



**XLERATE DRIVELINE INDIA
LIMITED**

**Annual Report
2014-15**

XLERATE

DRIVELINE

NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the Members of Xlerate Driveline India Limited will be held as under:

Day : Thursday
Date : 30th July, 2015
Time : 10:30 A.M.
Venue : Shed No. 1, Gurukul Industrial Estate
Faridabad- 121003
Haryana

to transact the following business:

ORDINARY BUSINESS:

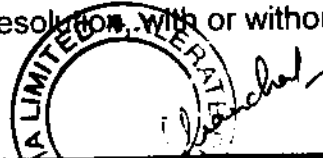
1. To receive, consider and adopt the audited financial statements of the Company for the year ended March 31, 2015 together with Reports of the Board and Auditors thereon.
2. To ratify the appointment of M/s B.R. Maheshwari & Co. (ICAI Registration No. 01035N), Chartered Accountants, as Statutory Auditors of the Company for the Financial Year 2015-16 and to fix their remuneration.

SPECIAL BUSINESS:

3. To consider appointment of Mr. V.K. Pargal, Director of the Company, as an Independent Director on the Board of the Company and if thought fit, pass the following resolution as Ordinary Resolution, with or without modification(s):

"RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. V.K. Pargal (holding DIN 00076639), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying their intention to propose Mr. V.K. Pargal as a candidate for the office of the Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to the conclusion of the 25th Annual General meeting of the Company in the calendar year 2020."

4. To consider appointment of Mr. Rajiv Chandra Rastogi, Director of the Company, as an Independent Director on the Board of the Company and if thought fit, pass the following resolution as Ordinary Resolution, with or without modification(s):



"RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Rajiv Chandra Rastogi (holding DIN 00035460), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying their intention to propose Mr. Rajiv Chandra Rastogi as a candidate for the office of the Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to the conclusion of the 25th Annual General meeting of the Company in the calendar year 2020."

2. To consider and Approve the Related Party Transaction with Bharat Gears Limited and if thought fit, pass the following resolution as Special Resolution, with or without modification(s):

"RESOLVED THAT pursuant to Section 188(1)(d) of the Companies Act, 2013 read with Rule 15 of the Companies (Meeting of Board & its Powers) Rules, 2014, approval of the shareholders be and is hereby accorded to the Board of Directors of the Company (hereinafter referred "The Board") to enter into transaction or transactions with Bharat Gears Limited (BGL), a Related Party, during the financial year 2015-16, where the value of the transaction or transactions may exceed 10% of the consolidated Net Worth of the Company as on 31st March, 2015."

3. To Consider the alteration of Articles of Association (AOA) of the Company in terms of provisions of Section 14 of the Companies Act, 2013 and if thought fit, pass the following resolution(s) as Special Resolution, with or without modification(s):

"RESOLVED THAT pursuant to Section 14 and other applicable provisions of the Companies Act, 2013 and subject to such other approvals as may be required, the consent of the members be and is hereby accorded to the Board of Directors for the alteration of Articles of Association (AOA) of the Company thereby replacing the current Clause no(s) 1 to 214 with the new Clause(s) 1 to 213 as elaborated in the explanatory statement forming part of this resolution.

RESOLVED FURTHER THAT Mr. Surinder P. Kanwar, Chairman and Director, Mr. Sachit Kanwar, Managing Director and Mr. Shalesh Kumar, Senior Manager- F & A & (CFO) and Company Secretary of the Company are hereby authorized to do all such acts, deeds & things as may be required or deemed necessary to implement the said resolution.

RESOLVED FURTHER THAT a certified true copy of this resolution may be forwarded to anyone concerned or interested in the matter under the signatures either of Mr. Sachit Kanwar, Managing Director of the Company or Mr. Shalesh Kumar, Senior Manager- F & A & (CFO) or Company Secretary of the Company."



By Order of the Board

Place: New Delhi
Date: 30.05.2015Chanchal Gupta
Company Secretary**NOTES:**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and vote instead of himself/herself and such proxy (ies) need not be a Member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument appointing proxy(ies) must be deposited at the Registered office of the Company, duly completed and signed, not less than forty-eight hours before commencement of the Meeting.
2. Members seeking any further clarification/information(s) relating to the Annual Financial Statements are requested to write at the Registered Office of the Company.
3. Members are requested to promptly notify change in their address, if any, at the Registered Office of the Company.

By Order of the Board

*Chanchal*Chanchal Gupta
Company SecretaryPlace: New Delhi
Date: 30.05.2015**EXPLANATORY STATEMENT
(PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013)****Item No. 3**

Mr. V.K. Pargal, aged 82 Years, is a Non-Executive Independent Director of the Company since January 23, 2013. He is a qualified Chartered Engineer from England. Presently he is also managing a Consultancy Company specializing in business Strategies and Structures and he holds directorship in Pargal Consultants Private Limited. He also holds directorship in Raunaq International Limited, Holding Company and Bharat Gears Limited, a Company within the Group.

Mr. V.K. Pargal retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. V.K. Pargal being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term up to the conclusion of the

25th Annual General Meeting of the Company in the calendar year 2020. A notice has been received from a member under Section 160 of the Companies Act, 2013 signifying their intention to propose Mr. V.K. Pargal as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. V.K. Pargal fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Accordingly, the Board recommends the resolution in relation to appointment of Mr. V.K. Pargal as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. V.K. Pargal, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 3 of the Notice

Item No. 4

Mr. Rajiv Chandra Rastogi, aged 63 Years, is a Director of the Company since 25th October, 1995. Mr. Rajiv Chandra Rastogi is a Commerce graduate from Delhi University.

Mr. Rajiv Chandra Rastogi retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Rajiv Chandra Rastogi being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term up to the conclusion of the 25th Annual General Meeting of the Company in the calendar year 2020. A notice has been received from a member under Section 160 of the Companies Act, 2013 signifying their intention to propose Mr. Rajiv Chandra Rastogi as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Rajiv Chandra Rastogi fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Rajiv Chandra Rastogi as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Rajiv Chandra Rastogi, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4 of the Notice.

Item No. 5

The Company entered into an agreement with Bharat Gears Limited (BGL), a Related Party, on 21st January, 2013 for brand usage of BGL and availing marketing services for a period of 7 (Seven) years w.e.f. 21st January, 2013.

In terms of Section 177 and Section 188 of the Companies Act, 2013, the said transaction was approved by the Audit Committee in its meeting held on November 13,



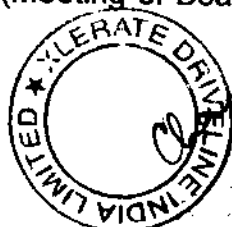
2014 on the following terms and conditions and noted by the Board of Directors in its meeting on even date:

Name of Related Party	Bharat Gears Limited (BGL)
Name of the Director or key managerial personnel who is related	Mr. Surinder P. Kanwar Mr. V.K. Pargal Mr. Sachit Kanwar
Nature of Relationship	Company within the Group Mr. Surinder P. Kanwar, Mr. V.K. Pargal and Mr. Sachit Kanwar are Common Directors
Nature, duration of the contract and particulars of the contract or arrangement	Agreement for marketing services between the Company and BGL for brand usage of the BGL by the Company and availing of marketing services of BGL by the Company for a period of 7 (Seven) years w.e.f. since 21 st January, 2013.
Material terms of the contract or arrangement	A total fees @ 6% on the Net Sales Value of the Company paid by Company to BGL for using brand and availing marketing services.
Determination of Prices	The current rate of 6% of Net Sales Value at which BGL received compensation from the Company for marketing services and brand usage fees considered to be similar with the average rate at which independent comparable parties compensate.

In terms of provision of Section 188 of the Companies Act, 2013 read with Rule 15 of Companies (Meeting of Board & its Powers) Rules, 2014, if a Company is availing or rendering any services directly or through appointment of agents exceeding 10% of the net worth of the Company, then such Company shall require prior approval of the Shareholders by a Special Resolution.

The total compensation paid by the Company to BGL during the financial year 2014-15 upto 31st March, 2015 amounts to Rs. 10,584,000/- (Rupees One Crore Five Lacs Eighty Four Thousand Only) i.e. 6% of the Net Sales Value of the Company as per the agreement. As per the Audited Financial Statements for the financial year ended 31st March, 2015, 10% of the net worth of the Company is Rs. 61,30,000/- (Rupees Sixty One Lacs Thirty Thousand Only) (approx.). The said transaction with BGL is likely to exceed the limits as prescribed under Section 188(1)(d) read with the prescribed rules thereunder. Therefore, the approval of Shareholders is required by way of Special Resolution to enter into said transaction exceeding the limits as prescribed under Section 188(1)(d) read with Rule 15 of Companies (Meeting of Board & its Powers) Rules, 2014.

Therefore, the Board of Directors of your Company recommends the passing of **Special Resolution** in terms of provision of Section 188 of the Companies Act, 2013 read with Rule 15 of Companies (Meeting of Board & its Powers) Rules, 2014 as set out at Item No. 5 of the Notice.



Except Mr. Surinder P. Kanwar, Mr. Sachit Kanwar and Mr. V.K. Pargal, Directors of the Company, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5 of the Notice.

Item No. 6

In order to make the Articles of Association, in line with the provisions of Companies Act, 2013, it is proposed to alter the Article of Association of the Company (AOA) thereby replacing the current Clause no(s) 1 to 214 with the new Clause(s) 1 to 213 as detailed below:

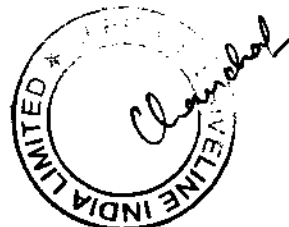
I. PRELIMINARY

1. Xlerate Driveline India limited is established with Limited Liability in accordance with and subject to the provisions of the Indian Companies Act, 1956, but none of the Regulations contained in Table marked F in Schedule I to the Companies Act, 2013, shall be applicable to the Company except so far as the Act or any modification there otherwise expressly provides.

The Regulations for management of the Company and for the observance of the members shall be such as are contained in these Articles.

II. INTERPRETATION

2. (a) In the interpretation of these Articles, the following words and expressions shall have the following meanings, unless repugnant to the subject or context.
 - (i) 'Alter' and 'Alteration' shall include the making of additions and omissions.
 - (ii) 'Auditors' means those Auditors appointed under the said Act.
 - (iii) 'Company' means a company as defined under Section 2(20) of the Act.
 - (iv) 'Board' means the Directors of the Company collectively, and shall include a committee thereof.
 - (v) 'Body Corporate' or 'Corporation' includes a company incorporated outside India but does not include, (1) a Co-operative Society registered under any law relating to Co-operative Societies, (2) any other body corporate which the Central Government may by notification in the Official Gazette specify in that behalf.
 - (vi) 'The Company' or 'This Company' means Xlerate Driveline India Limited established as aforesaid.
 - (vii) 'The Companies Act, 2013', 'The said Act', or 'The Act' and reference to any section or provision thereof respectively means and includes the Companies Act, 2013 (Act No. 18 of 2013) and any statutory modification thereof for the time being in force, and reference to the section or provision of the said Act or such statutory modification.



- (viii) 'Debenture' includes Debenture stock, bonds or any other instrument of a Company evidencing a debt, whether constituting a charge on the assets of the company or not.
- (ix) 'Directors' means a director appointed to the Board of the company.
- (x) 'Dividend' shall include interim dividend.
- (xi) 'Document' includes summons, notice, requisition, order, declaration, form and register, whether issued, sent or kept in pursuance of this Act or under any other law for the time being in force or otherwise, maintained on paper or in electronic form.

- (xii) 'Executor' or 'Administrator, means a person who has obtained probate or Letters of Administration, as the case may be, from a competent Court, and shall include the holder of a Succession Certificate authorising the holder thereof to negotiate or transfer the share or shares of the deceased members, and shall also include the holder of a Certificate granted by the Administrator-General of any State in India.

- (xiii) 'Financial Statements' means:
 - (i) a balance sheet as at the end of the financial year;
 - (ii) a profit and loss account, or in the case of a company carrying on any activity not for profit, an income and expenditure account for the financial year;
 - (iii) cash flow statement for the financial year;
 - (iv) a statement of changes in equity, if applicable; and
 - (v) any explanatory note annexed to, or forming part of, any document referred to in sub-clause (i) to sub-clause (iv)
- (xiv) 'In writing' or 'Written' shall include e-mail, and any other form of electronic transmission.
- (xv) 'Independent Director' shall have the meaning ascribed to it in the Act.
- (xvi) 'Key Managerial Personnel' means the Chief executive officer or the managing director; the company secretary; whole-time director; chief financial officer; and such other officer as may be notified from time to time in the Rules.
- (xvii) 'Month' means calendar month.
- (xviii) 'National Holiday' means the day declared as national holiday by the Central Government.
- (xix) 'Office' means the Registered Office for the time being of the Company.
- (xx) "Ordinary Resolution" and "Special Resolution" shall have the meanings assigned to these terms by Section 114 of the Act.
- (xxi) 'Rules' means any rule made pursuant to section 469 of the Act or such other provisions pursuant to which the Central Government is



empowered to make rules, and shall include such rules as may be amended from time to time.

(xxii) 'Secretary' is a Key Managerial Person appointed by the Directors to perform any of the duties of a Company Secretary.

(xxiii) 'Shareholders' or 'Members' means the duly registered holder from time to time of the shares of the Company, and shall include beneficial owners whose names are entered as a beneficial owner in the records of a depository.

(xxiv) 'The Seal' means the common seal of the Company for the time being.

(b) 'These presents' means and includes the Memorandum and this Articles of Association.

(c) Words importing the singular number include, where the context admits or requires, the plural number and vice versa.

(d) Words importing the masculine gender also include the feminine gender.

(e) Words importing persons shall, where the context requires, include bodies corporate and companies as well as individuals.

(f) Subject as aforesaid, any words and expressions defined in the said Act as modified up to the date on which these Articles become binding on the Company shall, except where the subject or context otherwise requires, bear the same meanings in these Articles.

(g) The marginal notes and the headings given in these Articles shall not affect the construction hereof.

3. The Company shall, on being so required by a Member, send to him within seven days of the requirement and subject to the payment of a fee of Rs. 100/- or such other fee as may be specified in the Rules for each copy of the documents specified in Section 17 of the said Act.

III. SHARE CAPITAL, VARIATION OF RIGHTS & BUY BACK

Capital and shares

4. The Authorised Share Capital of the Company shall be such amount and be divided into such shares as may from time to time, be provided in clause V of Memorandum of Association with power to Board of Directors to reclassify, subdivide, consolidate and increase and with power from time to time, to issue any shares of the original capital or any new capital with and subject to any preferential, qualified or special rights, privileges, or conditions may be, thought fit and upon the sub-division of shares to apportion the right to participate in profits, in any manner as between the shares resulting from sub-division. The Authorised Share Capital of the Company shall be such amount and be divided into such shares as may from time to time, be provided in clause V of Memorandum of Association with power to Board of Directors to reclassify, sub-divide, consolidate and increase and with power from time to time, to issue any shares of the original capital or any new capital with and subject to any preferential, qualified or special



rights, privileges, or conditions may be, thought fit and upon the sub-division of shares to apportion the right to participate in profits, in any manner as between the shares resulting from sub-division.

If and whenever the capital of the Company is divided into shares of different classes, the rights of any such class may be varied, modified, affected, extended, abrogated or surrendered as provided by the said Act or by Articles of Association or by the terms of issue, but not further or otherwise.

Provisions of Section 43, 47 of the Act to apply

5. The provisions of Section 43, 47 of the Act in so far as the same may be applicable to issue of share capital shall be observed by the Company.

Restrictions on Allotment

6. The Directors shall have regard to the restrictions on the allotment of shares imposed by Section 39 and 40 of the said Act so far as those restrictions are binding on the Company.

Commission for placing shares

7. (1) (i) The Company may at any time pay a commission to any person in consideration of his subscribing, or agreeing to subscribe (whether absolutely or conditionally) for any shares in or debentures of the Company or procuring or agreeing to procure subscription (whether absolute or conditional) for any shares or debentures of the Company and the provisions of Section 40 of the said Act shall be observed and complied with. Such commission shall not exceed the maximum permissible rate as prescribed in the Rules. Such commission may be paid in cash or by the allotment of Securities.
- (ii) Company shall not pay any commission to any underwriter on securities which are not offered to public for subscription.
- (iii) The number of shares or debentures which persons have agreed to for commission to subscribe absolutely or conditionally is disclosed in the manner aforesaid.
- (2) Nothing in this clause shall affect the power of the Company to pay such brokerage as it may consider reasonable.
- (3) A Vendor to, promoter of, other person who receives payment in shares, debentures or money from the Company shall have and shall be deemed always to have had power to apply any part of the shares, debentures or money so received in payment of any commission the payment of which, if made directly by the Company, would have been legal under this Articles.
- (4) The commission may be paid or satisfied (subject to the provisions of the Act and these Articles) in cash or in share, debentures or debenture stock of the Company, (whether fully paid or otherwise) or in any combination thereof.



Company not to give financial assistance for purchase of its own shares

8. Except as provided by the Act, the Company shall not, except by reduction of capital under the provision of Section 66 or Section 242 of the said Act, buy its own shares nor give, whether directly or indirectly, and whether by means of a loan, guarantee, provision of security or otherwise any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the Company or in its holding company.

Provided that nothing in this Article shall be taken to prohibit:

- 8.1 (i) the provision of money in accordance with any scheme approved by the Company through Special Resolution and in accordance with the requirements specified in the relevant Rules, for the purchase of, or subscription for, fully paid up Shares in the Company, if the purchase of, or the subscription for the Shares held by trustees for the benefit of the employees or such Shares held by the employee of the Company;
- (ii) the giving of loans by the Company to persons in the employment of the Company other than its Directors or Key Managerial Personnel, for an amount not exceeding their salary or wages for a period of six months with a view to enabling them to purchase or subscribe for fully paid up Shares in the Company to be held by them by way of beneficial ownership.

Nothing in this clause shall affect the right of the Company to redeem any shares issued under Section 55.

Buy back of Shares

- 8.2 Notwithstanding what is stated in Articles 8.1 above, in the event it is permitted by the Law and subject to such conditions, approvals or consents as may be laid down for the purpose, the Company shall have the power to buy-back its own shares, whether or not there is any consequent reduction of Capital. If and to the extent permitted by Law, the Company shall also have the power to re-issue the shares so bought back.

Issue of Securities at a Premium

9. The Company shall have power to issue Securities at a premium and shall duly comply with the provisions of Section 52 of the said Act.

Issue of redeemable preference shares

10. The Company may, subject to the provisions of Section 55 of the said Act, issue preference shares which are liable to be redeemed and may redeem such shares in any manner provided in the said section and may issue shares up to the nominal amount of the shares redeemed or to be redeemed. Where the Company has issued redeemable preference shares the provisions of the said section shall be complied with. The manner in which such shares shall be redeemed, shall be as provided by Article 80 unless the terms of issue otherwise provide.



IV. SHARES AND SHAREHOLDERS

Register of Members

11. (1) The Company shall cause to be kept and maintained the following registers namely:
- Register of members indicating separately for each class of equity and preference shares held by each member residing in India or outside India;
 - Register of debenture-holders; and
 - Register of any other security holders;
 - including an index in respect of each of the registers to be maintained in accordance with Section 88 of the Act.
- (2) The Company shall also comply with the provisions of Sections 92 of the Act as to filing Annual Returns.
- (3) The Company shall duly comply with the provisions of Section 94 of the Act in regard to keeping of the Registers, Indexes, copies of Annual Returns and giving inspection thereof and furnishing copies thereof.

Shares to be numbered progressively

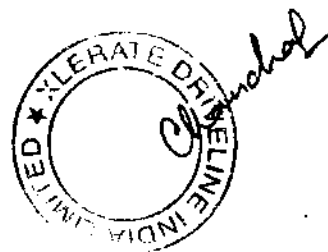
12. The shares in the capital shall be numbered progressively according to their several classes.

Shares at the disposal of the Directors

13. Subject to the provisions of the said Act and these Articles, the shares in the capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any one of them to such persons on such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 54 of the Act) at a discount and at such times as they may from time to time think fit and proper and with the sanction of the Company in General Meeting to give to any person the option to call for or be allotted shares of any class of the Company either at par or at premium or subject aforesaid at a discount during such time and for such consideration and such option being exercisable at such times as the Directors think fit and may allot and issue shares in the capital of the Company in lieu of services rendered to the Company or in the conduct of its business; and any 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.

Every share transferable etc.

14. (1) The shares or other interest of any member in the Company shall be movable property transferable in the manner provided by the Articles of the Company.
- (2) Each share in the Company having a share capital shall be distinguished by its appropriate number.



- (3) Certificate of Shares: A certificate under the Seal of the Company specifying any shares held by any Member shall be prima facie evidence of the title of the Member to such shares.

Application of premiums received on issue of shares

15. (1) Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those Shares shall be transferred to an amount to be called "the securities premium account", and the provisions of the Act relating to the reduction of the Share Capital of a company shall except as provided in this clause, apply as if the securities premium account were paid-up share capital of the Company.
- (2) The securities premium account may be applied by the Company for the purposes permissible pursuant to the Act.

Further issue of capital

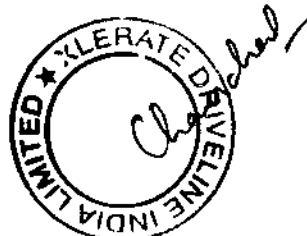
16. The Company shall comply with the provisions of Section 62 of the Act with regard to increasing the subscribed capital of the Company.
17. If and whenever as the result of issue of new shares or any consolidation or sub-division of shares, any shares become held by members in fractions, the Directors shall subject to the provisions of the Act and the Articles and to the directions of the Company in general meeting, if any, sell those shares which members hold in fractions for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion, the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Directors may authorise any person to transfer the shares sold to the purchaser thereof comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be effected by any irregularity or invalidity in the proceedings in reference to the sale.

Acceptance of shares

18. An application signed by or on behalf of an applicant for shares in the Company followed by an allotment of shares therein, shall be an acceptance of shares within the meaning of these Articles; The Directors shall comply with the provisions of Section 39 and Section 40 of the Act so far as applicable.

Deposit and call etc. to be a debt payable immediately

19. The money (if any) which the Directors shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposits, calls or otherwise in respect of any shares allotted by them, shall, immediately on the inscription of the name in the Register of Members as the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.



Calls on shares of the same class to be made on uniform basis

20. Where any calls for further share capital are made on shares, such calls shall be made on a uniform basis on all shares, falling under the same class.

Explanation: - For the purpose of this provision, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

Return of allotment

21. The Directors shall cause to be made the returns as to all allotments from time to time made in accordance with the provisions of Section 39 of the said Act.

Installments on shares to be duly paid

22. If, by the conditions of allotment of any shares 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 and from time to time shall be of the shares or his legal representative.

Liability of Members

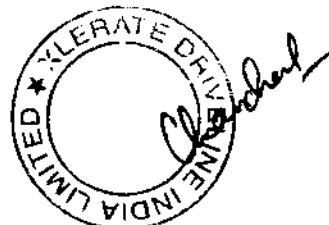
23. Every member, or his executors or administrators or other representative, shall pay to the Company the portion of the capital represented by his share or shares, which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner, as the Directors shall,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

Liability of Joint holders

24. If any share stands in the names of two or more persons, all the joint-holders of the share shall be severally as well as jointly liable for the payment of all deposits, installments, and calls due in respect of such shares, and for all incidents thereof according to the Company's regulations; but the persons first named in the Register shall, as regards service of notice, and all other matters connected with the Company, except the transfer of the share and any other matter by the said Act or herein otherwise provided, be deemed the sole holder thereof.

Registered holder only the owner of the shares

25. Save as herein or by laws otherwise expressly 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 recognize any benami trusts whatsoever or equitable, contingent, future, partial or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof; the Directors shall, however be at liberty, at their sole discretion, to register any share in the joint names of any two or more persons, and the survivor or survivors of them.



V. CERTIFICATES

Certificate of shares

26. Subject to any statutory or other requirement having the force of law governing the issue and signatures to and sealing of certificate to shares and applicable to this Company for the time being in force the certificate of title to shares and the duplicate thereof when necessary shall be issued under the seal of the Company which shall be affixed in the presence of and signed by (1) two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and (2) the Secretary or some other person appointed by the Board for the purpose; a Director may sign a share certificate by affixing signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other materials used for the purpose.

Members' right to Certificates

27. (1) (i) Every member shall be entitled without payment to the certificate for all the Shares of each class or denomination registered in his name, or if the Board, so approve (upon paying such fees as the Board may from time to time determine) to several certificates, each for one or of such Shares and the Company shall complete such certificate within two months after the allotment or such period as may be determined at the time of the issue of such capital whichever is longer or within one month after registration of the transfer thereof as provided by Section 56 of the Act. Every certificate of shares shall have its distinctive number and be issued under the Seal of the Company and shall specify the number and denoting number of the shares in respect of which it is issued and the amount paid thereon and shall be in such form as the Board shall prescribe or approve provided that in respect of share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and the delivery of a certificate for a share or shares to one of several joint-holders shall be deemed to be sufficient delivery to all.

May be delivered to any one of Joint-holders

- (ii) A certificate of shares registered in the names of two or more persons, unless otherwise directed by them in writing, may be delivered to any one of them on behalf of them all.

Shares in Depository form

- (2) (i) Notwithstanding anything contained herein, the Company shall be entitled to dematerialise its shares, debentures and other securities pursuant to the Depositories Act, 1996 and to offer its shares, debentures and other securities for subscription in a dematerialised form.
- (ii) Notwithstanding anything contained herein, the Company shall be entitled to treat the person whose names appear in the register of members as a holder of any share or whose names appear as beneficial owners of shares in the



records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as required by law) be bound to recognise any benami trust or equity or equitable contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

- (iii) Notwithstanding anything contained herein, in the case of transfer of shares or other marketable securities where the Company has not issued any Certificates and where such shares or other marketable securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply. Further, the provisions relating to progressive numbering shall not apply to the shares of the Company which have been dematerialised.

Issue of new certificate in place of one defaced, lost or destroyed

28. If any certificate be worn out, defaced, destroyed or lost or if there be no further space on the back thereof for endorsement of transfer, then upon production thereof to the Board, they may order the same to be cancelled, and may issue a new certificate in lieu thereof and if any certificate be lost or destroyed then upon proof thereof to the satisfaction of the Board and on such indemnity as the Board deem adequate being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. A sum not exceeding Rs. 50/- shall be paid to the Company for every certificate issued under this clause, as the Board may fix from time to time, provided that no fee shall be charged for issue of new certificate in replacement of those which are old, worn, decrepit out or where the cages on the reverse for recording transfers have been fully utilised.

Board may waive fees

29. The Board may waive payment of any fee generally or in any particular case.

Endorsement on certificate

30. Every endorsement upon the certificate of any share in favour of any transferee thereof shall be signed by such person for the time being authorised by the Board in that behalf.

Board to comply with Rules

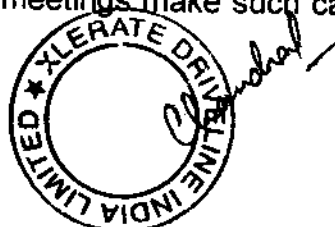
31. The Board shall comply with requirements prescribed by any Rules made pursuant to the said Act; relating to the issue and execution of share certificates.

VI. CALLS ON SHARES

Directors may make calls

Calls may be made by installments

32. Subject to the provisions of Section 49 of the said Act, the Board may, from time to time, by means of resolution passed at its meetings make such calls as they may



think fit upon the members in respect of moneys unpaid on the share 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 place appointed by the Board. A call may be made payable by installments.

Call to date from resolution

33. A call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed and may be made payable by members on a subsequent date to be specified by Directors.

Notice of call

34. Fourteen days' notice at least of every call made payable otherwise than on allotment shall be given by the Company in the manner hereinafter provided for the giving of notices specifying the time and place of payment, and the person to whom such call shall be paid. Provided that before the time for payment of such call the Board may by notice given in the manner hereinafter provided revoke the same. The Board may, from time to time at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members who, the Board may deem fairly entitled to such extension; but no member shall be entitled to any such extension, except as a matter of grace and favour.

Provisions applicable to installments

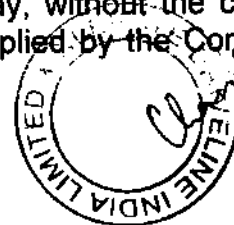
35. If by the terms of issue of any share or otherwise any amount is payable at any fixed time or by installments at fixed times, whether on account of the share or by way of premium, every such amount or installments shall be payable as if it were a call duly made by the Board and of which due notice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

When interest on call or installment payable

36. If the sum payable in respect of any call or such other amount or installments be not paid on or before the day appointed for payment thereof or any extension thereof as aforesaid, the holder for the time being of the share, in respect of which the call shall have been made, or such amount or installment shall be due, shall pay interest for the same, from the day appointed for the payment thereof to the time of actual payment at such rate not exceeding ten per cent per annum, as shall from time to time be fixed by the Board. Nothing in this Article shall however, be deemed to make it compulsory on the Board to demand or recover any such interest, and the payment of such interest, wholly or in part, may be waived by the Board if they think fit so to do.

Money due to members from the Company may be applied in payment of call or installment

37. Any money due from the Company to a member may, without the consent and notwithstanding the objection of such member, be applied by the Company in or



towards the payment of any money due from him to the Company for calls or otherwise.

Part payment on account to call etc. not to preclude forfeiture

38. Neither a judgement nor a decree in favour of the Company for calls of other moneys due in respect of any shares nor any part-payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of payment of any such money, shall preclude the forfeiture of such shares as hereinafter provided.

Proof on trial on of suit on money on shares

39. On the trial or hearing of any action or suit brought by the Company against any member or his legal representatives to recover any moneys claimed to be due to the Company for any call or other sum in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, or one of the holders, at or subsequent to the date at which the money sought to be recovered is alleged to have become due, on the shares in respect of which such money is sought to be recovered, and that the amount claimed is not entered as paid in the books of the Company or the Register of Members and that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the member or his legal representatives sued in pursuance of these presents; and it shall not be necessary to prove the appointment of the Directors who made such call, not that a quorum of Directors was present at the meeting of the Board at which such call was made, nor that the meeting at which such call was made duly convened or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debts, and the same shall be recovered by the Company against the member or his representatives from whom the same is sought to be recovered unless it shall be proved, on behalf of such member or his representatives against the Company that the name of such member was improperly inserted in the register, or that the money sought to be recovered has actually been paid.

Payment of unpaid shares capital in advance

Interest may be paid thereon

Repayment of such advances

Priority of payment in case of winding up

40. (1) The Board may, if they think fit, subject to the provisions of Section 50 of the Act receive from any member willing to advance the same, either in money or money's worth the whole or any part of the amount remaining unpaid on the shares held by him beyond the sum actually called up and upon the moneys so paid or satisfied in advance, or so much thereof, as from time to time and at any time thereafter exceeds the amount of the calls then made upon and due

