SHRIRAM CITY UNION FINANCE LIMITED
Regd. office: 123, Angappa Naicken Street, Chennai 600 001.

SHRIRAM City
MONEY WHEN YOU NEED IT MOST

NOTICE OF THE EXTRAORDINARY GENERAL MEETING OF THE SHAREHOLDERS

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

SPECIAL BUSINESS

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

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions and sections, if any, of the Companies Act, 1956, the regulations contained in the existing Articles of Association of the company be and are hereby ,replaced with the new set of Articles of Association of the Company, a copy of which is placed before the meeting and duly initialled by the Chairman for the purpose of identification and that the Regulations be incorporated the Articles of Association of the Company and shall be binding on the members of the Company and others and shall be effective from June 01, 2013.

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

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

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

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

For SHRIRAM CITY UNION FINANCE LIMITED

"CERTIFIED TRUE COPY"

To:- BSE

Company Secretary

31/5/2013

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

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

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

RESOLVED FURTHER THAT in pursuance of the aforesaid resolutions:

a. the Securities to be so offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company; and

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

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

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

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

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

a. in the event of the Company making a bonus issue by way of capitalisation of its profits or reserves prior to the allotment of the Equity Shares, the number of Equity Shares to be allotted shall stand augmented in the same proportion in which the equity share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced pro tanto;

b. in the event of the Company making a rights offer by issue of Equity Shares prior to the allotment of the Equity Shares, the entitlement to the Equity Shares will stand increased in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Convertible Securities at the same price at which they are offered to the existing shareholders; and

c. in the event of merger, amalgamation takeover, or any other re-organization or restructuring or any such corporate action, the number of Equity Shares, the price and the time period as aforesaid shall be suitably adjusted.

RESOLVED FURTHER THAT without prejudice to the generality of the above, subject to applicable laws and subject to approval, consents, permissions, if any, of any governmental body, authority or regulatory institution including any conditions as may be prescribed in granting such approval or permissions by such governmental authority or regulatory institution, the aforesaid Securities may have such features and attributes or any terms or combination of terms that provide for the tradability and free transferability thereof in accordance with the prevailing practices in the capital markets including but not

limited to the terms and conditions for issue of additional Securities and the Board subject to applicable laws, regulations and guidelines be and is hereby authorized in its absolute discretion in such manner as it may deem fit, to dispose of such Securities that are not subscribed.

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

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

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

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

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

b. Approving the offer document and filing the same with any other authority or persons as may be required;

c. approving, finalising and authorizing execution of agreements and documents, including lock-up

letters, agreements in connection with the creation of any security, and agreements in connection with the appointment of any intermediaries and/or advisors, (including for underwriting, marketing, listing, trading, appointment of lead manager(s)/merchant banker(s), guarantor(s), depositorie(s), custodian(s), stabilising agent(s), banker(s), advisor(s), registrar(s), paying and conversion agent(s), trustee(s), and other intermediaries as required), and to pay any fees, commission, costs, charges and other outgoings in connection therewith;

d. Approving the specific nature and size of Security (in Rupees or such other foreign currency) to be offered, the issue price, the number of Securities to be allotted, the basis of allocation and allotment of Securities;

e. To affix the Common Seal of the Company on any agreement(s)/ document(s) as may be required to be executed.

f. Arranging the delivery and execution of all contracts, agreements and all other documents, deeds and instruments as may be required or desirable in connection with the issue of securities by the Company;

g. Deciding upon the issue structure;

h. Determining the Issue opening and closing dates;

i. Determining the Issue price of the securities;

j. Allotment of Securities;

k. Opening such bank accounts and demat accounts as may be required for the transaction;

l. To do all such acts, deeds, matters and things and execute all such other documents and pay all such fees, as it may, in its absolute discretion, deem necessary or desirable for the purpose of the transactions;

m. To make all such necessary applications with the appropriate authorities and make the necessary regulatory filings in this regard; and

n. Making applications for listing of the Equity Shares on one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned stock exchange(s)."

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

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

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

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

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

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

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

1) To carry on the day-to-day management of the business of the Company.

2) To purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire at such price and generally on such terms and conditions as he may think fit.

3) To carry on, manage, conduct, supervise, control, co-ordinate, plan, direct on behalf of the Company and for that purpose to use and turn to account all capital, credit, stock and property employed in the business of the Company and to appoint and dismiss Secretaries, Managers, Officers, Clerks, Employees, Servants and agents and other persons and determine their powers and duties and fix their salaries and emoluments and require security in such instances and to such amount as he may think fit.

4) To enter into all such negotiations and contracts and vary all such contracts including revisions in terms and prices and execute and do all such acts and deeds in the name and on behalf of the Company as he may consider expedient for carrying on the business of the Company.

5) To demand, receive, accept, exercise, utilize any claim, privilege, licence or any object on behalf of the Company to which the Company is entitled to and to pay, repay, refund or release any moneys which the Company is obliged to pay, repay, refund or release for any demands made upon the Company.

6) To affix the Common Seal of the Company if so required on any documents to be executed for and on behalf of the Company in conformity with the Articles of Association of the Company.

7) To execute and arrange for execution of Indemnity Bonds, Counter Indemnity Bonds, Performance Bonds, Guarantees and such other documents as may be necessary or expedient.

8) To authorise and request Banks, Financial Institutions and Insurance Companies and others to issue in favour of any party or parties in connection with the business activities of the Company, indemnities and guarantees on behalf of the Company.

9) To receive all payments favouring the Company in payment of bills raised on any party or any demands made and issue valid receipts thereof.

10) To represent the Company before any Government, Tribunal, Court, Customs and Excise Authorities, Sales Tax Authorities, Import and Export Trade Control Authorities, Reserve Bank of India, Revenue Authorities, Municipal Bodies, Quasi-Public Bodies, Autonomous Corporations, Company Law authorities, Registrars or any Officers thereof in relation to any matter pertaining to the Company's business, including export business, properties or interests and to sign necessary applications, statements, petitions, appeals and declarations and to vote at all General Meetings on behalf of the Company in all matters which the Company may at any time be interested.

11) To open Bank Accounts in the name of the Company with any Nationalised, Non Nationalised, Foreign Banks Co-operative Banks, Gramin Banks and Post Offices in any part of India, to operate on such account or accounts and to close such accounts whenever desired.

12) To draw, accept, endorse, negotiate, retire, pay or satisfy any Bills of Exchanges, Promissory Notes, Cheques, Drafts, Pay Orders, Securities and other negotiable and Mercantile Instruments or Securities which may be deemed necessary in relation to the business affairs of the Company.

13) To issue limited Power of Attorney in favour of the Executives and Managers in charge of branches in matters relating to the operations of the Company.

14) To take decisions as to the recovery of common monthly expenses from the Associate Companies on an equitable basis in respect of services rendered by the Company at its Registered Office, Administrative Office, Regional Office and Branch Offices established throughout India and also for payment of such amounts to the respective companies whenever required.

15) To sign, execute, register and seal all documents, contracts and agreements including lease deeds in respect of any buildings, shops, godowns or premises taken on lease by the Company by any of its branches, depots, offices or for the residence of its officers.

16) To represent the Company before any authority in Court, Appellate Authorities, Police, State Government or local administration or authority, bank, financial institutions or elsewhere and to institute,close, discontinue and defend legal proceedings, civil, criminal or revenue including income-tax, sales tax, agricultural tax and excise matters and confess judgements or withdraw, compromise, compound or refer any matter of dispute to arbitration, as he may think fit.

17) To sign, verify, execute, decree, award, complaint, petition, apply, declare, affirm, refer, rejoinder, undertake, claim, counter-claim, make statements, issue counter statements, sworn affidavits, undertake, certify, lead evidence on oath, oral or documentary appeal, revisions, review, let in evidence of all kind before any court or before any person or before any authority, either in writing or otherwise.

18) To execute warrants, summons with the aid of police whenever necessary and to do all such acts, deeds and things which are necessary in the matters.

19) To defend and contest all claims, suits, applications and legal proceedings, whatsoever against the Company or to which the Company may be a party and if the Attorney shall think fit, compromise, submit to judgement or become non-suited in any such suit or proceedings.

20) To engage, retain and appoint any Solicitors, Advocates or Legal Practitioners for and on behalf of the Company to act or appear in respect of any suits or legal proceedings before any Court, Tribunal or Authority in respect of any matter to which the Company may be a party or otherwise interested.

21) To make and sign, execute, present and file all applications, plaints, petitions, written statements, execution petitions, pleadings and affidavits, vakalats and other documents that may be necessary or usual for conducting litigation on behalf of the Company and to authenticate any document on behalf of the Company and for filing the document before any Governmental Authorities such as Company Law Board, Registrar of Companies, Reserve Bank of India, Sales Tax Authorities, Income-tax Authorities, Central Excise Authorities etc.

22) To file and receive back from any of the Courts and Offices, documents of all kinds and to give receipt thereof; to deposit and obtain refund of Stamp duty or Court Fee or to repay the same; to deposit in or withdraw from any or all the Courts or other offices moneys and give receipts thereof ; to apply for copies of documents or other records of Court or Offices ; to apply for inspection of and to inspect records of which inspection is allowed.

23) To execute decrees, receive monies and obtain possession of properties in execution of decrees, give receipts and discharge thereof and compromise or compound any such decree.

24) To prepare, sign, execute, submit and file all statutory returns, letters, forms, registers and applications including applications for licences and renewals, lands for clearance of excisable goods required from time to time to be executed, filed and submitted to any central excise authorities in connection with the business of the Company.

25) To deposit and obtain refunds by cheques drawn in the name of the Company of excise duty or any charges or fees and to file claims with any Central Excise Authority or other concerned Officers.

26) To compound, compromise, settle any claim due to or due by the company from or to any person on such terms and conditions or to abandon or waive any claim including a claim in a suit or legal proceeding.

27) To file, verify, affirm affidavit and file application in the courts, forums, tribunals, judicial, quasi-judicial, for substitution and continue with the legal proceedings pending and to commence and continue fresh legal proceedings.

28) To effectively discharge the statutory duties imposed upon the Company by the Excise Law and Rules in force from time to time in connection with the business of the Company.

29) To authorise any one or more officials of the Company to do any of the above acts on behalf of the Company and to execute Powers of Attorney to such officials. "

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

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

"RESOLVED THAT pursuant to the provisions contained in Articles of Association of the Company and of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 ('the Act') and subject to the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('SEBI Guidelines') (including any statutory modifications or re-enactment of the Act or the SEBI Guidelines, for the time being in force) and and subject to other approvals, permissions and sanctions as may be required, and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee including the Remuneration and Compensation Committee or any

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

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

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

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

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

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

RESOLVED FURTHER THAT a document Shriram City Union Finance Ltd Employees Stock Option Scheme 2013 titled as "SCUF ESOP Scheme 2013 ('Scheme')" tabled at the meeting and initialled by the Chairman for identification, be and is hereby approved and the same shall come into effect from Jun 01, 2013.

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

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

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

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

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

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

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

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

"RESOLVED THAT pursuant to the provisions contained in the Articles of Association of the Company and and 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 ('the Act') and subject to the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (including any statutory modifications or re-enactment of the Act or the SEBI guidelines, for the time being in force) ('SEBI guidelines') and subject to other approvals, permissions and sanctions as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors (hereinafter referred to as 'the Board' which term shall

be deemed to include any Committee including the Remuneration and Compensation Committee constituted by the Board to exercise its powers, including the powers conferred by this resolution), consent and approval of the Company be and is hereby accorded to the Board to grant, issue, offer and allot at any time and from time to time Options /shares under SCUF ESOP SCHEME 2013 (Scheme) of the Company as detailed in the resolution under item no. 5 in this notice to the eligible employees/directors of the subsidiary Company(ies) as may be allowed under prevailing laws, regulations and/or amendments thereto from time to time, on such terms and conditions as may be decided by the Board.

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

By Order of the Board
For Shriram City Union Finance Limited

Place : Chennai
Date : April 24, 2013

C R DASH
Company Secretary

NOTES:

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

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

ITEM NO.1

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

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

The Articles of Association have been amended from time to time. The articles require rearrangement for easy reference. Like items are grouped together under a broad heading with a number to the heading. The articles under each broad heading are sub-numbered for easy reference. The arrangement of the articles would bring more clarity and easy reference. The new set of Articles of Association of the Company be effective from June 01, 2013.

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

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

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

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

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

ITEM NO. 2

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

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

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

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

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

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

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

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

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

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

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

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

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

ITEM NO. 3

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

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

ITEM NO. 4

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

Brief Profile of Sri G S Sundararajan :

Sri G S Sundararajan is a bachelor in Engineering from Coimbatore and post graduate diploma in management from Indian Institute of Management, Ahmedabad. Sri G SSundararajan was appointed as an Additional Director by the Board of Directors in it's meeting held on December 31, 2009 and was

appointed as a Director by the members of the Company in the Annual General Meeting held on July 30, 2010. Sri G S Sundararajan has a track record of successful design and execution of appropriate business models in small and medium enterprises (SME) segment and the under served sectors of the Indian economy.

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

Terms of Appointment :

(a) Tenure : 5 years (November 1, 2012 to October 31, 2017)

(b) Remuneration : No remuneration

(c) Benefits: No benefits

(d) Expenses: The Company shall reimburse all travelling, entertainment, business promotion and other similar out of pocket expenses incurred by him wholly in proper performance of his duties and responsibilities.

(e) Leave: As per the policy of the Company

(f) Termination: The Company or Sri G S Sundararajan may terminate the agreement by either party by giving notice in writing of 90 (Ninety) days.

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

Memorandum of Concern or Interest :

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

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

Inspection:

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

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

ITEM NO. 5 and 6

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

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

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

i) The Scheme is pursuant and subject to the SEBI Guidelines and SEBI Regulations which shall prevail over any term of the Scheme that is inconsistent with the SEBI Guidelines and SEBI Regulations or any other Regulations.

ii) The Scheme shall be implemented, administered and superintended by the Committee constituted by the Board of Directors of the Company or by the Committee to be constituted by the Board of Directors for the same purpose including Remuneration and Compensation Committee. The term Board includes this committee. The scheme shall come into effect from June 01, 2013.

iii) **Number of Options to be granted** : It is proposed to issue, in the aggregate, a maximum number of 26,27,000 equity shares/options of face value of ₹ 10/- each not being more than 5% of the issued equity capital of the Company. However, within this limit of 26,27,000 equity shares/options, the Company may issue options to each Director and employee up to maximum of 2,62,700 equity shares**.**

iv) **Identification of class of employees to participate in the Scheme** : All permanent employees of the Company shall be eligible to participate in the Scheme. The Board or the Committee shall, based on the performance and the tenure of Employment of the employee in the Company, grant options to such employees. An Employee who is a Promoter; or belongs to the Promoter group; or a director, who either by himself or through his Relative or through any body corporate, directly or indirectly, holds more than 10 percent of the outstanding equity shares of the Company, shall not be eligible to participate in the Scheme. The options/shares may be issued to the Eligible Employees in such phases and manner as the Board may deem fit.

v) **Vesting, period of vesting etc :** Each option shall vest in the hands of the option holder after a minimum of 12 months from the date of grant of the option or such longer period as may be determined by the Board from time to time subject to the condition that the Option Grantee

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

vi) **Exercise Period :** The options shall be valid and exercisable for such period as may be determined by the Board from time to time, but would not exceed a period of 10 years from the date of vesting to the Eligible Employees. The options shall be exercised in accordance with the process as may be specified in the Scheme: The exercise period of the option will commence from the vesting date and expires upon the earliest of the following: (a) Not later than 10 years from the date of grant of options ,(b) In case of cessation of the continuous service of the employee due to resignation / termination of employment on 90 days from the date of such resignation / termination;(c) In case of death or permanent disability of the Employee, - the Options can be exercised by the legal heir of the Employee, within one year from such date of death, permanent disability;(d) Such lesser period as may be decided by the Board.

vii) **Exercise Price :** The exercise price for the purpose of grant of options shall be such price as determined by the Board not being higher than (a) market price on the date of the grant or (b) average of the price prevailing for the type of share in respect of which options are granted during 3 months preceding the date on which the options are granted to the employee or (c) the issue price of any such shares have been issued within 3 months prior to the date of grant. Each option granted to an Eligible Employee shall entitle him/her to one equity share of the nominal value of ₹ 10/- each at the Exercise price of ₹ 300/-. Accordingly, the price was determined to be ₹ 1073/- as per SEBI Guidelines and Board felt to price at ₹ 300 per Option/equity share. The Board may re-price options that have not been exercised by the eligible employees, where such options have been rendered unattractive due to market price of shares. The consideration for the shares to be issued upon exercise of an option may, as determined by the Board at the time of granting the options, be in one or more tranches, consist of cash, cheque or consideration received by the Company under a cashless exercise programme implemented by the Company or any combination of the foregoing methods of payment subject to fulfilment of SEBI Regulations.

viii) **Process of Exercise :** Vested Options can be exercised only by the employee in whom the Options have vested. Options granted to an employee shall not be transferred to any other person. The Employee in whom an Option is vested would make an application to the Company for issue of shares against the Option vested in him by paying requisite amount of money. This application should be made after the vesting date and within the exercise period. Vested Options can be exercised in part or whole. The unexercised portion of the vested options, will continue to be available to the employee or the nominee for exercise, in case of specified circumstances such as death, disability, etc. upto such time frame as provided for in the scheme.

ix) **Appraisal Process :** The Committee/Board would, apart from examining and evaluating overall corporate performance, inter alia, take into consideration the length of service, grade, performance, merit, key position, future potential contribution and conduct of the employee and such other factors for determining the eligibility of Employees for the issue of Options under the Scheme.;

x) **Disclosure of Accounting Policies :** The Company shall conform to the applicable provisions of SEBI Guidelines including the disclosure and accounting policies as specified in the SEBI Guidelines and such other guidelines as may be applicable from time to time.

xi) **Method of valuation of Options** : The Company shall value the options granted under the Scheme, at their 'fair value' or 'Intrinsic value' as defined under the SEBI Guidelines as may determined by the Board. If the Company calculates the employee compensation cost using the

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

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

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

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

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

By Order of the Board
For Shriram City Union Finance Limited

Place : Chennai
Date : April 24, 2013

C R DASH
Company Secretary

SHRIRAM City
MONEY WHEN YOU NEED IT MOST

SHRIRAM CITY UNION FINANCE LIMITED

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

ATTENDANCE SLIP

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

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

Full Name of the Member :

Regd. Folio No./ DP and Client ID No. :

No. of Shares held :

Full Name of the Proxy (in Block Letters) : .....

Signatures of the Member(s) or Proxy/Proxies present : .....

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

Please Tear Here

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

SHRIRAM CITY UNION FINANCE LIMITED

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

PROXY FORM

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

Signed ..... day of 2013

Affix Revenue Stamp

Note

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

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

ARTICLES OF ASSOCIATION

OF

SHRIRAM CITY UNION FINANCE LIMITED

1. PRELIMINARY

1.1 The Marginal notes hereto shall not affect the construction hereof. In these presents, the following words and expressions shall have the following meaning unless excluded by the subject or context.

a. "The Act" shall mean The Companies Act, 1956, as amended from time to time.

b. Table "A" means Table "A" of the First Schedule of the Companies Act, 1956.

c. "The Board" or The Board of Director" means a meeting of the Directors duly called and constituted or as the case may be the Directors assembled at a Board or the requisite number of Directors entitled to pass a circular resolution in accordance with these Articles.

d. "The Company'' or "This Company'' means SHRIRAM CITY UNION FINANCE LIMITED.

e. "Directors" shall mean the Directors for the time being of the Company or as the case may be the Directors assembled at a Board.

f. "In Writing" includes printing, lithography, typewriting and any other substitutes for writing.

g. "Members" shall mean members of the company holding a Share or Shares of any class and registered in the Share Registers of the Company.

h. "Month" shall mean English calendar Month.

i. "Paid-up" shall include Credited as paid up.

j. "Person" shall include any Corporation as well as individuals.

k. "These Presents" or "Regulations" means these Articles of Association as originally framed or altered from time to time and includes the memorandum where the context so requires.

l. "The Register" shall mean the "Register of members" to be kept as required by Sec. 150 of the Act.

m. "The Seal" means the Common Seal for the time being of the Company.

n. "Special Resolution" shall have the meaning assigned thereto by Section 189 of the Act.

o. "Debenture" includes Debenture stocks, bonds, and any other securities of the Company whether constituting charge in the assets or the Company or not.

p. [1] "Beneficial Owner" shall mean the Beneficial Owner as defined in Clause (a) of Sub-section (1) of Section 2 of the Depositories Act, 1996.

q. [1] "Depositories Act, 1996" shall include any statutory modifications or re-enactment thereof .

r. [1] "Depository" shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.

s. [1] "Member" means the duly registered holder, from time to time, of the Shares of the Company and includes every person whose name is entered as a Beneficial Owner in the records of the Depository.

t. [1] "SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

u. [1] "Security" shall mean such security as may be specified by SEBI.

v. Words importing the masculine gender shall include the feminine gender and vice versa.

w. Words importing the singular shall include the plural and words importing plural shall include the singular.

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

[2]1.2 In Articles 9, 15.2, 15.13, 15.14, 15.17 and 15.18 capitalized terms shall have the following meanings:"

1.3 [2] ***"Equity Shares"*** *shall mean the equity shares of the Company, with 1 (one) vote per equity share having a par value of Rs. 10 (Rupees Ten only) each;*

[1]Clause (p to u) inserted at the AGM held on March 30, 2000
[2] Inserted Vide Resolution passed at the EGM held on December 4, 2008

1.4 [2] "**Equity Share Capital** means the total issued and paid up equity share capital of the Company, with voting rights;

1.5 [3] *"**ESOP Scheme**" shall mean the employee stock options scheme pertaining to the grant of options approved at the general meeting of the shareholders of the Company;*

1.6 [3] *"**Exchanges**" shall mean the National Stock Exchange of India Limited, the BSE Limited and the Madras Stock Exchange Limited and any other stock exchange on which the Shares of the Company may be listed;*

1.7 [3] *"**Law**" includes all statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Government, statutory authority, tribunal, board, court or recognised stock exchange and, if applicable, international treaties and regulations;*

1.8 [3] *"**Memorandum**" shall mean the memorandum of association of the Company as amended from time to time;*

1.9 [2] "**Other New Investors-II**" means Asiabridge Fund I LLC, IDBI Trusteeship Services Limited and Bessemer Venture Partners Trust.

1.10 [3] "**Share Capital**" shall mean collectively the Equity Share Capital and the Preference Share Capital;

1.11 [3] "**Shares**" shall mean all shares of the Company, whether equity or preference;

1.12 [3] **"Takeover Code"** shall mean the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and any amendments thereto from time to time;

2 Except as otherwise provided in these articles, the provisions contained in the Table A in the Schedule 1 to the Companies Act , 1956 shall be the regulations of the Company.

3 Requirements of Section 149 of the Act are to be complied with before commencement of business.

[4] Requirements of Section 81 of the Act will be compiled with as and when applicable

4 Any branch or kind of business which by the Memorandum of Association of the Company or these presents, is expressly or by implication authorised to be undertaken by the Company may be undertaken by the Board at such times or times as they shall think fit and further may be deferred by them to be in abeyance, whether such branch or kind of business may have actually commenced or not so long as the Board may deem fit and expedient not to commence or proceed with such branch or kind of business.

5. Except as provided in Section 77 of the Act, no part of the funds of the Company shall be employed in the purchase of the Company's own shares.

[3]Inserted Vide Resolution passed at the EGM held on June 27, 2007
[4]Amended at the AGM held on September 4, 2003

6. SHARE CAPITAL

6.1 [5]The Authorised Capital of the Company is Rs.140,00,00,000(Rupees One Hundred and Forty Crores Only) divided into 10,00,00,000 (Ten Crores) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 40,00,000 (Forty Lakhs) Cumulative Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each with the power to issue the new shares upon such terms and conditions and to attach thereto such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Companies Act, 1956 and to vary, modify, amalgamate, abrogate any such rights privileges, conditions in such manner as may be provided by the Companies Act, 1956.

6.2 [6] The said Redeemable Preference Shares shall confer on the holders thereof the right to be paid out of the profits that may be, at any time, determined in priority to all other classes of Shares a fixed preference dividend at the rate of 14 percent per annum or such other rate as may be fixed by the General Meeting from time to time on the capital paid up thereon from the date of allotment without any deduction in respect of any Income Tax paid by the Company on its profits, but subject to the deduction of tax at source in accordance with the provisions of the Income Tax Act at the prescribed rate for the time being in force, but to no further rights in the profits of the Company, and at winding up, shall have capital paid up thereon and all arrear of dividend accrued, whether such dividend has been earned, declared or not upto the date of the commencement of the winding up in priority to repayment of the capital on the Equity Shares but with no further right to participate in the profits of the Company.

a. The Said Redeemable Preference Shares shall be redeemable by the Company after the expiry of five years from the date of allotment of the said Redeemable Preference Shares but not later than ten years thereof, as the Company may deem fit subject to the provisions of Section 80 of the Companies Act, or of any statutory modification thereof for the time being in force. The following provisions shall apply with regard to the redemption of the said Redeemable Preference Shares namely:

i. The Company shall have the right, subject to the provisions of the Companies Act, and any statutory modification thereof for the time being in force, to redeem the whole or any part of the redeemable preference Shares for the time being issued and outstanding upon giving to the holders thereof not less than three months previous notice in writing.

ii. In the case of any partial redemption under Clause (1) of the Article the Company shall, for the purpose of ascertaining the particular Shares to be redeemed, cause a drawing to be made at the Registered office of the Company or at such other place as the Directors may decide in the presence of a representative of the auditors for the time being of the Company.

iii. Any notice of redemption shall specify the particular Shares to be redeemed, the date fixed for redemption and the place at which the certificate for such Shares are to be presented for the redemption and upon such date each of the holders of the Shares concerned shall be bound to deliver to the Company at such place the certificates for such of the share concerned as are held by him

[5] AMENDED AT THE EGM HELD ON March 24, 2012
[6] AMENDED ON August 9, 1990

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

iv. There shall be paid on each Redeemable Preference Share redeemed the amount paid up thereon together with a sum equal to any arrears or deficiency of the fixed dividend thereon to be calculated down to the date fixed for redemption and to be payable irrespective of whether or not such dividend has been earned declared or not. The Company shall not be entitled to exercise therefore said right of redemption, unless at or before such redemption, the entire arrears of the fixed preference dividend, whether earned declared or not up to, the date of redemption has been paid.

v. On the Company issuing notice of redemption in respect of Redeemable Preference Shares the dividends shall cease to accrue on the said Shares from and after the date of redemption fixed in such notice of redemption. Provided that if any Share holder duly entitled thereto presents the Shares certificates for redemption and the Company fails to pay the same on or after the date fixed for redemption then, interest shall be paid on the amount payable on redemption from the date of presentation till payment at 12 percent per annum.

vi. In calculating any fixed percentage of dividends payable on the capital paid upon any shares, such percentage shall be calculated up to and as on the date of the close of the Financial Year of the Company prior to the date of the declaration of dividend or Bonus at a General Meeting, and in respect of Interim Dividend up to and as on the date of the close of the period being whole or part of a Financial year for which such Interim Dividend is declared.

vii. The term "capital" paid up thereon on any Shares shall mean and include the amount paid up or credited as paid on the respective Shares.

viii. The rights for the time being attached to the said Preference Shares may be modified or dealt with in the manner provided in Section 106 and 107 of the Act and not otherwise.

b. The redeemable Preference Shares shall confer on the holders thereof the voting rights set out for preference Shares in Section 87 of the Companies Act and the Equity Shares shall confirm on the holders thereof voting rights set out for Equity Shares in Section 87 of the "Companies Act".

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

6.4 The Company may, at its discretion, issue any portion of the un-issued capital as Redeemable Preference Shares, which at the option of the company, are liable to be redeemed and subject to the provisions of Section 80 with such terms as to dividends, preferential payment or return of the amount paid up thereon and as to conditions and terms of the redemption as the company may deem fit.

6.5 Subject to the provisions of the Act and these Articles, the Shares in the Capital of the Company for the time being (including any Shares forming part of any Increased capital of the Company) shall be under the control of the directors who may allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and (subject to compliance with the provisions of Section 79 of the Act) at a discount and at such times as they may from time to time think fit and proper and with full power, subject to sanction of the Company in General Meeting, to give any person the option to call for or be allotted Shares of any class of the company either at par or at a premium or subject as aforesaid at a discount such option being exercisable at such times and for such consideration as the Directors think fit.

6.6 Subject to provision of these Articles, the Shares shall be under the control of the Board, who may issue, allot or otherwise dispose of the same to such persons, on such terms and conditions and at such times as the Board thinks fit and if so authorised by the Company in General Meeting give to any person the call of any shares either at par or at premium and for such time and for such consideration as the Board thinks fit, provided that after the first allotment, upon the issue of any further Shares the Board shall comply with the provisions of Section 81 unless they shall have obtained the sanction of the Company in General Meeting to the issue of such Shares on other terms.

6.7 In addition to and without derogating from the powers for that purpose conferred on the Directors under Article 8 above, the company in general meeting may determine that any Shares (whether forming part of the original capital or any increased capital of the Company) shall be offered to such persons (whether members or holders of Debentures of the company or not) with the option to call for or be allotted shares of any class of the Company either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at a discount, such option being exercisable at such times and for such consideration as may be directed by such general meeting or the Company in general meeting may make any other provision whatsoever for the issue, allotment or disposal of any Shares.

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

6.8 Debenture/Debenture Stock, Loan,/Loan Stock, bonds or other Securities conferring the right to allotment or conversion into Shares or the option or right to call for allotment of Shares shall not be issued except with the sanction of the Company in General Meeting.

6.9 a. The Board of Directors may issue and allot Shares in Capital of the Company as payment or part payment for any property sold or goods transferred or machinery or appliances supplied, or for services rendered to the company in or about the formation

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

b. As regards all allotments, from time to time, the Board of Directors are to duly comply with Section 75 of the Act.

6.10 An application signed by or on behalf of the applicant for shares in the Company followed by an allotment of any Shares therein, shall be acceptance of Shares within the meaning of these articles and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purpose of these articles be a member.

6.11 In case Share/Debenture certificates are issued for either more or less than marketable lots, sub-division or consolidation into marketable lots will be done by the Company at no charge.

6.12 i Every person whose name is entered as a member in the Register of Members shall be entitled to receive:

a. One Certificate for all his shares without payment or

b. Where the shares so allotted at any one time exceed the numbers of shares fixed as market lot in accordance with the usages of the stock exchange, at the request of the share -holder, several certificates one each per market lot and one for the balance without any payment for the same.

ii. The Company shall within three months after allotment or within 15 days after the application for registration of the transfer of any Shares or Debentures is completed and have ready for delivery the certificates of all the shares and Debentures so allotted or transferred unless the conditions of issue of the said Shares otherwise provide.

iii. Every Certificate shall be under the seal and shall specify the number of Shares to which it relates and the amount paid up thereon.

6.13 If a certificate be worn out, defaced or if there is no further space on the back thereof for endorsement of transfer, it shall, if required, be replaced by a new certificate free of charge provided however that such new certificates shall not be issued except upon delivery of the said worn out or defaced or used up certificate for the purpose of cancellation.

6.14 If a certificate is lost or destroyed the Company may, upon such evidence and proof of such loss or destruction and such indemnity as the Board may require and on payment of such a fee not exceeding Rupee one issue a renewed certificate. Any renewed certificate shall be marked as such.

6.15 [(7)]Provided that notwithstanding what is stated in clause 6.13 and 6.14, above the Directors shall comply with such Rules or Regulations or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.
The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

[(7)]Amended at the AGM held on September 4, 2003

6.16. The company shall have a first and paramount lien upon all the Shares (other than fully paid up shares) registered in the name of each member(Whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares, Unless otherwise agreed the registration of a transfer of Shares shall operate as a waiver of the Company's lien, if any on such Shares. The Directors may at any time declare any Shares wholly or in part to be exempt from the provisions of this clause.

7. CALLS ON SHARES

7.1 If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at eighteen percent per annum or at such lower rate, if any as the Board may determine.

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

7.3 [8]The notice of each call should be for a minimum of thirty days

8. PAYMENTS OF CALLS IN ADVANCE

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

8.2 [9]The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

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

[10]9. FURTHER ISSUE OF SHARES

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

[8] Amended in the AGM held on October 15, 1994
[9]Amended at the AGM held on September 4, 2003
[10] Article 27A (renumbered as Article 9.1) replaced with following Article 27A(renumbered as Article 9.1) vide resolution passed at the EGM held on December 4, 2008

A. In case of a preferential issue:

i. So long as the Other New Investors –II are entitled to pre-emptive rights under their respective agreements with the Company, the Company shall offer such percentage of Securities ("Offered Securities") forming part of the Fresh Offering to the Other New Investors - II which is equal to their respective shareholding percentage in the Company prior to the Fresh Offering, on the same terms as the proposed Fresh Offering. The Company shall obtain all approvals, regulatory and otherwise, in this regard the Other New Investors-II shall be entitled to subscribe to the Offered Securities in the same proportion as their inter se shareholding in the Company.

ii. If any of the Other New Investors – II to whom the Offer Securities have been offered in terms of Article 9.1 (A) (i) above decline to subscribe to their portion of the Securities ("Declined Securities") offered under Article 9.1 (A) (i), then such declined Securities shall be offered proportionately to the non declining investors and the non declining Other New Investors-II in proportion to their respective shareholding percentage (inter se Other New Investors – II, as the case may be) prior to the Fresh Offering in the Company, on the same terms as the proposed Fresh Offering (should it so desire).

iii. In the event that the non declining Other New Investors – II decline to subscribe to the Declined Securities in their pro-rata share offered to them under 9.1 (A) (ii) **("Further Declined Securities")**, then the Company shall offer the Further Declined Securities proportionately to the non-declining Other New Investors II (if applicable) on the same terms as the proposed Fresh Offering. This process shall be repeated till such time as all the Securities being declined to be subscribed to by the declining party have been offered and have been declined by all the other parties. If however there are any balance Further Declined Securities not taken up by any of the Other New Investors-II, the shares shall be offered to Shriram Retail Holdings Private Limited ("SRHPL") or any of its affiliates, on the same terms as the proposed Fresh Offering.

B. In case of a rights issue:

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

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

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

10. NOMINATION BY SHAREHOLDER/ DEBENTURE HOLDER/ DEPOSITOR

10.1 Every shareholder or debenture holder or depositor of the Company, may at any time, nominate a person to whom his shares or debentures or deposits shall vest in the event of his death in such manner as may be prescribed under the Act.

10.2 Where the shares or debentures or deposits of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the shares or debentures or deposits, as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.

10.3 Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares or debentures or deposits, the nominee shall, on the death of the shareholder or debenture holder or depositor or as the case may be on the death of the joint holders become entitled to all the rights in such shares or debentures or deposits or, as the case may be, all the joint holders, in relation to such shares or debentures or deposits, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.

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

10.5 A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-

i) register himself as holder of the share or debenture or deposit, as the case may be; or

ii) to make such transfer of the share or debenture or deposit, as the deceased shareholder or debentureholder or deposit holder, as the case may be, could have made.

[11]Article 53 (renumbered as 10.1) to 56 (renumbered as 10.14) inserted at the AGM held on March 30, 2000

10.6 If the nominee elects to be registered as holder of the share or debenture or deposit himself as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debentureholder or deposit holder, as the case may be.

10.7 A nominee shall be entitled to the share dividend, interest on debentures, deposits and other advantages to which he would be entitled if he were the registered holder of the share or debenture or deposit. Provided that he shall not before being registered as a member, be entitled to exercise any right confered by membership in relation to meeting of the Company.

10.8 Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture or deposit, and if the notice is not complied with within ninety days, the Board may hereafter withhold payment of all dividends, interest, bonuses or other moneys payable in respect of the share or debenture or deposit, until the requirements of the notice have been complied with.

10.9 DEMATERIALISATION/REMATERIALISATION OF SECURITIES

1. Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event, the rights and obligations of the parties concerned and matters connected therewith or incidental thereto, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or re-enactment thereof.

2. The Company shall be entitled to dematerialize its existing shares, debentures and other securities, rematerialize its shares, debentures and other securities held in the Depositories and/or offer its fresh shares and debentures and other securities in a dematerialised form pursuant to the Depositories Act, and the Rules framed thereunder, if any.

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

4. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time Prescribed, issue to the beneficial owner the required Certificates of Securities.

5. If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.

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

10.10 Rights of Depositories and Beneficial Owners

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

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

c. Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.

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

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

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

10.14 **Beneficial Owner deemed as absolute owner** - Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equitable, contingent, future or partial interest in any share or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles on the part of any other person whether or not it has Express or implied notice thereof, but the Board shall be entitled at their sole discretion register any share in the joint names of any two or more persons or the survivor or survivors of them.

11. TRANSFER OF SHARES

11.1. The Instrument of transfer of any Share shall be duly stamped and executed both by or on behalf of the transferor and by or on behalf of the transferee and the transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the register in respect thereof.

11.2 The Board of directors shall not register any transfer of Shares unless a proper instrument of transfer duly stamped and executed by the transferor and transferee, has been delivered to the Company at its office or at such other place as the Directors may appoint for registration accompanied by the Share Certificate (or if no such certificate is in existence, by the letter of allotment of shares) and such other evidence as the Company may require to prove the title of the transferor of his right to transfer the Shares. Provided that where it is proved to the satisfaction of the Board of directors that an Instrument of transfer signed by the transferor and the transferee has been lost, the Company, may if the Board of Directors think fit, on an application in writing made by the transferee and bearing the stamp required by an instrument of transfer, register the transfer on such terms as to indemnity as the Board of Directors may think fit.

11.3 An application for the registration for the transfer of any share or Shares may be made either by the transferor, or by the transferee, provided that where such application is made by the transferor, no registration shall in the case of partly paid Shares, be effected unless the Company gives notice of the application to the transferee and subject to the provision of Article 23 of the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the register the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.

11.4 For the purpose of sub-clause (c) notice to the transferee shall be deemed to have been duly given if despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered in the ordinary course of post.

11.5 Nothing in sub-clause (d) shall prejudice any power of the Board of Directors to register as a Shareholder any person to whom the right to any Share has been transmitted by operation of law.

11.6 The Company should effect transfer, transmission, sub-division or consolidation of Shares/Debentures within 15 days from the date of lodgment thereof.

11.7 Notwithstanding anything contained in these articles, the Board of Directors of the Company may in their absolute discretion refuse splitting of any Share certificate or debenture certificate into denominations less than marketable lots i.e. the minimum number of Shares or Debentures as required for the purpose of trading on the Stock Exchange in which the Company's Shares and/or Debentures are/will be listed except where subdivision is required to be made to comply with a statutory provision or order of a competent Authority of law.

11.8 Shares in the Company shall be transferred by an instrument in writing in the prescribed form and shall in all respects comply within the provisions of the Act and any modifications thereof and the rules prescribed thereunder.

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

12. FEE ON TRANSFER OR TRANSMISSION

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

13. DIRECTORS MAY REFUSE TO REGISTER ANY TRANSFER

13.1 The Board of Directors may, at their absolute discretion and without assigning any reason, decline to register.

a. The transfer or transmission of any Share not being a fully paid share to a person whom they do not approve of.

b. Any transfer or transmission of Shares on which the company has a lien.

13.2 The Directors may decline to register the transfer of any share a call on such share has been made unless and until the amount of such call together with the amount of all overdue calls, if any on such and on all other Shares registered in the name of the member, either, solely or jointly with any other person and the amount of all interest, if any, in respect of overdue calls and costs shall have been first paid to the Company and notwithstanding that the time appointed for the payment of the call may not have arrived, but this Article shall not apply to any transfer which may have been actually lodged with the Office previous to the resolution for the call having been passed by the directors.

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

13.3 If the Board of Directors refuse to register any transfer or transmission of share they shall, within one month from the date on which the instrument of transfer or the intimation of such transmission was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission as the case may be.

13.4 In case of such refusal by the Board the decision of the board shall be subject to the right of the appeal conferred by [(12)]Section 111A sub-clause (2) of the Act.

13.5 The provisions of this clause shall apply to transfers of stocks.

13.6 Every endorsement upon the certificate of any share in favour of any transferee shall be signed by a person duly authorised by the Board in that behalf. In case of any transferee of a Share applying for a new certificate in lieu of the old or existing certificate, he shall be

[(12)] Section added vide resolution passed at the EGM held on June 27, 2007

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

13.7 The company shall incur no liability or responsibility whatever in consequence of their registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owners (as shown or appearing in the register of members) to the prejudice of persons having or claiming any equitable rights, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right or title or interest prohibiting registration of such transfer and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable right title or interest or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered to referred to in the books of the company, by the company shall nevertheless be at liberty to have regard and attend to any such notice and give effect thereto, if the Board of Directors shall think fit.

14. UNCLAIMED DIVIDEND

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

15. DIRECTORS

15.1 Subject to the provision of Section 252 of the Act, until otherwise determined, the number of directors shall not be less than three or more than twelve including ex-officio Directors.

15.2 [13] The Board shall at all times be constituted in accordance with all corporate governance norms, including the provisions of the listing agreements between the Company and the Exchanges.

15.3. The first directors of the Company are:

i. Sri. R Thyagarajan
ii Sri. A.V.S.Raja
iii Sri T. Jayaraman

15.4 The directors shall elect one of the body to be the chairman of the board of directors who shall hold such office as chairman until another chairman is substituted in his place.

15.5 If the Office of any director becomes vacant before the expiry of the period of directorship in normal course, the resulting casual vacancy may be filled by the Board of directors at a meeting of the Board. Any person so appointed shall hold office only to the date up to which the director in whose place he is appointed would have held Office if it had not become vacant as aforesaid.

[13] Inserted Vide Resolution passed at the EGM held on June 27, 2007

15.6 The directors may, from time to time appoint any person as an additional director provided that the number of directors and additional directors together shall not exceed the maximum number of directors fixed under article 29 above. Any person so appointed as an additional Director shall hold Office up to the date of next annual general meeting of the Company.

15.7 Every director including any ex-officio director shall be paid out of the funds of the company by way of remuneration such sum has may be fixed by the board, but not exceeding such sum of rupees as may be fixed for the time being as the maximum fees payable by the Central Government being applicable to the company as per the provisions of the Company's Act, 1956 for each meeting of the Board of Directors or any Committee of Directors attended by him irrespective of the number of days for which such meeting may continue consecutively and shall also be paid all reasonable traveling and other expenses incurred by him for attending the meeting of the Board of Directors or any Committee thereof, or General Meetings of the company or in connection with the business of the Company.

15.8 A Director including an ex-officio director or a director not liable to retire by rotation need not hold any Shares in the Company for being appointed as a director or continuing as a director.

15.9 Subject to the Provisions of Section 255 of the Companies Act, 1956, the Board of Directors may at any time and from time to time declare in respect of any Director appointed by the Company in General Meeting that his continued presence in the Board of Directors is advantage to the Company and that his office as Director shall not be liable to be determined by retirement by rotation for such period or until the happening of such event or contingency as the Board may specify and thereupon such Director shall not be liable for retirement by rotation but shall hold office for the period or until the happening of any event or contingency set out in the said resolution.

15.10 [14]The Board of Directors may enter into an agreement with any Financial Corporation/ Institution/ Bodies Corporate/ Banks and if the agreement so provides/ requires that so long as the said Financial Corporation/ Institution/ Bodies Corporate/ Banks held the

specified face value of Shares in the capital of the Company or the specified amount of loan advanced or guaranteed by them, the Financial Corporation/ Institution/ Bodies Corporate/ Banks shall be entitled to appoint any person as ex-officio Director to the Board, the appointment shall be made in the manner following viz.,

15.11 [15]On receipt of a communication from the Financial Corporation/ Institution/ Bodies Corporate/ Banks of the proposed nomination of any person as Director as aforesaid, the Board of Directors shall, as soon as practicable, after the proposed Director has filed his consent with the Registrar of Companies under Section 264 of the Companies Act, 1956, declare that he has been appointed as a Director as aforesaid and such appointment of Director shall take effect as and from the date of resolution of the Board of Directors recording the said appointment. The Director so appointed shall be an ex- officio Director and shall not be liable for retirement by rotation. The Director appointed under the Articles shall be designated as 'Nominee Director'.

[14]Amended at the AGM held on September 8, 2004
[15]Amended at the AGM held on September 8, 2004

15.12 The authority appointing ex-officio directors or directors not liable to retire by rotation from time to time may at any time remove any such directors so appointed and appoint any other person in his place and any casual vacancy in such office shall be filled in by appointment by the person or authority who appointed the Director the termination of whose office caused the casual vacancy.

15.13 [(16)]At least 7 (seven) Business Days prior written notice of each meeting of the Board or a committee thereof shall be given to each of the Directors at the address notified from time to time by each Director in writing to the Company, as the case may be, from time to time. A meeting of the Board or committee thereof may however be called by less than 7 (seven) Business Days prior written notice in the case of urgency or an emergency or if special circumstances shall so warrant with the prior written consent of a majority of the Directors.

15.14 Each notice of a meeting of the Board of Directors of the Company shall contain, inter alia, an agenda specifying in detail, the matters to be discussed at the relevant meeting and shall be accompanied by all necessary written information.

15.15 [(17)]The quorum for a meeting of the Board of Directors of the Company shall be as required under the Act and any other agreement executed by the Company with any of its shareholders.

15.16 The quorum of a Committee may be fixed by the Board of Directors and until so fixed if the committee is of a single member or two members shall be one and if or more than two members shall be two.

15.17 [(18)]A decision shall be said to have been made and/or a resolution shall be said to have been passed at a meeting of the Board of Directors of the Company or any committee thereof only if at a validly constituted meeting, such decisions are approved of by a majority of the Directors, which unless otherwise mandated by law in India, shall mean approval by a majority of the Directors present and voting at such Board or committee meeting of the Company as the case may be.

15.18 [(19)] A written resolution circulated to all the Directors or members of committees of the Board of Directors, of the Company, whether in India or overseas at the address provided by them and signed by a majority of them as approved, shall (subject to compliance with the relevant requirements of the Act) be as valid and effective as a resolution duly passed at a meeting of the Board of Directors or committee of the Board of Directors of the Company, as the case may be, called and held in accordance with these Presents (provided that it has been circulated in draft form, together with the relevant papers, if any to all the Directors).

[(16)]References to CPIM Investors in the articles deleted and accordingly the following article amended vide Resolution passed at the EGM held on December 4, 2008

[(17)]Article 38 (renumbered as 15.15) replaced with the following Article 38(renumbered as 15.15) vide Resolution passed at the EGM held on December 4, 2008

[(18)]Inserted vide Resolution passed at the EGM held on June 27, 2007

[(19)]Article 40 (renumbered as 15.18) replaced with the following Article 40 (renumbered as 15.18) vide Resolution passed at the EGM held on December 4, 2008

16. POWERS OF DIRECTORS

16.1 The business of the Company shall be managed by the Directors, who may pay all expenses incurred in getting up and registering the Company and may exercise all such powers of the Company as are not, by the Companies Act, 1956, or any statutory modification thereof for the time being in force, or by these Articles required to be exercised by the Company in General Meeting, subject nevertheless to any regulations of these Articles, to the provisions of the said Act and to such regulation being not inconsistent with the aforesaid meeting, but no regulations made by the Company in General Meeting shall invalidate any prior Act of the Directors which would have been valid if that regulation had not been made.

16.2 In furtherance of and without prejudice to the general powers conferred by or implied in Article 16.1 and the other powers conferred by these articles and subject to the provision of Section 292 of the Act, it is hereby expressly declared that it shall be lawful, for the Directors to carry out all or any of the objects set forth in the Memorandum of Association and to do the following things.

i. To pay the cost, charges and expenses preliminary and incidental to promotion, formation, establishment and registration of the Company and to have the same charged upon the funds of the company over such period of years as the Directors shall think fit.

ii. To purchase or otherwise acquire for the Company any property rights, or privileges which the company is authorised to acquire at such period and generally on such terms and conditions as they think fit.

iii. At their discretion to pay for any property rights, or privileges acquired by, or services rendered to the Company, either wholly or partially in cash or in Shares, 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 any such bonds, debentures, or other securities may be either specifically charged upon all or any of the property of the company and its uncalled shares, or not so charged.

iv. To secure the fulfillment of any contracts or agreement entered into by the Company by mortgage or charge of all or any of the properties of the Company and its uncalled capital for the time being or in such other manner as they think fit.

v. To appoint such Secretaries and Officers, for permanent, temporary or special services as they may from time to time thought fit to determine their powers and duties and fix their salaries and emoluments and to acquire security in such instance and for such amounts as they think fit.

vi. To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company and property belonging to the Company or in which the Company is interested or for any other purpose and to execute and do all such deeds and things as may be requisite in relation to any such trust and to provide for the remuneration of such trustee or trustees.

vii. To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company and also to compound and allow time for payment or satisfaction of any debts due and all or any claims of demands by or against the company.

viii. To refer any claims or demands by or against the Company to arbitration and observe and perform the awards.

ix. To make and give receipts, release and other discharges for money payable to the Company and for the claims and demands of the Company.

x. To execute all deeds, agreements, contracts and other documents that may be necessary or expedient for the purpose of the Company.

xi. To undertake on behalf of the Company the payment of all rent and the performance of all covenants and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company.

xii. To execute in the name and on behalf of the Company in favor 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 or future) as they think fit and any such mortgages may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon.

xiii. To give any person employed by the Company a commission on the profits, of any particular business or transaction, or a Share in the general profits of the Company and such commission or Share of profits, shall be treated as part of the working expenses of the Company.

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

xv. To invest and deal with the money of the Company upon such securities and investments and in such manner and places as the Directors may think fit and from time to time to vary or realise such investments, but subject to the provisions of Section 292 of the Act.

xvi. To borrow on mortgage of the whole or any part of the property of the Company or on the bonds, Debentures either unsecured or secured by a charge or mortgage or other securities of the Company, or otherwise as they may deem expedient, such sums as they may think necessary for the purpose of the company subject to provisions contained in section 292 and section 293 of the Act.

xvii. To purchase, take on lease or otherwise acquire and to sell, mortgage, lease, exchange or otherwise dispose of for the company, any property rights, or privileges which the company is authorised to dispose of at such price and generally on such term and conditions as they may think fit and to sign contracts, agreements, conveyances and other documents and to register documents and admit execution thereof.

xviii. To acquire or erect houses or buildings for the Officers of the Company, or for transaction of its business or for the employees for the purpose of investment or

otherwise and to insure against fire or other risks all or any of the insurable property of the Company.

xix. To open and establish branches and agencies for the conduct of the Company's business in any part of the world as may be determined by the Directors from time to time.

xx. To make, draw, endorse, or discount any cheque, promissory notes, Government of India Promissory Notes, or other Government Securities, hundies or other negotiable instruments in the name and for the purpose of the Company.

xxi. Notwithstanding anything herein contained to give to any director, officer or servant of the company, an interest in any particular business or transactions or participation in the profits thereof in substitution for a salary and such participation, commission, or salary shall be treated as part of the working expenses of the Company.

xxii. To act on behalf of the Company in all matters relating to bankrupt and insolvents.

xxiii. Before recommending any dividend to set aside out of the profits of the Company such sums as they think proper as a Reserve Fund to meet contingencies or for equalising dividends, or for repairing, improving and maintaining any of the property of company and for such other purposes as the Directors shall in their absolute discretion think conducive to the interests of the company and to invest the several sums so set aside upon such investments as they may think fit and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company and to divide the Reserve Funds into such special funds as they think fit with full power to employ the assets constituting the reserve Funds in the Business of the Company and that without being bound deep the same separate from the other general assets.

xxiv. To pay and satisfy all debts due from them and all liabilities of and claims and demands against the company.

xxv. To enter into contracts for the company and to contract on behalf of the company such debts and liabilities as they may in the exercise of their discretion consider necessary or proper in transacting the business of the Company.

xxvi. To take all necessary steps for registering the company in conformity with the laws of any Foreign state and to apply for and accept all statutes, laws, or decrees of the Government or authorities thereof necessary or expedient for enabling the Company to carry on, or more conveniently to carry on business within the jurisdiction of such state.

xxvii. To make and carry into effect any arrangement for joint working in business with or affiliating any other persons, Company, or Companies, carrying on any business capable of being conveniently worked in conjunction with the business of the company under terms and conditions that may be determined upon by the Directors of the Company.

xxviii. To establish, maintain, support and subscribe to any charitable or public or national 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 and to give pensions, gratuities, or charities and to any person or persons, including Directors and Managing Director who at any time have served the Company or to the wives, children or dependants of such person or persons that may appear to the Directors just or proper whether any such person his widow, children, or not a legal claim upon the company.

xxix. Before recommending any dividend, to set aside portions of the profits of the Company to form a fund to provide for the employees of the Company gratuities or compensations or to maintain or create any Provident Fund or Benefit Fund for the benefit of the employees of the Company in such manner as the Directors may deem fit.

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

xxxi. To enter into any agreement with any Government or Authority, Municipal local or otherwise and obtaining from them any rights, concessions and privileges as the directors deem fit.

xxxii. To open Banking Accounts with any Bank or Banks for and in the name of the Company and to operate on the same and to draw cheques on the said banking accounts. The Board of Directors are entitled to determine from time to time the persons being Directors, officers or other employees of the Company, who may sign, or draw such cheques, on the Company, company's behalf and in its name and purposes of the Company Bills, notes, receipts acceptances, endorsements, cheques, dividend warrants, releases, contracts and other documents, and to give the necessary instruction to the Company's Banks , whether the account be overdrawn or not.

xxxiii. And generally, at their absolute discretion, to do and perform every act and thing which they may consider necessary or expedient for the purpose of carrying on the business of the Company excepting such acts and things as by the Memorandum of Association of the Company or by these presents may stand prohibited.

xxxiv. The Board may appoint an alternate Director to act as a Director herein-after called in this clause "the original Director" during his absence for a period of not less than 3 months from the state in which the meeting of the Board are ordinarily held.

xxxv. [20]a) To capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts, share premium account or to the credit of the Profit and Loss account or otherwise available for distribution, and

[20] b) To authorise any person to enter on behalf of all the members entitled thereof, into an agreement with the company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation, for (as the case may require) for the payment by the company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares.

xxxvi. [20] The sum aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (xxxvii) either in or towards.

[20] (a) Paying up any amounts for the time being unpaid on any shares held by such members respectively:

[20] (b) Paying up in full, un-issued shares of the company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or

xxxvii. [20]A share premium account and a capital redemption reserve account may, for the purpose of this regulations, only be applied in the paying up of un-issued shares to be issued to members of the company as fully paid bonus shares.

xxxviii. [20]Make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issued of fully paid shares, if any,

xxxix. [20]Generally do all acts and things required to give effect thereto.

xl. [20]To make such provisions, by the issue of fractional certificates or by payments in cash or otherwise as it thinks fit, in case of shares becoming distributable in fraction.

xli. [20]Any agreement made under such authority shall be effective and binding upon on all such members.

16.3 Subject to Section 292 of the Act, the Board may delegate all or any of its powers to any directors jointly or severally or to any one Director at their discretion.

16.4 [21]Subject to the provision of section 293 (1) (e) of the Companies Act, 1956, the Board is empowered to establish, maintain, support and subscribe to any national, charitable, benevolent general or useful object or fund, and any institution, society or club which may be for the benefit of the company or its employees or which in the opinion of the directors is calculated to promote the interests of the company directly or indirectly.

17. BORROWING POWERS

17.1 The Board of Directors may from time to time but with such consent of the Company in general meetings as may be required under sec. 293 of the Act. raise any money or any moneys or sum of money for the purpose of the company, provided that the moneys to be borrowed together with moneys already borrowed by the company apart from temporary loans obtained from the company's banker's in the ordinary course of business shall not without the sanction of the company at a General Meeting exceed the aggregate of the paid-up capital of the company and its free reserves that is to say reserves not set part for any specific purpose and in particular but subject to the provision of sec 292 of the Act, the Board may from time to time at their discretion may raise or borrow or secure the payment of any such sum or sums of money for the purpose of the company, by the issue of Debentures to members, perpetual annuities and in security of any such money so

[20]Resolution passed at the AGM HELD ON November 6, 1995

[21]Resolution passed at the AGM HELD ON November 6, 1995

borrowed, raised or received, to mortgage pledge or charge, the whole or any part of the property, assets, or revenue of the company, present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and others as may be expedient and to purchase, redeem or pay off any such securities.

Provided that the Directors may, by a resolution at a meeting of the Board delegate the power to borrow money otherwise than on Debentures to a committee of Directors subject to limits specified in the said resolution in respect of the total which can be so borrowed.

[22]Debenture Stock/Loan/Loan Stock, bonds or other securities conferring the right to allotment or conversion into shares or the option or right to call for allotment of shares shall not be issued except with the sanction of the Company in General Meeting.

17.2 If the Directors or any of them, or any other person, shall become personally liable for the payment of any sums primarily due from the company, the directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the company by way of indemnity to secure the directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

17.3 Subject to Section 267, 268 and 269 or any statutory modifications thereof, the Board of Directors may from time to time appoint one or more of their body to the office of Managing Director or Whole Time Director for such period and on such terms as the Board may think fit and subject to the terms of any agreement entered into may revoke such appointment.

18. COMMON SEAL

18.1 The Board shall provide a common seal of the Company and they shall have power from time to time to destroy the same and substitute a new seal in lieu thereof [23]and the Board shall provide for the safe custody of the seal.

18.2 Every deed or instrument or document to which the Seal of the Company is required to be affixed shall be signed by (i) two Directors, or (ii) one Director and any authorised person or (iii) any two authorised persons and such authorized person shall be appointed or authorised by the Board of Directors of the Company or by a duly constituted Committee of the Board of Directors of the Company from time to time.

18.3 Any instrument bearing the common seal of the Company ,issued by a valuable consideration shall be binding upon the Company notwithstanding any irregularities touching upon the authority for the same

18.4 The provisions of this article of affixing common seal shall not apply to affixing common seal to share certificate/Certificates of debentures.

[22]Amended in the AGM held on October 15, 1994
[23]Amended on March 30, 1998 (EGM)

19. AUTHENTICATION OF DOCUMENTS

19.1 Every Balance Sheet and every Profit and Loss Account of the Company shall be signed by not less than two Directors of the Company.

19.2 Provided that when only one Director is for the time being in India the Balance Sheet and Profit and Loss Account shall be signed by such Director and in such a case there shall be attached to the Balance Sheet and Profit and Loss Account a statement signed by him explaining the reason for non-compliance with the provisions of sub-clause(19.1)

19.3 The Balance Sheet and the Profit and Loss Account shall be approved by the Board of Directors before they are signed on behalf of the Board in accordance with the provisions of this Article and before they are submitted to the Auditors for their report thereon.

19.4 Such as otherwise expressly provided in the Act or these Articles a document or proceedings authenticated by the Company may be signed by a Director, or an authorised officer of the Company and need not be under its seal.

20. INDEMNITY

20.1 Every Officer or agent for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which the judgment is given in his favour or in which he is acquitted or in any connection with any application under Sec.633 of the Act, in which relief is granted to him by the court.

[24]21. Section II

22.1 [25]Notwithstanding what is contained in Articles 1 to 20.1, in the event of any conflict between the provisions of this Section II and the provisions of Articles 1 to 20.1, the provisions of this Section II shall prevail.

22 DEFINITIONS AND INTERPRETATIONS

22.1 In this Section II, except where the context otherwise requires, the following terms shall have the following meanings:

i. "**Act**" means the Companies Act, 1956 (1 of 1956), as amended from time to time and shall include any statutory replacement or re-enactment thereof;

ii. "**Acceptance Period**" shall have the meaning assigned in Article 28.3(iii);

iii. "**Affiliate**" means, when used with reference to a specified Person, (a) any Person that directly or indirectly, through one or more intermediaries, Controls or is Controlled by or is under common Control with the specified Person, (b) any Person who, from time to time, is a Relative of a specified Person, and (c) any Person which, directly or indirectly,

[24] Article 58 (renumbered as 21.1) to 73 (renumbered as Article 41) Inserted Vide Resolution passed at the EGM held on December 4, 2008

[25]Amended Vide Resolution passed at the EGM held on December 4, 2008

is the beneficial owner of twenty-five percent (25%) or more of any class of equity securities or other ownership interests of the specified Person or of which the specified Person is directly or indirectly the owner of twenty-five percent (25%) or more of any class of equity securities or other ownership interests. It is clarified for the avoidance of doubt that where the term "Affiliate" is used with respect to Founders or Founders Directors, such individuals shall be deemed to be one Person (taken together) and, accordingly, their respective holdings shall be aggregated for the purposes of clause (c) of this definition;

iv. "**Applicable Law**" means any statute, law, ordinance, regulation, rule, order, bye law, administrative interpretation, writ, injunction, directive, judgment or decree or other instrument which has a force of law applicable to any Party or its Affiliates, as is in force from time to time;

v. "**Article**" means article or clause of these Articles;

vi. "**Business Days**" means a day on which banks are open for normal business in New York, Mauritius and Mumbai.

vii. **"Board"** or **"Board of Directors"** means, unless otherwise specified, the duly constituted board of directors of the Company.

viii. "**Closing**" shall have the meaning assigned in the TPG Subscription Agreement;

ix. **"Code"** means the U.S. Internal Revenue Code of 1986, as amended. Any reference to a section of the Code shall include a reference to any successor provision thereto;

x. "**Committee**" shall have the meaning assigned in Article 23.4(a);

xi. "**Committee Reserved Matters**" means (a) providing guidance to functional heads, setting performance benchmarks for and evaluating performance of functional heads, (b) development and supervision of implementation of the strategy, operational plans and applicable budgets, (c) implementation of corrective actions (including retention of third-party professional advisors and consultants, and / or recommendations regarding replacement of functional heads), to ensure successful implementation for the following functions:

a. Corporate finance, including but not limited to long term capital structure and treasury, (including but not limited to aspects like securitization, evaluating various avenues of raising funds and cost of funds);

b. Information technology, including but not limited to IT and MIS systems;

c. Credit and risk management, including but not limited to documentation, credit screens, data analytics, streamlining back office and fraud management;

d. entering into, review/ modification of any existing, Connected Persons Transactions; and

e. development and supervision of implementation of overall business strategy.

xii. "**Companies**" means the Company and any future direct or indirect Subsidiaries of the Company, collectively, and shall include any of their successors;

xiii. "**Competitor**" means any entity engaged on its own or through its Affiliates in a business or having a substantial interest in a business which is identical or similar to any business being carried on by the Company at the relevant time, or which can be reasonably said to be in competition with any business being carried on by the Company at such relevant time;

xiv. "**Connected Persons**" of the Company includes:-

a. any company under the same management (as defined by Section 370 (1-B) of the Act) as the Company;

b. the Founders, Founders Directors or any of their Affiliates;

c. any Director of the Company or of any holding company or Subsidiaries of the Company or of any Affiliate of the Company ("such Director");

d. any director of any holding or subsidiary company of any Affiliate of the Founders;

e. any Affiliate of the Company, or of such Director;

f. any firm or unlisted company in which the Company, the Founders, any Founders Director or any Affiliate or partner of any such Director, Founders, or Affiliate is a partner, shareholder or director or has any share, Control or interest; or any listed company in which the Company, the Founders, any such Director or any Affiliate or partner of any such director, Founders, or Affiliate is a director or holds shares exceeding 1% of the paid-up equity share capital of such listed company; or

g. any company, the board of directors, managing director or manager whereof acts or is accustomed to act in accordance with the directions or instructions of the Board of the Company, of the Founders, of any such Director or of any Affiliate mentioned above;

Provided that the term "Director" used in the aforementioned definition shall not include Directors other than Founders Directors and Investor Directors;

xv. "**Connected Persons Transactions**" means any transaction of the Company with Connected Persons;

xvi. "**Control**" (including with correlative meaning, the terms "Controlled by" and "under common Control" with) shall mean the power and ability to direct the management and policies of the controlled enterprise through ownership of voting shares of the controlled enterprise or by contract or otherwise;

xvii. "**Cure Period**" shall have the meaning assigned in Article 30.1;

xviii. "**Deed of Adherence**" means a deed to be executed by the transferee of any shares from the Investor or the Founders in the form mutually agreed between the Investor and the Founders;

xix. **"Directors"** mean the members of the Board of Directors;

xx. "**Drag-Along Buyer**" shall have the meaning assigned in Article 34.1;

xxi. "**Drag-Along Notice**" shall have the meaning assigned in Article 34.3;

xxii. "**Drag-Along Price**" shall have the meaning assigned in Article 34.1;

xxiii. "**Drag Notice**" shall have the meaning assigned in Article 28.3(d);

xxiv. "**Drag Price**" shall have the meaning assigned in Article 28.3(d);

xxv. "**Executive Committee**" shall have the meaning assigned in Article 23.4 (g);

xxvi. "**Existing Investors**" mean the following:

a. Asiabridge Fund I LLC;
b. [(26)]"IDBI Trusteeship Services Limited (the merged entity after its merger with The Western India Trustee and Executor Company Limited); and
c. [(26)]Bessemer Venture Partners Trust

xxvii. "**Existing Investors' Investment Agreements**" means the following agreements entered into between the Company and the Existing Investors:

a. Agreement dated May 9, 2008 between the Company and Asiabridge Fund I LLC;

b. Agreement dated May 13, 2008 executed between the Company and IDBI Trusteeship Services Limited (the merged entity after its merger with The Western India Trustee and Executor Company Limited) ; and

c. Agreement dated May 12, 2008 between the Company and Bessemer Venture Partners Trust.

xxviii. "**Existing Related Party Arrangements**" shall mean the following:

a. Agreement dated November 2003 between Shriram Chits and Investments Private Limited and SCUFL;

b. Agreement dated April 1, 2004 between Shriram Investment Limited, Shriram Transport Finance Company Limited, SCUFL, Shriram Overseas Finance Limited and Shriram Chits and Investments Limited;

[(26)]Clause (b)and (c) amended vide resolution passed at the EGM held on May 11, 2009

c. Agreement dated April 1, 2004 between Shriram Investment Limited, Shriram Transport Finance Company Limited, SCUFL, Shriram Overseas Finance Limited and Shriram Chits Private Limited (Hyderabad), Shriram Chits (Tamilnadu) Limited and Shriram Chits (Karnataka) Private Limited;

d. Agreement dated April 1, 2005 between SCUFL and Shriram Chits Private Limited (Hyderabad), Shriram Chits (Tamilnadu) Limited and Shriram Chits (Karnataka) Private Limited alongwith Letter dated March 23, 2006;

e. Agreement dated January 1, 2007 between Shriram Fortune Solutions Private Limited and SCUFL;

f. Letter Agreement dated September 1, 2006 between Shriram Value Services (P) Ltd and SCUFL;

g. Service Level Agreement dated September 1, 2006 between Shriram Value Services (P) Ltd and SCUFL;

h. Agreement for providing HR Related Services dated September 1, 2007 between Shriram Value Services (P) Ltd and SCUFL;

xxix. "**Exit Buyer**" shall have the meaning assigned in Article 28.3(d);

xxx. "**Exit Notice**" shall have the meaning assigned in Article 28.3(a);

xxxi. "**Exit Price**" shall have the meaning assigned in Article 28.3(b);

xxxii. "**Exiting Party**" shall have the meaning assigned in Article 39.1;

xxxiii. "**Extraordinary Resolution**" means:

a. in respect of a decision of the Company, a resolution of SRHPL approved with the affirmative consent of the Investor and the Founders, or of the Board of Directors of the Company approved with the affirmative consent of a director (not being an independent director) of the Investor and the Founders nominated on the Board of the Company; or

b. where the Investor and the Founders are directly holding shares in the Company in accordance with these Articles, a resolution of the Company approved by the affirmative consent of the Investor and the Founders, or as the case may be, a decision of the Board of Directors approved by the affirmative consent of at least two Directors, one each nominated by the Investor and the Founders;

xxxiv. "**Fair Market Value of the Company**" means, on a per share basis, the average of the daily high and low of the prices of the Shares of the Company for the two weeks preceding the date of computation, quoted on the stock exchange which has the highest volumes during the twenty six week period preceding the date of computation; provided, however, in the event that the shares of the Company are not listed on any of the Stock Exchanges, the Fair Market Value of the Company shall be determined by an International Investment Bank;

xxxv. "**Fair Market Value of Warrants in the Company**" means the excess (positive difference) of (i) Fair Market Value of the Company over (ii) the balance price payable towards exercise of each warrant in the Company;

xxxvi. "**Financial Year**" shall mean a period of twelve months commencing from 1st April of any calendar year and ending on the 31st March of the next calendar year, unless otherwise decided by the Parties;

xxxvii. "**Founders**" mean R. Thyagarajan, T. Jayaraman, Shriram Capital Limited and Shriram Ownership Trust;

xxxviii. "**Founders Directors**" mean the directors nominated by the Founders on the Board of the Company, directly or through the Holding Companies as representatives of the Founders;

xxxix. "**Founders Exit Securities**" shall have the meaning assigned in Article 28.3(d);

xl. "**Founders Purchase Offer Notice**" shall have the meaning assigned in Article 28.3(b);

xli. "**Fundamental Issues**" means the matters set out in Article 24 which relate to the Company;

xlii. "**Further Shares**" shall have the meaning assigned in Article 29.2;

xliii. "**Holding Companies**" means SRHPL and SEHPL collectively (including any of their successors);

xliv. "**ICC**" shall have the meaning assigned in Article 37.2;

xlv. "**ICC Rules**" shall have the meaning assigned in Article 37.2;

xlvi. "**Investor**" means TPG India Investments I, Inc. along with its successors and assigns.

xlvii. "**Investor Directors**" mean the directors nominated by the Investor on the Board of the Company, directly or through the Holding Companies as representatives of the Investor;

xlviii. "**International Investment Bank**" means any of the following investment banks or their successors, to be mutually appointed by the Founders and the Investor:
DSP Merrill Lynch Limited
Kotak Capital Corporation Limited
JM Morgan Stanley Limited

xlix. "**IPO**" means the first public offering of shares, and listing of such shares and their admission to trading on the National Stock Exchange of India Limited or the Bombay Stock Exchange Limited;

l. "**Key Employees**" means any person employed or engaged by the Company under any of the designations of Chief Executive Officer (CEO), Chief Operating Officer (COO), Regional heads of operations as appointed from time to time, Chief Financial Officer (CFO), Chief Technical Officer (CTO) or any person performing functions ordinarily

performed by persons employed or engaged under the said designations, by whatever name called;

li. "**Licensor**" shall have the meaning assigned in Article 38.4;

lii. "**Main Services Agreements**" means the Chits Brokerage Agreement, HR Services Agreement, Initial Chits General Agreement, IT Services Agreement, SCUFL Chits General Agreement and SCUFL Brokerage Agreement;

liii. "**Material Breach**" means a breach of one or more provisions of Article 22.3 (Transfer Provisions), Article 24 (Fundamental Issues), Article 28 (Investor's Right to Exit), or Article 29 (Restrictions on Direct Acquisition of Beneficial Interest in the Company);

liv. "**Material Contract**" means any existing agreement, lease, sublease, license for property, hire or rental agreement, promissory note, evidence of indebtedness, or other contract or commitment to which the Company is a party that involves the payment by any party thereto of at least Rs.10 million in a year, irrespective of whether executed individually or in a series;

lv. **"New License Arrangement**" means the license agreement between Shriram Capital Limited and the Company in modification of the license agreement dated November 28, 2003 between Shriram Capital Limited and the Company;

lvi. "**Panel**" shall have the meaning assigned in Article 23.2 (a);

lvii. "**Party**" shall mean each of the Founders, the Investor, SRHPL, SEHPL and the Company and "**Parties**" shall mean collectively all of them;

lviii. "**Person**" includes any legal or natural person, an individual, corporation, partnership, limited liability company, companies with unlimited liability, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof;

lix. "**Proposed Purchaser**" shall have the meaning assigned in Article 28.3(b);

lx. "**Proposed Transfer**" shall have the meaning assigned in Article 22.6 (a);

lxi. "**Proposed Transferee**" shall have the meaning assigned in Article 22.6 (a);

lxii. "**Offer Price**" shall have the meaning assigned in Article 22.5 (a);

lxiii. "**Option Notice**" shall have the meaning assigned in Article 31.1;

lxiv. "**Relative**" shall mean the spouse, child and parents of a specified Person;

lxv. "**Sale Securities**" shall have the meaning assigned in Article 22.5 (a);

lxvi. "**SEBI**" means the Securities and Exchange Board of India;

lxvii. "**Securities**" shall have the meaning assigned in Article 31.1;

lxviii. "**SEHPL**" means Shriram Enterprises Holdings Private Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at 2nd Floor, Mookambika Complex, No.4, Lady Desika Road, Mylapore, Chennai – 600 004;

lxix. "**Shares**" shall mean, unless specifically defined otherwise, the fully paid-up equity shares of face value of Rs.10 each of the Company, issued from time to time, together with all rights, obligations, title and interest in and to such shares and shall be deemed to include all bonus shares issued in respect of such shares, equity shares issued pursuant to a stock split in respect of such shares and all equity shares issued in respect of such shares by any other body corporate pursuant to a scheme of merger or amalgamation or reconstruction pursuant to the relevant provisions of the Act or under any other law for the time being in force;

lxx. "**Stock Exchange(s)**" means the Stock Exchanges of Mumbai, Madras and National Stock Exchange of India Limited where the Shares of the Company are currently listed;

lxxi. "**Subsidiaries**" means such companies that shall become subsidiaries of the Company in terms of the Act, from time to time;

lxxii. "**SRHPL**" means Shriram Retail Holdings Private Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at 2nd Floor, Mookambika Complex, No.4, Lady Desika Road, Mylapore, Chennai – 600 004.

lxxiii. "**Takeover Code**" means the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as amended from time to time;

lxxiv. "**Takeover Offer**" shall mean a public announcement and an offer to purchase upto 10,785,500 Shares of the Company by SRHPL;

lxxv. "**Takeover Offer Closing Date**" means the date on which the Shares tendered in response to the Takeover Offer and accepted are transferred to the name of SRHPL and / or the Investor in accordance with the Takeover Code;

lxxvi. "**TPG Subscription Agreement**" means the Share Subscription Agreement dated September 12, 2008 entered into between the Investor, the Founders, SRHPL, SEHPL and the Company;

lxxvii. "**Transfer**" means (in either the noun or the verb form and including all conjunctions thereof with their correlative meanings) with respect to any shares and warrants, the direct or indirect sale, pledge, assignment, transfer or other disposition (whether for or without consideration) of any shares / warrants or of any direct or indirect beneficial interest therein or the creation of any third party interest in or over such shares / warrants;

lxxviii. "**Transfer Notice**" shall have the meaning assigned in Article 22.5 (a);

lxxix. "**Transferring Party**" shall have the meaning assigned in Article 22.6 (a);

lxxx. "**Transferring Percentage**" shall have the meaning assigned in Article 22.6 (a);

lxxxi. "**Warrant(s)**" means, unless otherwise defined, warrants issued by the Company, conferring an option on the Warrant holder to subscribe to one Share of the Company per Warrant;

22.2 **NON- COMPETE**

As long as the Investor holds, directly or indirectly, not less than 5% beneficial interest in the paid up share capital of the Company, whether through the Holding Companies or directly in the Company in accordance with these Articles, neither the Founders nor any of their Affiliates shall, directly or indirectly, work for or associate in any way (including but not limited to as proprietor, shareholder, partner or director) with, or conduct business as, a Competitor of any of the Companies. Regardless of the beneficial interest of the Investor in the Company (whether through the Holding Companies or directly in the Company in accordance with these Articles), the Founders shall not, directly or indirectly, work for or associate in any way (including but not limited to as proprietor, shareholder, partner or director) with, or conduct business as, a Competitor of any of the Companies for a period of five years from the later of (a) the date on which the Founders cease to have the right to appoint or nominate any Directors to the Board of all the Companies or (b) the date on which the Founders (taken together) cease to hold, directly or indirectly, at least 5 % beneficial interest in the paid up share capital of the Company, whether through the Holding Companies or directly in the Company in accordance with these Articles.

22.3 **TRANSFER PROVISIONS**

For the purpose of this Article 22.3, unless specified otherwise, the terms "**Shares**" and "**Warrants**" shall mean any Shares and Warrants held by the Founders or the Investor, as the case may be, in the Company or any direct or indirect beneficial interest held by the Founders or the Investor, as the case may be, in the Shares and Warrants of the Company.

22.4 **LOCK-IN AND RESTRICTIONS ON TRANSFER**

a. Notwithstanding anything contained in Articles 22.5 , for a period of three years from the date of Closing, the Founders shall not, directly or indirectly, effect or permit, and shall ensure that there does not occur, voluntarily or involuntarily, any Transfer of the Shares or Warrants held by them or any right, title or interest therein, in favor of any Person, including but not limited to, any lenders of the Company, except with the prior written consent of the Investor (in its sole discretion) and except in compliance of the provisions of Article 22.7 herein, and the other provisions of these Articles. Provided however, the restrictions contained in Articles 22.4 to 22.6 shall not apply in case of inter se transfers between Founders and their Affiliates or any of them subject to such Affiliates executing a Deed of Adherence prior to the Transfer. The Founders may seek to create a pledge, lien or charge over the Shares held by the Holding Companies in the Company as security for short term borrowings which pledge, lien or charge shall be subject to the prior written consent (the decision to grant such consent shall be in the absolute and sole discretion of the Investor) of the Investor. The restrictions contained in Article 22.6 shall not apply in case of inter se Transfers between the Investor and its Affiliates provided however that such Affiliates shall, prior to the Transfer, execute a Deed of Adherence.

b. Such right of the Founders to sell with the prior written approval of the Investor shall, in addition, be subject to the Investor's right of first refusal in accordance with Article 22.5.

c. In the event of a purported Transfer by any of the Founders of the Shares or Warrants in violation of the provisions of these Articles, such purported Transfer shall be ab initio void, and of no effect.

d. It is clarified that the restrictions in this Article 22.4 shall not apply to Transfer of shares of Shriram Capital Limited provided however that such Transfer of shares of Shriram Capital Limited satisfies all of the following conditions:

i. such Transfer, or series of Transfers (taken together), of shares of Shriram Capital Limited does not exceed 25% of the issued and paid up share capital of the Company in the event that such Transfer is consummated prior to an IPO of the shares of Shriram Capital Limited OR such Transfer of shares of Shriram Capital Limited does not exceed 49% of the issued and paid up share capital of the Company in the event that such Transfer is consummated after an IPO of the shares of Shriram Capital Limited;

ii. such Transfer, or series of Transfers (taken together), of shares of Shriram Capital Limited does not result in a change in Control or management of the Company, or Shriram Capital Limited; and

iii. such Transfer, or series of Transfers (taken together), of shares of Shriram Capital Limited does not confer upon the Transferee any rights in the Company, the Holding Companies or Shriram Capital Limited which prejudice the rights of the Investor under these Articles or the ability of the Founders, the Holding Companies or the Company to perform their respective obligations under these Articles. The Founders should ensure that as a condition precedent to such rights of the Transferee coming into effect, the Transferee shall acknowledge in writing that in the event of any conflict between the provisions of these Articles and any agreement executed inter-alia between the Transferee and the Founders in connection with the Transferee's rights, the provisions of these Articles shall prevail. A copy of such acknowledgment is to be furnished by the Founders to the Investor.

22.5 **INVESTOR'S RIGHT OF FIRST REFUSAL**

a. Any Founder desirous of Transferring any of his Shares or Warrants ("**Sale Securities**") should by notice in writing ("**Transfer Notice**") notify the Investor of the number of Sale Securities proposed to be sold or transferred by such Founder and the terms and conditions of the Transfer, including price ("**Offer Price**") and the name of the proposed purchaser along with evidence of receipt of an offer for the sale of the Sale Securities at the Offer Price from such proposed purchaser. Within thirty (30) days of receipt of such Transfer Notice, the Investor or its Affiliates may agree to buy or refuse to buy the Sale Securities on terms and conditions (including the Offer Price) no less favorable than those intimated by the Founder in the Transfer Notice, and should communicate the same to such Founder.

b. Failure by the Investor to communicate its decision to buy the Sale Securities within the said thirty (30) days period shall be deemed to be a refusal by the Investor to buy the Sale Securities. If the Investor fails to communicate or otherwise communicates refusal to buy the Sale Securities, the Founder is fully entitled to Transfer the Sale Securities to any Person on terms and conditions no less favourable than those intimated by the Founder in the Transfer Notice (including without limitation at a price not less than the Offer Price) subject to application of Article 22.6. Such Transfer of the Sale Securities shall be completed within thirty (30) days thereafter. In the event of a failure to so consummate the Transfer within the stipulated thirty (30) days period, the Transfer shall again be subject to the provisions of this Article 22.5.

c. If the Investor communicates its agreement to buy the Sale Securities from the Founder, the purchase of the Sale Securities shall be completed by the Investor within ninety (90) days from the date of acceptance of the offer of the Founder. At such closure, the Founder shall deliver free, marketable and unencumbered title to the Sale Securities being Transferred and the Investor shall pay to the Founder the Offer Price per Sale Security, as the case may be.

d. Without prejudice to any rights of the Parties, in the event that the Investor fails to pay the Offer Price per Sale Security before the scheduled date of closure as aforesaid, the Founder will be free to Transfer the Sale Securities to any Person on terms and conditions no less favourable than those intimated by the Founders in the Transfer Notice (including without limitation at a price not less than the Offer Price). Any transferee to whom the whole or substantially the whole of the Sale Securities are sold shall be bound by all the obligations as described in Article 22.7 of these Articles.

e. In the event of a failure by the Founder to consummate the Transfer within a period of sixty (60) days thereafter, the Transfer of Sale Securities shall again be subject to the provisions of this Article 22.5.

f. It is clarified that in determining the consideration payable for the Shares / Warrants of the non-Transferring Party under this Article 22.6, the total consideration received by the Transferring Party whether by way of non-compete fees or otherwise, shall be taken into account.

22.6 **TAG ALONG RIGHTS**

a. Subject to Article 22.5, if applicable, in the event of a proposed Transfer by the Investor or the Founders ("the **Transferring Party**") of all or any portion of their Shares or Warrants (a "**Proposed Transfer**"), the ratio of the number of Shares or Warrants proposed to be transferred by the Transferring Party and the total number of Shares and Warrants held by the Transferring Party on the date of the Proposed Transfer shall be computed ("**Transferring Percentage**"). The non-Transferring Party shall have the right to require the Transferring Party to cause the proposed Transferee (a "**Proposed Transferee**") to purchase such number of Shares and / or Warrants held by the non-Transferring Party, notwithstanding anything contained in Article 22.4, as is equal to Transferring Percentage of the total number of Shares and / or Warrants held by the non-Transferring Party on the date of the Proposed Transfer at the same price as agreed for the Proposed Transfer.

In the event the Transferring Party elects to transfer Shares, and the non-Transferring Party elects to transfer Warrants, the price per Warrant payable to the non-Transferring Party shall be the excess (positive difference) of (i) the price per Share agreed for the Proposed Transfer over (ii) the balance, if any, payable towards exercise of each Warrant held by the non-Transferring Party.

In the event the Transferring Party elects to transfer Warrants, and the non-Transferring Party elects to transfer Shares, the price per Share payable to the non-Transferring Party shall be the aggregate of (i) the price per Warrant agreed for the Proposed Transfer and (ii) the balance, if any, payable towards exercise of each Warrant.

Provided however that should the Proposed Transfer occur prior to the Founders and Investor rolling down their beneficial ownership of the Company in accordance with these Articles and the Proposed Transfer would result in the Proposed Transferee holding a fully-diluted beneficial ownership of 20% or more in SRHPL from the Transferring Party, the non-Transferring Party shall have a right to require the Transferring Party to cause the Proposed Transferee to purchase all or any of the Shares and / or Warrants held by the non-Transferring Party.

Provided further that should the Proposed Transfer occur after the Founders and Investor have rolled down their beneficial ownership of the Company in accordance with these Articles and the Proposed Transfer would result in the Proposed Transferee holding a fully-diluted beneficial ownership of 10% or more in the Company from the Transferring Party, the non-Transferring Party shall have a right to require the Transferring Party to cause the Proposed Transferee to purchase all or any of the Shares and / or Warrants held by the non-Transferring Party in the Company.

b. The Transferring Party shall give notice of the Proposed Transfer to the non-Transferring Party ("**Transfer Notice**"), setting forth the name and address of the Proposed Transferee, the proposed amount and form of consideration, and other terms and conditions of payment offered by the Proposed Transferee. The Transferring Party shall deliver or cause to be delivered to the non-Transferring Party copies of all transaction documents relating to the Proposed Transfer as the same become available. The tag-along rights provided by this Article must be exercised by the non-Transferring Party within thirty (30) days following receipt of the Transfer Notice, by delivery of a written notice to the Transferring Party indicating its desire to exercise its rights and specifying the number of Shares / Warrants that the non-Transferring Party desires to Transfer. In the event that the non-Transferring Party has agreed to Transfer its Shares / Warrants pursuant to the Transfer Notice, then on the closing date of such transaction (of which the Transferring Party shall give the non-Transferring Party at least ten (10) days prior written notice) and unless any contrary term has been proposed in the Transfer Notice, the Transferring Party shall remit to the non-Transferring Party the consideration for the Shares / Warrants of the non-Transferring Party sold pursuant to this Article. In the event of a failure by the Transferring Party to consummate the Transfer within a period of sixty (60) days thereafter, the Proposed Transfer shall again be subject to the provisions of this Article 22.6.

c. Any Transfer of Shares / Warrants by the non-Transferring Party to a Proposed Transferee pursuant to this Article shall be on the terms and conditions intimated in the Transfer Notice; provided, however, the non-Transferring Party shall not be required to make to the Proposed Transferee any (i) representations and warranties with respect to the business of the Company or the Holding Companies, (ii) indemnities or (iii) if the Investor is the non-Transferring Party, any non-competition or similar agreements that would bind the non-Transferring Party or its Affiliates.

d. Notwithstanding anything contained in this Article 22.6 but subject to Article 22.4 and Article 22.5, prior to the Founders and Investor rolling down their beneficial ownership of the Company in accordance with these Articles, a Transferring Party shall be free to transfer in the aggregate, in the open market (otherwise than by way of a block deal) no more than 25% of the fully diluted percentage beneficial ownership held by the Transferring Party in SRHPL.

e. Notwithstanding anything contained in this Article 22.6 but subject to Article 22.4 and Article 22.5, after the Founders and Investor roll down their beneficial ownership of the Company in accordance with these Articles, a Transferring Party shall be free to transfer in the aggregate, in the open market (otherwise than by way of a block deal) no more than 5% of the fully diluted equity share capital of the Company.

22.7 **TRANSFEREE'S OBLIGATIONS**

The obligations owed to the Investor in these Articles shall apply to any transferee of interest in the Company by the Founders or their transferees, as if the transferee were a party to these Articles. It shall be a condition precedent for such transfer, including for any transfer to Affiliates of the Founders, for the transferee to execute the Deed of Adherence, provided however, no such Deed of Adherence shall be required to be executed by a transferee pursuant to an unsolicited bonafide treasury sale on a stock exchange (not being a block deal) as long as a beneficial interest of not more than 5 % in the fully paid up share capital of the Company has been cumulatively sold or transferred in any manner whatsoever prior to such sale or would get sold or transferred pursuant to such sale.

23 CORPORATE GOVERNANCE

23.1 **BOARD OF DIRECTORS OF THE COMPANY**

a. The Board of the Company shall comprise upto 12 Directors, to be appointed / nominated as follows:

i. Three Directors who are nominees of the Investor;
ii. Three Directors who are nominees of the Founders;
iii. One Director who is the nominee of IREDA;
iv. Investor and Founders shall mutually agree upon and identify 1 individual who shall be independent Director of the Company (which may include any of the existing independent Directors of the Company), of which, one shall be the Chairman of the Board of the Company. Any vacancy in the office of an

independent Director of the Company shall be filled in accordance with Article 23.2.

b. In the event that IREDA or any of the Existing Investors waive their right to nominate an independent Director on the Board of the Company or cease to be entitled to such right, the resulting vacancy in the office of independent Directors of the Company shall be filled in accordance with Article 23.2.

c. The Managing Director of the Company shall be appointed by the Founders.

d. Notwithstanding anything contained in Article 23.1(a) herein, in the event that any shareholder having a right to nominate a Director(s) on the Board of the Company ceases to have such a right, the resulting vacancy on the Board of the Company shall be filled by the appointment of Independent Director(s) in the manner set out in Article 23.2 herein.

e. [(27)]IDBI Trusteeship Services Limited, (the merged entity after its merger with The Western India Trustee, and Executor Company Limited) with the mutual consent of the Company shall be entitled to appoint one person as an Independent Director on the Board of the Company subject to its shareholding percentage (together with its Affiliates) reaching a level of 7% or above of the paid up share capital of the Company. Such right shall continue only if the above shareholding percentage is continuously maintained at a level of 7% or above of the paid up share capital of the Company. The Independent Director shall be non-executive Director and shall not be responsible for the day to day management of the Company. IDBI Trusteeship Services Limited shall be entitled to appoint such Independent Director subject to clauses contained in the Existing Investors' Investment Agreement.

23.2 **APPOINTMENT OF INDEPENDENT DIRECTORS**

For the purpose of this Article 23.2, unless otherwise specified, the term "**Board**" shall mean the Board of Directors of the Company or any Committee(s) thereof (including without being limited to the Executive Committee), as the case may be, and the term "Independent Director" shall be construed accordingly.

a. The Founders and the Investor shall, within ninety (90) days from the date of Closing, agree upon a panel of not more than ten independent Directors ("the **Panel**").

b. The independent Directors on the Panel shall be listed in the decreasing order of priority. Unless otherwise agreed by the Parties, appointment of all independent Directors under this Article 23.3 shall be made in such order of priority.

c. The Founders and the Investor shall mutually reconstitute the Panel every twelve months by adding and/or removing there from such number of individuals as the Parties may mutually agree or reprioritizing them. In case no agreement is reached on this within the stipulated time, then the independent

[(27)]Clause (e) inserted vide resolution passed at the EGM held on May 11, 2009

Directors shall be appointed only by mutual consent of the Founders and the Investor.

d. Any vacancy arising in the office of an independent Director appointed on the Board, whether on account of death, resignation, removal or otherwise, shall be jointly filled by the Founders and the Investor within fifteen (15) days from the date of such vacancy. Subject to Article 23.2(c), in the event, the Investor and Founders are unable to agree on the appointment of a replacement for such vacancy, the next available independent Director from the Panel shall be forthwith appointed.

e. Where no independent Director is available for appointment on the Panel, whether on account of death, unwillingness or otherwise or if the Panel has ceased to exist, the Founders and the Investor shall mutually make such appointment. The office of the independent Director to which an appointment is to be made shall remain vacant until the Founders and the Investor mutually agree upon such appointment

23.3 **PROVISIONS APPLICABLE TO THE BOARD OF DIRECTORS OF THE COMPANY GENERALLY**

In this Article 23.3, the terms "**Board**" or "**Board of Directors**" shall refer to the board of directors of the Company and the term "**Director**" shall be construed accordingly.

a. The Investor and the Founders shall have the right to replace and/or remove their respective nominees at any time and from time to time and to fill vacancies that may be created otherwise in respect of these nominees.

b. The Chairman of the Board shall not have a casting vote.

c. The quorum of any meeting of the Board of Directors where any matter which requires the specific consent of the nominee(s) of the Investor or the Founders or both in accordance with the provisions of Article 24 is to be taken up shall be in accordance with Applicable Law, of which at least one Director shall be the nominee(s) of the Investor or the Founders or both, as the case may be.

d. The quorum of any meeting of the Board of Directors other than those referred to in Article 23.3(c) shall be in accordance with Applicable Law and shall comprise at least one Director who shall be a nominee of the Investor and one Director who shall be a nominee of the Founders. In the absence of such quorum, the meeting of the Board of Directors shall be reconvened after one week. At such reconvened meeting, the quorum shall be in accordance with Applicable Law and shall not require the presence of a nominee of the Investor and / or the Founders. However, it is clarified that at such meeting of the Board of Directors, there will be no discussion and no vote on matters which require either the specific consent of the nominee of the Investor under Article 24 or the specific consent of the nominee of the Founders under Article 24.

e. All decisions at any meeting of the Board shall be in accordance with the vote of a simple majority save such decisions which require the specific consent of the Founders or the Investor, as the case may be.

f. The Directors nominated by the Founders and the Investor shall be entitled to equal rights and privileges including sitting fees and expenses, but if any other fees, commission, monies or remuneration in any form is payable to such Directors for services rendered by such Directors otherwise than in the capacity as a director, the fees, commission, monies and remuneration in relation to a Director nominated by the Investor shall accrue to the Investor and the same shall accordingly be paid by the Company directly to the Investor.

g. Provided that in respect of Directors nominated by the Investor, if the Investor so advises the Company, the sitting fees in relation to such Investor shall accrue to the Investor and the same shall accordingly be paid by the Company directly to the Investor.

23.4 **COMMITTEES OF THE BOARD OF DIRECTORS**

a. Except as specified otherwise herein, the Investor and the Founders shall, subject to a right to nominate at least one nominee irrespective of the number of nominees appointed by the other Party, be entitled to nominate an equal number of nominees on each committee of the Board ("**Committee**"). The Investor and the Founders shall have the right to replace and/or remove their respective nominees at any time and from time to time.

b. The Investor may, at its sole discretion, require the constitution of additional committees of the Board comprising of such number of members as the Investor may deem fit.

c. A meeting of each Committee shall be held at least once every quarter.

d. Every notice convening a meeting of the Committee shall set out the agenda, in sufficient detail, of the business to be transacted thereat and no item or business shall be transacted at such meeting, unless the same has been stated in full and in sufficient details in the said notice convening the meeting.

e. The quorum of any meeting of the Committee where any matter which requires the specific consent of the respective nominee(s) of the Investor or the Founders or both in accordance with the provisions of Article 24 is to be taken up shall be two (2) Directors, of which at least one Director shall be the respective nominee(s) of the Investor or the Founders or both, as the case may be.

f. The quorum of any meeting of the Committee other than those referred to in Article 23.4 (e) shall be in accordance with Applicable Law and shall comprise at least one Director who shall be a nominee of the Investor and one Director who shall be a nominee of the Founders. In the absence of such quorum, the meeting of the Committee shall be reconvened after three (3) days. At such reconvened meeting, the quorum shall be in accordance with Applicable Law and shall not require the presence of a nominee of the Investor and / or the Founders. However, at such meeting of the Committee, there will be no

discussion and no vote on matters which require either the specific consent of the nominee of the Investor or the Founders under Article 24.

g. The Founders and the Investor shall cause the Board of Directors of the Company to (a) appoint an executive committee for the Company (the "**Executive Committee**") and (b) delegate authority for the Committee Reserved Matters. The Executive Committee will be broad-based to ensure participation of all the key constituents and in order to strengthen the effectiveness of the Board of Directors and the Managing Director of each Company. The Executive Committee will meet atleast once every 6 weeks or as required and decided by the majority of the members of the Executive Committee.

h. The Executive Committee shall direct and oversee the Committee Reserved Matters. The respective managing director (whether designated as Managing Director, CEO, COO or otherwise) shall be responsible for implementing the directions and giving effect to the decisions of the Executive Committee which shall be binding with respect to the Committee Reserved Matters, provided, however, recommendations of the Executive Committee regarding replacement of the functional heads will not be binding on the Company and / or the managing director (whether designated as Managing Director, CEO, COO or otherwise) and shall be acted upon subject to approval by the Board of Directors of the Company.

i. Without limiting the generality of clause (g) above, each Executive Committee shall consist of 5 voting members (all other members of the Executive Committee shall not have any voting rights): 2 members each to be designated by the Founders and the Investor, and the remaining 1 member shall be an independent Director appointed by the other members of the Executive Committee from any of the existing independent Directors on the Board of the Company.

j. In the events that the rights of either the Investor or the Founders under this Article stand extinguished pursuant to Article 39, then such party shall no longer be entitled to designate a member and the Committee seat would then stand vacated and shall be filled in by the other members of the Executive Committee within fifteen (15) days of such vacancy, by appointment from the independent Directors on the Board of the Company.

k. Notwithstanding anything contained in these Articles, the managing director (whether designated as Managing Director, CEO, COO or otherwise) of the Company shall be a member of the Executive Committee and for the purpose of clause (i) above, shall be deemed to be the nominee of the Investor in case the managing director of the Company was appointed by the Investor or the Founders in case the managing director of the Company was appointed by the Founders.

l. All decisions at any meeting of the Executive Committee shall be in accordance with the vote of a simple majority.

24. FUNDAMENTAL ISSUES

24.1 Notwithstanding anything contained herein but subject to the provisions of Article 39, any action with respect to the following Fundamental Issues shall require the specific consent of the shareholders of the Company by way of an Extraordinary Resolution and/or the consent of the Investor's and the Founders' nominee on the Board or Committee thereof, as the case may be:

i. Acquisition of assets of other businesses, or creation of joint ventures / partnership, mergers, de-mergers and consolidations or any other business combination with another entity.

ii. Divestment of shares of any Subsidiary.

iii. The appointment or removal of, setting or revising compensation to the Founders and key management personnel including but not limited to CEO, CFO, COO, CTO and Head of Treasury, by whatever name called, and the remuneration of any employee whose remuneration costs in excess of Rs.3.0 million in any calendar year, and amendment of terms of employment of any such Person.

iv. Creation of investment in Subsidiaries other than investments in fully owned (100%) subsidiaries or any other investments (other than short-term liquid investments in Banks and Government Securities).

v. Capital expenditure including acquisition of assets (including without limitation all non-financial assets), construction or lease in excess of Rs.10.0 million per annum or over 10.0 % over those approved in the annual business plan or budget.

vi. Incurrence of any indebtedness (including capitalized lease obligations) by the Holding Companies, including without limitation in connection with the Takeover Offer.

vii. Agreements or arrangements with the Investor, Founders or their Affiliates and any transaction, agreement or arrangement with any entity or firm, in which any of the Founders or any of their Affiliates has a financial interest of more than 2%.

viii. Amendments or any proposal to amend the respective memorandum or articles of association including change in the maximum or minimum number of Board members provided in the Articles.

ix. Approval of or amendment to the annual business plan or budget including utilisation of free cash flows.

x. Commencement of any new line of business, which is unrelated to the business of the Companies.

xi. Commencement or settlement of litigation, arbitration or administrative proceeding where the amount involved is above Rs.10.0 million in any particular financial year.

xii. Changes to material accounting or tax policies or practices.

xiii. Recommend, giving or renewing of security for or the guaranteeing of debts or obligations of the Companies or any subsidiary company other than guarantees given in the usual course of business unless such guarantees given in the usual course of business individually or in the aggregate, exceeds Rs.20.0 million.

xiv. Any change in the financial year for preparation of audited accounts.

xv. Recommendation of, or declaration of, any dividend or distribution of any kind.

xvi. Except as approved in the annual business plan or budget, creating any lien or charges or proposing the sale, lease, transfer, license or in any other way proposing to dispose off any assets or undertaking in excess of Rs.2.0 million for individual transactions or Rs.20.0 million, on a cumulative basis, in any financial year or substantially all the assets or undertaking except in the usual course of business.

xvii. Any resolution to appoint or re-appoint or for the removal of statutory and/or internal auditors.

xviii. Any bankruptcy, dissolution, insolvency, recapitalization, reorganization, assignment to its creditors, winding up and / or liquidation.

xix. Any agreement, arrangement, transaction for assignment of intellectual property rights including those relating to copyrights, trademarks, patents and designs.

xx. Except in the ordinary course of business, entry into, amendment or termination of any Material Contract.

xxi. Delegation of authority or any of the powers relating to any matter contained in this clause of the Board to any individual or committee.

xxii. Shifting of registered office.

xxiii. Any increase in the issued, subscribed or paid up equity or preference share capital, or re-organization of the share capital, including new issue of shares or other securities or any preferential issue of shares or redemption of any shares, issuance of debentures or warrants, or grant of any options over shares.

xxiv. Approval of any new scheme or plan for grant of employee stock options, or sweat equity shares to any Person or entity, including any modification to any new or existing scheme or plan.

xxv. Material deviations to the operating budget.

xxvi. Any amendment, modification or cancellation of the New License Agreement.

xxvii. Any Connected Persons Transaction

xxviii. Granting loans or advances to any Person or set of Persons related to one another, in excess of Rs.20 million in any Financial Year.

xxix. Any commitment or agreement to do any of the foregoing.

The limits specified in items (iii), (v), (xiii), (xvi) and (xxviii), above, shall be automatically increased by 10% for every successive Financial Year.

24.2 For the purpose of Article 24.1 above, every action in connection with a Fundamental Issue shall be specifically authorized by a resolution of the Board or a Committee thereof and the Board or such Committee shall not pass any such resolution, unless such resolution or authorization has the consent of SRHPL by way of an Extraordinary Resolution or the consent of the respective nominees of the Investor and the Founders at a meeting of the Board or Committee thereof, as the case may be.

25. FUTURE INVESTMENTS BY THE INVESTOR

The Company has no objection to future investments by the Investor or any of its Affiliates in any company which is engaged in the same or allied businesses that the Holding Companies or the Company may be engaged in and the Investor or any of the directors of the Holding Companies or the Company nominated by the Investor shall not be obliged to provide the Holding Companies, the Company or the Investor with any future business opportunities.

26. INFORMATION RIGHTS

26.1 The Investor, the Founders and their respective nominees appointed as directors on the Board of the Company shall, in addition to such information that any director of the Company is entitled to obtain in the ordinary course of business, be entitled to receive from the Company, the following information:

a. Unaudited quarterly financial statements, including cash flow statements certified by the Chief Financial Officer of the Company within fifteen (15) days of the end of each quarter;

b. Audited financial statements, including cash flow statements within sixty (60) days of the end of the relevant Financial Year;

c. Monthly Operational Reports (Management Information System reports) within fifteen (15) days of the end of each month;

d. Minutes of Board and shareholders meetings, within ten (10) days of the concerned meeting;

e. Annual Operating Financial budget as approved by the Board within ten (10) days of such approval;

f. A rolling three year strategic plan as approved by the Board within ten (10) days of such approval; and

g. Such additional information as may be requested by the Investor.

26.2 Without prejudice to the above, the Company shall ensure that the Investor is not provided with any unpublished price sensitive information and for this purpose shall, prior to providing any unpublished price sensitive information to the Investor, publish such information in accordance with Applicable Law in order to enable the Investor or its Affiliates to deal in the Shares or Warrants of the Company.

26.3 The Company shall, and the Founders shall cause the Company, to use reasonable endeavours to comply with a direct or indirect shareholder's request for the Company to provide such information as may reasonably be necessary to determine whether the Holding Companies or the Company or any subsidiary thereof is or may be a "passive foreign investment company" within the meaning of Section 1297 of the Code, to make a qualified electing fund election pursuant to Section 1295(b) of the Code and to make annual filings on such shareholder's U.S. federal tax returns with respect to such election, in each case, with respect to such shareholder's interest in the Company and any subsidiary thereof, and to comply with any other U.S. tax filing requirements of such shareholder.

27. AUDITORS

The Company will appoint one of the following auditors (or their affiliates in India) as statutory auditor of the Company for the Financial Year 2010-2011:
Ernst & Young
Deloitte, Touche and Tohmatsu
KPMG

28. INVESTOR'S RIGHT TO EXIT

28.1 INVESTOR'S RIGHT TO SELL / TRANSFER SHARES

Subject to Article 22.6, the Investor shall be always entitled to freely Transfer the beneficial interest held by it in the Company, whether directly or through the shares / warrants of SRHPL in accordance with this Article 28.1, in addition to the rights available under the Act to any Person including independent third parties. In the event that the proposed Transfer of such beneficial (direct or indirect) interest by the Investor is by way of placement with other investors of a block of shares / warrants owned by the Investor, the Company shall take such steps as may be deemed necessary by the Investor to facilitate such Transfer by the Investor, including without limitation, access to necessary information and relevant records. Provided, however that, notwithstanding the aforesaid and except for a Transfer to an Affiliate of the Investor, who has executed a Deed of Adherence in the event of the block of shares / warrants proposed to be Transferred by the Investor is (i) less than 25% of the fully diluted percentage beneficial ownership held by the Investor in the Company (whether directly or through the Holding Companies) as on the Takeover Offer Closing Date, the transfer of such shares and warrants by the Investor shall be without any rights attached to such shares/warrants under these Articles, subject to the Transferee executing a Deed of Adherence (ii) more than the limit referred to in (i) above but less than 50% of the fully diluted percentage beneficial ownership held by the Investor in the Company (whether directly or through the Holding Companies) as on the Takeover Offer Closing Date, the Investor shall be entitled to transfer such shares and warrants along with the rights detailed in Article 39.2 and Article 39.3 only, subject to the transferee executing a Deed of Adherence or (iii)

more than 50% of the fully diluted percentage beneficial ownership held by the Investor in the Company (whether directly or through the Holding Companies) as on the Takeover Offer Closing Date, the Investor shall be entitled to transfer such shares and warrants with all rights attached to such shares / warrants under these Articles, subject to the transferee executing a Deed of Adherence. The Investor shall be granted U.S. Securities Act registration rights, including demand registration rights exercisable at least twice within 3 years from Closing and piggyback rights (i.e. if the Company provides registration rights to any other shareholder such rights would be made available to the Investor as well), with regards to the Shares of the Company. Similar rights as are provided to the Investor will also be made available to the Founders. The Parties shall negotiate in good faith a customary agreement in respect thereof, mutually agreeable to the parties, within thirty (30) days of Closing. Notwithstanding anything stated in these Articles, it shall be a condition precedent for any transfer by the Investor to its Affiliates, that the transferee to execute the Deed of Adherence. Notwithstanding anything stated in these Articles, the Investor shall be free to assign its rights under Article 26 (*Information Rights*) to any of its Affiliates.

28.2 **ROLL DOWN OF BENEFICIAL OWNERSHIP OF THE COMPANY**

a. The Investor may, at any time after the expiry of two years from the date of Closing, require SRHPL to distribute the Shares / Warrants held by SRHPL in the Company (whether directly or through SEHPL or any other holding company) amongst the Founders and the Investor in proportion to their respective holdings in SRHPL. The Investor may, in the alternative, at any time after the expiry of two years from the date of Closing, require the merger of SRHPL with the Company to effect such distribution. The Founders and SRHPL shall to use their best efforts to effect such distribution.

b. The Investor may, for the purpose of Article 28.2(a), requisition the convening of a meeting of the Board of SRHPL (or where the Shares/Warrants of the Company are held by SRHPL through SEHPL or any other Holding Company, a meeting of the Board of Directors of SEHPL or such Holding Company)/ Board of Directors of the Company or an extra ordinary general meeting of the shareholders of SRHPL (or where the Shares/Warrants of the Company are held by SRHPL through SEHPL or any other Holding Company, a meeting of the shareholders of SEHPL or such Holding Company) or the Company, as the case may be, which meeting shall be convened pursuant to such requisition within thirty (30) days of receipt thereof.

c. For the sole purpose of protecting the rights of the Investor under this Article, the Founders have to agree to vote in favour of any resolution proposed to be passed in furtherance of the Investor's rights under this Article 28.2, or to exercise any of their rights at any meeting requisitioned by the Investor under Article 28.2(b) in furtherance of the Investor's rights herein.

28.3 **DRAG ALONG RIGHTS**

For the purpose of this Article 28.3, unless specified otherwise, the terms "Shares" and "Warrants" shall mean and include any shares and warrants held by the Founders or the Investor, as the case may be, in the Company, or any direct or indirect beneficial interest

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

a. At any time after March 31, 2011, the Investor shall have the right but not the obligation to require the Founders to purchase all or part of the Shares and / or Warrants in accordance with the provisions of this Article 28.3. The Investor may notify the Founders of its decision to exercise its rights under this Article 28.3 by delivering a notice in writing to the Founders ("**Exit Notice**").

b. The Founders may, within thirty (30) days from the receipt of the Exit Notice, notify in writing to the Investor ("**Founders Purchase Offer Notice**") the name of a proposed purchaser ("**Proposed Purchaser**") and the terms and conditions, including price ("**Exit Price**"), for purchase of all but not part of the Shares and Warrants held by the Investor. The Founders shall, along with the Founders Purchase Offer Notice, furnish documentary evidence of a definitive, irrevocable and binding offer for purchase to the Investor.

c. The Investor may, within thirty (30) days from the receipt of the Founders Purchase Offer Notice ("**Acceptance Period**") exercise its acceptance to sell all of its Shares and Warrants to the Proposed Purchaser at the Exit Price, by delivery of a written notice. Provided, however, the Investor shall not be required to make to the Proposed Transferee any (i) representations and warranties with respect to the business of the Company or the Holding Companies, (ii) indemnities or (iii) non-competition or similar arrangements or covenants that would bind the Investor or its Affiliates. In the event that the Investor has agreed to Transfer its Shares and Warrants pursuant to the Founders Purchase Offer Notice, then within ten (10) days of such written acceptance, the Founders shall remit to the Investor the consideration for the Shares and Warrants of the Investor sold pursuant to this Article.

d. In the event the Investor, at its sole discretion, does not accept the offer for purchase referred to in sub-clause (c) above or where the Investor has failed to communicate its agreement to sell its Shares and Warrants to the Proposed Purchaser on the expiry of the Acceptance Period, the Investor may, within one hundred and eighty (180) days from the date of expiry of the Acceptance Period, furnish to the Founders a written notice ("**Drag Notice**"), giving the name and address of a proposed buyer ("the **Exit Buyer**") along with the terms and conditions, including the price ("**Drag Price**"), offered by the Exit Buyer to purchase all or part of the Founders Shares and Warrants ("**Founders Exit Securities**"). The Drag Price shall not be less than the Exit Price and the Fair Market Value calculated as on the date of the Exit Notice.

e. Upon delivery of the Drag Notice, the Founders shall be required to Transfer the Founder Exit Securities to the Exit Buyer, upon the same terms and conditions (including, without limitation, the Drag Price) as agreed by the Investor and the Exit Buyer, and shall make to the Exit Buyer representations, warranties, covenants, indemnities and agreements comparable to those made by the Investor in connection with the Transfer, and shall agree to the same conditions to the Transfer as the Investor agrees, it being understood that all such representation, warranties, covenants, indemnities and agreements shall be made by each Founder and the Investor severally and not jointly.

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

29. RESTRICTIONS ON DIRECT ACQUISITION OF INTEREST IN THE COMPANY

29.1 Save as otherwise provided in these Articles, neither the Founders nor the Investor or their Affiliates shall acquire (directly or indirectly) any Shares of the Company or other instruments convertible or exchangeable into the Shares of the Company without the prior written consent of the other Party. All acquisitions of beneficial interest (direct or indirect) in the Company by the Founders, the Investor or their respective Affiliates shall be through SRHPL only and in accordance with these Articles and with the prior written consent of the other Party.

29.2 The Company shall not issue any further Shares, warrants, or other securities convertible or exchangeable into Shares (hereinafter defined as "**Further Shares**") of the Company, unless (a) such issuance has been approved in accordance with Article 24 of these Articles and (b) SRHPL has first been offered a right to subscribe to the Further Shares.

30. CONSEQUENCES OF MATERIAL BREACH

30.1 Notwithstanding anything to the contrary contained herein, but subject to this Article 30, in the event of a Material Breach of the provisions of these Articles, by the Holding Companies, the Investor, the Founders or the Company, the non-Defaulting Parties shall, in addition and without prejudice to such other and further remedies that they may be entitled to under these Articles, in law or in equity, be entitled to the following rights if such Material Breach or breach of other provisions of the Company's Articles is not cured by the Defaulting Party within sixty (60) days ("**Cure Period**") of receipt of a written notice to that effect from the non-Defaulting Party.

30.2 It is clarified for the avoidance of doubt that each of the following rights is without prejudice to the other.

30.3 It is further clarified that in the event that the non-Defaulting Party is compensated for such Material Breach in accordance with any agreement in writing to indemnify between the Defaulting Party and non-Defaulting Party, the rights contained in this Article 30 shall not be available to such non-Defaulting Party.

30.4 In the event of a Material Breach, the Defaulting Party and the Holding Companies shall provide a proxy in favour of the non-Defaulting Party or such Person as may be designated by the non-Defaulting Party to exercise their votes in support of the exercise by the non-Defaulting Party of any of the options detailed in this Article 30.

30.5 For the purpose of this Article 30, Fair Market Value shall be computed based on the date of written notice of breach.

31. PUT AND CALL OPTION

31.1 The non-Defaulting Party shall have the right to either require the Defaulting Party, jointly and severally, to acquire any or all of the Shares and Warrants held by the non-Defaulting Party in the Company or Shares/Warrants held by the Non-Defaulting Party in SRHPL (collectively "the **Securities**") at a price equivalent to 125% of the Fair Market Value of the Securities, or cause the Defaulting Party to sell to the non-Defaulting Party any or all of the Securities then held by the Defaulting Party at a price equivalent to 75% of the Fair Market Value of the Securities.

31.2 The non-Defaulting Party shall issue a notice in writing to the Defaulting Party within thirty (30) days from the expiry of the Cure Period setting out details of the option proposed to be exercised by the non-Defaulting Party, the number of Shares and / or Warrants in respect of which such option is proposed to be exercised and the price of each Share and / or Warrant for such purpose ("**Option Notice**"). The sale or purchase of the Shares and / or Warrants, as the case may be, pursuant to such Option Notice shall be completed within thirty (30) days from the date of the Option Notice.

31.3 The aforesaid premium or discount, as the case may be, to the Fair Market Value represents a reasonable assessment made by the Defaulting Party and the non-Defaulting Party of the damage likely to be caused to the non-Defaulting Party owing to such breach on the part of the Defaulting Party or the Company, and therefore represents the size of the liquidated damages payable to the non-Defaulting Party.

31.4 For the purpose of this Article, the Founders shall be considered as one party.

32 MERGER OF THE COMPANY WITH SRHPL

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

33 LIQUIDATION OF SRHPL

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

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

33.2 Upon the winding up of SRHPL in accordance with Article 33.1 hereof, the Shares or Warrants held by SRHPL in the Company shall be distributed in the following order of priority:

a. Such number of Shares or Warrants shall be distributed to the non-Defaulting Party, the Fair Market Value of which is sufficient to compensate the non-Defaulting Party fully for any loss, expenses, liabilities or damages suffered by the non-Defaulting Party;

b. The balance Shares or Warrants, if any, shall be distributed pro-rata amongst the Defaulting Party and the non-Defaulting Party in the proportion of their fully diluted beneficial shareholding in SRHPL immediately prior to the date of issuance of the requisition under Article 34.1.

34 DRAG ALONG RIGHTS

34.1 Upon the Material Breach of any of the provisions of these Articles by the Defaulting Party, the non-Defaulting Party shall have the right but not the obligation to require the Defaulting Party to sell all but not part of the Shares or Warrants held by the Defaulting Party in the Company on the terms (including the price(s) for the relevant securities) that the non-Defaulting Party may have agreed with any bona-fide third party purchaser ("**Drag-Along Buyer**") of all the Shares or Warrants held by the non-Defaulting Party. In such event, the Defaulting Party shall be unconditionally obliged to sell all but not part of their Shares or Warrants in the Company to the Drag-Along Buyer at the Drag-Along Price and on the same terms offered to the non-Defaulting Party (including the price(s) for the relevant securities "**Drag-Along Price**").

34.2 In the event the non-Defaulting Party sells only Shares to the Drag-Along Buyer at the Drag-Along Price, the price per Warrant payable to the Defaulting Party shall be the excess (positive difference) of (i) the Drag-Along Price over (ii) the balance payable towards exercise of each Warrant held by the Defaulting Party.

34.3 For the purpose of Article 34.1 above, the non-Defaulting Party may deliver a written notice ("**Drag-Along Notice**") to the Defaulting Party, stating that the non-Defaulting Party wishes to exercise its rights under Article 34.1 above, and setting forth the name and address of the Drag-Along Buyer, the Shares or Warrants proposed to be Transferred, the Drag-Along Price, and all other material terms and conditions offered by the Drag-Along Buyer.

34.4 Upon delivery of a Drag-Along Notice, the Defaulting Party or its Affiliates shall be required to Transfer all but not part of their Shares or Warrants to the Drag-Along Buyer, upon the same terms and conditions (including, without limitation, the Drag-Along Price) as agreed by the non-Defaulting Party and the Drag-Along Buyer, and shall make to the Drag-Along Buyer representations, warranties, covenants, indemnities and agreements comparable to those made by the non-Defaulting Party in connection with the Transfer (other than any non-competition or similar agreements or covenants that would bind the Defaulting Party or its Affiliates), and shall agree to the same conditions to the Transfer as the non-Defaulting Party agrees, it being understood that all such representation,

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

35 DISTRIBUTION OF THE COMPANY'S SECURITIES

35.1 Subject to Applicable Law, the non-Defaulting Party may, at its sole discretion, require SRHPL to distribute the Shares and / or Warrants held by SRHPL in the Company amongst the Founders and the Investor in proportion to their respective holdings in SRHPL in a tax efficient manner.

35.2 The non-Defaulting Party may, for the purpose of clause35.1, requisition the convening of a meeting of Board of Directors of the Company or an extra ordinary general meeting of the shareholders of the Company, as the case may be, and the Board of Directors of the Company shall convene such meeting pursuant to such requisition within fifteen (15) days of receipt thereof.

35.3 For the sole purpose of protecting the rights of the Investor under this Article, the Defaulting Party has agreed to vote in favour of any resolution proposed to be passed in furtherance of the non-Defaulting Party rights under this Article 35, or to exercise any of their rights at any meeting requisitioned by the non-Defaulting Party under clause (b) in furtherance of the non-Defaulting Party rights herein.

36 CORPORATE GOVERNANCE RIGHTS

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

36.1 The non-Defaulting Party shall be entitled to nominate five members on the Board of the Company.

36.2 The Defaulting Party collectively shall be entitled to nominate one member on the Board of the Company.

36.3 The non-Defaulting Party shall be entitled to appoint and remove the managing director (whether referred to as the Managing Director, CEO, COO or otherwise) and Key Employees of SRHPL and the Company.

36.4 The Defaulting Party shall not be entitled to designate any member on any Committee(s) of the Board of the Company including, without being limited to, the Executive Committee.

36.5 The non-Defaulting Party shall be entitled to designate two (2) members on each Executive Committee.

36.6 The Defaulting Party shall not be entitled to participate in the appointment or nomination of any independent Director(s) on the Company or any Committee(s) thereof.

36.7 Any action with respect to any Fundamental Issue shall not require the specific consent of the Defaulting Party.

37. DISPUTE RESOLUTION

37.1 Any controversy, conflict or dispute of any nature arising out of or relating to or in connection with the provisions of these Articles between the Founders, the Investor or the Holding Companies or the Company, or any of them, shall be settled exclusively and finally by arbitration carried out in Singapore and conducted in the English language. Judgment on the award may be entered by any court having jurisdiction.

37.2 The arbitration shall be conducted and finally settled by three arbitrators in accordance with the Rules of Conciliation and Arbitration (the "**ICC Rules**") of the International Chamber of Commerce (the "**ICC**") in effect at the time of such arbitration. One arbitrator shall be appointed by the Founders and/or the Company and/or the Holding Companies, as the case may be; one arbitrator shall be appointed by the Investor; and the third arbitrator, who shall be the chairperson, shall be selected by the two party-appointed arbitrators. Failing appointment of any Party's arbitrator or failing agreement between the two Party-appointed arbitrators regarding selection of the third arbitrator within thirty (30) days after the notice of intent to arbitrate is filed with the ICC (or such other period as may be agreed by the parties to such arbitration), such arbitrator shall be appointed by the Chairman of the ICC in accordance with the ICC Rules. Each arbitrator shall be fluent in English. Each of the Parties agrees, in connection with the enforcement of any arbitral award rendered pursuant to this Article, to submit to the exclusive jurisdiction of the courts in India.

37.3 Nothing contained hereinabove shall prejudice any party's right to have recourse to any court having jurisdiction for the purpose of interim or interlocutory orders.

38. INTELLECTUAL PROPERTY RIGHTS

38.1 As long as the Investor continues to hold any beneficial interest in the Company, directly or through the Holding Companies, the New License Arrangement shall not be modified, cancelled, rescinded, revoked or otherwise be made subject matter of any arrangement or agreement whereby the Company ceases to be entitled to use the brand name and logos forming subject matter of the New License Arrangement.

38.2 Notwithstanding anything contained in Article 38.1, where the Founders have Transferred (not being a Transfer to the Affiliates of Founders) their entire beneficial interest in the Company, and the Investor causes any third party to hold a beneficial interest of 20% or more in the paid up share capital of such Company, the New License Arrangement shall stand terminated in respect of such Company on the expiry of twelve months from the date of such third party acquiring a beneficial interest of 20% or more in the paid up share capital of such Company.

38.3 In the event the Founders and the Investor Transfer their entire collective beneficial interest in the Company to a third party ("the **Transferee**"), the New License Arrangement shall stand terminated in respect of such Company on the expiry of twelve months from the date of such Transfer.

38.4 In the event that the licensor under the New License Arrangement ("**Licensor**") agrees to continue the New License Arrangement (which shall be in its sole discretion), and if any consideration is agreed to be paid by any third party for acquiring any rights in connection with the brand name and logos forming subject matter of the New License Arrangement,

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

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

39. EXTINGUISHMENT OF RIGHTS

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

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

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

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

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

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

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

a. The Investor's rights under Article 28.3 (Drag-Along Rights) shall lapse;

b. Investor's and the Founders' rights to nominate three members each to the Board of the Companies pursuant to Article 23.1 shall be modified such that the Investor shall have the right to nominate two members to the Board of the

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

c. The Fundamental Issues as referred to in Article 24.1 shall stand replaced with the following Fundamental Issues.

i. Entering in any new transactions with Connected Person/Concern or any modification (including any increase in provision of services or related charges) of the current transactions with Connected Person/Concern;

ii. Making any investments or acquiring any shares in any company which exceeds Rs. 250,00,00,000 (Rupees Two Hundred Fifty Crores only);

iii. Any change in the Memorandum or Articles of Association which directly affect the rights of the Investor;

iv. Any change in material accounting policies of the Company;

v. Any change in class rights, preferences and privileges of the shareholders (including common equity, preference shares and other convertible instruments) of the Company, including but not limited to any action that reclassifies any outstanding shares into shares having preferences or priority as to dividends or assets senior to or on a parity with shares held by the Investor;

vi. Voluntary delisting of the Shares;

vii. Passing any resolution or taking any steps to have the Company wound up, liquidated or to dissolve the Company, including taking steps to effect a recapitalization, reclassification, split off, spin off or bankruptcy of the Company;

viii. Appointment of the nominees of the Investor or Independent Directors under Article 23;

ix. Any commitment or agreement to do any of the foregoing.

40. MAIN SERVICES AGREEMENT

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

41. INVALID PROVISIONS

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

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

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

Madras : Dated the 20th March 1986