme"** means this Scheme of Amalgamation in its present form or with any modification(s) approved, imposed, or directed by the Court.
- 1.6 "Transferee Company"** means S.P.Apparels Limited, a company registered under Part IX of the Companies Act, 1956, and having its registered office at 39-A, Extension Street, Kaikattipudur, Avinashi - 641 654, Coimbatore District.

1.7 "Transferor Company" means Sri Balaji Bakkiam Spinning Mills Limited, a company incorporated under the Companies Act, 1956 and having its registered office at No.15/31, B-6, Ceebros Enclave, First Main Road, Gandhi Nagar, Adyar, Chennai - 600 020.

1.8 "Undertaking" shall mean and include the whole of the undertaking of the Transferor Company, as a going concern, including their businesses, all secured and unsecured debts, liabilities, duties and obligations and all the assets, properties, rights, titles and benefits, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but without being limited to land and building (whether owned, leased, licensed), all fixed and movable plant and machinery vehicles, fixed assets, work in progress, current assets, investments, reserves, provisions, funds, licenses, registrations, copyrights, patents, trade names, trade marks and other rights and licenses in respect thereof, applications for copyrights, patents, trade names, trade marks, leases, licenses, tenancy rights, premises, ownership flats, hire purchase and lease arrangements, lending arrangements, benefits of security arrangements, computers, office equipment, telephones, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections benefits of agreements, contracts and arrangements, powers, authorities, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and advantage, deposits, reserves, provisions, advances, receivables, deposits, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, tax credits (including but not limited to credits in respect of income tax, sales tax, value added tax, turnover tax, service tax, etc), software Licence, Domain / Websites etc., in connection / relating to the Transferor Company and other claims and powers, of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company, as on the Appointed Date.

1.9 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act and other applicable laws, rules, regulations and byelaws as the case may be, including any statutory modification or re-enactment thereof from time to time.

2. SHARE CAPITAL

2.1 The Authorised Capital of the Transferor Company as on 31st March 2007 is Rs.3,00,00,000/- divided into 30,00,000 Equity Shares of Rs.10/- each. The issued, subscribed and paid-up capital of the Transferor Company as on 31st March 2007 is Rs.1,60,00,000/- divided into 16,00,000 Equity Shares of Rs. 10/- each.

2.2 The Authorised Capital of the Transferee Company as on 31st March 2007 is Rs.33,00,00,000 /- divided into 3,30,00,000 Equity Shares of Rs. 10/- each. The issued, subscribed and paid-up capital of the Transferee Company as on 31st March 2007 is Rs.16,80,00,000 divided into 1,68,00,000 Equity Shares of Rs. 10/- each.

2.3 All the Equity shares issued by the Transferor Company as above are held by the Transferee Company and its nominee. Accordingly, the Transferor Company is a wholly owned subsidiary of the Transferee Company.

PART II - TRANSFER AND VESTING

3. TRANSFER OF UNDERTAKING

3.1 The Undertaking shall be transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company in the following manner:

- a. With effect from the Appointed Date, the whole of the Undertaking of the Transferor Company comprising its business, all assets and liabilities of whatsoever nature and wheresoever situated, shall, under the provisions of Section 391 read with Section 394 and all other applicable provisions, if any, of the Act, without any further act or deed (save as provided in Sub-clauses (b), (c) and (d) below), be transferred to and vested in and / or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, as from the Appointed Date, the Undertaking of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Company therein.

Provided that for the purpose of giving effect to the vesting order passed under Section 391 to 394 in respect of this Scheme, the Transferee Company shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the title and the appurtenant legal right(s) upon the vesting of such assets of the Transferor Company in accordance with the provisions of Sections 391 to 394 of the Act, at the office of the respective Registrar of Assurances or any other concerned authority, where any such property is situated.

- b. All the movable assets including cash in hand, if any, of the Transferor Company, capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Transferee Company. Such delivery shall be made on a date mutually agreed upon between the Board of Directors of the Transferor Company and the Transferee Company.
- c. In respect of movables other than those specified in sub-clause (b) above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, the following modus operandi for intimating third parties shall, to the extent possible, be followed:
 - i. The Transferee Company shall give notice in such form as it may deem fit and proper, to each person, debtor, loanee or depositee as the case may be, that pursuant to the Court having sanctioned the Scheme, the said debts, loans, advances, bank balances or deposits be paid or made good or held on account of the Transferee Company as the person entitled thereto to the end intent that the right of the Transferor Company to recover or realise the same stands extinguished and that appropriate entry should be passed in its books to record the aforesaid change;
 - ii. The Transferor Company shall also give notice in such form as they may deem fit and proper to each person, debtor, loanee or depositee that pursuant to the Court having sanctioned the Scheme the said debt, loan, advance or deposit be paid or made good

or held on account of the Transferee Company and that the right of the Transferor Company to recover or realise the same stands extinguished.

- d. In relation to the assets, if any, belonging to the Transferor Company, which require separate documents of transfer, the Transferor Company and the Transferee Company will execute necessary documents, as and when required.
- e. With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature, description, whether or not provided for in the books of accounts and whether disclosed or undisclosed in the balance sheet of the Transferor company shall also, under the provisions of section 391 read with Section 394 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as become as from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause.

However, the Transferee Company may, at any time, after the coming into effect of this Scheme in accordance hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of the secured creditors of the Transferor Company or in favour of any other party to the contract or arrangement to which the Transferor Company is a party or any writing, as may be necessary, in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Company as well as to implement and carry out all such formalities and compliance referred to above.

- f. The transfer and vesting of the Undertaking of the Transferor Company as aforesaid shall be subject to the existing securities, charges and mortgage, if any subsisting, over or in respect of the property and assets or any part thereof of the Transferor Company.

Provided however that any reference in any security documents or arrangements (to which the Transferor Company is a party) pertaining to the assets of the Transferor Company offered, or agreed to be offered, as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to the Undertaking of the Transferor Company as are vested in the Transferee Company by virtue of the aforesaid Clauses, to the end and intent that, such security, charge and mortgage shall not extend or be deemed to extend, to any of the other assets of the Transferor Company or any of the assets of the Transferee Company.

Provided further that the securities, charges and mortgages (if any subsisting) over and in respect of the assets or any part thereof of the Transferee Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges or mortgages to the end and intent that such securities, charges and mortgages shall not extend or be deemed to extend, to any of the assets of the Transferor Company vested in the Transferee Company.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by the Transferor Company which shall vest in the Transferee Company by virtue of the amalgamation of the Transferor Company with the Transferee Company and the Transferee Company shall not be obliged to create any further or additional security therefore, after the amalgamation has become operative.

- g. In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person and availed of by the Transferor Company are concerned, the same shall vest with, and be available to, the Transferee Company on the same terms and conditions.
- h. Loans or other obligations, if any, due between or amongst the Transferor Company and the Transferee Company shall stand discharged and there shall be no liability in that behalf. In so far as any securities, debentures or notes issued by the Transferor Company, and held by the Transferee Company and vice versa are concerned, the same shall, unless sold or transferred by the Transferor Company or the Transferee Company, as the case may be, at any time prior to the Effective Date, stand cancelled as on the Effective Date, and shall have no effect and the Transferor Company or the Transferee Company, as the case may be, shall have no further obligation outstanding in that behalf.
- i. The Transferor Company shall have taken all steps as may be necessary to ensure that vacant, lawful, peaceful and unencumbered Possession, right, title, interest of its immovable property is given to the Transferee Company.
- j. Where any of the liabilities and obligations/assets attributed to the Transferor Company on the "Appointed Date" has been discharged/sold by the Transferor Company after the "Appointed Date" and prior to the "Effective Date", such discharge/sale shall be deemed to have been for and on behalf of the Transferee Company.
- k. From the "Effective Date" and till such time that the names of the bank accounts of the Transferor Company are replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company, in its name, in so far may be necessary.

4. LEGAL PROCEEDINGS

- 4.1 All suits, actions and proceedings of whatsoever nature by or against the Transferor Company on the Appointed Date shall be transferred to the name of the Transferee Company and the same shall be continued and enforced by or against the Transferee Company, to the exclusion of the Transferor Company.
- 4.2 If proceedings are taken against the Transferor Company, in respect of matters referred to above, it shall defend the same in accordance with the advice of, and at the cost of, the Transferee Company, as the case may be from Appointed Date till Effective Date, and the latter shall reimburse an indemnify the Transferor Company, against all liabilities and obligations incurred by the Transferor Company in respect thereof.

5. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 5.1 Subject to the other provisions contained in the Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature to which the Transferor Company is a party, subsisting or having effect immediately before this arrangement under this Scheme, shall be, in full force and effect, against or in favour of the Transferee Company, and may be enforced as fully and as effectively as if instead of the Transferor Company, the Transferee Company had been a party thereto. The Transferee Company shall enter into and / or issue and / or execute deeds, writings or confirmation or enter into any tripartite arrangement, confirmations or novations to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this clause, if so required or become necessary.
- 5.2 As a consequence of the amalgamation of the Transferor Company with the Transferee Company in accordance with this Scheme, the recording of change in name from the Transferor Company to the Transferee company, whether for the purposes of any licence, permit, approval or any other reason, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority without the requirement of payment of any transfer or registration fee or any other charge or imposition whatsoever.
- 5.3 The Transferee Company may, at any time, after the coming into the effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any party to any contract or arrangement to which the Transferor Company is a party or any writings, as may be necessary, to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Company, implement or carry out all such formalities or compliances referred to above on the part of the Transferor Company, as the case may be, to be carried out or performed.
- 5.4 For the removal of doubts, it is expressly made clear that the dissolution of the Transferor Company without the process of winding up as contemplated hereinafter, shall not, except to the extent set out in the Scheme, affect the previous operation of any contract, agreement, deed or any instrument or beneficial interest to which the Transferor Company is a party thereto and shall not affect any right, privilege, obligations or liability, acquired, or deemed to be acquired prior to Appointed Date and all such references in such agreements, contracts and instruments to the Transferor Company shall be construed as reference only to the Transferee Company with effect from the Appointed Date.

6. EMPLOYEES

- 6.1 All the executives, staff, workmen, and other employees in the service of the Transferor Company, immediately before the Appointed Date, under this Scheme shall become the executives, staff, workmen, and other employees of the Transferee Company, on the basis that:
- a) Their services shall have been continuous and shall not have been interrupted by reason of such transfer as if such transfer is effected under Section 25FF of the Industrial Disputes Act, 1947;

- b) The terms and conditions of service applicable to the said executives, staff, workmen, and other employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately before the transfer;
- c) In the event of retrenchment of such executives, staff, workmen, or other employees, the Transferee Company shall be liable to pay compensation in accordance with law on the basis that the services of such executives, staff, workmen, or other employees shall have been continuous and shall not have been interrupted by reason of such transfer; and
- d) In so far as the existing provident fund trusts, gratuity fund and pension and / or superannuation fund trusts created by the Transferor Company for its employees are concerned, the part of the funds referable to the employees who are being transferred shall be continued for the benefit of the employees who are being transferred to the Transferee Company pursuant to the Scheme in the manner provided hereinafter. In the event that the Transferee Company has its own funds in respect of any of the funds referred to above, the amounts in such funds in respect of contributions pertaining to the employees of the Transferor Company, shall, subject to the necessary approvals and permissions, be transferred to the relevant funds of the Transferee Company. In the event that the Transferee Company does not have its own fund, in respect of any of the aforesaid matters, the Transferee Company may, subject to necessary approvals and permissions, continue to contribute the relevant funds of the Transferor Company until such time that the Transferee Company creates its own fund, at which time the contributions pertaining to the employees of the Transferor Company shall be transferred to the funds created by the Transferee Company.

7. SAVING OF CONCLUDED TRANSACTIONS

- 7.1 The transfer of Undertaking under Clause 3 above, the continuance of proceedings by or against the Transferee Company under Clause 4 above and the effectiveness of contracts and deeds under Clause 5 above shall not affect any transaction or proceedings or contracts or deeds already concluded by the Transferor Company on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the transferor company in respect thereto as done and executed on behalf of itself.

8. CONDUCT OF BUSINESS OF THE TRANSFEROR COMPANY TILL EFFECTIVE DATE

With effect from the Appointed Date and up to and including the Effective Date:

- 8.1 The Transferor Company shall carry on, and be deemed to have been carrying on, all business activities and shall be deemed to have been held for and on account of, and in trust for, the Transferee Company.
- 8.2 All Profits or income or income tax accruing or arising to the Transferor Company, or losses arising or expenditure incurred by them, on and from Appointed Date upto the Effective Date, shall for all purposes be treated as, and be deemed to be treated as, the profits or income or income tax or losses or expenditure, as the case may be, of the Transferee Company.

- 8.3 The Transferor Company shall carry on its business activities with proper prudence and diligence and shall not, without prior written consent of the Transferee Company, alienate, charge or otherwise deal with or dispose off any of the business undertaking or any part thereof (except in the ordinary course of business or pursuant to any pre-existing obligations undertaken by the Transferor Company prior to the Appointed Date).
- 8.4 The Transferee Company shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, state Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferee Company may require including the registration, approvals, exemptions, reliefs etc., as may be required / granted under any law for time being in force for carrying on business by the Transferee Company.
- 8.5 The Transferor Company shall not declare any dividend, between the Appointed Date and the Effective Date, without the prior written consent of the Board of Directors of the Transferee Company.
- 8.6 The Transferor Company shall not make any modification to its capital structure, either by an increase (by issue of rights shares, bonus shares, convertible debentures or otherwise), decrease, reclassification, sub-division or re-organisation or in any other manner, whatsoever, except by mutual consent of the Board of Directors of the Transferor Company and of the Transferee Company.
- 8.7 The Transferor Company shall not vary, except in the ordinary course of business, the terms and conditions of the employment of their employees without the consent of the Board of Directors of the Transferee Company.

9. AUTHORISED SHARE CAPITAL

- 9.1 Upon the Scheme becoming fully effective, the authorised share capital of the Transferor Company shall stand combined with the authorised share capital of the Transferee Company. Filing fees and stamp duty, if any, paid by the Transferor Company on its authorised share capital, shall be deemed to have been so paid by the Transferee Company on the combined Authorised Share capital and accordingly, the Transferee Company shall not be required to pay any fee/stamp duty for its increased authorised share capital.
- 9.2 Clause V of the Memorandum of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 94 and 394 and other applicable provisions of the Act by deleting the existing Clause and replacing it by the following.

"The Authorised share capital of the Company is Rs.36,00,00,000 (Rupees Thirty Six Crores Only) divided into 3,60,00,000 (Three Crores Sixty Lacs) Equity shares of Rs.10/- each with powers to increase and/or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the company and to vary, modify or abrogate any such rights, privileges or

conditions in such manner as may for the time being be provided by the Articles of Association of the Company."

- 9.3. The approval of this Scheme by the shareholders of the company under Section 391 and 394 of the Act shall be deemed to have the approval under Section 16, 94, 97 and other applicable provisions of the Act and any other consents and approvals required in this regard.

10. CANCELLATION OF SHARES OF THE TRANSFEROR COMPANY

- 10.1 Upon this Scheme coming into effect, the Equity Shares of the Transferor Company held by the Transferee Company along with Equity Shares in the Transferor Company held by the nominees of the Transferee Company, constituting the entire paid up equity share capital of the Transferor Company will stand cancelled. No shares or consideration shall be issued / paid by the Transferee Company pursuant to the amalgamation of the transferor Company, which is a wholly owned subsidiary of the Transferee Company.

11. ACCOUNTING TREATMENT

- 11.1 The Transferee Company shall, upon the Scheme coming into effect, record the assets and liabilities of the Transferor Company vested in it pursuant to this Scheme at the respective book values thereof and in the same form as appearing in the books of the Transferor Company at the close of business of the day immediately preceding the Appointed Date.
- 11.2 The Transferee Company shall record the Reserves of the Transferor Company in the same and at the same values as they appear in the financial statements of the Transferor Company at the close of business of the day immediately preceding the Appointed Date, Balances in the Profit and Loss Account of the Transferor Company shall be similarly aggregated with the balances in Profit and Loss Account of the Transferee Company. Balances shown as Miscellaneous Expenditure (to the extent not written off or adjusted) in the balance sheet of the Transferor Company shall be similarly aggregated with balances of the Transferee Company.
- 11.3 The excess, if any, of the value of the assets over the value of the liabilities of the Transferor Company vested in the Transferee Company pursuant to this Scheme as recorded in the books of account of the Transferee Company shall, after adjusting the amounts recorded in terms of Clause above, be credited to the Capital Reserve account in the books of the Transferee Company.
- 11.4 The deficit, if any, in the value of the assets over the value of the liabilities of the Transferor Company vested in the Transferee Company pursuant to this Scheme as recorded in the books of account of the Transferee Company shall, after adjusting the amounts recorded in terms of Clause above, be debited to the Goodwill account in the books of the Transferee Company.
- 11.5 In case of any differences in accounting policy between the Transferor Company and the Transferee Company, the impact of the same till the amalgamation will be quantified and adjusted in the General Reserve of the Transferee Company to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.

- 11.6 To the extent there are inter-corporate loans or balances between the Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities, as the case may be.

12. CONSEQUENTIAL MATTERS RELATING TO TAX

- 12.1 Upon the Scheme coming into effect, all taxes/ cess / duties payable by or on behalf of the Transferor Company from the Appointed Date onwards including all or any refunds and claims, including refunds or claims pending with the revenue authorities and including the right of carry forward of accumulated losses, shall, for all purposes, be treated as the tax/ cess/ duty, liabilities or refunds, claims and accumulated losses of the Transferee Company. Accordingly, upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise, if it becomes necessary, its Sales tax returns, Excise & Cenvat returns, service tax returns, other tax returns, and to claim refunds/ credits, pursuant to the provisions of this Scheme. The Transferee Company is also expressly permitted to claim refunds / credits in respect of any transaction between or amongst the Transferor Company and the Transferee Company.

Provided further that upon the Scheme becoming effective, the Transferee Company is also expressly permitted to revise, if it becomes necessary, its income tax returns and related TDS Certificates, including TDS Certificates relating to transactions between or amongst the Transferor Company and the Transferee Company and to claim refunds, advance tax and withholding tax credits, benefit of carry forward of accumulated losses etc., pursuant to the provisions of this Scheme.

- 12.2 In accordance with the Cenvat Credit Rules framed under the Central Excise Act, 1944, as are prevalent on the Effective Date, the unutilized credits relating to excise duties paid on inputs capital goods/ input services lying in the accounts of the undertaking of the Transferor Company shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the excise duty/ service tax payable by it.
- 12.3 In accordance with the Tamil Nadu Value Added Tax Act, 2006, as are prevalent on the Effective Date, the unutilized credits relating to VAT paid on inputs/capital goods lying in the accounts of the undertaking of the Transferor Company shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the VAT/CST payable by it.

PART III - GENERAL TERMS AND CONDITIONS

13. APPLICATION TO COURT

- 13.1 The Transferor Company shall, with reasonable despatch, apply to the Court for necessary orders or directions for holding meetings of the members of the Transferor Company for sanctioning this Scheme of Amalgamation under Section 391 of the Act or for dispensing the holding of such meetings and orders under Section 394 of the Act, for carrying this Scheme into effect and for

dissolution of the Transferor Company without winding up. The Transferee Company shall, if required by Court, apply to the Court for necessary orders or directions for holding meetings of the members of the Transferee Company for sanctioning this Scheme of Amalgamation under Section 391 of the Act or for dispensing the holding of such meetings and orders under Section 394 of the Act, for carrying this Scheme into effect.

14. DISSOLUTION OF TRANSFEROR COMPANY

- 14.1 Subject to an order being made by the Court under Section 394 of the Act, the Transferor Company shall be dissolved without the process of winding up on the Scheme becoming effective in accordance with the provisions of the Act and the Rules made thereunder.

15. MODIFICATIONS / AMENDMENTS TO THE SCHEME

- 15.1 The Transferor Company and the Transferee Company through their respective Board of Directors including Committee of Directors or other persons, duly authorised by the respective Boards in this regard, may make, or assent to, any alteration or modification to this Scheme or to any conditions or limitations, which the Court or any other Competent Authority may deem fit to direct, approve or impose and may give such directions including an order of dissolution of the Transferor Company without process of winding up as they may consider necessary, to settle any doubt, question or difficulty, arising under the scheme or in regard to its implementation or in any manner connected therewith and to do and to execute all such acts, deeds, matters and things necessary for putting this Scheme into effect, or to review the portion relating to the satisfaction of the conditions to this scheme and if necessary, to waive any of those (to the extent permitted under law) for bringing this scheme into effect.
- 15.2 If any part or provision of this Scheme hereof is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Parties that such part or provision, as the case may be, shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part or provision, as the case may be, shall cause this Scheme to become materially adverse to any Party, in which case the Parties shall attempt to bring about a modification in the Scheme, as will best preserve for the Parties the benefits and obligations of the Scheme, including but not limited to such part or provision.

16. DATE OF TAKING EFFECT

- 16.1 The Scheme set out herein in its present form or with any modification(s) or amendment(s) approved, imposed or directed by the Court shall be effective from the Appointed Date but shall be operative from the Effective Date.

17. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS

This Scheme is conditional on and subject to -

- 17.1 The sanction or approval under any law of the Central Government, State Government, or any other agency, department or authorities concerned being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required.

17.2 The Scheme being agreed to by the respective requisite majorities of the members of the Transferor and the Transferee Companies, if a meeting of Equity Shareholders of the said companies is convened by the Court, and the sanction of the Court being accorded to the Scheme.

17.3 The sanction by the Court under Section 391 and 394 and other applicable provisions of the Act being obtained by the Transferor Company and also the Transferee Company, if a separate petition for sanction of the Scheme is required by the Court to be filed by the Transferee Company.

17.4 The filing with the Registrar of Companies of certified copies of the order sanctioning the Scheme by the Transferor Company. The Transferee Company shall also file certified copies of the order sanctioning the Scheme with the Registrar of Companies in the event it files a separate petition for sanction of the Scheme, as mentioned in clause 17.3 above.

18. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

18.1 In the event of the Scheme not being sanctioned by the Court and/or the order or orders not being passed as aforesaid before 31st December 2008 or within such further period or periods as may be agreed upon between the Transferor and Transferee Companies who are hereby empowered and authorised, to agree to and extend the aforesaid period from time to time without any limitations in exercise of their powers through and by their respective Board of Directors, the Scheme shall become fully null and void and in that event no rights and liabilities shall accrue to or be inter-se by the parties in terms of the Scheme.

19. EXPENSES CONNECTED WITH THE SCHEME

19.1 All costs, charges, levies, fees, duties and expenses of the Transferor Company and the Transferee Company respectively in relation to or in connection with negotiations leading up to the Scheme and of carrying out and completing the terms and provisions of this Scheme and in relation to or in connection with the Scheme shall be borne and paid by the Transferee Company.

WITNESS, The Hon'ble Thiru AJIT PRAKASH SHAH, Chief Justice of Madras High Court, aforesaid this the 23rd day of April, 2008.

Sd/- V. Sekar
DEPUTY REGISTRAR (O.S)

For S.P. APPARELS LTD

P.SUNDARARAJAN
CHAIRMAN AND MANAGING DIRECTOR
(DIN : 00003380)

