

WELSPUN



Dare to Commit

WELSPUN INVESTMENTS AND COMMERCIALS LIMITED

INFORMATION MEMORANDUM

Registered Office: Welspun City, Village Versamedi, Tal : Anjar, Dist. Kutch, Gujarat -370 110.

Tel: 0091-2836- 661111 **Fax:** 0091-2836-279010

E-mail: companysecretary_winl@welspun.com **Website:** www.welspuninvestments.com

Contact Person: Mr. Jeevan Mondkar, Company Secretary and Compliance Officer

Welspun Investments and Commercials Limited was originally incorporated as Welspun Investments Private Limited on 7th October 2008 under the Companies Act, 1956. The status of the Company was changed from “private company” to “public company” by passing the necessary resolution on 10th October 2008 and having obtained fresh certificate of incorporation from the Registrar of Companies, Gujarat on 21st October 2008. The name of the Company was further changed to Welspun Investments and Commercials Limited w.e.f. 31st March, 2010.

The Hon’ble High Court of Gujarat at Ahmedabad by its order dated 8th May 2009 has approved a Scheme of Arrangement between Welspun India Limited, Welspun Global Brands Limited and Welspun Investments Limited (Now known as Welspun Investments and Commercials Limited) and their respective members and creditors, pursuant to which, inter alia, Investment and Treasury Division of Welspun India Ltd (“Investment & Treasury Division”) was transferred to Welspun Investments Ltd (Now known as Welspun Investments and Commercials Limited) and in consideration thereof, 1 (One) equity share of WINL was issued for every 20 (twenty) equity shares of Welspun India Ltd held on the Record Date fixed for the purpose and accordingly, 36,54,476 equity shares of Rs.10/- each were allotted to the shareholders of Welspun India Ltd.

Board of Directors of the Company subject to necessary approvals has decided to diversify into the business of trading in commodities (other than Home Textiles) to enlarge scale of business of the Company and to change the name of the Company to “Welspun Commercials and Investments Ltd” or any other variant thereof to reflect combination of trading and investment holding business of the Company with major size to be of trading business. Your company is formulating plans to go ahead with a large scale trading activity including exports of commodities, for which, inter alia, Company has initiated action to enlarge the Object Clause of the Memorandum of Association.

INFORMATION MEMORANDUM FOR LISTING OF 36,54,476 EQUITY SHARES OF RS.10/- EACH.

NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM.

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1. DEFINITIONS, ABBREVIATIONS & INDUSTRY RELATED TERMS:

Term	Description
Act / Companies Act	The Companies Act, 1956 as amended from time to time.
Articles/ Articles of Association	Articles of Association of the Company
Appointed Date	Appointed Date as defined in the Scheme i.e. April 1, 2009
AS	Accounting Standard notified under sub-section (3C) of Section 211 of the Companies Act.
Auditor	Auditor refers to M/s. Suresh Surana & Associates 602/603, Regent Chambers, 6th Floor, 208, Nariman Point, Mumbai - 400 021, India
Board / Board of Directors	Board of Directors of the Company
BSE	The Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Demerged Company	Welspun India Limited
Designated Stock Exchange	The designated stock exchange for the Issue shall be National Stock Exchange of India Limited
Depositories Act	The Depositories Act, 1996 and amendments thereto
DP	Depository Participant
EGM	Extra-ordinary General Meeting
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
GOI	Government of India
Investor(s)	For the purpose of this Information Memorandum except Articles of Association reproduced therein, shall mean the holder(s) of Equity Shares of the Company as on the Record Date.

IT Act	The Income Tax Act, 1961 and amendments thereto
Memorandum/Memorandum of Association	Memorandum of Association of the Company
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
Record Date	June 26, 2009
ROC	Registrar of Companies, Gujarat at Ahmedabad
Scheme	Scheme as defined in clause no. _____
SEBI	Securities and Exchange Board of India
ICDR Regulations	Regulations notified by Securities and Exchange Board of India called Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, including instructions and clarifications issued by SEBI from time to time.
Stock Exchange(s)	BSE and NSE
WINL/The Company	Welspun Investments and Commercials Limited
WGBL	Welspun Global Brands Limited
WIL	Welspun India Limited

2. FORWARD LOOKING STATEMENTS:

We have included statements in this Information Memorandum which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan” “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should” “will pursue” and similar expressions or variations of such expressions, that are “forward looking statements”. Similarly, statements that describe our objectives, plans or goals also are forward-looking statements, actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to:

- General economic and business conditions in India and other countries;
- Regulatory changes and our ability to respond to them;
- Our ability to successfully implement our strategy, our growth and expansion plans;
- Technological changes;
- Exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments;
- Monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates of prices, the performance of the financial markets in India and globally;

- Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.

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

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

3. RISK FACTORS:

1. Our business is directly linked to health of economic conditions prevailing in the market and therefore recession/slowdown in major consuming countries can hit the demand as well as price realisation.

2. Our business will be dependent on maintaining a continuing relationship with our customers. Any inability on our part to maintain the same could adversely impact our operations and profitability.

3. Our future profitability will be difficult to predict. Any unfavorable changes in the following factors may adversely affect our operations and profitability:

- extended sales cycle for our products;
- timing and integration of acquired businesses, if any;
- economic downturns or stagnant economies and global markets;
- a decrease in international prices for our products;
- adverse changes in purchasing practices of our customers;
- the ability to raise the finance required for business; and/or an increase in interest rates at which we can raise debt financing;
- changes in government policies, including introduction of or adverse changes in tariff or non-tariff barriers, affecting the textile industry globally;
- the time required to train new employees in order to use their skills effectively to achieve orders and maintain relationship with the intermediaries/customs.

All of the above factors may affect our business and therefore have an impact on our results.

4. Our proposed operating expenses include significant amount fixed costs mainly remuneration to sales personnel and other personnel that are not dependent upon our proposed business volume. As a result, any decline in our trading volume may be

magnified because we may be unable to reduce expenses immediately in response to a potential shortfall in trading volumes.

5. We have planned to trade in highly competitive markets. Inability to compete effectively may lead to lower business volume or reduced operating margins, and adversely affect our operations and profitability.
6. Our success will significantly depend on our management and trading and logistics teams and other skilled professionals. If we fail to retain, motivate and/or attract such personnel, our business may be unable to grow and our revenues could decline, which may decrease the value of our Equity Shares.
7. We may be exposed to foreign exchange fluctuations and other exchange control risks.
8. Our inability to procure and/or maintain adequate insurance cover in connection with our proposed business may adversely affect our operations and profitability.
9. Our proposed operations could be subject to high working capital requirements. Our inability to obtain and/or maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, or at all, to meet our requirement of working capital or pay our debts, could adversely affect our operations, financial condition and profitability.
10. Political instability or changes in the policies formulated by the Government of India from time to time could affect the liberalization of the Indian economy and adversely affect our business, results of operations and financial condition.
11. Natural calamities could have a negative impact on the Indian economy and harm our business.
12. A slowdown in the economic growth in India or in the economy globally could significantly affect our proposed business.
13. There may be less company information available in Indian securities markets than more developed countries.
14. The lack of efficacious judicial remedies in India, and the inability of our Company and/or our shareholders to obtain any favourable order, judgment or decree from a court of competent jurisdiction in India in a timely manner, or at all, may adversely affect their respective rights.
15. Significant differences exist between Indian GAAP and other accounting principles with which investors may be more familiar.
16. Financial instability in other countries, particularly emerging market countries, could adversely impact our proposed business.
17. Terrorist attacks, civil disturbances, regional conflicts and other acts of violence in India and abroad may disrupt or otherwise adversely affect our Company's business and its profitability.
18. Our Company's ability to raise foreign capital may be constrained by Indian law.

19. Shareholders will bear the risk of fluctuations in the price of the Equity Shares. The Company is subject to risk of fluctuations in prices/volume of investments it holds or that it may hold in course of its business.
20. Fluctuation in the exchange rate between the Rupee and any other currency could have a material adverse effect on the value of the Equity Shares, independent of the Company's operating results.
21. Foreign investors are subject to foreign investment restrictions under Indian law that limit the Company's ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.
22. Loss of Capital on account of bankruptcy/ Liquidation of any major customer-. In addition there is also a chance of the factor going bankrupt.

4. INDUSTRY AND BUSINESS OVERVIEW:

Overview of the Indian economy

The Global economy saw a period of high growth from 2003- 2007 with the world economy growing at a CAGR of 4.5%. In 2007-08 there were visible signs of a slowdown in the developed economies which exacerbated with the fall of several large financial institutions in the US and Europe during 2008. This had a huge impact on the world economic growth in 2008 as all the developed economies of USA, Europe and Japan entering into a recession. It is estimated by the International Monetary Fund (IMF) that in 2009 the world economy will contract by 1.3% and show a modest recovery of 1.9% in 2010.

India's economy is on the fulcrum of an ever-increasing growth curve. With positive indicators such as a stable 8-9 percent annual growth, rising foreign exchange reserves and rapidly expanding FDI inflows, India has emerged as the second fastest growing major economy in the world after China.

The economy has been growing at an average growth rate of 8.8 percent in the last four fiscal years (2003-4 to 2006-7), with the 2006-7 growth rate of 9.6 percent being the highest in the last decade.

In spite of the current global crisis, the Indian economy grew @ 6.7% during 2008-09. While the growth is expected to slow down further in 2009-10 but most of the agencies believe that India will still grow at 5.5 to 6.5% during 2009-10. However, on the exports front the country could only achieve a growth rate of 11.8 per cent estimated to grow at 15 to 18 per cent. (Source: IBEF Presentation on Textiles and Apparels, Dec 2008)

The manufacturing sector in India has also been adversely affected by the global slowdown growing by a meager 2.4% in 2008-09 against 8.2% in 2007-08. The Government has taken initiatives to stimulate the economy. The Indian industry is likely to see a lot of capacity additions in 2009-10 in various Industry sectors.

Industry Overview:

Economic Activities in India are set to take a quantum leap in globalised business environment. Consumer spending is expected to grow manifold with increased disposable money availability as well as consumer confidence. With a slew of global majors coming to India and begin their trade empire here, lot of scope can be visualised for the Company like ours. With sustainable GDP growth, market size is

expected to expand. Even the two -three tier cities in India are expected to have strong growth in economic activities which leaves scope for trading business. On the other side, India is destined to become a manufacturing hub to cater to global demands particularly to rich western countries which can give boost to international trade.

According to Centre for Monitoring Indian Economy (CMIE) the real GDP growth forecast for 2009-10 will be 6 per cent from 5.8 per cent. This is because the industrial sector is projected to grow by 6.5 per cent and the services sector by 8.5 per cent. The Index of Industrial Production rose by 8.2 per cent in June 2009 and 6.8 per cent in the month that followed. Clearly, the country is recovering rapidly from the impact of the Global Liquidity Crisis.

Fresh investments announcements have picked up to Rs 3.3 lakh crore in the September 2009 quarter. A huge amount of investments are going under implementation and a historically high project commissioning of Rs 4.5 lakh crore is scheduled in 2009-10, as per CMIE's CapEx service. This has wiped off the fears of an abrupt halt in the investment cycle.

Though sales of Corporate India fell by 5.7 per cent in the June 2009 quarter, profits grew by a robust 19.9 per cent. Sales growth will pick up in the second half of 2009-10 and range between 11 and 18 per cent. The average growth for the year, however, will still be a meagre 4.1 per cent.

Industrial production is expected to grow by 9.1 per cent in 2008-09. This projection is based on the detailed analysis of projected capacity and expected capacity utilisation of major individual industries. The sectors which would be driving the industrial growth in 2008-09 are - machinery (18 per cent), chemicals (14.5 per cent), basic metal (12.4 per cent), rubber, plastic & petroleum products (11.8 per cent) and transport equipments (11 per cent).

Business Overview:

The Company proposes to deal in commodity in the domestic as well as international market. Welspun Group has a very strong presence globally which can fetch viable business opportunities in the Company's business segment. The Company has undertaken initial steps to start rolling out its business exploration activities and exploit them on successful visualisation of business proposals. The Company management believes that with the improvement of position of India in the global arena, coupled with Welspun Group's strong credentials it should bring in profitable business opportunities by way of high scale commercial activities.

Besides, Welspun Group's potential to enter into various high growth business should bring in lot of long term investment opportunities to the Company.

5. GENERAL INFORMATION:

Welspun Investments and Commercials Limited

A Public Limited Company under the Companies Act, 1956 registered with the Registrar of Companies, Gujarat having office at Gujarat Housing Building, Opp: Rupal Park, Near Ankur Cross Road, Naranpura, Ahmedabad-380013.

Company Identification Number : U67120GJ2008PLC055195

Registered Office

Welspun City,
Village Versamedi,
Tal: Anjar, District : Kutch,
Gujarat – 370110, India
Telephone No. : 0091-2836- 661111
Fax No. : 0091-2836-279010
Website: www.welspuninvestments.com

Corporate Office

Welspun House, 7th Floor,
Kamala Mills Compound,
Senapati Bapat Marg,
Lower Parel,
Mumbai 400013, India
Telephone No. : 0091-22-66136000
Fax No.: 0091-22-24908020

Auditors:

M/s. Suresh Surana & Associates.
602/603, Regent Chambers,
6th Floor, 208, Nariman Point,
Mumbai - 400 021, India.

Bankers to the Company:

1. Punjab National Bank,

Compliance Officer:

Mr..Jeevan Mondkar

Company Secretary,
Welspun Investments and Commercials Limited
B- Wing, 9th Floor,
Trade World,
Kamala Mills Compound,
Lower Parel,
Mumbai – 400 013.

E-mail address: companysecretary_winl@welspun.com

Telephone No. : 0091-22-66136000

Fax No. : 0091-22-24908020

6. COMPOSITION OF BOARD OF DIRECTORS:

- (i) Mr. B. K. Goenka, Chairman
- (ii) Mr. Arun Tadarwal
- (iii) Mr. Shailesh Vaidya
- (iv) Mr. R.K. Jain

Brief Profile of the Directors:

Mr. B. K. Goenka, aged 43 years, is Chairman of our Company. Mr. Goenka is a Promoter of our Company and has been instrumental in conceiving our various projects and expansions from time to time, including negotiating with our suppliers, consultants and arranging for necessary financial resources.

Mr. Arun Tadarwal, Partner of Tadarwal & Tadarwal, a firm of Chartered Accountants based in Mumbai, holds a Bachelors Degree in Commerce and is a member of The Institute of Chartered Accountants of India. Mr. Tadarwal has rich and varied experience spanning over two decades in Finance and Audit.

Mr. Shailesh Vaidya is a practising Advocate and Solicitor. He is a partner in Messrs. Kanga and Company, a reputed firm of Advocates & Solicitors, which is more than 120 years old law firm in Mumbai. He has completed his law graduation from Government Law College, Mumbai in the year 1981 and became a Solicitor in the year 1983. He has been a partner of Messrs Kanga and Company, Solicitors, since the year 1985.

Mr. R.K. Jain is a practising Chartered Accountant. He provides expert advice in finance and accounts related matters.

7. AUTHORITY FOR LISTING:

The Hon'ble High Court of Gujarat vide its order dated May 8, 2009 has approved the Scheme of Arrangement between Welspun India Limited, Welspun Global Brands Limited and Welspun Investments Limited (Now known as Welspun Investments and Commercials Limited) and their respective shareholders & creditors, In accordance with the said scheme, the Equity shares of the Company to be issued pursuant to the Scheme shall be listed and admitted to trading on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). Such listing and admission for trading is not automatic and will be subject to fulfillment by the Company of listing criteria of BSE and NSE for such issues and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of the application by the Company seeking listing.

Eligibility Criterion

There being no initial public offering or rights issue, the eligibility criteria in terms of Chapter III of SEBI ICDR Regulations do not become applicable. The Company has submitted its Information Memorandum, containing information about itself, making disclosure in line with

the disclosure requirement for public issues, as applicable to BSE and NSE for making the said Information Memorandum available to public through their websites viz. www.bseindia.com and www.nseindia.com. The Company will make the said Information Memorandum available on its website viz. www.welspuninvestments.com. The Company will publish an advertisement in the news papers containing its details in line with SEBI Circular SEBI/CFD/SCRR/01/2009/03/09 dated September 3 2009. The advertisement will draw specific reference to the availability of this Information Memorandum on its website.

8. CAPITAL STRUCTURE:

Share Capital:

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

Pre Scheme of Arrangement of Demerger:

PARTICULARS	AMOUNT(Rs.)
Authorised Share Capital	
50,000 Equity Shares of Rs.10 each	5,00,000
Total	5,00,000
Issued , Subscribed and Paid up Share Capital	
50,000 equity shares of Rs.10/- each fully paid	5,00,000
Total	5,00,000

Post Scheme of Arrangement of Demerger:

PARTICULARS	AMOUNT(Rs.)
Authorised Share Capital	
1,30,00,000 equity shares of Rs.10 each	13,00,00,000
Total	13,00,00,000
Issued, Subscribed and Paid up Share Capital	
36,54,476 equity shares of Rs.10 each fully paid up	3,65,44,760
Total	3,65,44,760

Share Capital History :

Date of allotment	Name of Allottee	No. of shares allotted
Subscription to M&AOA	B.K. Goenka	100
Subscription to M&AOA	Welspun India Limited	49900

Note: The above share capital stands cancelled consequent to the Scheme of Arrangement.

The details of the present allotment are as under:

Date of allotment	Name of Allottee	No. of shares allotted	Distinctive Nos.
14.07.09	The share holders of WIL holding shares as on record date 26.06.09 in the ratio of 1 equity share for every 20 equity shares of WIL	3654476	1 - 3654476
TOTAL		3,65,44,76	

Details of transfers among the Promoter Group during the period from date of approval of Scheme till the date of this Information Memorandum.

There was no transfer of shares among the Promoter Group during the period from the date of approval of the Scheme till the date of this Information Memorandum.

Shareholding pattern - (Pre and Post Allotment)

PARTICULARS	PRE-DEMERGER	POST-DEMERGER
Promoters:		
Indian	100%	44.48%
Foreign	NIL	NIL
Total Promoters shareholding	100%	44.48%
Public shareholding:		
Institutions	Nil	22.05%
Non-Institutions	Nil	33.47%
Total Public Shareholding	Nil	55.90%
Total	100%	100.00%

Ten Largest Shareholders:

Shareholders	No. of Shares	% age
Welspun Trading Limited	* 610706	25.22
Dunearn Investments (Mauritius) Pte. Ltd.	453973	12.42
Welspun Mercantile Limited	453054	12.39
Welspun Wintex Limited	358978	9.82
IFCI Limited	301703	8.25
Reliance Capital Trustee Company Limited A/C Reliance Growth Fund	158832	4.34
Krishiraj Trading Limited	132668	3.63
Gayatri Exim Pvt. Ltd.	130000	3.55
HSBC Global Investment Funds A/C HSBC Global Investment Funds Mauritius Limited	98085	2.68

Ashish Dhawan	77500	2.12
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** Out of these, 13810 shares are held as trustee for fraction shareholders.*

9. SCHEME OF ARRANGEMENT:

The Scheme

The Hon'ble High Court of Gujarat at Ahmedabad pursuant to its order dated May 8, 2009 ("Order") sanctioned the Scheme of Arrangement in the nature of Demerger and transfer of Marketing Division of Welspun India Limited ("Marketing Division") to Welspun Global Brands Limited and Investment & Treasury Division to Welspun Investments Limited (now known as Welspun Investments and Commercials Limited) (WINL) and Restructure of Capital of these companies. The Order was filed with the Registrar of Companies, Gujarat on June 12, 2009 and then the Scheme became effective from June 12, 2009 with appointed date being April 1, 2009.

Rationale for Demerger:

Welspun India Ltd(WIL) was engaged in three tiers of its business activities namely Manufacturing, Marketing and Investment & Treasury. In order to grow beyond the obvious, WIL had decided to aggressively pursue a policy of expansion and diversification. It had proposed the present demerger of its Marketing Division with all its assets and liabilities ("Undertaking I") to Welspun Global Brands Limited and Investment and Treasury Division with all its assets and liabilities ("Undertaking II") to Welspun Investments Limited (Now known as Welspun Investments and Commercials Limited). Considering the growth opportunities in Manufacturing, Marketing and Investment & Treasury the management had considered it timely and appropriate to demerge these activities in to separate entities, each of which can focus on these core businesses and strengthen respective competencies. Board of WIL felt that the demerger would enable the investors to hold separately focused stocks. Also, the demerger would facilitate more transparent benchmarking of the companies with their peers in their respective industries. Thus, it was perceived that the de-merger would be beneficial to the shareholders as well as creditors of these companies.

High Lights of the Scheme and matters related thereto:

Pursuant to this Scheme of Arrangement, the Investment and Treasury Division w.e.f. 12.06.09, the Appointed Date being 01.04.09 without any further act or deed, stood transferred to and vested in Welspun Investments Ltd (Now known as Welspun Investments and Commercials Limited), under Sections 391 to 394 of the Act in the manner that:

- (i) All the properties pertaining to the Investment and Treasury Division held by Welspun India Ltd ("Investment and Treasury Division") immediately before the Appointed Date, stood transferred to, and became properties of the Welspun Investments Ltd (Now known as Welspun Investments and Commercials Limited) with effect from the Appointed Date.
- (ii) All the liabilities pertaining to the Investment and Treasury Division, being the liabilities of Welspun India Ltd immediately before the Appointed Date, stood transferred to, and

became liabilities of, Welspun Investments Ltd (Now known as Welspun Investments and Commercials Limited) with effect from the Appointed Date.

- (iii) The properties and liabilities of the Investment and Treasury Division being transferred by Welspun India Ltd stood transferred to Welspun Investments Ltd (Now known as Welspun Investments and Commercials Limited) at values appearing in the books of Welspun India Ltd immediately before the Appointed Date.
- (iv) The transfer of the Investment and Treasury Division is on a going concern basis so that the WINL would be in a position to carry on the business which was being carried on by Welspun India Ltd without interruption.
- (v) In consideration of the transfer of the Investment and Treasury Division, WINL issued its equity shares to the shareholders of Welspun India Ltd in the ratio of 1 equity share of Rs. 10/- each in Welspun Investments Ltd (Now known as Welspun Investments and Commercials Limited) for every 20 equity shares of Rs. 10/- each held in the De-merged Company.

Pursuant to the Scheme, Equity Shares of WINL will be listed and/or admitted to trading on the relevant Stock exchange/s in India.

Approvals with respect to the Scheme of Arrangement:

The Hon'ble High Court of Judicature at Gujarat, vide its order dated May 8, 2009 has approved the Scheme of Arrangement. In accordance with the said Scheme, the Equity shares of the Company issued pursuant to the Scheme, subject to applicable regulations shall be listed and admitted to trading on the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). Such listing and admission for trading is not automatic and will be subject to such other terms and conditions as may be prescribed by the Stock Exchanges at the time of application by the Company seeking listing.

The aforesaid order of the Hon'ble High Court of Judicature at Gujarat was filed by WIL, WGBL and WINL with the Registrar of Companies, Gujarat, Ahmedabad on June 12, 2009, which is the Effective Date of the Scheme.

Subsequently, WINL will apply to SEBI through NSE to grant relaxation from the strict enforcement of the requirement of Rule 19(2)(b) of the Securities Contract Regulation (Rules), 1957 (SCRR) for the purpose of listing of shares of WGBL subject to the complying with all the requirements of SEBI's circular SEBI/CFD/SCRR/01/2009/03/09 dated September 3, 2009

The Company has submitted this Information Memorandum, containing information about itself, making disclosures in line with the disclosure requirement for public issues, as applicable, to BSE and NSE for making the said Information Memorandum available to public through their websites. This Information Memorandum is made available on the website of the Company viz. www.welspuninvestments.com.

The Company will publish an advertisement in the newspapers containing its details in line with the details required as per SEBI's circular SEBI/CFD/SCRR/01/2009/03/09 dated September 3 , 2009. The advertisement will draw a specific reference to the availability of this Information Memorandum on the website of WGBL as well as the Stock Exchanges. The Company also undertakes that all material information about itself shall be disclosed to stock exchanges on a continuous basis so as to make the same available to public, in addition to the requirements, if any, specified in Listing Agreement.

10. REPORT OF AUDITORS ON TAX BENEFITS:

The Board of Directors
Welspun Investments Limited
Welspun City, Village Versamedi
Tal: Anjar, Dist: Kutch
Gujarat 370 110.

We hereby report that the enclosed statement, prepared by Welspun Investments Limited (the "Company" or "WINL"), states the possible tax benefits available to the Company and its members under the provisions of the Income Tax Act, 1961 and the Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its members fulfilling the conditions prescribed under the relevant provisions of the respective tax laws. Hence, the ability of the Company or its members to derive the tax benefits is dependent upon fulfilling such conditions, which are based on the business imperatives, the Company may or may not choose to fulfill.

The benefits discussed in the Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's Management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the listing.

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

- (i) the Company or its members will continue to obtain these benefits in future; or
- (ii) the conditions prescribed for availing the benefits, where applicable have been/ would be met.

The contents of the enclosed statement are based on the information, explanations and representations obtained from the Company and on the basis of the understanding of the business activities and operations of the Company and the interpretation of the current tax laws in force in India.

FOR SURESH SURANA & ASSOCIATES
Chartered Accountants

(Nirmal Jain)
PARTNER
Membership No.34709

Mumbai; Dated: 14th December 2009

11. STATEMENT OF TAX BENEFITS

As per the present provisions of Income-tax Act, 1961 (hereinafter referred to as "the IT Act") and other laws as applicable for the time being in force in India, the following tax benefits are available to the Company and to the shareholders of the Company, subject to fulfillment of prescribed conditions:

A. To the Company under the Income Tax Act, 1961 ('the IT Act')

1. Under Section 32 of the IT Act, the Company is entitled to claim depreciation allowance at the prescribed rates on all its tangible and intangible assets acquired and put to use for its business.
2. Under Section 35DD of the IT Act, the company is eligible for a deduction equal to one fifth of expenditure incurred wholly and exclusively for the purpose of amalgamation or demerger, for a period of five successive years beginning with the previous year in which the amalgamation or demerger takes place.
3. Under Section 10(34) of the IT Act, dividend income as referred in Section 115O of the IT Act (whether interim or final) received by the Company from any other domestic company (in which the company has invested) is exempt from tax in the hands of the Company.
4. The income received by the Company from distribution made by any mutual fund specified under Section 10(23D) of the IT Act or from the Administrator of the specified undertaking or from the specified companies referred to in Section 10(35) of the IT Act is exempt from tax in the hands of the Company under Section 10(35) of the IT Act.
5. Under Section 10(38) of the IT Act, the Long-term Capital Gains arising on transfer of equity shares held as investments in any other company or units of equity oriented funds, which are chargeable to Securities Transaction Tax, are exempt from tax in the hands of the Company. However, long term capital gains shall be subject to income tax computed on book profit under section 115JB of the Act. As per the provisions of Section 112(1)(b) of the IT Act, other Long-term Capital Gains arising to the Company are subject to tax at the rate of 20% (plus applicable surcharge and cess). However, as per the Proviso to that section, the long term capital gains resulting from transfer of listed securities or units or zero coupon bonds [not covered by Section 10(36) and 10(38) of the IT Act], are subject to tax at the rate of 20% on long-term capital gains worked out after considering indexation benefit (plus applicable surcharge and cess), which would be restricted to 10% of Long-term capital gains worked out without considering indexation benefit (plus applicable surcharge and cess).
6. As per the provisions of Section 111A of the IT Act, Short-term Capital Gains arising to the Company from transfer of Equity Shares held as investment in any other company or from sale of units of any equity oriented fund defined in Section 10(38) of the IT Act, are subject to tax @ 15% (plus applicable surcharge and cess), if such a transaction is subjected to Securities Transaction Tax.
7. In accordance with and subject to the conditions specified in Section 54EC of the IT Act, the Company would be entitled to exemption from tax on Long-term Capital Gain [not covered by Section 10(36) and Section 10(38) of the IT Act] if such capital gain is invested in any of the long-term specified assets (hereinafter referred to as the "new asset") to the extent and in the manner prescribed in the said section. Currently, the limit for investment in long term specified asset is Rs. 50 lakhs. If the new asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains for which exemption is availed earlier would become chargeable to tax as long term capital gains in the year in which such new asset is transferred or converted into money.
8. The Company would be required to pay tax on its book profits under the provisions of section 115JB of the Act in case where tax on its 'total income' [as term defined under section 2(45) of the Act] is less than 15% of its 'book profits' (as term defined under section 115JB of the Act). Such tax is referred to as Minimum Alternate Tax ('MAT').

The difference between the MAT paid for any assessment year and the tax on its total income payable for that assessment year shall be allowed to be carried forward as 'MAT credit'. The MAT credit shall be utilized to be set off against taxes payable on the total income in the subsequent

assessment years computed in accordance with the provisions other than Section 115JB. However, it can be carried forward upto 7 (10 from Assessment Year 2010-11) assessment years succeeding the assessment year in which such MAT was paid.

B. To the Shareholders of the Company

I. Resident Shareholders

1. Under Section 10(34) of the IT Act, dividend referred to in Section 115O of the IT Act (whether interim or final) received from a domestic company is exempt from tax in the hands of the resident shareholders of the Company.
2. The characterization of gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of shareholders and various other factors
3. Under Section 10(38) of the IT Act, the Long-term Capital Gain arising on transfer of equity shares in any company or units of equity oriented fund, which are chargeable to Securities Transaction Tax, are exempt from tax in the hands of the resident shareholders. However, long term capital gain of shareholder being a company shall be subject to income tax computed on book profit under section 115JB of the Act. As per the provisions of Section 112(1)(a) of the IT Act, other Long-term Capital Gains arising to the resident shareholders are subject to tax at the rate of 20% (plus applicable surcharge and cess). However, as per Proviso to that section, the long-term capital gains resulting from transfer of listed securities or units or zero coupon bonds [not covered by Section 10(36) and 10(38) of the IT Act], are subject to tax at the rate of 20% on long term capital gains after considering the indexation benefit (plus applicable surcharge and cess), which would be restricted to 10% of long term capital gains without considering the indexation benefit (plus applicable surcharge and cess).
4. As per the provisions of Section 111A of the IT Act, Short-term Capital Gains arising to the resident shareholders from the transfer of Equity Shares in a company or units of equity oriented fund defined in Section 10(38) of the act, are subject to tax @ 15% (plus applicable surcharge and cess) if such a transaction is subjected to Securities Transaction Tax.
5. In accordance with and subject to the conditions specified in Section 54EC of the IT Act, the resident shareholders would be entitled to exemption from tax on Long-term Capital Gains [not covered by Section 10(36) and Section 10(38) of the IT Act], if such capital gains are invested in any of the long-term specified assets (hereinafter referred to as the "new asset") to the extent and in the manner prescribed in the said section. Currently, the limit for investment in long term specified asset is Rs. 50 lakhs. If the new asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains for which exemption is availed earlier would become chargeable to tax as long term capital gains in the year in which such new asset is transferred or converted into money.
6. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent provided in Section 54F of the IT Act, the shareholder is entitled to exemption from Long-term Capital Gains arising from the transfer of any long term capital asset, not being on residential house [not covered by Sections 10(36) and 10(38) of the IT Act], if the net consideration is invested for purchase or construction of a residential house. If part of the net consideration is invested within the prescribed period in a residential house, such gains would not be chargeable to tax on a proportionate basis. If, however, such new residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains for which the exemption was availed

earlier would be taxed as long-term capital gains of the year in which such residential house is transferred.

II. Mutual Funds

In case of a shareholder being a Mutual fund, as per the provisions of Section 10(23D) of the IT Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India are exempt from income-tax, subject to the conditions notified by Central Government in this regard.

III. Non-Resident / Non-Resident Indian Member

1. Dividend (both interim and final) income, if any, received by the non resident/nonresident Indian shareholders from the domestic company shall be exempt under Section 10(34) read with Section 115-O of the IT Act.
2. Benefits outlined in Paragraph B(I) above are also available to a non-resident/nonresident Indian shareholder except that under first proviso to Section 48 of the IT Act, the capital gains arising on transfer of capital assets being shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation is not available to non-resident shareholders.
3. As per Section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the nonresident/ non-resident Indian shareholder. Thus, a nonresident/non-resident Indian shareholder can opt to be governed by the beneficial provisions of an applicable tax treaty.
4. Capital gains tax - Options available to a non-resident Indian under the IT Act: Non- resident Indian: As per Section 115-C(e) of the IT Act, a 'non-resident Indian' means an individual, being a citizen of India or a person of Indian origin who is not a 'resident'. As per the Explanation to the said clause, a person shall be deemed to be of Indian origin if he, or either of his parents or any of his grandparents, was born in undivided India.
5. Where shares have been subscribed in convertible foreign exchange, the nonresident Indians [as defined in Section 115C(e) of the IT Act], being shareholders of an Indian company, have the option of being governed by the provisions of Chapter XII-A of the IT Act, which, inter alia, entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:
 - As per the provisions of Section 115D read with Section 115E of the IT Act and subject to the conditions specified therein, long term capital gains (in cases not covered under Section 10(38) of the IT Act) arising on transfer of an Indian company's shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge and cess), without indexation benefit.
 - As per the provisions of Section 115F of the IT Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset (in cases not covered under Section 10(38) of the IT Act) being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the IT Act. If part of such net consideration is invested within the prescribed period of six

months in any specified asset or savings certificates referred to in Section 10(4B) of the IT Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

- Further, if the specified asset or savings certificate in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.
- As per the provisions of Section 115G of the IT Act, non-resident Indians are not obliged to file a return of income under Section 139(1) of the IT Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the IT Act.
- Under Section 115H of the IT Act, where the non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the IT Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
- As per the provisions of Section 115I of the IT Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the IT Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the IT Act.

IV. Foreign Institutional Investors (FIIs)

1. Dividend (both interim and final) income, if any, received by FIIs from the domestic company shall be exempt under Section 10(34) read with Section 115O of the IT Act.
2. Capital gains

Under Section 115AD, income (other than income by way of dividends referred in Section 115-O) received in respect of securities (other than units referred to in Section 115AB) shall be taxable at the rate of 20% (plus applicable surcharge and cess).

Under Section 115AD, capital gains arising from transfer of securities (other than units referred to in Section 115AB) which are not exempt under Section 10(38), shall be taxable as follows:

Securities which are held for the period of upto or less than twelve months and where such transaction is chargeable to STT levied under Chapter VII of the Finance (No. 2) Act of 2004, shall be taxable at the rate of 15% (plus applicable surcharge and cess). Securities held for the period of upto or less than twelve months and where such transaction is not chargeable to STT levied under Chapter VII of the Finance (No. 2) Act of 2004, shall be taxable at the rate of 30% (plus applicable surcharge and cess);

Securities which are held for the period of more than twelve months shall be taxable at the rate of 10% (plus applicable surcharge and cess). Such capital gains would be computed without giving

effect of indexation as provided in the first and second proviso to Section 48. In other words, the benefit of indexation, as mentioned under the two provisos would not be allowed while computing the capital gains.

3. Long-term capital gains arising on transfer of equity shares in the Company, which is held for the period of more than twelve months and where such transaction is chargeable to STT, shall be exempt from tax under Section 10(38) of the IT Act.
4. Benefit of exemption under Section 54EC shall be available as outlined in Paragraph B(I)(4) above.
5. As per Section 90(2) of the IT Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the nonresident. Thus, a non-resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

Note: There is a legal uncertainty over whether a FII can elect to be governed by the normal provisions of the IT Act, instead of the provisions of Section 115AD. Investors are advised to consult their tax advisors in this regard.

C. Benefits available under the Wealth Tax Act, 1957

'Asset' as defined under Section 2(ea) of the Wealth Tax Act, 1957, does not include share in companies. Hence, the shares in companies are not liable to Wealth Tax.

D. Benefits available under the Gift Tax Act, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance (No. 2) Act, 2009
2. The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.
3. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice.
4. In view of the nature of tax consequences, being based on all the facts, in totality, of the investors, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences.
5. We do not express any opinion or provide any assurance as to whether:
 - The company or its shareholders will continue to obtain these benefits in future
 - The conditions prescribed for availing the benefits have been/or would be met with.
6. The Draft Direct Tax Code, Bill 2009 ('DTC') has been released by the Ministry of Finance on 12 August 2009 for public comments. DTC is expected to be implemented from April 2011 and would replace existing Act. Since, DTC is yet to be introduced, the benefits available therein are not discussed in this statement of tax benefits.

12. ABOUT WELSPUN INVESTMENTS AND COMMERCIALS LIMITED

Company History:

Welspun Investments and Commercials Limited was originally incorporated as Welspun Investments Private Limited on 7th October 2008 under the Companies Act, 1956. The status of the Company was changed from private company to public company by passing the necessary resolution on 10th October 2008 and having obtained fresh certificate of incorporation on 21st October 2008. The name of the Company was changed to Welspun Investments and Commercials Limited w.e.f. 31st March, 2010

Company's Vision

To become a large scale trading company as well as holding company with exposure to domestic as well as international market.

The objects for which the Company was set up:

To acquire, hold, sell, buy or otherwise deal in any shares., units, stocks, debentures, debenture-stock, bonds, mortgages, obligations and other securities by original subscription, tender, purchase, change, gift or otherwise and to subscribe for the same, either conditionally or otherwise, and to underwrite, sub-underwrite or guarantee the subscription thereof to purchase and sell the above mentioned securities and to carry on and undertake the business of hire purchase, leasing including across border leasing, import leasing and to give on lease or on leave and licence basis, or in any other manner of all types of equipment, property and assets including all kinds of goods, articles or things whether movable or immovable and to act as discount and acceptance house, to arrange acceptance and co-acceptance of bills, to undertake factoring of bills, and other documents, to purchase the book debts and receivables and to lend' and give credit against the same, to draw, make, accept, endorse, discount execute, issue negotiate and sell bills of exchange, promissory notes and advance by discounting or otherwise with or without security upon such terms and conditions as the Company deems fit to borrow, to lend, to negotiate loans, to transact business as promoters, financiers, monetary agents, to raise -or provide venture capital, arrange securitisation of loans, long term debt instruments, real estate/property certificates, to undertake asset management, portfolio management, advisory counselling services.

Changes in Memorandum of Association since the Company's inception are as follows:

Date	Particulars
October 10,2008	Consequent to conversion of company from Private Ltd to Public Ltd Company name was changes from Welspun Investments Pvt Ltd to Welspun Investments Limited
March 31, 2010	Name changed to Welspun Investments and Commercials Limited

There are no Operating Agreement, Trade mark agreement and Non Compete Agreements with WIL :

At present the Company has no operating / trade mark agreement. The business is at the planning stage and hence does not have any order book position.

Shareholders agreements:

The Company has entered into shareholders' agreement with Dunearn Investments (Mauritius) Pte Limited, having its registered office at International financial Services Limited, 4th Floor, Les Cascades, Edith Cavel, Street, Port Louis, Mauritius (Dunearn) the key terms of which are as under:

- i. Right (but not an obligation) of first refusal in respect of subscribing to the Further Shares which may be issued by the Company below certain minimum price.
- ii. Dunearn shall have right to appoint one nominee director on the Board of the Company.
- iii. Any action with respect to Fundamental Issues shall require affirmative vote of Dunearn in any general meeting of shareholders and/or the consent of all the Nominee Director(s) of Dunearn or written consent of Dunearn, as the case may be, at any meeting of the Board of Directors or Committee thereof.
- iv. In the event that Dunearn's holding in the Company falls below 7.5 % but not less than 5% of the total equity share capital of the Company then Dunearn shall cease to have the certain rights available to it under the Agreement.
- v. Agreement shall automatically terminate if holding of Dunearn falls below 5% of the total equity share capital of the Company.

13. MANAGEMENT:

Board of Directors:

S.No	Name, Age, Designation, Fathers Name, Address,Occupation	Other Directorships
1.	Mr. Balkrishan Goenka Age: 43 years Designation: Director S/o: Late Gopiram Goenka Address: "Rocky Isle", 46-C, Bhulabhai Desai Road, Mumbai,- 400 026, Maharashtra Occupation: Industrialist	Welspun Gujarat Stahl Rohren Ltd. Welspun India Ltd. Krishiraj Trading Limited MGN Builders and Developers Pvt. Ltd Welspun Developers and Infrastructure Pvt. Ltd. Welspun Global Brands Limited Welspun Investments and Commercials Limited Welspun Mercantile Ltd. Welspun Pipes Ltd Welspun Power and Steel Ltd Welspun Syntex Ltd Welspun Trading Ltd. Welspun Wintex Limited Giant Realty Private Limited Goldenarch Estate Private Limited Refined Salts Private Limited Adani Welspun Exploration Ltd. Welspun Maxsteel Ltd. Remi Metals Gujarat Ltd Welspun Steel Plates & Coil Mills Private Limited Welspun Pipes Inc. Welspun Tubular LLC Welspun Global Trade LLC.
2.	Mr. Arun Todarwal Age: 52 years Designation: Director (Nominee of Dunearn Investment S/o: Lalchand Todarwal Address: 81, Shivner, 84, Napean Sea Road, Mumbai – 400 006 Occupation: Professional	Welspun India Limited Welspun Global Brands Limited Sterlite Technologies Ltd. Sterlite Shipping Ventures (P) Ltd. Graviss Hospitality Limited Graviss Hotels & Resorts Limited The Madras Alluminium Co. Limited Anuh Pharma Limited
3.	Mr. Shailesh Vaidya Age: 52 years Designation : Director M/s. Kanga & Co. Ready Mansion,43, Veer Nariman Road, Fort, Mumbai- 400034 Occupation : Professional	Dwarikesh Sugar Industries Limited Prabhukripa Overseas Limited Gold Crest Finance (India) Ltd C. Mahendra Exports Limited Suashish Diamonds Limited Siyaram Silk Mills Limited Avighna India Limited Orbit Corporation Limited Allied Digital Services Limited

		Welspun Power and Steel Limited
4.	Mr. R.K. Jain S/o. Mr. Kailash Chand Jain) Age: 53 years Designation : Director 1A/42, Manali, Evershine Nagar, Malad (West), Mumbai – 400 064 Occupation : Professional	Welspun Syntex Ltd. Welspun Gujarat Stahl Rohren Ltd. Arihant Medical Services Pvt. Ltd.

Shareholding of Directors

Director	No. of shares held
B. K. Goenka	2229
Arun Todarwal	NIL
Shailesh Vaidya	NIL
R.K. Jain	NIL

Details of borrowing powers:

The shareholders of the Company have, vide their resolution passed at their Annual General Meeting held on June 11, 2009 authorised the board to borrow in excess of the aggregate of paid up share capital and free reserves, subject to the limit of Rs. 50 Crores at any point of time.

Managing Director/Wholetime Director:

The Company is not immediately required to appoint Managing or Whole Time Director but the Company would appoint of a right candidate to be its Chief Executive Officer to head the Company's business at appropriate stage of progress of the Company's plans.

Interest of Directors:

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

Corporate Governance:

The provisions of the listing agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to Welspun Investments and Commercials Limited immediately upon the listing of its Equity Shares on the Stock Exchanges. To comply with the requirements of Clause 49 of the listing agreement to be entered into with the Stock Exchanges, Welspun Investments and Commercials Limited has appointed the requisite independent directors to its Board and has also constituted the Audit Committee and Shareholders' / Investors' Grievance Committee. The Company has also constituted Remuneration Committee to voluntarily comply with the non-mandatory requirement of Clause 49 of the listing agreement.

The role, powers, scope of functions and duties of the Audit Committee, Shareholders/Investor's Committee and Remuneration Committee of the Board are as per the applicable provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

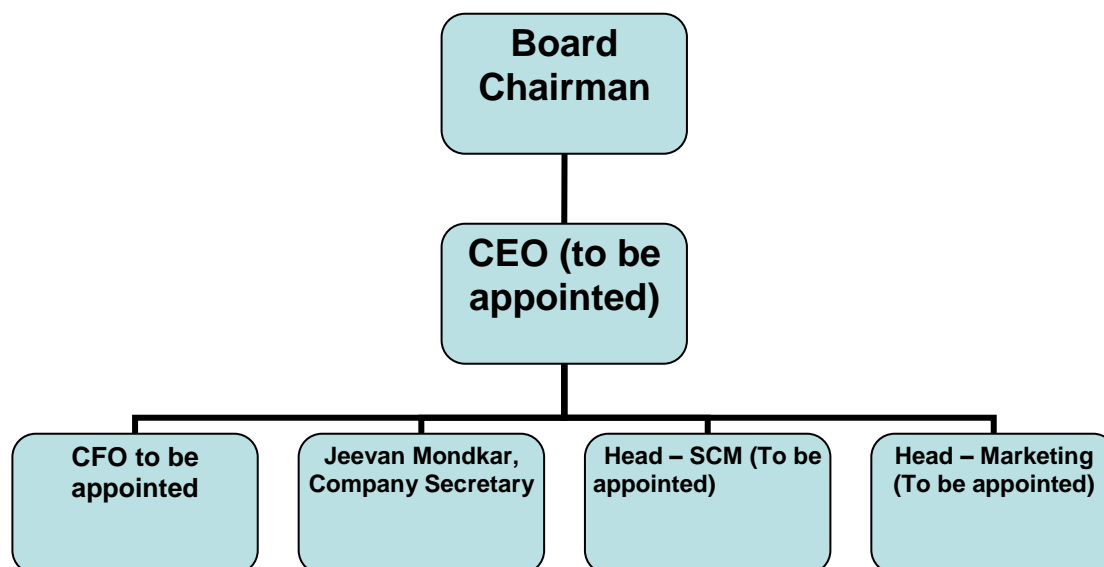
The Board has constituted the following committees required under Clause 49 of the Listing Agreement.

Committee	Name of the Director	Category
Audit Committee	Mr. R.K.Jain Mr. Arun Todarwal Mr. Shailesh Vaidya	Non-Executive Independent Non- Executive Non-Executive Independent
Shareholders/Investors Grievances Committee	Mr. B.K. Goenka Mr. Arun Todarwal Mr. Shailesh Vaidya	Non-Executive – Chairman Non-Executive Non-Executive Independent
Remuneration Committee	Mr. Shailesh Vaidya Mr. Arun Todarwal Mr. R.K. Jain	Non-Executive Independent Non-Executive Independent Non-Executive Independent

Changes in Board of Directors during the last three years:

Name of the Director	Date of appointment	Date of cessation	Reasons
D.K. Patil	09.10.2008	16.12.2009	Resignation
R.R. Mandawewala	10.11.2008	16.12.2009	Resignation
Mr. M.L. Mittal	07.10.2008	16.12.2009	Resignation
Mr. Arun Todarwal	16.12.2009	N.A	N.A
Mr. Shailesh Vaidya	16.12.2009	N.A.	N.A.
Mr. R.K. Jain	16.12.2009	N.A.	N.A.

OVERVIEW OF ORGANISATION STRUCTURE AND SENIOR MANAGEMENT PERSONNEL:



The Company is managed, controlled and directed by the Board of Directors. The Board proposes to appoint a person responsible for day to day operations of the Company in his capacity as the Chief Executive Officer and appoint other managerial persons to work with him.

PAYMENT OR BENEFIT TO OFFICERS OF THE COMPANY:

No payment or any benefit has been given to any officer of the Company.

14. PROMOTERS:

Our Promoters are:

Mr. B.K. Goenka, B.Com, aged 43 years, has more than 2 decade's experience in the industry. He is successful and well recognised Industrialist well known for his capabilities to face challenges in the fast changing economic environment, converting opportunities into reality with focused approach. Under his stewardship the Welspun Group is geared up to reach to the new heights.

Mr. Rajesh R. Mandawewala, aged 46 years, is a qualified Chartered Accountant. He has been associated as promoter with Mr. B.K. Goenka from the group's first project in 1985. He has more than 20 years of experience in the field of finance and administration. He has been responsible for operations, marketing of the group and for implementation of the projects undertaken by the group of companies.

Promoter Group

Name	Business
Welspun Trading Limited	Trading
Welspun Mercantile Limited	Trading
Welspun Wintex Limited	Trading in various types of yarns
Krishiraj Trading Limited	Trading in various types of yarns
Welspun Finance Limited	Leasing, Hire Purchase, counselling services & Merchant Banking activities
Methodical Investment and Trading Company Private Limited	Trading in securities
Welspun Syntex Limited	Yarn manufacturing
Welspun-Gujarat Stahl Rohren Limited	Manufacture of high-grade line pipes - Saw Pipes, ERW Pipes
Welspun Zucchi Textiles Limited	Manufacture of bathrobe
Welspun Power and Steel Limited	Manufacture Ribboned Thermo Mechanically Treated Rebars

The Promoters are interested in Welspun Investments and Commercials Limited only to the extent of their shareholding in the Company which are given below:

Sr.	Promoter Group	Shareholding	% age
1	Dipali Goenka	32728	0.88
2	Radhika Goenka	9130	0.24
3	B.K.Goenka	2229	0.06
4	B.K.Goenka (HUF)	878	0.02
5	Rajesh R. Mandawewala	1	0.00
6	Welspun Mercantile Ltd	453054	12.39
7	Welspun Trading Ltd	610706	16.71

8	Welspun Wintex Ltd	358978	9.82
9	Krishiraj Trading Ltd	132668	3.63
10	Welspun Finance Ltd	24654	0.67
11	Methodical Inv & Fin Pvt. Ltd	349	0.00
12	Welspun Syntex Ltd	67	0.00
13	Welspun Gujarat Stahl Rohren Ltd	5	0.00
14	Welspun Zucchi Textiles Ltd	5	0.00
15	Welspun Power & Steel Ltd	5	0.00

Payment or benefits to promoters of the Company:

No amount has been paid or any benefit has been given to any promoter.

Currency of Presentation:

In this Information Memorandum, all references to “Rupees” or “Rs.” are to Indian rupees, the legal currency of the Republic of India and all reference to “USD” or “US\$” are to the United State Dollar.

Dividend Policy:

The Company does not have any fixed dividend policy for its equity shares. The declaration and payment of equity dividend in a company is recommended by our Board of Directors and approved by the shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The Company has not paid any dividend on its equity shares so far.

15. FINANCIAL INFORMATION:

AUDITORS' REPORT

To,

The Board of Directors
WELSPUN INVESTMENTS AND COMMERCIALS LIMITED
(Formerly known as Welspun Investments Limited)

1. We have audited the attached balance sheet of WELSPUN INVESTMENTS AND COMMERCIALS LIMITED (Formerly known as Welspun Investments Limited) as at 31 March 2010, the profit and loss account and the cash flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (hereinafter referred to as 'the Order') issued by Central Government of India in terms of section 227(4A) of the Companies Act, 1956, on the basis of such checks of the books and records of the Company, as we considered appropriate and according to information and explanations given to us, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors of the Company as on 31 March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with other notes thereon in Schedule '6', give the information required by the Companies Act 1956, in the manner so required and gives true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2010;
- ii) in the case of profit and loss account, of the profit for the year ended on that date; and
- iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

FOR SURESH SURANA & ASSOCIATES
Chartered Accountants
Firm Reg. No.: 121750W

(Nirmal Jain)
PARTNER
Membership No. 34709

Mumbai; Dated: July 06, 2010

ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN

PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

1. The Company has no fixed assets. Accordingly, clause 4(i)(a), 4(i)(b) and 4(i)(c) of the Order are not applicable to the Company.
2. In our opinion and according to information and explanations given to us in respect of its inventories:
 - a) The management has conducted physical verification of inventory at reasonable intervals.
 - b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification of inventory as compared to book records and the same have been properly dealt with in the books of account.
3. The Company has not granted / taken any loans, secured or unsecured to / from Companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(b), 4(iii)(c), 4(iii)(d), 4(iii)(f), and 4(iii)(g) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. According to the information and explanations given to us, there are no transactions that need to be entered into the register maintained under Section 301 of the Act. As there are no transactions that need to be entered into the register maintained under Section 301 of the Act, the provisions of clause 4(v)(b) of the Order is not applicable during the year.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public.
7. The requirement of having internal audit system was not applicable to the Company during the year.
8. In our opinion, the Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in case of any of the activities of the Company.

9. (a) The Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection funds, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. No undisputed amounts payable in respect of aforesaid statutory dues were outstanding as on the last day of the financial year for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of sales tax, income tax, service tax, customs duty, wealth tax, excise duty and cess, which have not been deposited on account of any dispute.
10. As the Company is registered for less than five years, the provisions of clause 4(x) of the Order are not applicable to the Company.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the banks. The Company does not have any borrowings from financial institutions and by way of debentures.
12. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, the clause 4(xiii) of the Order is not applicable to the Company.
14. The Company has maintained proper records of the transactions and contracts with respect to its investments in shares, securities, debenture and other investments. All the shares, securities, debenture and other investments are held in the name of the Company or are in process of being transferred in the name of the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. The Company has not raised any term loan during the year.
17. According to the information and explanation given to us and on overall examination of the balance sheet of the Company, we report that as at 31 March 2010 no funds raised on short term basis have been used for long term investment.
18. The Company has not made any preferential allotment of shares to the parties or companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issue during the year.

21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instances of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by the management.

FOR SURESH SURANA & ASSOCIATES
Chartered Accountants
Firm Reg. No.: 121750W

(Nirmal Jain)
PARTNER
Membership No. 34709

Mumbai; Dated: July 06, 2010

WELSPUN INVESTMENTS AND COMMERCIALS LIMITED
(Formerly known as Welspun Investments Limited)

BALANCE SHEET AS AT 31 MARCH 2010

PARTICULARS	Schedule	Rs.	As at 31/03/2010 Rs.	Rs.	As at 31/03/2009 Rs.
SOURCES OF FUNDS					
Shareholders' funds					
Share capital	1	96,544,760		500,000	
Reserves and surplus	2	211,072,080		-	
			247,616,840		500,000
Total funds employed			247,616,840		500,000
APPLICATION OF FUNDS					
Investments	3		131,531,168		-
Deferred tax assets			5,099		-
Current assets, loans and advances	4				
Cash and bank balances		6,466,221		152,027	
Other current assets		52,550		-	
Loans and advances		113,989,922		-	
Total (A)		120,508,693		152,027	
Less: Current liabilities and provisions	5				
Current liabilities		53,120		3,155	
Provisions		4,375,000		-	
Total (B)		4,428,120		3,155	
Net current assets (A-B)			116,080,573		148,872
Miscellaneous expenditure (to the extent not written off or adjusted)					
Preliminary expenses			-		277,002
Profit and loss account (debit balance)			-		74,128
Total funds utilised			247,616,840		500,000
Accounting policies and notes forming part of the accounts	6				
As per our report of even date attached					
FOR SURESH SURANA & ASSOCIATES Chartered Accountants			On behalf of the Board of directors		
Nirmal Jain PARTNER Membership No.: 34709		B.K. Goenka Director		R.K. Jain Director	
		Jeevan Mondkar Company Secretary			
Mumbai, July 6, 2010		Mumbai,	July 6, 2010		

WELSPUN INVESTMENTS AND COMMERCIALS LIMITED (Formerly known as Welspun Investments Limited) PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010			
PARTICULARS	Schedule	Current Year 2009-10 Rs.	Previous Period 2008-09 Rs.
INCOME			
Sales		31,270,864	-
Dividend income from investments			
Trade, longterm		6,049,500	655
Non trade, current		130,315	-
Interest income (TDS Rs. 1,587,205)		13,989,897	-
		51,440,576	655
EXPENDITURE			
Purchases		31,227,211	-
Auditors Remuneration			
Audit fees		44,120	2,758
Other matters		33,090	-
Director's sitting fees		9,000	-
Rates and taxes		432,095	-
Professional fees		4,087	2,747
Printing and stationery		582,783	-
Postage and telegram		112,865	-
Advertisement expenses		2,304	-
Bank charges		1,010	25
Preliminary expenses written off		277,002	69,251
		32,725,567	74,781
PROFIT/ (LOSS)			
Profit/ (loss) before taxation		18,715,009	(74,126)
Provision for taxation:			
- Current tax		(4,375,000)	-
- Deferred tax benefit/ (expenses)		5,099	-
Profit/ (loss) after taxation		14,345,108	(74,126)
Balance brought forward from previous period		(74,126)	-
Balance carried to balance sheet		14,270,982	(74,126)
Basic and diluted earnings per shares		3.93	(1.48)
Nominal value of equity shares		10.00	10.00
Accounting policies and notes forming part of the accounts			
6			
As per our report of even date attached			
FOR SURESH SURANA & ASSOCIATES	On behalf of the Board of directors		
Chartered Accountants			
	B.K. Goenka	R.K. Jain	
(Nirmal Jain)	Director	Director	
PARTNER			
Membership No.: 34709			
	Jeevan Mondkar		
	Company Secretary		
Mumbai, July 6,2010	Mumbai,	July 6, 2010	

<p style="text-align: center;">WELSPUN INVESTMENTS AND COMMERCIALS LIMITED (Formerly known as Welspun Investments Limited)</p> <p style="text-align: center;">CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010</p>				
PARTICULARS	Rs.	Current Year 2009-10 Rs.	Rs.	Previous Period 2008-09 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit/ (loss) before taxation		18,715,009		(74,126)
ADJUSTMENTS FOR:				
Preliminary expenses written off	277,002		69,251	
Dividend income	(6,179,815)		(655)	
Interest income	(13,989,897)	(19,892,710)	-	68,596
Operating profit / (loss) before working capital changes		(1,177,701)		(5,530)
ADJUSTMENTS FOR:				
Trade and other receivables	(20,102,575)		-	
Trade payables and other liabilities	49,965	(20,052,610)	3,155	3,155
Cash used in operations		(21,230,311)		(2,375)
Preliminary expenses paid		-		(346,253)
Advance income tax		(5,087,205)		-
Net cash used in operating activities		(26,317,516)		(348,628)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of investments		(131,531,168)		-
Interest received		13,937,347		-
Loan given		(88,800,142)		-
Dividend income		6,179,815		655
Net cash used in investing activities		(200,214,148)		655
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital		-		500,000
Net cash from Financing Activities		-		500,000
Net increase / (decrease) in Cash and Cash Equivalents (A+B+C)		(226,531,664)		152,027
Cash and cash equivalents - Opening balance		152,027		-
Cash and cash equivalents on demerger (Refer note 2 of Schedule '6')		232,845,858		-
Cash and cash equivalents - Closing balance		6,466,221		152,027
Net increase / (decrease) in Cash and Cash Equivalents		(226,531,664)		152,027
Components of Cash and Cash Equivalents at the end of the period				
Cash in hand		52,143		9,933
Bank balance with schedule bank in current account		6,414,078		142,094
		6,466,221		152,027
Accounting policies and notes forming part of the accounts '6'				
As per our report of even date attached				
FOR SURESH SURANA & ASSOCIATES		On behalf of the Board of directors		
Chartered Accountants				
(Nirmal Jain)		B.K. Goenka	R.K. Jain	
PARTNER		Director	Director	
Membership No.: 34709				
		Jeevan Mondkar		
		Company Secretary		
Mumbai, July 6, 2010		Mumbai,	July 6, 2010	

WELSPUN INVESTMENTS AND COMMERCIALS LIMITED
(Formerly known as Welspun Investments Limited)

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2010

PARTICULARS	As at 31/03/2010 Rs.	As at 31/03/2009 Rs.
SCHEDULE - 1		
SHARE CAPITAL		
Authorised: 13,000,000 Equity Shares of Rs.10 each	130,000,000	130,000,000
Issued, subscribed and paid up: 3,654,476 (50,000) Equity Shares of Rs.10 each fully paid up	36,544,760	500,000
	36,544,760	500,000
SCHEDULE- 2		
RESERVES AND SURPLUS		
Reserve on demerger:		
Opening balance	-	-
Add: Additions during the year	196,801,098	-
	196,801,098	-
Profit and loss account	14,270,982	-
	211,072,080	-
SCHEDULE- 3		
INVESTMENTS		
Long Term (At Cost)		
Trade and Quoted: 4,033,000 (--) Equity shares of Rs. 5 each fully paid up of Welspun Gujarat Stahl Rohren Limited	32,031,168	-
Non trade and Unquoted: 3,320,000 (--) Equity shares of Rs. 10 each fully paid up MEP Cotton Limited	99,500,000	-
	131,531,168	-
Aggregate value of quoted investments in shares and securities	32,031,168	-
Aggregate value of unquoted investments in shares and securities	99,500,000	-
Market value of quoted investments	1,102,017,250	-

WELSPUN INVESTMENTS AND COMMERCIALS LIMITED
(Formerly known as Welspun Investments Limited)

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31 MARCH 2010

PARTICULARS	As at 31/03/2010 Rs.	As at 31/03/2009 Rs.
SCHEDULE - 4		
CURRENT ASSETS AND LOANS AND ADVANCES		
CURRENT ASSETS		
Cash and bank balances		
Cash in hand	52,143	9,933
Bank balance with schedule banks in current account	6,414,078	142,094
	6,466,221	152,027
Other current assets		
Accrued interest on loan	52,550	-
	52,550	-
Total (A)	6,518,771	152,027
LOANS AND ADVANCES (Unsecured and considered good, unless otherwise stated)		
Loan to body corporate	88,800,142	-
Advance to supplier	20,050,000	-
Advances recoverable in cash or in kind or for value to be received	27,575	-
VAT receivable	25,000	-
Taxation payments and refund receivable	5,087,205	-
Total (B)	113,989,922	-
Total (A+B)	120,508,693	152,027
SCHEDULE- 5		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry creditors (refer note 10 of Schedule '6')	-	2,758
Other liabilities	53,120	397
Total (A)	53,120	3,155
PROVISIONS		
Provision for taxation	4,375,000	-
Total (B)	4,375,000	-
Total (A+B)	4,428,120	3,155

WELSPUN INVESTMENTS AND COMMERCIALS LIMITED

(Formerly known as Welspun Investments Limited)

SCHEDULE '6'

ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

1. Significant accounting policies:

a) Basis of preparation of financial statements

The Financial Statements are prepared to comply in all material aspects with the applicable accounting standards notified under sub-section (3C) of Section 211 of the Companies Act, 1956 (the "Act") and the other relevant provisions of the Act.

These accounts are prepared on historical cost basis and on the accounting principle of going concern.

The Company follows mercantile system of accounting and recognise income and expenses on accrual basis.

b) Use of estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Difference between the actual results and the estimates are recognised in the period in which the results are known/ materialised.

c) Investments

Long term investments are stated at cost less provision, if any, for diminution in value other than temporary. Current investments are carried at the lower of cost and fair value.

d) Revenue recognition

Revenue in respect of sale of goods is recognized when significant risks and rewards in respect of ownership of the products are transferred to the customer.

Dividend income is accounted for when the right to receive dividend is established.

Interest income is accounted for on time basis and when the realisation of amount is certain.

e) Taxation

i) Current taxation

The current tax is determined as the amount of tax payable in respect of taxable income for the year as per the Income Tax Act, 1961, of India.

ii) Deferred taxation

Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current/ substantively enacted rate of tax to the extent that the timing differences are expected to crystallise.

Deferred tax assets arising in situations where there are brought forward losses and unabsorbed depreciation as per the Income Tax Act, 1961, of India, are recognised only when there is a virtual certainty supported by convincing evidence that such assets will be realised.

iii) Minimum Alternate Tax Credit

Minimum Alternate Tax (MAT) paid in accordance with tax laws, which give rise to future economic benefits in the form of adjustment of future tax liability, is recognized as an asset only when, based on convincing evidence, it is probable that the future economic benefits associated with it will flow to the Company and the assets can be measured reliably.

f) Accounting for provisions and contingent liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation but the likelihood of outflow of resources is remote, no provision or disclosure is made.

2. The Company's scheme of arrangement in the nature of Demerger and Reconstruction of Capital under Section 78, 100, 391 to 394 of the Companies Act, 1956 and transfer of Investment and Treasury Division of Welspun India Limited. To Welspun Investments and Commercials Limited was approved by the Hon'ble High Court of Gujarat vide its Order dated 8th May'09

Pursuant to the Order, Asset and Liabilities of the Investment and Treasury Division of Welspun India Ltd were transferred to Welspun Investments and Commercials Ltd w.e.f. appointed date (1st April'09). Upon the transfer, the Company has issued 1 equity share of Rs.10/- each as fully paid up to the Shareholders of Welspun India Ltd for every 20 equity shares held by them in Welspun India Ltd.

Further 50,000 equity shares of Rs. 10 each fully paid up held by Welspun India Limited have been cancelled. upon the Scheme becoming effective.

3. In accordance with the Accounting Standard AS-26 'Intangible Assets', the Company has changed its accounting policy in respect of preliminary expenses, which is now fully written off instead of amortising over the period of five years up to previous period. Due to the above change in the accounting policy profit before tax for the period and preliminary expenditure as at 31 March 2010 are lower by Rs. 207,751.
4. Amount due from Companies under the same management included in loans and advances are as follows:

Particulars	As at 31/03/2010	As at 31/03/2009
	Rs.	Rs.
Welspun India Limited (Maximum balance outstanding during the year Rs. 199,500,000; previous period Rs. Nil)	88,800,142	--

5. Segmental reporting

The Company has two business segment viz. Investment and dealing in shares and securities and Trading of textile products and related accessories., which is being considered as the primary segment in accordance with Accounting Standard (AS)-17 “Segment Reporting”.

The disclosure in respect of ‘business segment by location of customers’ being secondary segment is as follows:

(Amount in Rs.)

Sr. No.	Particulars	Business segments		
		Finance	Non Finance	Total
1.	Segment revenue			
	Sales and income from operations (Net)	20,169,712 (655)	31,270,864 --	51,440,576 (655)
2	Segment result	18,680,356 (74,126)	43,653 --	18,724,009 (74,126)
3	Segment assets	226,877,656 (152,027)	20,075,000 --	246,952,656 (152,027)

Note: Figures in brackets are for the previous period.

During the year activity of the Company was carried in India and as such there is no reportable geographical segment.

6. Quantitative Information: (As certified by the Management)

Opening Stock, Purchases, Turnover and Closing Stock:

Finished goods (Dyed Fabric)

Particulars	Units	Current Year 2010		Previous Year 2009	
		Qty.	Value Rs.	Qty.	Value Rs.
Opening Stock	Mtr.	--	--	--	--
Purchases	Mtr.	174,600	31,227,211	--	--
Turnover	Mtr.	174,600	31,270,864	--	--
Closing Stock	Mtr.	--	--	--	--

7. Related party disclosures

i. Related party relationships:

a) Holding company	:	Welspun India Limited (upto 31 March 2009)
b) Associates	:	MEP Cotton Limited (w.e.f. 01 February 2010)
c) Enterprise over which Key Management	:	Krishiraj Trading Limited

Personnel or relatives of such personnel exercise significant influence or control and with whom transactions have taken place during the year.	
---	--

Notes:

- i. The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS) - 18 'Related Party Disclosures' and the same have been relied upon by the auditors.
- ii. The relationships as mentioned above pertain to those related parties with whom transactions have taken place during the period, except where control exist, in which case the relationships have been mentioned irrespective of transactions with the related party.

ii. Transactions with the related party

Nature of transactions	Transactions for the year ended 31 March		Balance outstanding receivable / (payable) as at 31 March	
	2010 (Rs.)	2009 (Rs.)	2010 (Rs.)	2009 (Rs.)
MEP Cotton Limited				
- Advance to supplier	20,050,000	--	20,050,000	--
Krishiraj Trading Limited				
Purchases of materials	31,227,211	--	--	--

8. Deferred tax

Major components of recognised deferred tax assets of the Company arising on account of timing differences are as below:

Particulars	As at 31/03/2010 Rs.	As at 31/03/2009 Rs.
Deferred tax assets on account of:		
Preliminary expenses	5,099	--
Total deferred tax assets	5,099	--

9. Earnings per share

Particulars	Current Year 2009-10	Previous Period 2008-09
Net profit after tax available for equity share holders (Rs.)	14,354,108	(74,126)
Weighted average number of equity shares outstanding during the period	3,654,476	50,000
Basic and Diluted earnings per share (Rs.)	3.93	(1.48)
Nominal value of share (Rs.)	10.00	10.00

10. Based on information received from its suppliers the Company has no amounts due to Micro and Small enterprises as at 31 March 2010 (as at 31 March 2009 Rs. Nil).
11. In the opinion of the Directors current assets and loans and advances are approximately of the value stated, if realised in the ordinary course of business.
12. Previous period figures have been regrouped or rearranged, wherever considered necessary. Figures in bracket are in respect of previous period. Previous periods figures which were from 07 October 2008 to 31 March 2009 as such the same are not comparable with current years figure which are for 12 months.

Signatures to schedules '1' to '6'

As per our report of even date attached

FOR SURESH SURANA & ASSOCIATES
Chartered Accountants

On behalf of the Board of directors

(Nirmal Jain)
PARTNER
Membership No.34709

B.K. Goenka
Director

R.K. Jain
Director

Mumbai; Dated: July 06, 2010

Jeevan Mondkar
Company Secretary

Mumbai; Dated: July 06,2010

WELSPUN INVESTMENTS AND COMMERCIALS LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. : U52100GJ2008PLC055195 State Code: 04
Balance Sheet Date : 31 March 2010

II. Capital raised during the year : (Amount in Rs. Thousands)

Public Issue : Nil
Rights Issue :
Bonus Issue : Nil
Private Placement : Nil
Nil

III. Position of Mobilisation and Deployment of Funds

: (Amount in Rs. Thousands)

Total Liabilities : 252,045
Total Assets : 252,045

Sources of Funds

Paid-up Capital : 36,545
Reserves and Surplus : 211,081
Secured Loans : Nil
Nil

Unsecured Loans

Application of Funds

Net Fixed Assets : Nil
Investments : 131,531
Deferred Tax Assets : 5
Net Current Assets : 116,090
Nil

Miscellaneous Expenditure

IV. Performance of Company : (Amount in Rs. Thousands)

Turnover : 51,441
Total Expenditure : 32,717
(Net of increase/decrease in stocks)
Profit before tax : 18,724
Profit after tax : 14,354
Earning per share in Rs. : 3.93
[(Basic / diluted) (refer note 22 of Schedule '15')]
Dividend rate : Nil

V. Generic Names of Three Principal Products / Services of the Company : (As per monetary terms)

Item Code No. : 5514
(ITC Code)
Product Description : Dyed Fabrics

Item Code No. : Not Applicable
(ITC Code)
Service Description : Interest Income

B.K. Goenka
Director
Dated : July 06, 2010

R.K. Jain
Director

Jeevan Mondkar
Company Secretary

Loans and Securities created:

The Company has not availed any term loan.

The Company has not availed working capital facility.

As on date the Company holds 40,33,000 no. of Equity Shares in Welspun Gujarat Stahl Rohren Limited.

16. FINANCIAL INFORMATION OF THE GROUP COMPANIES:

Welspun India Limited

Welspun India Limited was incorporated as a private limited company on January 17, 1985, in Maharashtra. On January 12, 1989, its name was changed to Welspun Polyesters India Limited. On October 12, 1995, its name was further changed to Welspun India Limited.

Pursuant to an order dated October 29, 1997 of the Company Law Board, the Registered Office of the Company was shifted from Maharashtra to Gujarat. Currently its registered office is at Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat – 370 110.

Welspun India Limited's registration number is L17110GJ1985PLC033271. It is engaged in the manufacture of home textile products like towels, bedsheets, bath rugs, etc.

The Hon'ble High Court of Gujarat at Ahmedabad sanctioned the Scheme of Demerger of Welspun India Limited on March 20, 2001. Pursuant to the order, the Spinning Division of the Company was transferred to Welspun Cotton Yarn Limited. The name of Welspun Cotton Yarn Limited was, later on, changed to Glofame Cotspin Industries Limited.

The Hon'ble High Court of Gujarat at Ahmedabad sanctioned the Scheme of Merger of Glofame Cotspin Industries Limited with Welspun India Limited on April 15, 2005. Pursuant to the order, all assets and liabilities of Glofame Cotspin Industries Limited stood transferred to Welspun India Limited.

The Hon'ble High Court of Gujarat at Ahmedabad sanctioned the Scheme of Demerger of Welspun India Limited on May 8, 2009. Pursuant to the order the Marketing Division and the Investment & Treasury Division of the Company was transferred to Welspun Global Brands Limited and Welspun Investments and Commercials Limited respectively.

The Shareholding Pattern of Welspun India Limited as on September 30, 2009 was as follows:

Sr.	Cateogory of shareholders	No. of Shares	Percentage
	Shareholding of Promoter and Promoter Group²		
1	Indian		
(a)	Individuals/ Hindu Undivided Family	899,383	1.23
(b)	Central Government/ State Government(s)	-	0.00
(c)	Bodies Corporate	31,333,700	42.87
(d)	Financial Institutions/ Banks		0.00
(e)	Any Others(Specify)		0.00
(e-i)			0.00
(e-ii)			0.00

	Sub Total(A)(1)	32,233,083	44.10
2	Foreign		
a	Individuals (Non-Residents Individuals/ Foreign Individuals)		0.00
b	Bodies Corporate		0.00
c			0.00
d	Any Others(Specify)		0.00
d-i			0.00
d-ii			0.00
	Sub Total(A)(2)	-	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	32,233,083	44.10
(B)	Public shareholding		
1	Institutions		
(a)	Mutual Funds/ UTI	4,729,911	6.47
(b)	Financial Institutions/ Banks	6,074,306	8.31
(c)	Central Government/ State Government(s)		0.00
(d)	Venture Capital Funds		0.00
(e)	Insurance Companies	1,667,467	2.28
(f)	Foreign Institutional Investors	3,364,007	4.60
(g)	Foreign Venture Capital Investors		0.00
(h)	Any Other (specify)		0.00
(h-i)			0.00
(h-ii)			0.00
	Sub-Total (B)(1)	15,835,691	21.67
B 2	Non-institutions		
(a)	Bodies Corporate	6,701,433	9.17
(b)	Individuals		
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	6,590,999	9.02
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	2,648,850	3.62
(c)	Any Other (specify)		
(c-i)	Overseas Body Corporate (Dunearn)	9,079,463	12.42
(c-ii)			0.00
	Sub-Total (B)(2)	25,020,745	34.23

(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	40,856,436	55.90
	TOTAL (A)+(B)	73,089,519	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued		
	GRAND TOTAL (A)+(B)+(C)	73,089,519	100

The Board of Directors of Welspun India Limited comprise of the following directors

Name of Director	Designation
Mr. B. K. Goenka	Chairman and Managing Director
Mr. Rajesh R. Mandawewala	Director
Mr. Murarilal Mittal	Executive Director (Finance)
Mr. Dadi B. Engineer	Director
Mr. A. K. Dasgupta	Director
Mr. Arun Todarwal	Director
Mrs. Revathy Ashok	Director
Mr. Ram Gopal Sharma	Director

The financial highlights for the last three years are as follows

Particulars	Rs. In lacs except EPS & NAV		
	2006-07	2007-08	2008-09
Total Income	101146.8	126561	136160
Profit After Tax	5210.3	2626.6	3090.3
Equity Share Capital	7309	7309	7309
Reserves and Surplus (excluding revaluation reserves)	46168.9	48072.9	48213.7
Earning/ (Loss) Per Equity Share – Basic & Diluted (Rs.)	7.06	3.59	4.33
Net Asset Value in Rs.(per equity share)	73.16	75.77	75.96

Information about Share Price

The high and low prices of the Equity Shares traded on the Bombay Stock Exchange during the six-month period ending November 30, 2009 are as follows :

Month	Open Price	High Price	Low Price	Close Price	No. of Shares
June 2009	37.60	46.90	33.25	35.60	503723
July 2009	34.00	38.85	28.05	38.85	225771
August 2009	40.75	56.45	40.75	55.30	983559
Sept. 2009	55.10	63.60	48.75	60.15	2166960
Oct.2009	61.00	90.80	54.60	83.40	4933477
Nov.2009	82.95	89.50	73.65	84.15	2551271

Details of public issue/ rights issue of capital in the last three years

The company has not made any issue of capital through a public or rights issue in the last three years

Mechanism for redressal of investor grievance

The complaints received, if any, are normally attended to and replied within one week of receipt by the company. There are no pending investor complaints against WIL.

Welspun Syntex Ltd (WSL)

Welspun Syntex Limited was incorporated on March 31, 1983 and have registered office at Survey No. 394 (P), Village Saily , Silvassa, in the Union Territory of Dadra & Nagar Haveli. Its registration number is L99999DD1983PLC000045. Welspun Syntex Limited has Speciality Polyester Filament Yarn manufacturing facility at Silvassa, Dadra & Nagar Haveli and yarn processing units at Palghar.

The Shareholding Pattern of WSL as on September 30, 2009, was as follows:

	CATEGORY	No. of shares Held	Percentage of Shareholding.
A	Promoters' holding		
1.	Promoters *		
	- Indian Promoters	8912574	37.69
	- Foreign Promoters	0	0
2.	Persons acting in concert #		
	Sub -Total	8912574	37.69
B.	Non-Promoters Holding		
3.	Institutional Investors		
a.	Mutual Funds and UTI	105	0.00
b.	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-government Institutions)	10163575	42.98
	Trusts	500	0.00
c.	FIs		
	Sub-Total	10164180	42.98
4.	Others		
a.	Private Corporate Bodies	782856	3.31
b.	Indian Public	3748062	15.86
c.	NRIs/OCBs	37355	0.16
d.	Any other :Foreign Company		
	Sub-Total	4568273	19.33

	GRAND TOTAL	23645027	100.00
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- As defined in Regulation 2(h) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. The Promoter's holding shall include all entities in the promoters' group-individual or body corporate.
- # As defined in Regulation 2(e) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

The Board of Directors of Welspun Syntex Limited comprises of the following Directors:

Name of Director	Designation
Mr. B.K.Goenka	Director
Mr. R.R.Mandawewala	Managing Director
Mr. Murarilal Mittal	Director
Mr. R K Jain	Director
Mr. M K Tandon	Director
Mr. Atul Desai	Director

The financial highlights for the last three years are as follows

Particulars	Rs. In lacs except EPS & NAV		
	2006-07	2007-08	2008-09
Total Income	26865	28212	31677
Profit / (Loss) After Tax	(6004)	(290)	(726)
Equity Share Capital	9458	2365	2365
Reserves and Surplus (excluding revaluation of reserves) / (Dr Balance in P&L A/c)	(4028)	2775	2036
Earning / (Loss) Per Equity Share -(Rs.)	(6.44)	(1.65)	(3.49)
Net Asset Value Per Equity Share -(Rs.)	5.74	21.74	18.61

Information about Share Price

The high and low prices of the Equity Shares traded on the Bombay Stock Exchange during the six-month period ending November 30, 2009 are as follows :

Month	Open Price	High Price	Low Price	Close Price	No. of Shares
June 2009	8.46	10.26	6.58	8.25	135213
July 2009	8.00	8.48	5.85	7.02	88122
August 2009	7.00	9.77	7.00	9.77	169093
Sept.2009	10.25	15.15	8.80	12.01	650401
Oct.2009	12.25	14.00	10.18	13.12	315380
Nov.2009	12.57	13.95	10.51	13.22	203000

There has been no change in the capital structure of Welspun Syntex Limited in the last six months.

Details of public issue/ rights issue of capital in the last three years

The company has not made any issue of capital through a public or rights issue in the last three years

Mechanism for redressal of investor grievance

The complaints received, if any, are normally attended to and replied within one week of receipt by the company. There are no pending investor complaints against WSL.

Welspun Gujarat Stahl Rohren Ltd(WGSRL)

Welspun-Gujarat Stahl Rohren Limited was incorporated as a public limited company on April 26, 1995, in Gujarat. Its Company Identification Number is L27100GJ1995PLC025609. Welspun-Gujarat Stahl Rohren Limited is engaged in the manufacture of high-grade steel pipes – Saw Pipes, ERW Pipes and Coating at its Plant located at Dahej and Anjar in the state of Gujarat.

The registered office of the company is situated at Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat – 370 110

The Shareholding Pattern of WGSRL as on September 30, 2009 was as follows :

Sr.	Cateogory of shareholders	No. of Shares	Percentage
(A)	Shareholding of Promoter and Promoter Group²		
1	Indian		
(a)	Individuals/ Hindu Undivided Family	287	0.00
(b)	Central Government/ State Government(s)	-	-
©	Bodies Corporate	67,597,284	36.18
(d)	Financial Institutions/ Banks	-	-
(e)	Any Others(Specify)	-	-
(e-i)			
(e-ii)			
	Sub Total(A)(1)	67,597,571	36.18
2	Foreign		
a	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-
b	Bodies Corporate	14,865,523	7.96
c	Institutions	-	-
d	Any Others(Specify)	-	-
d-i			

d-ii			
	Sub Total(A)(2)	14,865,523	7.96
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	82,181,104	44.03
(B)	Public shareholding		
1	Institutions		
(a)	Mutual Funds/ UTI	16,113,667	8.63
(b)	Financial Institutions / Banks	141,400	0.08
©	Central Government/ State Government(s)	-	-
(d)	Venture Capital Funds	-	-
(e)	Insurance Companies	4,422,959	2.37
(f)	Foreign Institutional Investors	31,024,323	16.61
(g)	Foreign Venture Capital Investors	-	-
(h)	Any Other (specify)	-	-
	Sub-Total (B)(1)	451702,349	27.68
B 2	Non-institutions		
(a)	Bodies Corporate	21,813,170	11.68
(b)	Individuals	-	-
I	Individual shareholders holding nominal share capital up to Rs 1 lakh	16,933,226	9.06
II	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	6,398,521	3.43
©	Any Other (specify)	-	-
(h-i)	Overseas – Bodies Corporate	7,503,832	4.02
(c-ii)			-
	Sub-Total (B)(2)	52,648,749	28.18
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	104,351,098	55.86
	TOTAL (A)+(B)	186,814,192	100.00
©	Shares held by Custodians and against which Depository Receipts have been issued	-	-
	GRAND TOTAL (A)+(B)+(C)	186,814,192	100.00

The Board of Directors of Welspun-Gujarat Stahl Rohren Limited comprise of the following directors :

Name of Director	Designation
Mr. B.K.Goenka	Chairman and Managing Director
Mr. Rajesh R. Mandawewala	Director
Mr. Murarilal Mittal	Executive Director (Finance)
Mr. K.H.Viswanathan	Director
Mr. R K Jain	Director
Mr. Ram Gopal Sharma	Director
Mr. Nirmal Gangwal	Director
Mr. N. Shankar	Director
Mr. Asim Chakraborty	Director (Wholetime)

The financial highlights for the last three years are as follows

Particulars	Rs. In lacs except EPS & NAV		
	2006-07	2007-08	2008-09
Total Income	269554	402119	589619
Profit After Tax	14259	35142	23357
Equity Share Capital	6991	8888	9325
Reserves and Surplus (excluding revaluation reserves)	57677	140059	148655
Earning Per Share- Basic (Rs.)	10.68	21.53	12.59
Earning Per Share - Diluted (Rs.)	8.66	18.89	12.50
Net Asset Value (Rs.) (per equity share of Rs.5/-each)	46.25	83.79	84.71

Information about Share Price

The high and low prices of the Equity Shares traded on the Bombay Stock Exchange during the six-month period ending November 30, 2009 are as follows :

Month	Open Price	High Price	Low Price	Close Price	No. of Shares
June 2009	171.65	243.70	171.30	192.65	47432685
July 2009	195.00	239.50	170.05	226.80	48432177
August 2009	228.10	232.70	221.35	226.65	2723418
Sept. 2009	238.00	278.00	226.00	260.00	25114400
Oct.2009	261.00	289.50	251.50	256.20	16546253
Nov.2009	255.00	296.35	244.00	276.60	17014143

Details of public issue/ rights issue of capital in the last three years

The company has not made any issue of capital through a public or rights issue in the last three years

Mechanism for redressal of investor grievance

The complaints received, if any, are normally attended to and replied within one week of receipt by the company. There are no pending investor complaints against WGSRL.

Welspun Trading Limited:

Welspun Trading Limited is a public limited company incorporated under the Companies Act, 1956 having its registered office at Welspun City, Village Versamedi, Taluka Anjar, District Kutch, Gujarat - 370 110. It was incorporated on August 11, 1982. Its registration number is U65910GJ1982PLC055383. It is engaged in the business of trading of various kinds of commodities as well as substances, merchandise, goods, machinery, articles, parts, apparatus, things and material of all kinds.

Equity shareholding Pattern of the Company is as on September 30, 2009 as follows:

Particulars	Equity Shares OF F.V. RS.100	
	Number Of Shares Held	%Age Of Shareholding
B.K.Goenka (Trustee of B.K.Goenka Family Trust)	10000	14.92
Ramesh Mandawewala	5000	7.46
Pratima R.Mandawewala	15000	22.38
Arun Mandawewala	5000	7.46
Rajesh R. Mandawewala (HUF)	25000	37.31
Radhika Goenka [Guardian - B.K.Goenka]	5	0.01
Vanshika Goenka [Guardian - B.K.Goenka]	5	0.01
Universal Investment Company Pcc Ltd Re Asean Opportunities Investment Cell	7000	10.45
TOTAL	67010	100

The Preference shareholding Pattern of Welspun Trading Limited as on September 30, 2009 is as follows:

Particulars	Preference Shares (F.V.RS.100/-)	
	Number Of Shares	%age of Shareholding
Welspun Finance Ltd	22115	15.11
Goodvalue Polyplast Ltd.	24600	16.81
Vipuna Trading Ltd	32040	21.89
Mertz Securities Ltd	24900	17.01
Universal Investment Company Pcc Ltd Re Asean Opportunities Investment Cell	42729	29.18
TOTAL	146384	100.00

The Board of Directors of Welspun Trading Limited comprises of the following directors

Name of Director	Designation
Mr. B.K.Goenka	Director
Mrs. Dipali Goenka	Director
Mr. Rajesh Manadawewala	Director
Mr. Lal T. Hotwani	Director
Mr. Mohan Mannikan	Director
Mr. Murarilal Mittal	Director

Financial Performance of WTL in the last three years	Rs. in lacs		
Particulars	2006-07	2007-08	2008-09
Total Income	57668.29	139700.79	360568.52
Profit After Tax	476.24	4909.40	3062.67
Equity Share Capital	67.01	67.01	67.01
Reserves and Surplus (excluding revaluation reserves)	9007.48	15119.91	18182.57
Earning Per Share	705.44	7326.37	5001.39
Net Asset Value (Rs.) (per equity share of Rs.100/-each)	13442.44	22667.16	27234.11

Welspun Power & Steel Ltd

Welspun Power and Steel Limited (WPSL), a closely held public limited company, was incorporated in June 03, 2004 and commenced its commercial production since January 2005. Its registration number is U27109GJ2004PLC044249.

Welspun Power and Steel Limited was formed with the objective of setting up a state-of-the-art integrated steel mill to manufacture Ribbioned Thermo Mechanically treated (TMT) Rebars at Anjar. The district of Anjar in Kutch, Gujarat is the hub of the diversified activities of Welspun Group, also called Welspun City.

Equity shareholding Pattern of the Company is as on September 30, 2009 as follows:

Shareholder	No. of shares	%
KRISHIRAJ TRADING LTD	2,120,000	8.45
WELSPUN FINANCE LTD	10,000	0.04
WELPSUN MERCANTILE LTD	6,659,600	26.53
Welspun Trading Limited	8,190,000	32.63
Welspun Wintex Limited	2,120,000	8.45
GOLDEN ARCH ESTATE PRIVATE LTD.	1,000,000	3.98
NEXTGEN FAR EAST LTD	5,000,000	19.92
WELSPUN INDIA LTD.	100	0.00

WELSPUN GUJARAT STAHL ROHREN LTD.	100	0.00
WELSPUN SYNTEX LTD.	100	0.00
WELSPUN ZUCHHI TEXTILES LTD.	100	0.00
TOTAL	25,100,000	100.00

The Board of Directors of Welspun Power and Steel Limited comprises of the following directors

Mr. Balkrishan Goenka	Director
Mr. Rajesh R. Mandawewala	Director
Mr. Murarilal Mittal	Director
Mr. Vijay Singh Bapna,	Director
Mr. Ram Gopal Sharma	Director
Mr. Sitaram Somani	Director
Mr. Shailesh Vaidya	Director

Financial Performance of Welspun Power and Steel Limited in the last three years
Rs. in lacs (except EPS and NAV)

Particulars	2006-07	2007-08	2008-09
Total Income	23148.71	32110.54	33816.69
Profit After Tax	537.66	4014.79	4843.60
Equity Share Capital	2500.00	2510.00	2510.00
Reserves and Surplus (excluding revaluation reserves)	937.92	4957.14	13185.73
Earning Per Share- Basic (Rs.)	2.15	16.00	19.30
Earning Per Share - Diluted (Rs.)	2.15	3.33	1.51
Net Asset Value (Rs.) (per equity share of Rs.10/-each)	13.75	29.75	62.53

The related business transactions within the group are as under:
Changes in Accounting Policies in the Last Three Years:

There were no changes in accounting policies of the Company in the last three years.

17. MANAGEMENT DISCUSSION & ANALYSIS:

MANAGEMENT DISCUSSION AND ANALYSIS

Welspun Group of Companies has its presence in diverse business sectors and markets such as home textiles, steel pipes, power, oil & gas, synthetic yarn etc. It has business associates, acquaintances, partners in India and overseas. Welspun Investments and Commercials Limited is well placed to leverage these connections and consolidate its position with the main object of trading in various movable properties including commodities, securities, etc with major business volume coming from trading of commodities.

1. Industry structure and developments.

This industry has witnessed turbulent weather in last few years due to recent global recession, fluctuating crude oil prices, changing economic scenario, volatility in foreign exchange rates. Emergence of China as global exporters has posed a challenge to the traders in domestic as well as international market.

2. Opportunities and Threats.

As mentioned above, the Company is part of the Welspun Group which has its presence in diverse business sectors and markets. This federation has presented the Company with an opportunity to en-cash opportunities in the business of trading by tapping its business connections. Although the Company is yet to attain full throttle, these connections will prove to be a launch pad for the Company. Recent global recession and emergence of Chinese export industry has posed a threat for the Company. However, the Company's follow through position as a trading arm of Welspun Group will prove strong enough to withstand challenges posed to the Company.

3. Segment-wise or product-wise performance.

The Company is currently holding security of Welspun Gujarat Stahl Rohren Limited and has not commenced any new activities and is in the stage of planning its operations.

4. Outlook, Risks and concerns

The Company is in its preliminary stage. Opportunities in the global and domestic markets should confer significant benefit to the Company from the next financial year. The Company will need to counter foreign exchange risk, rising commodity prices, inflation.

5. Internal control systems and their adequacy.

At present the Company does not have large scale operations. The present internal control system is sufficient to for the present level of operations.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

At Welspun, the internal control system encompasses the policies, processes, tasks, behaviours and other aspects of Welspun that taken together facilitates effective and efficient operation, quality of internal and external reporting, compliance with applicable laws and regulations. Welspun's objectives, its internal organisation and the environment in which it operates are continually evolving and, as a result, the risks it faces are continually changing. In order to make its internal control effective and sound, Welspun thoroughly and regularly evaluates the nature and extent of the risks to which the Company is exposed. The operation and monitoring of the system of internal control has been taken by individuals who collectively possess the necessary skills, technical knowledge, objectivity and understanding of the Company and the industries and markets in which it operates. Welspun also outsources management auditors to periodically check the adequacy of its systems and processes so as to make it more responsive in this volatile environment. The qualified, experienced and independent Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal controls systems and suggests improvements for strengthening them. Welspun has a strong Management Information System which is an integral part of the control mechanism.

Welspun has successfully implemented an enterprise wide solution (ERP) in its textile plants, is in advanced stage of implementation at WUSA, WAG and Welspun Mexico and is in the process of covering all its businesses, planning and accounting processes.

The system is improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements.

There are no significant developments subsequent to the last financial year.

The Directors of Welspun Investments and Commercials Limited state that in their opinion no circumstances have arisen since the date of the last financial statements disclosed in this Information Memorandum which materially and adversely affect or is likely to affect the trading or profitability of the company, or the value of its shares, or its assets, or its ability to pay its liabilities within the next twelve months.

There are no factors that may affect Results of the Operations of the Company.

Discussions on Results of Operations:

The Company had not carried out any material commercial activity till the financial year ended 31st March 2009. Therefore the Company do not have material financials at the year ended 31st March 2009.

18. OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS:

There are no litigations pending against the Company (WINL). The litigation pending against the group companies are as under:

Details of litigations against the group company – Welspun Gujrat Stahl Rohren Limited (WGSRL)

A. Criminal Proceedings:

Material criminal proceedings initiated against the Company:

1. Criminal Proceedings in connection with our facility at Anjar: Mr. D.M. Dobarra, factory inspector, Anjar, has filed 3 (three) criminal complaints under section 7A of the Factories Act, 1948, before the Court of the Judicial Magistrate, First Class, Anjar. The aforementioned proceedings are pending hearing and disposal.
2. Criminal Proceedings in connection with our facility at Dahej: 9 (nine) criminal proceedings have been initiated against WGSRL in connection with various alleged violations of and/or non compliance with the provisions of the Factories Act, 1948, with respect to our factory at Dahej, Gujarat. The aforesaid proceedings are pending hearing and disposal.

Material criminal proceedings initiated by the Company:

Proceedings initiated under Section 138 of the Negotiable Instruments Act, 1881: WGSRL is currently a party to 7(seven) proceedings initiated under Section 138 of the Negotiable Instruments Act, 1881, for amounts involving approximately Rs. 8.1 million.

B. Arbitration Proceedings:

Material arbitration proceedings initiated against WGSRL:

Navalmar Limited ("Claimant"), has initiated arbitration proceedings against WGSRL, in London, United Kingdom, in connection with the delayed discharge and arrest of a vessel carrying our cargo. The Claimants have alleged that WGSRL is liable to indemnify them in connection with any judgment passed by the courts in Yemen against the Claimant by the receivers of our cargo and the time lost due to the arrest and detention of the vessel. The Claimants have *inter alia* also claimed unpaid hire of an amount of approximately USD602,799. The Claimants have been provided with a bank guarantee of an amount of USD1,600,427.86. The aforementioned proceedings is pending final determination by the arbitral tribunal.

Material arbitration proceedings initiated by WGSRL:

1. WGSRL has initiated arbitration proceedings on August 25, 2009 before the American Arbitration Association against Gulf South Company L.P. claiming approximately US\$ 4.37 million for an alleged breach of a contractual obligation by Gulf South Company L.P. ("**Gulf South**"). WGSRL had supplied pipes under 3 different purchase orders to Gulf South and presented various invoices for amounts due under those purchase orders. Gulf South allegedly failed to make payments to us on fourteen invoices allegedly raised by WGSRL on Gulf South amounting to US\$4.37 million. WGSRL has adjusted certain amount out of the above invoices towards non-dispatch of certain quantity of steel pipes and untimely delivery of pipes. Gulf South in its response has stated that it seeks to off set the unpaid amounts to us against alleged harms Gulf South has suffered as a result of alleged deficiencies in steel pipes supplied by WGSRL.

Gulf South further claimed that certain pipes supplied by WGSRL allegedly did not meet the required specifications, which allegedly resulted in deformation during testing. The aforementioned proceedings are pending final adjudication and disposal.

2. WGSRL has initiated 2 (two) separate arbitration proceedings against one Tibbi Gazlar Istihsal Endustrisi A.S., and Kroman Celik Sanayii A.S., respectively, in connection with the detention of a vessel carrying our goods at a port at Aden. WGSRL have claimed damages aggregating to approximately USD320,463.18 in connection with an alleged detention and in the discharge of the vessel carrying our cargo at Aden, due to the alleged refusal on the part of the cargo receivers to take delivery of our cargo on account of an alleged absence of the original bills of lading or a suitable letter of indemnity. The aforementioned proceedings is pending determination.
3. WGSRL has initiated arbitration proceedings against Hindalcon Industries limited and AXA Corporate Solutions Limited ("**Respondents**"), claiming under an indemnity dated December 13, 2004. WGSRL has claimed USD322,882.80 and GB£55,031.37 in connection with amounts allegedly payable by WGSRL pursuant to an award passed in relation to arbitration proceedings initiated by one Tsavliris Russ (Worldwide Salvage and Towage) Limited in relation to a charter party dated September 16, 2004. The parties are in the process of constituting a sole arbitrator by arriving at a mutual agreement in relation thereto, failing which an application would be made to the High Court in England for appointment of a sole arbitrator.

C. Labour related proceedings:

Material Labour related proceedings in connection with our facility at Dahej: WGSRL is currently a party to 14 (fourteen) labour related proceedings, (barring the criminal proceedings under Factories Act, 1948 as detailed hereinabove), in connection with its manufacturing facilities at Baruch, Gujarat. The said proceedings *inter alia* relate to

alleged termination of or and/or suspension services of workmen and claims under the Workmen's Compensation Act, 1923.

D. Tax related proceedings:

1. The Commissioner of Central Excise and Customs, Vadodara ("**Excise Authority**"), has issued 2 (two) show cause notices dated January 27, 2009, and May 18, 2009, pursuant to which, based on the report of the central excise receipt audit, the Excise Authority has *inter alia* disallowed cenvat credit of service tax paid on export of goods, on the alleged grounds that the same is an item covered under post manufacturing services. Under the said proceedings WGSRL is allegedly liable to pay approximately an amount of Rs. 40.9 million and Rs. 18.1 million, respectively along with any penalty and/or interest thereon, which may be imposed by the Excise Authority.
2. WGSRL had filed for rebate claims in respect of exports of goods manufactured and removed on payment of excise duty, which claims were rejected by the Assistant Commissioner and the Commissioner (Appeals). A Revision Application was filed to the Joint Secretary, Government of India, against the orders passed by the Commissioner (Appeals) ("**Revision Application**"). While the Revision Application was pending, the Parliament enacted the Finance Act, 2008 whereby pursuant to Section 88 read with the Sixth Schedule thereto, rebate claims were allowed for the period up to 7 December 2006. Pursuant thereto, WGSRL withdrew the Revision Application subject to the sanction of the rebates by the relevant authorities. Accordingly, by letter dated August 22, 2008, the Joint Secretary allowed the withdrawal of the Revision Application. The Commissioner of Central Excise, however, reviewed the refund orders and alleged that the Assistant Commissioner, Central Excise had erred in re-visiting his own orders *suo moto* in connection with the sanction of the rebate claims and directed the Assistant Commissioner to file an application/appeal to the Commissioner of Central Excise (Appeals) Rajkot who, by an Order dated 9 January 2009 held that since the Revision Application was withdrawn, the earlier orders passed by the Commissioner (Appeals) had attended finality and therefore, set aside the refund orders passed by the Assistant Commissioner. Immediately upon receipt of the Review Applications, WGSRL requested the Joint Secretary to restore the Revision Application, which was rejected. Writ Petitions were filed in the Honourable Gujarat High Court challenging the rejection of the application for restoration of the Revision Application and also the Order dated January 9, 2009 passed by the Commissioner (Appeals). The Honourable High Court by an Order dated September 23, 2009 allowed the Writ Petitions by setting aside the said letter dated 31 October 2008 restoring the Revision Application before the Joint Secretary and also set aside the Order dated January 9, 2009 with a direction to the Commissioner (Appeals) not to decide the Review Applications until the disposal of the Revision Applications by the Joint Secretary in accordance with law. The refund claim amounts to Rs. 56.1 crores.

In view of the above, the refund orders passed by the Assistant Commissioner, in terms of the provision of the Section 88 of the Finance Act, 2008, have not been stayed or set

aside. The refunds, are therefore, presently in order and subject to the orders to be passed in the Revision Application and thereafter in the Review Applications. In similar circumstances, the Joint Secretary has allowed the Revision Applications including in the case of Welspun India Limited. In view of the binding precedents, as well as the expressed provisions of Section 88 of the Finance Act, 2008, which also contains an overriding clause in respect of an order or a decision of any authority, WGSRL is confident that it will be entitled to the rebate claims in respect of export of goods removed by availing the benefit of the amendment to the Central Excise Rules, 2002, for the period up to December 7, 2006, which is the cut-off date as per Section 88 read with the Sixth Schedule to the Finance Act, 2008. Although the first order of Commissioner (Appeals) is under challenge in the Revision Application before the Joint Secretary, the fact remains that, such orders are invalid on account of the provisions of Section 88 of the Finance Act, 2008, and also held to be so by Joint Secretary in number of orders, which are holding the field and are binding on the Department. At the same time, the Assistant Commissioner's order granting refund is also in force and therefore, in WGSRL's opinion, the issue raised in the Revision Applications is no longer *res integra* and stands settled. In other words, WGSRL believes that it is entitled to the rebate claims and the refunds of the amounts sanctioned to WGSRL, have been correctly done so, in accordance with law. WGSRL has applied for a personal hearing in the aforesaid matter before Joint Secretary, Revision, New Delhi.

3. WGSRL has filed an appeal before the Customs, Excise and Service Tax Appellate Tribunal ("CESTAT"), Ahmedabad, (Appeal No. ST/179/06), against an Order in original dated February 21, 2006 ("**Impugned Order**"), issued in favour of the Central Excise Commissionerate. WGSRL had availed itself of CENVAT credit of service tax paid by WGSRL including service tax paid on outward transportation of finished goods from the place of removal. The Preventive Officer, Vadodara II, had observed that WGSRL was allegedly not entitled to avail of credit on service tax paid on outward transportation of finished goods and that WGSRL was allegedly receiving services of commission agents from various service providers who did not have an office in India. Subsequently, a show cause notice dated January 20, 2006 was issued to WGSRL by the relevant service tax authorities and the Impugned Order was passed in favour of the Central Excise Commissionerate in connection with the aforesaid matter. The aforesaid appeal filed by WGSRL was admitted by the CESTAT and waiver was granted for pre-deposit during the pendency of the matter on September 15, 2006. Thereafter, a stay extension was granted on April 12, 2007, October 16, 2007, April 29, 2008, November 5, 2008 and 28 May 2009 by the CESTAT. The matter is pending final hearing and disposal before CESTAT and the next date of hearing in connection with the matter has been fixed for December 7, 2009. Under the said proceedings, WGSRL is allegedly liable to pay approximately an amount of Rs. 1,41,19,062, as sales tax, an amount of Rs. 24,56,779, as CENVAT, and a penalty of Rs. 146.20 lakhs, plus interest.

4. WGSRL is engaged in a dispute with the Commercial Tax Authority, Bharuch relating to the claim of remission of tax on sales and refund of input tax credit by WGSRL. In pursuance of the provisions of Rule 18B of the Gujarat Value Added Tax Rules, 2006, WGSRL claimed remission of tax on sales and refund of input tax credit. The Commercial Tax Authority at Bharuch objected to the calculation of refund of input tax credit on the ground that no input tax credit is available on export sales and recovered the amount of Rs.635.43 lakhs. WGSRL has filed a first appeal on July 27, 2009 before the Deputy Commissioner of Commercial Taxes, Appeals-4, Baroda against the order to pay the disputed amount of Rs.635.43 lakhs. The hearing of the first appeal took place on September 2, 2009, wherein the appellate authority was of the opinion that that the appeal was not maintainable in the absence of any order. WGSRL, in response has submitted written contentions with decided matters and requested the Deputy Commissioner of Commercial Taxes to entertain the appeal and grant an opportunity of hearing on merits. The aforementioned appeal is pending hearing and final disposal before the Deputy Commissioner of Commercial Taxes.

E. Foreign exchange related proceedings:

WGSRL currently engaged in proceedings pending before the Enforcement Directorate, Ministry of Finance, Government of India, ("**Enforcement Directorate**"), in connection with an alleged violation of certain provisions of Foreign Exchange Management (Transfer or Issue of Any Foreign Security) (Amendment) Regulations, 2000, ("**FEMA Overseas Direct Investment Regulations**"), on the grounds of allegedly having issued a guarantee on behalf of Red Lebondal Limited, ("**Overseas JV**"), in which WGSRL had made an overseas direct investment, prior to remittance of the amount invested by our WGSRL in the capital of the Overseas JV. WGSRL has received a notice dated December 15, 2008 from the RBI in connection with the aforesaid alleged violation of the FEMA Overseas Direct Investment. Subsequently, the RBI referred the aforesaid proceedings to the Enforcement Directorate. The Enforcement Directorate pursuant to a letter dated May 19, 2009 sought certain clarifications from WGSRL. WGSRL responded to the aforesaid letter issued by the Enforcement Directorate, pursuant to a letter dated May 26, 2009. Subsequently, WGSRL was given an opportunity of being heard by the Enforcement Directorate on June 11, 2009, and is currently awaiting receipt of further communication therefrom.

F. Civil Proceedings

1. On August 24, 2009, one of WGSRL's customers from prior financial years (the "**Customer**") filed a petition in the United States of America against WGSRL for breach of contract and sought damages and common law remedies amounting to USD66 million. The said claim relates to a contract entered into between the Customer and WGSRL around September 2006 for the total contract value of USD20 million to supply pipes of specified steel quality.

In its petition, the Customer alleged that the pipes (the "**Pipes**") supplied by WGSRL did not meet the required technical qualifications on account of the steel being one grade lower than specified. It was alleged by the Customer that they expanded at pressures less than what would expand of the pipes of the steel grade as prescribed in technical specifications by the Customer.

WGSRL has, without prejudice to its rights and conditions in the matter, already replaced some of the Pipes supplied to the Customer and this pipe line is now fully operational.

WGSRL have also issued letters on March 16, 2009, August 13, 2009 and September 11, 2009 to our steel supplier which is one of the largest steel companies in the world (the "**Suppliers**") for the Pipes in question and their related companies to (i) notify them of the claims by the Customer in relation to the Pipes manufactured from steel plates supplied by them, (ii) reserve WGSRL's rights to hold the Suppliers and their affiliated entities responsible for all damages or losses incurred by WGSRL and or any of WGSRL's affiliated entities in relation to such Pipes, and (iii) request for the Suppliers and their related companies to indicate their willingness to accept responsibility for the claims asserted against WGSRL by the Customer.

2. Erko Construction Trade Company Limited, ("**Erko Construction**") and Bogest Trading & Contracting LLC, ("**Bogest Trading**") have initiated proceedings against WGSRL in connection with a dispute which has arisen out of a contract, dated December 31, 2001 between Erko Construction, Bogest Trading (through their joint venture entity named Erko Bogest Joint Venture, ("**Erko Bogest JV**")), and WGSRL in connection with the supply of steel pipe materials for a particular water transmission project, ("**Supply Contract**").

Pursuant to the terms of the Supply Contract, WGSRL had issued two bank guarantees in favour of the Erko Bogest JV, for an amount of US\$ 1,275,950 and US\$ 637,951, respectively. The Erko Bogest JV encashed one of the aforesaid bank guarantees for an amount of US\$ 637,951, without any reasonable justification.

WGSRL initiated proceedings (commercial case No. 918/2003) before the Muscat Primary Court, ("**Primary Court**"). The Primary Court pursuant to a judgment a dated January 10, 2005 dismissed the proceedings on the alleged ground that the bank guarantee had been encashed in accordance with its terms, and the amount was allegedly not recoverable.

WGSRL filed a commercial appeal against the aforesaid judgment of the Primary Court, and on October 31, 2005, the Muscat Court of Appeal passed a judgment dismissing the appeal and upholding the Primary Court's judgement.

Aggreived by the judgment passed by the Muscat Court of Appeal, WGSRL, filed an objection (No. 242/2005) before the Supreme Court of Muscat. The Supreme Court of

Muscat pursuant to a judgement dated June 7, 2006 overruled the judgment passed by the Muscat Court of Appeal and returned the records of the proceedings for re-adjudication by the Muscat Court of Appeal.

The proceedings were accordingly re-tried before the Muscat Court of Appeal. Pursuant to a judgment dated December 1, 2008, the Muscat Court of Appeal directed Erko Construction and Bogest Trading to pay an amount of US\$ 537,951 and 50 percent of the appeal cost to WGSRL, ("**Appeal Order**"). WGSRL has filed an enforcement action No. 55/2009, pursuant to the Appeal Order which is pending disposal before Muscat Primary Court.

Erko Construction and Bogest Trading filed an objection before the Supreme Court of Muscat and seeking to postpone the enforcement action pending judgement on the objection. Pursuant to an order dated May 27, 2009, the Supreme Court of Muscat dismissed the application for postponement of the enforcement action, filed by Erko Construction and Bogest Trading. The objection filed by Erko Construction and Bogest Trading is currently, however pending final determination before the Supreme Court of Muscat.

3. With respect to the land at Village Varasamedi, Anjar District on which WGSRL's factory for manufacturing of steel plates and coils is situated, third party claims have been made with respect to properties bearing Survey No. 661 and Survey No. 658, each admeasuring acres 16 and gunthas 6 or thereabouts. A collector was appointed by the government and such collector has raised a demand on WGSRL to pay premium on new tenure for the aforesaid properties, which we have agreed to pay and accordingly, we have filed an application for determination of the premium amount. The final order is yet to be received. WGSRL estimates the premium amount payable to be in the range of Rs. 5.30 crores.
4. On October 20, 2009 WGSRL has filed a petition in the United States of America, against one of our customers, ("**Impugned Customer**"), alleging that the Impugned Customer has failed to pay amounts owed to WGSRL pursuant to a purchase order agreement executed in September 2006 between WGSRL and the Impugned Customer. Pursuant to the said petition WGSRL has sought damages of approximately US\$13,350,000, plus attorneys' fees, costs, and interest. The Impugned Customer has not responded to the petition. The said petition is pending final adjudication and disposal.

Material legal proceedings initiated against our Subsidiaries:

Entech, Inc. ("**Entech**"), has initiated legal proceedings against WGSRL's subsidiaries, Welspun Pipes, Inc., Welspun Tubular, LLC (collectively, "**Welspun US Companies**") and the City of Little Rock, Arkansas ("**City**"), in the Circuit Court of Pulaski County, Arkansas in connection with alleged disputes relating to and/or arising out of an Engineering Agreement dated 6 June 2007, between Welspun Pipes, Inc. and Entech

pursuant to which Entech had allegedly agreed to provide engineering design services for construction of the Welspun US Companies' spiral and coating plants ("**Facility**") in Pulaski County, Arkansas. In its pleadings, Entech has claimed damages against the Welspun US Companies amounting to approximately USD239,279 plus interest, costs and reasonable attorneys' fees and has sought to foreclose an alleged statutory engineer's lien in that same amount on the Welspun US Companies' and the City's interest in the Facility's land and real property.

The Welspun US Companies have filed an answer to the aforementioned suit instituted by Entech, denying any liability and have countersued Entech for approximately USD250,000 in damages against Entech for alleged improper, incomplete and inaccurate work carried out by Entech in connection with the Facility. Entech has responded to the answer filed by the Welspun US Companies and the allegations leveled thereby. The Welspun US Companies are required to submit an explanation to the counterclaims made by them by December 4, 2009. The aforementioned proceedings are pending final hearing and disposal.

Details of litigation pending against the group company : Welspun India Limited(WIL)

A. Excise and Customs Laws

- i. WIL had received orders /show cause notices from Excise and Customs departments imposing duties on the Company. WIL has filed appeals/submitted replies to the Show Cause Notices. The amount of alleged Excise duty is Rs.3518.72 lacs out of which Rs. 21 lacs has been deposited by WIL.
- ii. WIL has received Show Cause Notice in respect of Cenvat Credit claims of Rs.858.87 lacs made by WIL as to why the refusal should be granted.
- iii. WIL has received refund of excise duty of Rs.695 lacs and the receipt of rebate of the same amount for the reason that the goods were exported. The Central Excise authorities have filed appeal against the said refund claiming that the refund should not have been granted by the authorities which granted the refund but the same should have been by a higher authorities.

B. Labour Related Proceedings:

WIL is currently a party to 10 (ten) labour related proceedings with its manufacturing facilities involving 15(fifteen) workers/trainees . The said proceedings inter- alia relate to alleged termination of or and/or suspension services of workmen/trainees. WIL is contesting the matters.

C. Civil Suits filed at Vapi Against WIL

WIL has received summons from the Civil Court at Vapi in respect of a suit filed by seller of the land and WIL (purchaser). The plaintiff has claimed that the land was wrongly sold to WIL and the plaintiff is the rightful heir having interest in the land. He has claimed that the

changes made in the land records were improper. WIL claims to be beneficial purchaser of land. The subject is a vacant land in the factory area.

D. Company Law

WIL had received a show cause notice from the Registrar of Companies, Gujarat for alleged violation of Section 372A(3) and Section 114 of the Companies Act, 1956. stating that WIL had granted Interest Free Loan of Rs. 62 Crores to Glofame Cotspin Industries ("GCIL") in violation of sec. 372 A (3) and issued 873108 share warrants without obtaining previous approval of the Central Government under Section 114.

WIL clarified that Interest Free Loan of Rs. 62 Crores was given under a Scheme of Arrangement as finalized with creditors mainly lender financial institution and banks wherein Spinning Division of WIL was demerged. WIL claims that this being in the course of restructuring of Finance U/S 391 and 394 of the Companies Act, 1956 does not violate any provisions of the Companies Act.

Secondly, the warrants were not share warrants as defined under Section 114 of the Companies Act and hence there is no violation of the Companies Act or any other law.

E. Sales Tax:

The sales tax authorities have passed orders imposing sales tax liabilities, interest/penalties etc on the Company for an amount of Rs.78.48 lacs involved thereon. WIL is contesting the matters.

Details of litigation pending against the group company : Welspun Syntex Limited(WSL)

Excise Duty:

- i.) Central Excise authorities have issued show cause notices against WSL /has appealed against the orders favoring to WSL in respect of amount of excise duties of Rs.964.16 lacs involved therein. WSL is contesting the matters.
- ii.) WSL has received show cause notices from customs authorities in respect of alleged customs duty liabilities and interest thereon of Rs.231.67 lacs. WSL is contesting the matter.
- iii.) WSL has received notice of demand from Income Tax authorities for alleged income tax demands of Rs.4.95 lacs which are being contested by WSL.

Civil Suit:

i.) A civil suit has been filed against WSL and its directors by AJWA Finance Ltd. (AJWA) for alleged non- refund of deposit of Rs. 83 lacs made by AJWA with WSL alongwith interest of Rs.44.82 lacs. WSL is contesting the claims of AJWA, as the funds were not received from AJWA as deposit.

ii.) A civil suit has been filed against WSL and its directors by the Apple Amusement Industries Ltd (AAIL) for alleged non – refund of deposit of Rs.8 lacs made by AAIL with the Company alongwith interest of RS.4.03 lacs. WSL is contesting the claims of AAIL, as the funds were not received from AAIL as deposit.

iii) WSL received a number of show cause Notice with demanding of additional excise of Rs.12.38 Crores @ 15% of basic plus special on captive consumption of POY for the period from December, 2000 to July, 2004.

- WSL do not pay duty on POY used for captive consumption based on Notification no. 67/95- CE dated 16-03-1995. Since there is no duty on captive consumption, WSL do not anticipate additional duty on captive consumption.

19. REGULATORY AND STATUTORY DISCLOSURES:

Authority for the Scheme

The Honorable High Court of Judicature at Gujarat, vide their order dated 8 May, 2009 have approved the Scheme of Arrangement between WIL, WGBL, and WINL and their respective shareholders and creditors (the "Scheme").

Prohibition by SEBI

The Company, its directors, its promoters, other companies promoted by the promoters and companies with which the Company's directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

General Disclaimer from the Company

The Company accepts no responsibility for statement made otherwise than in the Information Memorandum or in the advertisements to be published in terms of SEBI's circular SEBI/CFD/SCRR/01/2009/03/09 dated September 3, 2009 or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

Disclaimer Clause of the BSE

As required, a copy of this Information Memorandum has been submitted to BSE. The BSE has given vide its letter dated November 19, 2008, its in-principle approval to issue and allot the Equity Shares and shall on compliance of the listing conditions, grant listing approval for the Equity Shares. The BSE does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or
- Warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company; And it should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such

Disclaimer Clause of NSE:

As required, a copy of this Information Memorandum has been submitted to NSE. NSE has given vide its letter dated _____ permission to the Company to use the NSE 's name in this Information Memorandum as one of the Stock Exchanges on which this Company's securities are proposed to be listed. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or constructed to mean that this Information Memorandum has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; nor does it warrant that this Company's securities will be listed or will continue to be listed on the NSE; nor does it take responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

This Information Memorandum has been filed with BSE and NSE.

Listing

Applications will be made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of the Company. The Company has nominated NSE as the Designated Stock Exchange for the aforesaid listing of the shares. The Company has taken steps for completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above.

Demat Credit

The Company has executed Tripartite Agreements with the Depositories i.e. NSDL and CDSL and Link Intime India Pvt Ltd. for admitting its securities in demat form and has been allotted ISIN - INE390K01018

Expert Opinions

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

Previous rights and public issues if any

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

Commission and brokerage on previous issues

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

Promise vis-à-vis performance

This is the first time the Company is getting listed on the Stock Exchanges.

No public issue has been made by the Company and other listed companies in the group during the last three years.

Listed Ventures of Promoters.

Welspun India Limited:

(Rs. in Lacs)

Particulars	1992-93		1993-94		1994-95		1995-96	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
Net sales	7842	7930	11481	8986	12424	12578	12963	14531
Gross Profit	689	632	1996	1087	2398	2150	2878	2736
Net Profit	360	290	958	458	1223	978	1422	1237
Cash Profit	458	394	1609	606	1879	1504	2083	1933
Dividend (Rs. per share)	2.00	2.10	2.50	1.50	3.00	2.00	4.00	2.10
Share Capital - Equity	327	327	1338	1262	1338	1337	1338	1337
Reserves & Surplus	898	826	5564	4845	6385	5849	7272	6664
Book Value per share (Rs.)	37.46	35.23	51.58	45.67	57.72	53.72	64.35	59.82
EPS (Rs.)	11.01	8.88	7.16	3.42	9.14	7.15	10.63	8.31

All Objects of the issue were achieved but delay may have occurred which cannot be confirmed and quantified for want of old records.

Welspun Syntex Limited:

(Rs. in Lacs)

Particulars	1998		1999*		2000**		2001	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
Net Sales	15021	11202	23581	21392	28525	13134	29385	26007
PBIDT	2279	1619	4458	1737	6027	703	6298	2345
Interest	1119	1148	2188	2546	2208	1425	1975	2114
Depreciation	388	487	881	1165	1048	746	1053	1499
Operating profit	772	(-)16	1389	(-)1974	2771	(-)1468	3270	(-)1268
Other Income	55	78	55	257	55	101	55	240
Prov. For Taxation	122	10	204	Nil	404	Nil	526	Nil
PAT	690	52	1200	(-)1717	2382	(-)1367	2759	(-)1028
Equity Share Capital	624	632	3924	7612	3924	7612	7924	8763
Reserves & Surplus (incl Share Premium)	1387	868	2022	(-)754	3298	(-)2095	4247	(-)3706
Networth	1632	1500	5606	6858	6922	5517	11911	5057

Dividend(%)	16	8	16	Nil	18	Nil	22	Nil
EPS (Rs)	11.06	0.82	10.22	(-)2.26	6.07	(-)1.79	3.80	(-)1.17
BV (Rs)	26.15	23.71	14.29	9.01	17.64	7.25	15.03	5.77

All Objects of the issue were achieved but delay may have occurred which cannot be confirmed and quantified for want of old records.

* Since the Accounting Year was for 18 months the figures are not comparable.

** Since the Accounting Year was for 6 months the figures are not comparable.

Welspun Gujarat Stahl Rohren Limited:

(Rs. in lacs)

Particulars	1998		1999*	
	Projected	Actual	Projected	Actual
Sales	32325	1873	37712	4143
Other Income	13	22	13	7
Total manufacturing cost	24266	1550	28262	3657
Adm & sales & dist. Cost	910	48	1059	154
PBDIT	7162	298	8404	339
Interest	1985	322	2064	368
Depreciation	1450	186	1502	352
PBT	3319	(-)210	4430	(-)382
PAT	2945	(-)210	3432	(-)382
Equity Share Capital	10000	9757	10000	12031
Reserves & Surplus	1445	(-)210	3377	(-)61
Dividend(%)	15	Nil	15	Nil
Networth	10979	8977	12963	11401
EPS (Rs)	2.95	(-)0.22	3.43	(-)0.31
BV (Rs)	10.98	8.98	12.96	9.29

All Objects of the issue were achieved but delay may have occurred which cannot be confirmed and quantified for want of old records.

* Since the Accounting Year was for 17 months the figures are not comparable with the projections.

Outstanding debentures or bonds and redeemable preference shares and other instruments issued by the Issuer Company outstanding:

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

Stock Market Data for Equity shares of the Company

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

Disposal of Investor Grievances

The Board of Directors of the Company has constituted its shareholders' and investors' grievance committee. This committee specifically looks into the shareholders' and investors' complaints on matters relating to transfer of shares, non-receipt of annual report, non-receipt of dividend etc. In addition, the committee also looks into matters that can facilitate better investor services and relations.

The Company has appointed Mr. Jeevan Mondkar, Company Secretary as the Compliance Officer and he may be contacted in case of any problems at the following address:

Compliance Officer and Company Secretary

Mr. Jeevan Mondkar

Welspun Investments and Commercials Limited

B- Wing, 9th Floor,

Trade World,

Kamala Mills Compound,

Lower Parel,

Mumbai – 400 013

Tel : 0091- 66136000

Fax: 0091- 24908020

Email : companysecretary_winl@welspun.com

Change in auditors during last three years:

As M/s. Sureka Associates., Chartered Accountants, expressed their unwillingness to get re-appointed as Statutory Auditors of the Company, M/s Suresh Surana & Associates., Chartered Accountants were appointed as Statutory Auditors of the Company, by the shareholders at an Annual General Meeting held on June 11, 2009, to hold office up to the date of the next Annual General Meeting of the Company in place of Sureka Associates, Chartered Accountants.

Capitalisation of reserves or profits during last five years.

There was no capitalisation of reserves or profits during the last five years.

Revaluations of assets:

There was no Revaluation of assets during the last five years

20. IMPORTANT CLAUSES OF ARTICLES OF ASSOCIATION OF THE COMPANY

- | | | |
|----|---|---|
| 1. | The Regulation contained in Table A of Schedule I to the Act shall apply in addition to and to the extent they are not inconsistent with any of the provisions of these Articles. | Regulation in Table A to apply to the extent they are not inconsistent with Articles. |
|----|---|---|

INTERPRETATION

- | | | |
|---|--|-----------------------|
| 2 | The following expressions shall have the following meanings unless repugnant to the subject or context : | Interpretation clause |
|---|--|-----------------------|

- (i) "Accounts" means the account of the Company (including the notes thereto) for a Financial Year;
- (ii) "Act" means the Companies Act, 1956 (I of 1956), as amended from time to time and shall include any statutory replacement or re-enactment thereof;
- (iii) "Affiliate" includes, with respect to any Person (the "Specified Person"), any person other than the Specified Person, controlling, controlled by, or under common control with the Specified Person. For the purposes of this definition, the term "Control" when used with respect to any person means the beneficial ownership, or more than 50% of the voting securities of such person, and the ability to control the composition or the decisions of the Board of Directors by controlling the appointment of a majority of the Board by virtue of the Articles of Association or an agreement or contract. In case the Specified Person is a natural person, the term 'Affiliate' shall include any Relative or employee of such person. A Specified Person claiming a third party to be its or his (i.e. the Specified Person's) Affiliate, shall provide to the other Parties, documentation in support of such claim.

Further, in respect of Dunearn "Affiliate" shall also mean any Fund(s) and/or body/bodies corporate or other business entity which is/are now or which may at any time hereafter be owned, controlled, managed, advised, administered by Dunearn or under the common ownership, control, management, advice or administration as Dunearn.

- (iv) "Applicable Law" means any Indian statute, law, ordinance, regulation, rule, bye law, administrative interpretation, writ, injunction, directive, judgment or decree or other instrument which has a force of law in India applicable to any Party or its Affiliates, as is in force from time to time.
- (v) "Audited Accounts" means the Accounts audited by an audit firm appointed in pursuance of Article 200A.
- (vi) "Beneficial Owner" shall mean the beneficial owner as

defined in clause (a) of sub-section (l) of section 2 of the Depositors Act, 1996;

- (vii) "Board" or "Board of Directors" means the duly constituted Board of Directors of the Company;
- (viii) "Business Day" means any day other than a Saturday, a Sunday, or a day on which banks in Mumbai are authorized or required by law to be closed;
- (ix) "Company" means Welspun Investments Limited, a company incorporated under the Act.;
- (x) "Debenture" includes Debenture stock, bonds and other securities of the Company, whether constituting a charge on the assets of the Company or not.
- (xi) "Depository" shall mean a depository as defined in clause (e) sub-section (l) of section 2 of the Depository Act, 1996;
- (xii) "Directors" means the Directors on the Board of Directors of the Company;
- (xiii) "Dividend" – includes bonus;
- (xiii-a) "Dunearn" shall mean Dunearn Investments (Mauritius) Pte. Limited, having its registered office at International Financial Services Limited, 4th Floor, Les Cascades, Edith Cavell Street, Port Louis, Mauritius".
- (xiii-b) "Dunearn shares" means the 907946 Shares allotted to Dunearn pursuant to the Order of the Hon'ble High Court of Gujarat sanctioning the Scheme of Arrangement among Welspun India Limited, Welspun Global Brands Limited and Welspun Investments and Commercials Limited and their respective shareholders and creditors dated 8th May, 2009.
- (xiv) Not used
- (xiv-a) "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;
- (xv) "Fundamental Issues" shall mean such issues or matters in respect of which specific prior written approval of Dunearn or a nominee of Dunearn on the Board shall be required by the Company in terms of Article 152C hereof;
- (xvi) "Gender" would import the masculine gender and include the feminine and vice versa;
- (xvii) "Indian GAAP" means Indian generally accepted accounting

principles consistently applied from time to time;

(xviii) "IPRs" means Intellectual Property Rights;

(xix) "Intellectual Property Rights" includes any registered and/or applied for registration and pending patents, trademarks, designs, copyrights, trade or business names, internet domain names, inventions, processes, geographical indications, neighbouring rights, trade secrets, know-how, integrated circuits, exploitation of any present or future technologies, proprietary information, and other industrial property rights;

(xxi-a) "investor" shall mean Dunearn.

(xx) "Key Employees" mean those employees deemed essential for the running of the Company and the Business of the Company enumerated below :

Vice Chairman Cum Managing Director	Corporate
Executive Director	Corporate
Director (Finance)	Finance
President	Commercial
Director (Operations)	Plant
CEO (Domestic Marketing)	Marketing
Vice President	Exports
Senior Vice President	Group HR
President	Sheeting
CFO	Finance

(xxi) "Key Man Insurance" means any insurance taken out on the life and health of such of the Promoters as suggested by the Board from time to time.

(xxii) "Management" means the Promoters and the Key Employees;

(xxv) "Material Breach" means non compliance with any of the provisions of Article(s) 6B(e), 6D, 152C(d), 152C(f), 152C(g), 152C(h), 152C(i), 152C(j), 152C(l), 152C(m), 152C(n), 152C(q), 152C®, 152C(t), 152C(w) and 152C(y) of the Articles by the Company and or the Promoters and which has not been remedied within 60 days of written notification by the Investor;

(xxvi) "Material Contract" shall mean any existing agreement, lease, sublease, license for property, hire on 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. 50 million in a year, irrespective of whether executed individually or in a series;

- (xxvii) "Month" means the calendar month'
- (xxviii) "Office" means the registered office for the time being of the Company;
- (xxix) "Paid-Up" includes amount credited as paid up;
- (xxx) "Party" shall mean individually the Promoters, Dunearn or the Company and "Parties" shall mean collectively all of them'
- (xxxi) '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
- xxxi) "Permitted Affiliate" includes, with respect to any Person (the "Specified Person"), any person other than the Specified Person, controlling, controlled by, or under common control with the Specified Person. For the purposes of this definition, the term "control" when used with respect to any person means the beneficial ownership, or more than 75% of the voting securities of such person, and the ability to control the composition or the decisions of the Board of Directors by controlling the appointment of a majority of the Board by virtue of the Articles of Association or an arrangement or contract. 'Permitted Affiliate' shall include any heir of such person. A Specified Person claiming a third party to be its or his (i.e. the Specified Person's) Permitted Affiliate, shall provide to the other Parties to the Agreement, documentation in support of such claim;
- xxxii) "Promoters" mean Shri B.K. Goenka, Shri Rajesh Mandawewala, Smt. Dipali Goenka, Welspun Syntex Ltd., Welspun Finance Ltd., Welspun Trading Ltd., Welspun Mercantile Ltd., Welspun Wintex Ltd. and Krishiraj Investment & Finance Pvt. Ltd.
- xxxiii) "Promoter Directors" means Promoters who are Directors of the Company.
- xxxiv) "Register" or "Register of Members" means the Register of Members to be kept pursuant to Section 150 of the Act;
- xxxv) "Seal" means the common seal, for the time being of the Company;

xxxvi) "Shareholders" means a person whose name is registered in the register of members of the Company as the holder of a Share and shall include Western India;

xxxvii) "Shares" shall mean 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;

3. xxxviii) "Singular Number" words importing the singular number include where the context admits or requires the plural numbers and vice-versa;

4. xxxix) "Special Resolution" and "Ordinary Resolution" shall have the meaning assigned thereto respectively by Section 189 of the Act;

Copies of these presents to be furthered.

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

xxxxi) Not used

xxxxii) "These presents" means the Memorandum of Association and the Articles of Association and the Regulation of the Company for the time being in force;

xxxxii-a) "Transfer" means (in either the noun or the verb form and including all conjugations thereof with their correlative meanings) with respect to the Shares, the sale, pledge, assignment, transfer or other disposition (whether for or without consideration, whether directly or indirectly) of any Shares or of any interest therein or the creation of any third party interest in or over the Shares, but excluding any transfer of Shares between either of the Investors and their respective Affiliates in accordance with these presents and any transfer of Shares between the Promoters inter se and/or between the Promoters and Permitted Affiliates approved by the Investors.

xxxxiii) "US GAAP" means generally accepted accounting principles of the United States consistently applied from time to time.

xxxxiv) "Warranties" means the warranties, representations, covenants and undertakings of the Promoters or the

Company, as the case may be;

xxxxv) Subject as aforesaid any words or expressions defined in the Act shall except where the subject or context forbids, bear the same meaning in these articles.

None of the funds of the Company shall be employed in the purchase of shares of this company and it shall not give any financial assistance for or in connection with the purchase or subscription of any share in this company save as provided in Section 77 of the Act.

Copies of the Memorandum and Article of Association of the any and other documents referred to in section 39 of the Act shall be led to every member at his request within 7 days on payment of the f rupee one for each copy.

SHARE CAPITAL

The Authorised Share Capital of the Company is Rs. 13,00,00,000/- (Rupees Thirteen Crore only) divided into 1,30,00,000 (One Crore Thirty Lac only) Equity Shares of Rs. 10/- (Rupees Ten only) each,.

- (a) any shares including any option to subscribe for shares in the original or increased capital may from time to time be issued with any such right or preference whether in respect of dividend; or repayment of capital or both, on the footing that any such shares may be determined as provided by the Articles of Association of the Company and The Companies Act, 1956, then in force;
- (b) the rights of holders of all classes of shares for the time being forming part of the Capital of the Company may be modified, affected, varied, extended or surrendered either with the consent in writing of the holders of three fourth of the issued shares of the class or with the sanction of a special resolution of the members of that class;
- (c) subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company, the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid-up on such equity shares respectively at the commencement of the winding up;
- (d) any unclassified shares (whether forming part of the original capital or of any increased capital of the Company) may subject to the provisions of the Act be issued by the Directors upon such terms and conditions and with such rights and privileges as the Board may deem fit and which are not inconsistent with the Articles of Association.

- (e) "Notwithstanding anything contained in the Articles of Association, the company shall be entitled to dematerialize its Share, Debentures and other securities pursuant to the Depositories Act, 1996, and to offer its Shares, Debentures and other securities for subscription in a dematerialized form".

6A Not used

CONDITIONS SUBSEQUENT

- 6B
- (a) The Company shall maintain Directors and Officers insurance for members of its board of Directors in amounts considered reasonable by the Company and consistent with market practice in India. Key Persons Provisions
 - (b) If required by the Investor, the Company shall purchase Key Man Insurance policy of such amounts as may be decided by the Board, with benefits payable to the Company, covering the Chief Executive Officer, Chief Operating Officer and Chief Technical Officer of the Company, if any. Key Man Insurance
 - (c) The Company shall not enter into any transactions with Affiliates of the Company save and except transactions of a value not exceeding Rs. 50,000,000/- in the aggregate per annum, without the prior written consent of Duneam which consent or dissent shall be communicated within 30 days. Related Party transactions
 - (d) Save as otherwise specifically provided for the these Articles, the Company shall not issue any further Shares, warrants, or other securities convertible or exchangeable into Shares of the Company unless Duneam has been offered a right to subscribe to Shares, warrants, or other securities convertible or exchangeable into Shares proportionate to its then equity shareholding in the Company. Pre-emption Rights for New Issue of Shares.
 - (i) The Company and the Promoters shall ensure that all further Shares offered or issued by the Company (except for possible issue and allotment of Shares to the employees of the Company under the Company's existing Employees Stock Option Plan and any other Employees Stock Option Plan approved by the Board of Directors of the Company or conversion rights already granted under loan agreements with Banks and financial institutions), shall be offered / issued, on terms and conditions which are no more favourable to the allottees, than those offered to Duneam shall have otherwise agreed in writing.
 - (ii) The Company and the promoters shall ensure, that any and all further investors (other than any existing shareholders and/or employees of the Company) who agree to subscribe

for any new issues of Shares in the Company by way of a preferential issue, shall so subscribe or purchase any Shares, only after agreeing in writing to be bound by the terms and conditions of an agreement duly approved by Dunearn, and these Articles and signing a Deed of Adherence.

HOLDING IN SUBSIDIARY COMPANIES

- 6C In the event moneys by way of equity and other than from the Company are being raised in Subsidiaries, the Investor will have the option to subscribe to the issue of share in such subsidiaries directly to the extent of its shareholding in the Company.

NON-COMPETE

- 6D Mr. B.K. Goenka and Mr. Rajesh Mandawewala shall not, without the consent of the Investor, have any active involvement in or association with any textile business. Such non-compete covenant shall not restrict the existing interests of Mr. B.K. Goenka and Mr. Rajesh Mandawewala in the Company, Welspun Syntex Limited, Welspun Zucchi Textiles Limited, Welspun Retail Ltd., including any subsidiaries and/or companies and/or business promoted by and/or in which any of such companies have a majority interest. Mr. B.K. Goenka and Mr. Rajesh Mandawewala agree that without the consent of the Investor, Welspun Syntex Limited, Welspun Zucchi Textiles Limited and Welspun Retail Limited shall not enter into any new textile business save and except for any expansion of their existing businesses. So long as Mr. Rajesh Mandawewala is a director of the Company, he shall from time to time in the interest of the Company advise the CEO or the Senior Managerial Person reporting to Managing Director in the day to day affairs and businesses of the Company as and when the CEO or such managerial person requests for the same.

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| 7 | Subject to the provisions of these Articles and the Act, the shares shall be under the control of the Directors who may, subject to the provisions of Section 78 to 81 of the Act allot or otherwise dispose of the same or any of them to such persons and in such proportion and on such terms and condition and either at a premium at par or at a discount and at such time and for such consideration as the Directors think fit. As regards allotment from time to time, the law in force, if any, relating thereto, shall be complied with, provided that option or right to call of shares shall not be given to any person or persons except with the sanction of the Company in general meeting. | Shares of the disposal of the Directors |
| 8 | (a) Subject to the provision of Section 80 of the Act, the Company shall have power to issue preference shares which are or at the | Powers to issue Redeemable Preference Shares |

option of the Company liable to be redeemed and the resolution authorizing such issue shall prescribe the manners terms and conditions of redemption.

(b) Subject to the provision of the Act and the guidelines issued by the Central Government from time to time under the provisions of the Act, the Company may issue Convertible Preference Shares (CP) in such manner as the Board of Directors of the Company may decide and specifically provide for :

- (i) the quantum of issue;
- (ii) the terms of the issue with particular reference to the conversion of CP in to the equity shares of the company;
- (iii) the rate of preferential dividend payable on CP; the voting rights to be attached to CP and any other terms and conditions which may be attached to the issue of CP and as permissible in law.

9	The Directors may allot and issue shares in the capital of the Company as partly or fully paid in consideration of any property sold or goods transferred or machinery supplied or for services rendered to the Company or the conduct of its business and any shares which may be so allotted may be issued, shall deemed to be fully or partly paid-up shares and is so issued, shall deemed to be fully or partly paid-up shares, as the case may be.	Directors may allot shares for consideration other than cash.
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10(a)	An application signed by or on behalf of any applicant for shares of the Company followed by an allotment of any share therein shall be an acceptance of shares 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.	Acceptance of shares
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10(b)	The Company shall further be entitled to maintain a Register of Members with the details of the dematerialization form in any media as permitted by law including any form of electronic media.	
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11	(a) Subject to the provisions of Section 76 of the Act the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares or debentures of the Company, but so that the commission shall not exceed in the case of shares five percent of the price at which the shares are issued and in case of debentures, two and a half percent of the price at which the debentures are issued.	Payment of commission on issue of shares or debentures.
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(b) The Commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in other.

(c) The Company may pay a reasonable sum for brokerage.

Restrictions on allotment and

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| 12. | The Board of Directors shall observe the restrictions as to allotment of shares on the public contained in Sections 69 and 70 of the Act, and shall also cause as required by Section 75 of the Act, the return of allotment to be filed. | return of allotment. |
| 13 | The Company may from time to time by ordinary resolution increase the share capital by such sum to be divided into shares of such amount as may be specified in resolution. | Power to increase capital. |
| 14 | The new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as may be specified in the resolution sanctioning the increase of share capital and in particular such shares may be issued with a preferential or qualified right to dividends and the distribution of assets of the Company. | To what restrictions the shares issued |
| 15. | Except so far as otherwise provided by the conditions of issue or by these presents any capital raised by creation of new shares shall be as part of the existing capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, forfeiture, lien, surrender transfer and transmission, voting and otherwise. | Conditions subject to which new shares to rank with original shares |
| 16 | Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of the one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, the Company in general meeting or the Board of Directors decide to increase the subscribed capital of the Company by the allotment of further shares, such shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as the circumstances admit, to the capital paid up on these shares at the date; and such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer, within which the offer if not accepted, will be deemed to have been declined. The offer aforesaid shall include a right exercisable by the person concerned to renounce the shares offered or any of them in favour of any other person acceptable to the Board of Directors. After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person offered, the Board of Directors may dispose of them in such a manner as they think most beneficial to the Company. | Further issue of share capital to members |

NOTWITHSTANDING anything contained in the preceding paragraph the further shares as aforesaid may be offered to any person (whether or not such a person or persons include persons, who, at the date of the offer, are holders of the equity shares of the Company) in any manner whatsoever.

(a) If a special resolution to that effect is passed by the

Company in general meeting ; or

- (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands, or on poll, as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote if any, of the Chairman) by members, who being entitled to do so vote in person or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by the members so entitled and voting and the Central Government is satisfied on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

17 The Company may subject to the provisions of Sections 100 to 105 inclusive, of the Act, by special resolution reduce in any manner with the subject to the confirmation of the court and/or any incident authorized and consent required by law: Reduction of capital

- a) Its share capital in any way in particular without prejudice to the generality of the foregoing, power may;
 - (i) extinguish or reduce the liability on any of its shares in respect of share capital not paid up;
 - (ii) either with or without extinguishing or reducing the liability on any of its shares cancel any paid up share capital which is lost or is unrepresented by available assets ; or
 - (iii) either with or without extinguishing or reducing liability on any of its shares, pay off any paid up share capital which is in excess of the wants of the Company.

(b) Any capital redemption reserve account ; or

(c) Any share premium account.

18. The Company may, by ordinary resolution :

- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares ; Sub-division and
consolidation of share
- (b) Convert all or any of its paid up shares into stock and reconvert that stock into paid up shares of any denomination :
- (c) Sub-divided its shares or any of them into shares smaller amount than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount if any, unpaid on such reduced shares shall be same as it was in the case share from which the reduced share is derived ; and
- (d) Cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any

person and diminish the amount of its share capital by the amount of the shares so cancelled.

- 19 The resolution whereby any share is sub-divide determine that as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Sub division into preference and ordinary shares.
- 20 If and whenever as the result of issue of new shares consolidation or sub division of shares, any shares become held by member in fractions, the Directors, shall subject to the provisions of the Act and the Articles and to the directions of the Company in general meeting, if any sell those shares which members hold in fractions for the best price reasonable obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion, the net proceeds of the sale thereof. Sale of fractional shares.
- 21 (a) The Company may be ordinary resolution :
(i) convert any fully paid-up shares into stock and
(ii) reconvert any stock into fully paid up shares of any denomination. Conversion of fully paid up shares in stock.
- (b) The holders of stock may transfer the same or any part thereof in the same manner, as and subject to the same regulations under which the shares from which the stock arose, might, before the conversion have been transferred or as near thereto as circumstances admit; provided that the Board may, from time to time fix the minimum amount of stock transferable so however that such minimum amount, shall not exceed the nominal amount of the shares from which the stock arose. Transfer of stock
- (c) The holders of stock shall according to the amount of stock held by them have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters, as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company and in assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares conferred that privilege or advantage. Powers and rights of stock holders.
- (d) Such of the Articles of the Company (other than those relating to share warrants), as any applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in these presents shall include "stock" and "stock-holder" respectively. Articles to apply to stock.
- 22 The Company may issue share warrants subject to and in accordance with the provisions of Sections 114 and 115 of the Act and in that case regulations contained in clauses 40 to 43 (both inclusive) of Table A to the Schedule 1 of the Act shall apply. Share warrants

23 Subject to the provisions of Sections 106 and 107 of the Act whenever the Share Capital is divided into different classes of shares, all or any of rights and privileges attached to any class may be modified or varied by the Company. Power to modify rights

(a) by agreement between the Company and any person purporting to contract on behalf of that class provided such agreement is ratified in writing by the holders of at least three-fourth in nominal value of the issued shares of that class, or

(b) with the consent in writing of the holders of not less than three-fourth of the issued shares of that class, or

(c) with sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class.

This article is not to derogate from any power of the Company would have had if these Articles were omitted.

All the provisions contained in these Articles as to the general meetings (including the provisions relating to the quorum at such meetings) shall mutatis mutandis apply to every such meeting.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly prohibited by the terms of the issue of the shares of that class, be deemed to be verified by the creation or issue of further shares ranking pari passu therewith.

24 If any share is registered in the name of two or more persons : as joint holders thereof, the person first named in the Register shall, as regards delivery of the share certificates, receipt of dividends or bonus shares or service of notice and all or any other matter connected with the Company except voting or appointing proxy meeting and the transfer of the shares, be deemed to be the sole thereof, but the joint holders of a share shall be, severally as well as jointly liable for the payment of all instalments and calls due in respect of such shares and for all incidents thereof according to the Company's regulations. Upon the death of a registered joint owner the surviving registered joint owners or owner shall be deemed by the Company to be absolutely entitled to the shares.

25 Subject to the provisions of Section 153 B, 187 B and other applicable provisions of the Act and save as herein otherwise provided the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction, or by law required be bound to recognize any trust, benami or equitable or other claims to or interest in such share on the part of any other person or any interest in any fractional part of a share whether or not it shall have express or other notice thereof. No notice of any trust express, implied or constructive shall be entered on the register of members or of debenture holders. Trust not recognised

Further, the Company shall also be entitled to treat the person as the holder of any share(s) whose names appears as the beneficial owner of the shares in records of the Depository, as the beneficial owner of the shares in records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as required by law) be bound to recognize any benami trust or equity or equitable contingent or other claim to or interest in such shares on the part of any other person whether or not it shall have express or implied notice thereof.

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| 26 | Every member shall leave in writing at the registered office of the Company his permanent address in India, occupation, description and father's name (husband's name in case of married women) and will also intimate to the Company any change therein from time to time such address for all purposes shall be deemed to be his proper address. | Members to furnish address etc. |
| 27 | No member who shall change his name or who being a female shall marry, shall be entitled to recover any dividend or to vote in the name other than the one registered with the Company, until notice of the change of name or of marriage, respectively is given to the Company in order that the same be registered. | Notice of changes of name or of marriage of member |
| 28 | Every member shall be entitled without payment to one certificate under the seal of the Company for all the shares registered in his name or in the case of shares of more than one class being registered in his name, to separate certificate for such class of shares so registered. Every certificate of shares in respect of which it was issued and the distinctive numbers of such shares and amounts paid up thereon respectively. Every certificate shall be signed as per provisions of Article 172. | Certificates |
| 29 | <p>No Share Certificate(s) shall be issued for shares held in a depository.</p> <p>If any member shall require additional certificates he shall pay for each additional certificate such fee, if any, not exceeding Rupee One as the Directors may determine.</p> | Additional certificate |
| 30 | <p>A certificate may be renewed or a duplicate thereof may be issued if such certificate :-</p> <p style="margin-left: 40px;">(a) is proved to have been lost or destroyed or</p> <p style="margin-left: 40px;">(b) having been defaced, mutilated or torn and is surrendered to the Company.</p> | Renewal of certificate and duplicate certificates |
| 31 | Notwithstanding anything contained in Articles 28, 29 and 30 hereof the manner of issue or renewal of a certificate or issue of a duplicate certificate, the form of a certificate (original or duplicate or renewed) | Form, manner of issue of certificates |

the particulars to be entered in the Register of Members or in the Register of renewed or duplicate shares, the form of such Register the fee on payment of which the terms and conditions if any (including terms and conditions as to evidence and indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating evidence) on which a certificate may be renewed or a duplicate thereof may be issued shall be as prescribed by Companies (Issue of Share Certificates) Rules 1960, and any modification made from time to time.

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| 32 | The company shall within three months after the allotment of any of its shares or debentures and within one month after the application for the registration of the transfer of any such shares and/or debentures, complete and have ready for delivery the certificates of all shares and/or debentures allotted or transferred unless the condition of issue of the shares or debentures otherwise provide and shall comply with the requirements of Section 113 and other applicable provisions (if any of the Act). | Time for delivery of certificates |
| 33 | Save as otherwise provided by Section 77 of the Act none of the funds of the Company shall be applied in the purchase of or in lending on security of any shares of the Company. | Fund of company not to be applied/in purchase of or lending of shares of the company |
| 34 | Every endorsement of transfer in favour of any transferee thereof or payment of call upon the certificate of any share shall be signed by a Director or secretary or by any other person for the time being duly authorized by the Board of Directors in that behalf. | Endorsement of transfer of shares or payment of call |

CALLS

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| 35 | The Directors may from time to time by a resolution passed at a meeting of the Board make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively, whether on account of nominal value of the shares or by way of premium and not by the condition of allotment thereof made payable at fixed times and each member shall pay the amount of every call so made on him to the persons and at the time and place appointed by the Directors. A call may be made payable by instalments. A call may be revoked at the discretion of Board. | Calls |
| 36 | At least fourteen days notice of any call shall be given by the Company either by letter to the members or advertisement specifying the time and place of payment and the person to whom such call shall be paid. | |
| 37 | A call shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed. | When call deemed to be made |
| 38 | Where any calls for further share capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the | Calls for further capital to be made on uniform basis |

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

- 39 The Board of Directors, may from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members, who on account of residence at a distance or some other reasonable cause may be deemed fairly entitled to such extension but no member shall as a matter of right be entitled to such extension save as a matter of grace and favour. Directors may extend time for payment of call.
- 40 If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof, or any extension thereof the holder for the time being of the share in respect of which the call shall have been made or the instalment shall be due, shall pay interest for the same at the rate of five per cent per annum from the day appointed for the payment thereof to the time of the actual payment or at such other rate as the Directors may, in their absolute discretion waive payment of any interest wholly or in part in the case of any person liable to pay such call or instalment. Calls to carry interest.
- 41 Neither the receipt by the Company of a portion of any money which shall, from time to time, be due from any member to the Company in respect of his shares either by way of principle or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided for non payment of the whole or any balance due in respect of the shares. Partial payment or any indulgence shown not to preclude forfeiture.
- 42 The Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the capital due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance or so much thereof as from time to time exceeds the amount of calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate as the member paying such sum in advance and the Directors may at any time repay the amount so advanced on giving to such member one month's notice in writing. The member shall not, however, be entitled to dividend or to participate in profits of the Company or to any voting rights in respect of the money so paid by him until the same would, but for such payment, become presently payable. Payment of calls in advance.
- 43 On the trial or hearing of any action or suit brought by the Company against any member or his representative for the recovery of any Evidence in action for calls.

money due in respect of his shares, it shall be sufficient to prove that the name of the member is entered in the register as the holder of the shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book and that notice of such call was duly given to the member or his representative in pursuance of these presents and it shall not be necessary to prove the appointment of the Directors who made such call nor any other matters whatsoever but the proof of the matters aforesaid shall be conclusive proof of the debt.

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| 44 | If by the terms of issue of any share or otherwise the whole or any of the amount or issue price thereof is made payable at any fixed time or by instalments at fixed time every such amount or issue price of instalment thereof shall be payable as if it were call duly make by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or issue price or instalment accordingly. | Amount payable at fixed time or by instalment payable as calls. |
| 45 | Every member, his executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may for the time being remain unpaid thereon in such manner as the Directors shall from time to time in accordance with the Company regulations require or fix for the payment thereof. | Every members to pay the proportion of the capital represented by his share. |
| 46 | Any money due from the company to a member may without the consent notwithstanding the objection of such member be applied by the Directors in or towards the payment of any money due from him to the Company for calls, instalment or otherwise. | Money due to the Company may be applied towards calls etc. |

INTEREST OUT OF CAPITAL

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| 47 | Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provisions of any plant which cannot be made profitable for a lengthy period, the Company may pay interest on so much of the share capital as is for the time being paid up for the period at the rate and subject to the conditions and restrictions contained in Section 208 of the Act and may charge the same to capital as of the cost of construction of the work or building or the provisions of the plant. | Interest out of capital. |
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TRANSFER AND TRANSMISSION OF SHARES

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| 48 | The Company shall keep a book, to be called the "Register of Transfers" and therein shall be fairly and distinctively entered particulars of every transfer or transmission of any share. | Register of transfer. |
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- 49 (a) An application for the registration of the transfer of any share or shares may be made either by the transferor or the transferee, provided that, where such application is made by the transferor, no registration shall in the case of a partly paid share be effected unless the Company gives notice of the application to the transferee and subject to the provisions of Article 56, 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 of Member the name of the transferee in the same manner and subject to the same conditions as if the applications for registration of the transfer was made by the transferee.
- (b) For the purpose of clause (a) notice to the transferee shall be deemed to have been duly given if dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary courses of post.
- Mode of transfer.
- 50 The instrument of transfer of any share shall be duly stamped and executed both by the transferor and the transferee and shall contain the name, address, description, occupation and father's/husband's name of the transferee. Each signature to such transfer shall be duly attested by one witness who shall also add his address.
- Instrument of transfer to be stamped and executed.
- 51 The Company shall use a common form of transfer. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act, 1956 and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and the registration thereof.
- Form of transfer.
- 52 The transferor shall be deemed to remain the holder of such share (or shares) until the name of the transferee is entered in the Register Of Members in respect thereof.
- Transfer to remain holder of shares until transferee's name entered in the register.
- 53 Every instrument of transfer duly stamped and executed by or on behalf of the transferee shall be left at the office for registration accompanied by the certificate of the shares to be transferred and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares, provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer signed by the transferor and transferee, has been lost the company may, if the 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 Directors may think fit. The instrument of transfer of shares shall be deposited with the Company within such time or times as may be prescribed by the Act or Rules made thereunder.
- Transfer form to be left at office and evidence of title given.
- 54 The Directors may, if they so desire, charge in respect of every registration of membership on transmission and every registration of
- Fee on transfer or transmission.

transfer of shares such fee as they may determine from time to time.
The Directors may in their discretion not charge any such fees.

- 55 No transfer shall be made to any minor or person of unsound mind, but in the event of such transfer being registered, the transferor shall remain liable to the Company for all moneys due on the share so transferred notwithstanding such transfer. Share not to be transferred to minor or persons of unsound.
- 56 (a) The Promoters shall not effect or permit and shall ensure that there does not occur any voluntary or involuntary transfer of the shares held by them or any right, title or interest therein in favour of any person, including but not limited to, any lenders of the company except with the prior written consent of the Investor.

Provided that the Promoters shall be free to transfer such number of their shares as equals an aggregate of upto 2% of the equity share capital of the company as on 11th June, 2009

- (b) Notwithstanding anything contained herein, the Promoters shall be free to pledge their shares in favour of scheduled commercial banks and development financial institution shall be deemed to contain an express provision that any transfer of the shares so pledged whether by the pledge, or to the pledge or at the instance of the pledge shall be subject to Dunearn's right of first refusal to purchases provided in Article 61 and the right of Dunearn to sell shares held by Dunearn as provided in the Article 65B. Provided further that the pledge shall acknowledge that the obligations of the Promoters as set out in Article 61 and Article 65B of these presents shall stand vested in the pledge.

- 57 Dunearn shall not required to pledge, mortgage, hypothecate, charge or otherwise encumber any part of the Dunearn shares held by them, or otherwise offer any such securities as collateral to any third party for providing financial support including but not limited to the lenders of the company. Notice of refusal to be given to the transferor and transferee.
- 58 All instruments of transfer, which shall be retained by the Company but any instrument of transfer which the Directors may decline to register shall be returned to the person depositing the same. Instrument of transfer to be retained.
- 59 The Directors may, on giving seven day's previous notice by advertisement in some newspaper circulating in city, town or place where the registered office of the company is situated at Bombay, close the transfer books and Register of Members or debentureholders for any time or times not exceeding in the whole forty-five days in each year but not exceeding thirty days at a time. Closure of the transfer books.

60 The registration of a transfer shall be conclusive evidence of the approval by the Directors of the transfer so far only as the shares transferred are concerned but not further or otherwise nor shall it incapacitate the Directors from claiming the right to refuse registration of transfer of shares on any subsequent transfers applied for.

Registration of transfer conclusion evidence of approval by Directors.

61 (a) Save and except as permitted elsewhere in these presents and for transfers to a Permitted Affiliate (who shall be bound by the provisions of these presents with the same force and effect as applicable to the Transferring Promoter), the promoters shall not transfer any part of their shares of the company held by them directly or indirectly, except with prior written discretionary consent of the Investor which consent shall not be unreasonably withheld in the case of a transfer to an Affiliate. Such right of the promoter to sell with the prior approval of the Investor shall be subject to the Investor's right to first refusal in accordance with Articles 61(b) and 61(c).

The Company not liable to disregard any notice prohibiting registration of a transfer.

(b) Any Promoter desirous of transferring any of their shares ("Sale Shares") shall by notice in writing ("Transfer Notice") notify the Investor the number of Sale Shares proposed to be sold or transferred by such promoter(s) and the terms and conditions of the transfer, including price ("Offer Price") and the name of the proposed purchaser, if the disclosure of the name does not violate any non disclosure agreement with such proposed purchaser. Within 30 days of receipt of such Transfer Notice, the Investor may agree to buy or refuse to buy the Sale Shares on terms and conditions (including the price) no less favourable than those intimated by the Promoter(s) in the Transfer Notice, and shall communicate the same to the Promoter(s).

Failure by the Investor to communicate its decision to buy the Sale Shares within the said 30 days period shall be deemed to be a refusal by the Investor to buy the Sale Shares. If the Investor fails to communicate or otherwise communicates refusal to buy the Sale Shares, the Promoter(s) shall be free and fully entitled to Transfer the Sale Shares to any Person at a price not less than the Offer Price. Such Transfer of the Sale Shares shall be completed within 90 days thereafter. In the event of a failure to so consummate the Transfer within the stipulated 90 days period, the Transfer shall again be subject to the provisions of this Article 61.

In the event of the Investor exercising the right of first refusal set out above, their respective entitlements to buy the Sale Shares shall be pro rata to their then existing shareholding in

the Company.

- (c) If the Investor communicates its agreement to buy the Sale Shares from the Promoter(s), the purchase of the Sale Shares shall be completed by the Investor within 30 days from the date of acceptance of the offer of the Promoter(s). At such closure, the Promoter(s) shall deliver free, marketable and unencumbered title to the Sale Shares being Transferred and the Investor shall pay to the Promoter(s) in cash the Offer Price per share.

Without prejudice to any rights of the Parties, in the event the Investor fails to pay the Offer Price per Share before the scheduled date of closure as aforesaid, the Investor shall be deemed to be in default and the promoters will be free to Transfer such Shares to any person. In the event of a failure by the Promoters to consummate the Transfer within a period of 12 months thereafter, the Transfer shall again be subject to the provisions of this Article 61.

- (d) Subject to Article 65C(a), Dunearn shall be entitled to freely transfer any or all the Shares held by it along with all rights attached to such Shares in these presents in addition to the rights available under the Act. Provided however, in the event Dunearn proposing to effect a transfer of any or all its shares to any third party along with any or all such additional rights enjoyed by Dunearn by virtue of these presents, Dunearn shall provide a right of first refusal to the promoters to purchase all (but not less than all) such shares on the same terms and conditions as offered to Dunearn by communicate their acceptance or rejection (failure to make any communication shall be deemed rejection) of their right notice from Dunearn towards this end. Upon an exercise of such right of first refusal, the Promoters shall be required to consummate the purchase within a period of 90 days thereafter. All the provisions of Article 61(b) above mutatis mutandis apply.

It is clarified for the avoidance of doubt that should Dunearn seeks to transfer its shares without assignment of the rights enjoyed by Dunearn by virtue of these presents, subject to Article 65C, Dunearn shall be free to transfer its shares.

- 62 The executor or administrator of the holder of a succession certificate in respect of shares of deceased member (not being one of several joint holders) shall be the only person whom the company shall recognise as having any title the share registered in the name of such member and in case of the death of any one or more of the joint holder of any registered share, the survivor or survivors shall be the only person recognized by the Company as having any title or release the estate of a deceased joint holder from liability on share held by him jointly with any other person. Before recognizing any executor or administrator or legal heir the Directors may require him Transmission of registered shares.

to obtain a grant of Probate or Letters of Administration or Succession Certificate or other legal representation as the case may be from competent Court, provided nevertheless that in any case where the Directors in their absolute discretion think fit it shall be lawful for the Directors to dispense with the production of probate or Letters of Administration or a Succession Certificate or such other legal representation upon such terms as to indemnity or otherwise as the Directors may think fit and under the next article register the name of any person who claim to be absolutely entitled to the share standing in the name of the deceased person.

- 63 (a) Any person becoming entitled to a share in consequent of death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Director think sufficient, may with the consent of the Directors (which they shall not be under any obligation to give) and upon giving such indemnity as the Directors think fit either be registered himself as the holder of such share or may subject to the regulations as to transfer hereinbefore contained elect to have some persons nominated by him and approved by the Directors registered as the transfer thereof, provided nevertheless, that if such person shall elect to have his nominee registered he shall testify the election by executing in favour of his nominee an instrument of transfer of such shares in accordance with the provision herein contained and until he does so, he shall not be freed from any liability in respect of the share. The Article is herein after referred to as the "transmission clause".
- Registration of person entitled to share otherwise than by transfer.
- (b) The Directors shall have the same right to refuse to register a person entitled by transmission of any shares or his nominee as if he was transferee named in an ordinary instrument of transfer presented for registration.
- 64 Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until and unless an indemnity be given to the company with regard to such registration which the Directors at their discretion, shall consider sufficient, provided nevertheless that there shall not be any obligation on the company or the directors to accept any indemnity.
- Evidence of transmission to be verified.
- 65 Until the Directors otherwise determine a person becoming entitled to a share by transmission shall not be entitled to receive notices of or save as provided in Article 108 hereof to attend or vote at meetings of the company, or save as aforesaid, to any of the rights and privileges of a member unless and until he shall be registered himself as a member in respect of the share.
- Right of such person.

- 65A “Notwithstanding anything contained herein, in the case of transfer of shares/debentures or other marketable securities where the company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply”.
- 65B
- (a) Without prejudice to the provisions of Articles 56, 57 and 61, upon receipt of the Transfer Notice referred to in Article 61 in the event the transfer of shares by the Promoters would not result in their collective shareholding going below 26% of the then paid up share capital of the company within 30 days of receipt of the Transfer Notice, the investor shall have a right to transfer such number of shares held by the investor in proportion to the number of shares proposed to be transferred by the promoters (the proportion to be calculated with reference to the inter-se holding of the promoters and the investor in the equity capital of the company after considering the total number of shares proposed to be purchased by an intending purchaser) on the same terms and conditions (including the price per share) as the promoters have intimated in the Transfer Notice and shall communicate the same to the Promoters.
 - (b) Without prejudice to the provisions of Articles 56, 57 and 61 upon receipt of the Transfer Notice referred to in Article 61 in the event the transfer of shares by the promoters results in their collective shareholding going below 26% of the paid up share capital of the company then within 30 days of receipt of the transfer notice, the Investor shall have a right to transfer all or a portion of the Investor's shares, on the same terms and conditions (including the price per share) as the promoters have intimated in the Transfer Notice and shall communicate the same to the promoters. In such event, the promoters shall ensure that all the shares so proposed to be transferred by the Investor shall be purchased by the third party purchaser prior to any sale of shares by the promoter.
 - (c) Failure on the part of the investor to communicate the exercise of such right to transfer shall be deemed to be a refusal to transfer the investor shares.
 - (d) Subject to foregoing, the promoters shall be required to consummate the sale to the third party within a period of 90 days on the same terms and conditions contained in the transfer notice. In the event of a failure to so consummate the sale within the stipulated 90 days period, the sale shall again be subject to the provisions of Articles 56, 57, 61 and 65B.
 - (e) In the event the investor has agreed to transfer its shares, then on the closing date of such transaction (of which the promoters shall give the investor at least ten business days prior written notice) and unless any contrary term has been proposed in the

Transfer Notice, the proposed purchaser or the promoters shall remit to the investor the consideration for the sale price of the shares of the investor sold pursuant hereto, against delivery by the investor of certificates for such shares together with duly executed share transfer deeds and/or other requisite documents in the event that the shares are in physical form.

- 65C (a) The investor shall be always free and fully entitled to sell or otherwise transfer any or all of its shares (and attendant interest) held in the company to any person including independent third parties save and except that the investor shall not sell any shares to any person who is a competitor provided that the investor may sell shares on the floor of a recognized stock exchange save and except for any negotiated or matched trade on the stock exchange with a Competitor.
- (b) Notwithstanding anything contained in Article 65C(a) above, in the event the investor proposes to transfer any of its shares ("Competitor Sale Shares") held in the Company to a Competitor, the investor shall by notice in writing ("Competitor Transfer Notice") to the Promoters, notify the promoters of the number of Competitor Sale Shares proposed to be sold or transferred by the investor and the terms and conditions of the transfer, including price ("Competitor Offer Price") and the name of the proposed purchaser who is a Competitor. Within 30 days of receipt of such Competitor Transfer Notice, the promoters may agree to buy or refuse to buy the Competitor Sale Shares on terms and conditions (including the price) no less favourable than those intimated by the Investor in the Competitor Transfer Notice and shall communicate the same to the investor. Failure by the promoters to communicate their decision to buy the Competitor Sale Shares within the said 30 days period shall be deemed to be a refusal to buy the Competitor Sale Shares. If the promoters fail to communicate or otherwise communicate refusal to buy the Competitor Sale Shares, the investor shall be free and fully entitled to transfer the Competitor Sale Shares to the proposed purchaser who is a Competitor at a price not less than the Competitor Offer Price. Such sale or transfer of the Competitor Sale Shares shall be completed within 90 days thereafter. In the event of a failure to so consummate the sale or transfer within the stipulated 90 days period, the sale shall again be subject to the provisions of Article 65C(a).
- (c) If the promoters communicate their agreement to buy the Competitor Sale Shares from the investor, the purchase of the Competitor Sale Shares shall be completed by the promoters within 30 days from the date of acceptance of the offer of the investor. At such closure, the investor shall delivery free, marketable and unencumbered title to the Competitor Sale Shares being sold and the promoter shall pay to the investor in cash the Competitor Offer price per share.

- (d) Without prejudice to any rights of the parties, in the event the promoters fails to pay the Offer Price per share before the scheduled date of closure as aforesaid, the promoters shall be deemed to be in default and the investor will be free to sell or transfer such shares to the competitor. In the event of a failure by the investor to consummate the sale within a period of 12 months the sale shall again be subject to the provisions of this Article 65C.

For the purposes of this Article 65C, "Competitor" means any entity engaged on its own or through its Affiliates, in a business or having a substantial interest in a business of manufacture of towels and/or sheets and/or home textiles having a turnover of Rs. 1000 million or more in a financial year in the aforesaid business.

- 65D Notwithstanding any contained in any other provisions of these presents, upon the occurrence of any of Defaults (as defined in Article 152A) the Investor shall have the right to sell or otherwise Transfer all and not part of its Shares held in the Company to any bona fide independent third party. For this purpose, the Investor shall have the right but not the obligation to require the Promoters to sell all or part of their shareholding in the Company at the price per share ("Offer Price") and on the terms agreed with such third party ("Proposed Buyer") for the Shares of the Investor on an independent arm's length basis. In such event, the Promoters shall be unconditionally obliged to sell all their shareholding to the Proposed Buyer at the offer Price and on the same terms offered to the Investor.

LIEN ON SHARES

- 66 The fully paid up shares will be free from all lien, while in the case of partly paid, the Company's lien, if any, will be restricted to moneys called or payable at a fixed time in respect of such shares . The Company shall have a first paramount lien upon all the shares (other than fully paid shares) registered in the name of each member (whether solely or jointly with other) and upon the proceeds of sale thereof for all money (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any shares shall be created except upon the footing and condition that this Article is to have full effect. And such lien shall extend to all dividends 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 to be exempt wholly or partially from the provisions of this Article. Company lien on share.
- 67 For the purpose of enforcing such lien the Directors may sell the Lien enforced by sale.

shares subject thereto in such manner as they think fit and transfer the same to the name of the purchaser without any consent and notwithstanding any objection or opposition on the part of the indebted member or any other person or persons interested therein and a complete title to the shares which shall be sold be acquired by the purchaser, by virtue of such sale and transfer against such indebted member and all persons claiming with or under him, whether he may be indebted to the company in point of fact or not any such transfer may be signed on behalf of such member by any one of the directors provided however that no such sale shall be made until such period as aforesaid shall have arrived and until notice in writing stating the amount due, or specifying the liability or engagement and demanding payment or discharge or fulfillment thereof and of the intention to sell in default shall have been served upon such member, of his legal representatives, or upon the persons (if any) entitled by transmission to the shares and default shall have been made by him or them, in payment, fulfillments or discharge or such debts, liabilities or engagements for seven days after the date mentioned in such notice.

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| 68 | The net proceeds of the sale shall be received by the company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue if any shall be paid to such member, his executors or administrators or assigns or other legal representatives as the case may be. | Application of proceeds of sale. |
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FORFEITURE OF SHARES

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| 69 | If any member fails to pay any money due from him in respect of any call made or, instalment due on any share or any sum which by the terms of issue of any becomes payable at fixed time, whether on account of the amount of the share, or by way of premium on or before the day appointed for the payment of the same, or any such extension thereof or any interest due on such call or instalment, or any expenses that may have been incurred thereon, the directors or any person authorized by them for that purpose, may at any time thereafter, during such time as such money remains unpaid, give notice to such member or legal representative or person then by way of advertisement, requiring him to pay the money payable in respect of such share, together with such interest that may have accrued and all expenses that may have been incurred by the company by reason of such non payment. | If any money payable on shares not paid notice to be given to member |
| 70 | The notice shall name a further day (not earlier than the expiry of fourteen days from the date of service of the notice) on or before which and a place or places at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non payment at or before the time and at the place appointed the shares in respect of which the | If notice not complied with shares may be forfeited. |

call was made or instalment is payable will be liable to be forfeited.

- 71 If the requisitions of any such notice as aforesaid are not complied with any share in respect of which such notice has been given, may at any time thereafter before payment of all calls or instalments, interest and expenses due in respect thereof be forfeited by a resolution of the directors to that effect. Such forfeiture shall include all dividend declared in respect of the forfeited shares and not actually paid before the forfeiture. It notice not complied with shares may be forfeited.
- 72 Whey any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, or to his legal representative or the person entitled to the share by transmission by writing sent to the registered address of such member or of such representative or persons through such person then by way of advertisement and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register. The provisions of this article are however discretionary only and no forfeiture shall in any manner be invalidate by any omission or neglect to give such notice or to make any such entry as aforesaid. Notice of forfeiture
- 73 Any share so forfeited shall deemed to be the property of the Company and the directors may sell, re-allot or otherwise dispose of the same upon such terms and in such manner as they may think fit. Upon any sale, re-allotment or other disposal the certificate or certificates originally issued in respect of the relative shares shall previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect. Forfeiture share to become property of the Company.
- 74 In the meantime and until any share so forfeited shall have been sold, re-allotted or otherwise dealt with as aforesaid, the forfeiture thereof may at the discretion and by a resolution of the directors, be remitted and annualled as a matter of grace and favour but not as of right, upon such terms and conditions as they think fit. Forfeiture remitted for annualled
- 75 Any member whose shares shall have been forfeited shall, notwithstanding the forfeiture be liable to pay and shall forthwith pay to the company all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon, from the time of the forfeiture until payment, at such rate not exceeding nine per cent per annum as the directors may determine in the same manner in all respects as if the shares have not been forfeited without any deduction or allowance for the value of the shares at the time of forfeiture and the directors may (but it being not so obligatory) enforce the payment of such money or any part thereof if they think fit without entitling such member or his representative to any remission of such forfeiture or to any compensation for the same on behalf of the company as they Member still liable to pay money due not withstanding forfeiture.

shall think fit.

- 76 The forfeiture of a share involves the extinction of all interest in and also of all claims and demands against the company in respect of the shares and all other rights incidental to the share except only such of those rights as by these Articles are expressly saved. Effect of forfeiture
- 77 A certificate in writing under the hands of a Director or any other person who may be appointed for the purpose by the Directors that the call or instalment in respect of a shares was made or was due or the interest in respect of a call or instalment was payable as the case may be that notice thereof specified as aforesaid was given and default in payment was made and that the forfeiture of the shares was made by a resolution of the Directors to that effect shall be sufficient evidence of the facts stated therein as against all persons entitled to or interested in such shares and such certificate and the receipt of the company for the price such share shall constitute a good title to such share in the purchase of allottees of such share who shall as he has completed his purchase or accepted such allotment, be entered in the Register of Members as the holder of the share. Any such purchaser or allottee shall not (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the shares before the time of completing his purchase or before such allotment. Such purchaser or allottee shall not be bound to see to the application of the purchase money or allotment money nor shall his title to the share be affected by any irregularity in the proceedings in reference to the forfeiture of such share or the sale thereof. Certificate of forfeiture.
- 78 The Directors may accept the surrender of any share by way of compromise of any question so to the holder being properly registered in respect thereof or on any other terms they think fit, provided that the Directors shall not have the power to purchase the share of any member with the money of the Company. Directors may accept surrender of any share.
- 79 Upon any sale after forfeiture or surrender of for enforcing a lien exercised by virtue of the powers herein before given, the Directors may cause the purchaser's name to be entered in the Register in respect of the shares held and the person to whom the shares are sold or disposed of shall not be bound to see to the regularity of the proceedings or to the application of the purchase money nor shall his title to the share be effected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share. The validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the company exclusively. Validity of share

GENERAL MEETINGS

- 80 The company shall in each year hold in addition to any other Annual General Meeting.

meeting, an Annual General Meeting and shall specify the meeting as such in notices calling it and not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next.

Provided that the First Annual General Meeting of the company be held within eighteen months from the date of incorporation. Provided further that with the permission of Registrar the time for holding any annual general meeting (not being the first Annual General Meeting) may be extended by a further period not exceeding three months.

Provided further that not more than six months shall elapse between the expiry of the financial year of the Company and the day of the Annual General Meeting except in case provided for in the forgoing proviso.

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| 81 | Every Annual General Meeting shall be called for a time during business hours on a day that is not a public holiday and shall be held either at the Registered Office of the Company or at some other place within the city, or town in which the Registered Office of the Company is situated. | Time and place of Annual General Meeting. |
| 82 | All General Meetings other than Annual General Meetings shall be called Extra ordinary General Meetings. | Extra ordinary General Meeting. |
| 83 | The Directors may whenever they think fit and they shall on the requisition of the holders of not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit of such requisition carries the right of voting in regard to that matter to be considered at the meeting forthwith proceed to convene an extra-ordinary general meeting of the Company and in case of such requisition provisions of Section 169 of the Act shall apply. | Requisition for Extra Ordinary General Meeting |
| 84 | In case Extra ordinary General Meeting being called in pursuance of requisition, unless such meeting shall have been called by the Directors, no business other than that stated in the requisition as the objects of the meeting shall be transacted. | Business of meeting called by requisition. |
| 85 | A general meeting of the Company may be called by not less than 21 days' notice in writing, but a general meeting may be called by giving a shorter notice, than that specified above if consent is accorded thereto in the case of an Annual General Meeting, by all the members entitled to vote threat and in the case of any other meeting by members of the company holding not less than 95% of such part of the paid up share capital of the company as gives them a right to vote at that meeting provided that where any members of the company are entitled to vote only on some resolutions to be moved at the meeting and not on the others those members shall be taken into account for the purpose of this Article in respect of the former resolution or resolutions and not in respect of the later. | Notice of meetings. |

- 86 (a) Every notice of a meeting of the company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.
 (b) In every notice there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a member of the company.
- 87 In the case of an Annual General Meeting, all business to be transacted at the meeting shall be deemed special with the exception of business relating to : Special business at General Meeting.
- (a) the consideration of the Accounts, Balance Sheet and the Reports of the Directors and the Auditors
 (b) the declaration of a dividend
 (c) the appointment of Directors in place of those retiring, and
 (d) the appointment of and the fixing of the remuneration of the Auditors.
- 88 Where any item of business to be transacted at the meeting is deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business, including in particular, the nature of the concern or interest, if any, therein of every Director and the Manager, if any. Explanatory Statement
- Provided that where the notice of a meeting is given by advertising the same in a newspaper, the statement of material facts need not be annexed to the notice as aforesaid but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.
- Provided further that where any item of special business as aforesaid to be transacted at a Meeting of the Company relates to or affects any other company the extent of share holding interest in that other company of every Director, or the Manager, if any, of this company shall also be set out in the statement, if the extent of such shareholding interest is not less than twenty percent of the paid up share capital of such other company.
- Where any item of business to be transacted at the meeting consists of according the approval of the meeting to any document, the time and place where the document can be inspected shall be specified in the Explanatory Statement.
- 89 Where under any provision of the Act, or these Articles special notice is required of any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the meeting at which it is to be moved exclusive of the day on Special Notice

which notice is served or deemed to be served and the day of the meeting. The Company shall, immediately after receipt of such resolution give its members notice of the resolution in the same manner as it gives notice of the meetings, or if that is not practicable, shall give them notice of the meetings, or if that is not practicable, shall give them notice thereof, either by advertisement in the newspaper having an appropriate circulation or in any other mode allowed by the Articles not less than seven days before the meetings.

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| 90 | The accidental omission to give notice of any meeting to, or the non receipt of any notice by any manner shall not invalidate the proceedings at any general meeting. | Omission to give notice. |
| 91 | At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and Audited Statement of Account, Auditors' Report and the share holdings as are required to be maintained under Section 307 of the Act. The Auditors' Report shall be read before the Company in General Meeting and shall be open to inspection of all the members of the company during the continuance of the meeting. | Reports, statements and registers to be laid on the table. |

PROCEEDINGS AT GENERAL MEETING

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| 92 | Subject to the provision of Article 95 of the quorum for a General Meeting shall be five members personally present. | Quorum |
| 93 | No business shall be transacted at any general meeting unless the quorum requisite shall be present at the commencement of the business. | Quorum to be present when business commenced |
| 94 | No business shall be discussed or transacted at any general meeting except the election of a Chairman whilst the chair is vacant. The Chairman of the Board of Directors shall be entitled to take the chair at every meeting or, if there be no such Chairman or, at every meeting he is not present within fifteen minutes after the time appointed for holding such meeting or is unwilling to act as Chairman of the meeting the members present, shall choose another Director as Chairman and if no director is present or if all the directors present decline to take the chair then the members present shall choose one of their number being a member entitled to vote to be Chairman. | Chairman of General Meeting. |
| 95 | If within half-an-hour from the time appointed for the meeting a quorum is not present, the meeting if convened upon requisition as aforesaid, shall be dissolved but in any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other day and such time and place as the directors may determine and if at such adjourned meeting a quorum be not present within half-an-hour from the time appointed for the meeting, | When if quorum not present meeting to be dissolved and when to be adjourned. |

those members who are present shall be a quorum and may transact the business for which the meeting was called.

- 96 At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded in the manner mentioned in Section 179 of the Act and unless a poll is so demanded a declaration by the Chairman that a resolution has on a show of hands been carried, either unanimously or by a particular majority and an entry to that effect in the book containing minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against that such resolution. What is to be evident of the resolution where poll not demanded.
- 97 Where a poll is to be taken the Chairman of the meeting shall appoint two scrutineers to scrutinize the votes on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a member (not being an officer or employees of the Company) present at the meeting, provided such a member is available and willing to be so appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and to fill vacancies in the office of scrutineers arising from such removal or from any other cause. Scrutineers poll
- 98 Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by the persons or person specified in Section 179 of the Act. Poll how demanded.
- 99 If a poll is demanded as aforesaid it shall, subject to the provisions of Article 102 be taken in such a manner and at such time and place as the Chairman of the meeting directs and either at once or otherwise not being later than 48 hours from the time of such demand and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand of a poll may be withdrawn. Poll
- 100 The Chairman of a general meeting may with the consent of the meeting and shall if so directed by the meeting, adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more notice of the adjourned meeting shall be given as in the case of original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting. Power to adjourn General Meeting.
- 101 In the case of an equality of votes, whether on a show of hands or on Casting votes

a poll, the Chairman of the meeting at which the show of hands has taken place or at which the poll is demanded shall be entitled to a second or casting vote in addition to the vote or votes to which he may be entitled as a member.

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| 102 | Any poll duly demanded on the election of a Chairman of meeting or any question of adjournment, shall be taken forthwith. | In what cases polls taken without adjournment. |
| 103 | The demand of a poll except provided under Article 102 shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded. | Business may proceed notwithstanding demand for poll. |
| 104 | The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting either on show of hand on poll. | Chairman's decision conclusive. |

VOTE OF MEMBERS

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| 105 | Subject to any right or restrictions for the time being attached to any class or classes of shares, on a show of hands, every equity shareholder present in person shall have one vote and on a poll the voting right of every equity shareholder whether present in person or by proxy shall be in proportion to his share of the paid up equity capital of the Company. | Vote of members |
| 106 | Except as conferred by Section 87 of the Act, the holder of preference share shall have no voting rights. Where the holder of any preference share has a right to vote on any resolution in accordance with the provisions of Sub-section (2) of Section 87 of the Act his voting right on poll as the holder of such share shall, subject to Section 92 of the Act, be in the same proportion as the capital paid up in respect of the preference shares bears to the total paid up equity of the Company. | Voting rights of preference shareholder. |
| 107 | A member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy may vote whether on a show of hands or on poll, by his committee or other guardian and any such committee or guardian may, on a poll, vote by Proxy. If any member is a minor the vote in respect of his share may be given by his guardian or any one of his guardians, if more than one to be selected in case of dispute by the Chairman of the meeting. | Voting in case of a lunatic or minor. |
| 108 | Any person entitled under the transmission clause to transfer any share may vote at any general meeting in respect thereof in the same manner as if he was registered last before the time of holding the meeting or adjourned meeting as the case may, at which he proposes to vote and he shall satisfy the Directors of his right to transfer such shares, or the Directors shall have previously admitted his right to vote at such meeting in respect thereof. | Voting in respect of shares of deceased and bankrupt members. |

- 109 Where there are joint holders of any share, any one of such persons may vote at any meeting, either personally or by proxy. In respect of such share as if he was solely entitled thereto and if more than one of such joint holders be present at any meeting, personally or by proxy that one of the said persons so present whose name stands first on the register in respect of such share, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stand shall for the purpose of this Article be deemed joint holders thereof. Joint holder
- 110 Subject to the provisions of these Article, votes may be given either personally or by proxy, or in the case of a company by its duly authorized representative who has been recognized and accepted by the Company. No member present only by proxy shall be entitled to vote on a show of hands unless such member is a corporation present by a proxy who is not himself a member is a corporation present by a proxy who is not himself a member of the Company, in which case such proxy shall vote on a show of hands as if he were member of the Company. Vote may be given personally or by proxy.
- 111 The instrument appointing a proxy shall be in writing and be signed by the appointer or his attorney duly authorized in writing or, if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorized by it. A proxy need not be a member. Instrument appointing proxy to be in writing.
- 112 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarial certified copy of the power of authority shall be deposited at the registered office of the Company not less than forty eight hours before the time for holding the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. Instrument of proxy to be deposited at office.
- 113 Every instrument of proxy whether for a specified meeting or otherwise shall as nearly as circumstances will admit, be in any of the forms set out in Schedule IX of the Act. Form of proxy.
- 114 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or transfer of the share in respect of which vote is given, provided no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting. When vote by proxy valid though authority revoked.
- 115 No member shall be entitled to vote either personally or by proxy at any general meeting or meetings of a class of shareholders or upon a poll unless all calls or other sums presently payable by him in respect of shares held by him having been paid on in respect of which the company has and has exercised a right or lien. Votes of members whose calls are in arrears.

- 116 No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes any such objection made in due time shall be referred to the Chairman of the meeting and the Chairman of the meeting shall be the sole judge of the validity of every vote tendered at such meeting. Objection to qualification of voter.

DIRECTORS

- 117 Unless otherwise determined by a General Meeting, the number of Directors shall not be less than 3 and not more than 12. Duneam shall have the right to nominate one director (such director(s) hereafter referred to as "Nominee Director"). Duneam shall have the right to replace and/or remove its Nominee Director at any time and from time to time. Number of Directors

It is clarified for the avoidance of doubt that the Director nominated by Duneam shall not be liable to retire by rotation.

The company shall invite one nominee of Duneam as a special invitee to all meetings of the Board. Such special invitee shall not be entitled to vote or to any other statutory right at meetings of the Board.

- 118 Any Trust Deed for securing debenture or debenture stocks may if so arranged provide for the appointment from time to time by the trustees thereof or by the holders of the debentures stocks of some person to be a Director of the Company and may empower such trustees or holders or debentures or debenture stock from time to time to remove any Directors so appointed. The Director appointed under this Article is herein referred as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director shall not be bound to hold any qualification shares and shall not be liable to retire by rotation. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any other provisions herein contained. Debenture Directors

- 119 Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFC), the Industrial Credit and Investment Corporation of India (ICICI) or to any other Financing Company or Body out of any loans granted and UTI (Unit Trust of India) or any other Financing Corporation or Body (each of which IDBI, IFCI, ICICI, LIC and UTI or any other Finance Corporation or Credit Nominated Directors

Corporation or any other Financing Company or Body is hereinafter in this Article referred to as "the Corporation: continue to hold debentures in the Company by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons or Directors is / are hereinafter referred to as "Nominee Director/s", on the Board of the Company and to remove from such office any person or persons "so appointed and to appoint any person or persons" in his or their place/s.

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

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds Debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of any Guarantee the moneys owing by the Company to the Corporation is paid off or of furnished by the Corporation.

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

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

Provided that if any such Nominee Directors is an officer of the Corporation the sitting fees, in relation to such Nominee Directors shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

Provided further that if such Nominee Director/s is an officer of the Reserve Bank of India, the sitting fees in relation to such Nominee Director/s shall exercise d or available to the whole time Director in the management of the affairs of the Borrower. Such Nominee Director/s shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Lenders.

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| 120 | If and when any mortgage of the properties an undertaking of the Company is created the mortgage or mortgages may have the right to appoint and from time to time remove and reappoint a director or directors in accordance with the provisions of the Indenture of Mortgage. The Directors appointed under this Article are referred to as the "Mortgage Directors" and shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or removed by the Company and the term "Mortgage Director" means the Director for the time being in office under this Article. | Mortgage Director |
| 121 | The Directors shall not be required to hold any shares as qualification shares. | Qualification of Directors |
| 122 | The remuneration of every director shall be such sum as may be fixed by the Board of Directors not exceeding the limits prescribed by Central Government, Company Law Board or any other authorities by notification or otherwise. | Remuneration of Directors. |
| 123 | Any expenditure incurred by Dunearn or the Nominee Director in connection with their appointment or directorship and travel and stay costs in attending meeting of the Board / Committee / Shareholders shall be borne by the Company. | Travelling expenses incurred by Directors on Company's business. |
| <p>The Nominee Directors shall be entitled to receive all notices, agenda etc. and to attend all General Meetings and Board Meeting and Meetings of any Committees of the Board of which they are members.</p> <p>Dunearn shall also have a right to nominate one Director on the Board of all present and future subsidiaries on the Company.</p> | | |
| 124 | If any director, being willing, shall be called upon to go or reside outside his place or residence for the Company's business or otherwise perform extra services the Directors may subject to the provisions or Sections 309 of the Act, arrange with such Directors for such special remuneration for such services, either by way of salary or commission or by a percentage of profits, or the payment of a | Special remuneration of Directors |

fixed sum of money as may be either in addition to or in substitution of his remuneration above provide. The Directors shall also be entitled to be repaid and reimbursed any travelling or other expenses incurred in connection with the business and affairs of the Company.

- 125 The Continuing Director may act notwithstanding any vacancy in their body but so that if the number falls below the minimum above, fixed the Directors shall not except for the purpose of filling vacancies or to call a general meeting act so long as the number is below the minimum. Directors may act notwithstanding vacancy.

- 126 The Directors shall have power at any time and from time to time to appoint any person as a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum fixed as above. But any Directors so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Powers of Directors to appoint additional Directors.

- 127 Dunearn may appoint an Alternate Director to its Nominee Director if it is so required due to inability to attend the said Meeting of the Board. The Nominee Director or the Alternate Director need not hold any qualification shares. The exercise of such right by Dunearn to appoint and withdraw any Director shall not require the approval of the Board. The promoters agree to exercise their voting rights to support such appointment of Directors. Alternate Directors

The Nominee Directors shall be entitled to all the rights and privileges of other non executive directors including the sitting fees and expenses as payable to other non executive directors but if any other fees, commission, monies or remuneration in any form is payable to the Directors other than non executive directors and/or fees or charges for services rendered by Directors other than in the capacity as a director, the fees, commission, monies and remuneration in relation to such Nominee Directors shall accrue to Dunearn and the same shall accordingly be paid by the Company directly to Dunearn.

Provided that if any such Nominee Director is an officer of Dunearn, if Dunearn so advise the Company, the sitting fees in relation to such Nominee Director(s) shall accrue to Dunearn and the same shall accordingly be paid by the Company directly to Dunearn.

- 128 If the office of any Directors appointed by the company in general meeting is vacated before his term of office expires in the 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 upto the date which the Director in whose place he is appointed would have held office, if had not been vacated as aforesaid. Power of Directors to fill in casual vacancy.

DISQUALIFICATION OF DIRECTORS

129 Subject to Section 283(2) of the Act, the office of a director shall become vacant if ; Disqualification

- (a) he falls to obtain within two months or at any time thereafter ceases to hold the share qualification, if any required of him under these Articles; or
- (b) he is ought to be of unsound mind by a Court of competent jurisdiction; or
- (c) he applies to be adjudicated an insolvent ; or
- (d) he is adjudged an insolvent ; or
- (e) he is convicted by a Court of any offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months ; or
- (f) he falls to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call unless the Central Government has, by notification in the Official Gazette, removed as disqualification incurred by such failures; or
- (g) he absents himself from three consecutive meetings of the Board or from all meetings of the Board for a continuous period of three months, whichever is the longer, without obtaining leave of absence from the Board; or
- (h) he acts in contravention of section 299 of the Act; or
- (i) he become disqualified by an order of Court under section 203 of the Act; or
- (j) he is removed in pursuance of section 284 of the Act; or
- (k) having been appointed a Director by virtue of his holding any office of other employment in the Company, he ceases to hold such office or other employment in the Company; or
- (l) he whether by himself or by person for his benefit or on his account, or any firm in which he is partner, or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the Company in contravention of section 295 of the Act.

REMOVAL OF DIRECTORS

- 130 (a) The Company may by an ordinary resolution remove a Director (not being a Director appointed by the Central Government in pursuance of Section 408 of the Act or debenture director or mortgage director nominated director) before the expiry of his period of the office. Power to remove directors by ordinary resolution.
- (b) Special notice shall be required of any resolution to remove a Director under this Article or to appoint somebody instead of a Director so removed at the meeting at which he is removed.
- (c) A vacancy created by the removal of a Director under this Article may if he had been appointed by the Company in General

Meeting or by the Board in pursuance of Sections 262 of the Act, be filled by the appointment of another director in his stead by the meeting at which he is removed provided special notice of the intended appointment has been given under sub-clause (b). A directors so appointed shall hold office until the date upon which his predecessor would have held office if he had not been removed as aforesaid.

ROTATION OF DIRECTORS

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| 131 | Not less than two-third of the total number of Directors of the Company shall be persons whose period of office is liable to determination by retirement of directors by rotation and save as otherwise expressly provided in the Act and these Articles, be appointed by the Company in General meetings. The remaining shall be appointed in accordance with the provisions of these articles. | Retirement of Directors to retire annually. |
| 132 | At every Annual General meetings of the Company subject to Article 119, 120, 121, 166 and 168 hereof, one third of such of the Directors for the time being as are liable to retire by rotation or, if their number is not three or a multiple of three then the number nearest to one third shall retire. | Number of Directors to retire annually. |
| 133 | Subject to the provisions of Sections 262(2) and 284(5) of the Act, the Directors to retire by rotation under Article 133 at every Annual General Meeting shall be those who have been longest in office since last appointment, but as between persons who become Directors on the same day, those who are to retire shall in default of subject to any agreement among themselves be determined by lot. | Ascertainment of Directors retiring by rotation and filling of vacancies. |
| 134 | A retiring Director shall be eligible for re-election. | Eligibility for re-election. |
| 135 | Subject to the provisions of the Section 255, 256, 258, 259, 284, 315 and other applicable provisions, if any, of the Act, the Company at the Annual General Meeting at which a Director retires in manner aforesaid may fill up he vacated office by electing the retiring Directors or some other person thereto. | Appointment of successories. |
| 136 | If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, the same time and place. | Provision in default of appointment. |
| 137 | If the adjourned meetings also the place of the retiring director is not filled up and that meeting also has not expressly resolved not to fill the vacancy the retiring director shall be deemed to have been re-appointed at the adjourned meetings, unless : | Retiring Directors when deemed to be re-appointed. |

- (a) at the meeting or at the previous meeting resolution for the re-appointment of such director had been put to the meeting and lost.
- (b) The retiring director, has by a notice in writing addressed to the company or its Board of Director expressed his unwillingness to be so re-appointed
- (c) He is not qualified or is disqualified for appointment.
- (d) A resolution whether special or ordinary is required for the appointment or re-appointment by virtue of any provisions of the Act; or
- (e) The provisions of sub-section (2) of Section 263 of the Act is applicable to the case,

- 138 No person, not being a retiring director shall be eligible, for election to the office of director at any General meetings unless he or some other member intending to propose him has at least fourteen clear days before the meetings left at the Registered Office a notice in writing under his hand signifying his candidature for the office of director of the intention of such member to propose him. The Company shall inform the member of the candidature of a person for the office of director intention of a member to propose such person as a candidate for the office as required by sub-section (1A) of Section 257 of the Act. Notice of candidature for Directorship.
- 139 Every person other than a person who has left at the Registered Office of the company a notice as aforesaid signifying his candidature for the office of a director shall sign and file with the company his consent in writing to act as a director, if appointed and shall not act as a director unless he has by himself or by his agent authorized in writing signed and filed with the registrar of companies a consent in writing to act as such director within 30 days of his appointment as a director. Consent to be filed with the company and Registrar.
- 140 (a) The Company shall keep at its Registered Office and a Register containing the particulars of its Directors and other persons, if any mentioned in Section 303 of the Act and shall within the period of 30 days mentioned in the said Section send to the registrar a return containing the particulars specified therein and shall otherwise comply with the provisions of the said section in all respects. Company to maintain Register of Directors and their shareholding
- (b) The Company shall also keep at its registered office a Register in respect of the shares or Debentures of the Company held by its Director or Manager, if any, as required by Section 307 of the Act and shall otherwise duly comply with the provisions of the said Sections in all respects.
- 141 (a) Every Director of the Company (including a person deemed to be a Director by virtue of the Explanation of Sub-section (1) of Section 303 read with Section 7 of the Act) and other persons Disclosure by Director of appointment to any other body corporate.

mentioned in Section 303 of the Act, shall, within 20 days of his appointment to and relinquishment of any of the above offices specified in the said Section in any other body corporate disclose to the company the particulars relating his offices in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.

- (b) Every Director and every person deemed to be Director of Company by virtue of sub-section (10) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section.
- Certificate of Disclosure by Directors of shares and debentures of the Company, etc.

PROCEEDINGS OF DIRECTORS

- 142 The Board shall meet at least once in every quarter at the times and under the circumstances specified in the Articles of the Company and in accordance with the provisions of the Act. Meeting of Directors
- 143 (a) Meetings of the Board of the Company shall be held pursuant to a notice of at least 7 days or such shorter notice as may be agreed by Dunearn or its Nominee Director. Who may call a meeting of Directors.
- (b) Every notice convening a meeting of the Board shall set out the agenda, in full and in sufficient detail of business to be transacted thereat and no time 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 or unless consented by Dunearn or by a Nominee Director.
- (c) Additionally and without prejudice to sub clause (b) above, notwithstanding anything contained elsewhere in These Presents no discussions and resolutions, pertaining to a Fundamental issue which require the affirmative vote of Dunearn shall be taken up at the Board Meeting unless Dunearn has consented in writing or the Nominee Director is present at the meeting and gives his approval.
- 144 The quorum for a meeting of the Board of Directors of the Company shall be one third of its total strength or two Directors whichever is higher provide that where at any times number of interested Directors exceeds or is equal to two-third of the total strength, the number of the remaining directors who are not interested present at the meeting being not less than two, shall be the quorum during such time. Quorum.
- 145 If a meeting of the Board cannot be held for want of a quorum then the meeting shall adjourned to such day, time and place as the Directors or Directors present at the meeting may fix. Adjournment of meeting for want of quorum.

- 146 A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion by or under these articles are for the time being vested in exercisable by the Directors generally. Power of a meeting at which quorum is present.
- 147 The Chairman of the Board shall be appointed by the Board by majority from time to time. In case the chairman is unavailable, any Director may be appointed by the Board as the Chairman for that particular meeting to act as the Chairman of the Board shall not have a casting vote in respect of any Fundamental Issue. Chairman
- 148 The question arising at any meeting of Directors shall be decided by a majority of vote. In case of an equality of votes the chairman will have a second or casting vote. How questions to be decided.
- 149 If the Board of the Company finds it necessary to constitute a Committee or Committees, the powers of such Committee or Committees shall be determined by the Board. The members of any Committee shall not decide the powers of such committee unless delegated by the Board or otherwise required by law. Delegation of powers to committee etc.
- Dunearn shall have the right to nominate one nominee on each Committee appointed by the Board unless it is waived by Dunearn in writing.
- 150 The meetings and proceeding of any such committee or sub-committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto are not superceded by any regulations made by the Board under the last preceding Article. Resolution by circulation.
- 151 A resolution shall be a valid and effectual as if it had been passed at a meeting of the Directors or for the Committee thereof duly called and constituted if it is circulated in draft together with necessary papers if any to all the Directors or to all the members of the Committee then in India (not being less number than the quorum fixed for a meeting of the Board of Committee as the case may be) and to all other Directors or Members at their usual address in India and has been approved by such of the Directors as are in India or by a majority of such of them as are entitled to vote on the resolution. Proceedings of Committee
- 152 All acts done by any meeting of the Directors, or of a Committee of Directors of or by any person acting as a Director, shall notwithstanding that it may afterwards be discovered that there was some defects in the appointment of any one or more such Directors or of any person acting as aforesaid, or that they or any of them were Proceedings valid inspite of defects.

of was disqualified be a valid as if every such Director or person had been duly appointed and was qualified to be a Director or a Members of a Committee. Provided that nothing in this Article shall be deemed to give validity to act of a person aforesaid after his appointment has been shown to be invalid.

152A Notwithstanding anything contained in these Articles in the event : Affirmative rights

(a) of a Material Brach of the Promoters or the Company' or
(b) the findings of concurrent audit reveal that the affairs of the Company are conducted fraudulently by the Promoters; (collectively referred to as "Defaults") then, Dunearn shall be entitled to exercise all or any of the following rights in respect of the Company, provided that Dunearn has given notice in respect of the relevant Default to the Promoters and the Company within 12 months from the date of such Defaults:

1. Appoint and change the chief executive officer / chief financial officer / executive management excluding Mr. B.K. Goenka (or such officer(s) who may in the opinion of Dunearn, be discharging such duties) :
2. Spin off or cause the sale of assets, business, IPRs or Brands of the Company;
3. Determine or revise the Business Plan;
4. Bring in new investors into the company;
5. Determine utilization of surplus cash in the Company;
6. Take any steps to cause the merger or acquisition or take over of the Company by any third party;

Notwithstanding anything contained in this Article 152A, the exercise of rights by Dunearn in terms of sub-clause (2) and (6) above shall be directed towards the restitution of and remedying the Material Breach or undoing the fraudulent conduct referred to above.

152B Not used

152 C Notwithstanding anything contained in these presents, any action with respect to the following Fundamental Issue shall require affirmative vote of Dunearn in any general meeting of shareholders and/or the consent of all the Nominee Director(s) of Dunearn or written consent of Dunearn at any meeting of the Board of Directors or Committee there of as the case may be. The Fundamental Issue shall be in respect of the following matters;

- (a) Acquisition of assets of other businesses, creation of joint venture / partnership, mergers, de-mergers and consolidations.
- (b) Divestment of shares of any Subsidiary.
- (c) 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).

- (d) Agreements or arrangements between the Company and the Promoters or their Affiliates and any transaction, agreement or arrangement between the Company; and any entity or firm, in which any of the Promoters or any their affiliates has a financial interest of more than 2%, save and except those framework or ceiling of which has been or will be agreed in writing by the Investor.
- (e) Amendments or any proposal to amend the Memorandum or Articles of Association including change in the maximum or minimum number of Board Members provided in the Articles.
- (f) Approval or, or amendment to the annual business plan or budget including utilization of free cash flows.
- (g) Commencement of any new line of business, which is unrelated to the business of the Company.
- (h) Changes to material accounting or tax policies or practices.
- (i) Recommend, giving or renewing of security for or the guaranteeing of Debts of obligations of the Company or any subsidiary company and/or Affiliates and/or any other person other than guarantee given in the usual course of business.
- (j) Any change in the financial year for preparation of audited accounts.
- (k) Recommendation of declaration of any dividend.
- (l) Any resolution to appoint or re-appoint or for the removal of statutory and/or internal auditors for the company.
- (m) Winding up and/or liquidation of the company and/or its subsidiaries.
- (n) Any agreement, arrangement, transaction for assignment of intellectual property rights including those relating to copyrights, trademarks, patents and designs.
- (o) Except in the ordinary course of business entry into, amendment or termination of any Material Contract.
- (p) Delegation of authority or any of the powers relating to any matter contained in this sub-clause of the Board of the Company and/or its subsidiaries to any individual or committee.
- (q) Shifting of registered office.
- (r) Any increase in the issued, subscribed or paid up equity or preference share capital of the company, or re-organisation of the share capital of the company, including new issue of shares or other securities of the company or any preferential issue of shares or redemption of any shares issuance of debentures or warrants, or grant of any options over its shares by the company.
- (s) 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 existing scheme or plan.
- (t) Material deviations to the operating budget for the company.
- (u) Any commitment or agreement to do any of the foregoing.
- (v) the appointment or removal of, setting or revising remuneration of promoters in the management team and the chief executive officer, chief financial officer and the chief operating officer, by

whatever name called and the remuneration of any employee whose remuneration costs the company in excess of Rs. 7.5 million in any calendar year and amendment of terms of employment of any such person.

- (w) Capital expenditure including acquisition of assets, construction or lease in excess of Rs. 150 million per annum or a variation of over 25% over those approved in the annual business plan or budget.
- (x) Any increase in debt by more than Rs. 500 million in any financial year except as approved in the annual business plan or budget.
- (y) Commencement or settlement of litigation where the amount involved is above Rs. 50.00 million in any particular financial year.
- (z) 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 of the company and/or its subsidiaries in excess of Rs. 50.00 million for individual transaction or Rs. 250 million, on a cumulative basis, in any financial year or substantially all the assets or undertaking of the company and/or its subsidiaries except in the usual course of business.

- 152 D The directors shall have the right to be kept informed, consult with and advise the management with regard to any material developments in or affecting the Company's business, to discuss business operations, properties and the financial or other condition of the company with its officers and employees, to consult with and advise the management on significant business issue and to regularly meet with the Management. Right to consult

MINUTES

- 153 (1) The company shall cause Minutes of all proceedings of every general meeting and of all proceedings of every meetings of its Board of Director of every Committee of the Board to be kept by making, within thirty days of the conclusion of every such meeting concerned, entries thereof in the books kept for the purpose with their page consecutively numbered. In no case the minutes of the proceedings of any meeting shall be attached to any such book by pasting or otherwise. Minutes of the Meetings
- (2) Each pages of every such books shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed.
- (a) in the case of minutes of proceedings of a meeting of the Board or of a committee thereof, by the Chairman of the next succeeding meeting.
 - (b) In the case of minutes of proceedings of a General Meeting

by the Chairman of the same meeting within the said thirty days or in the event of the death or inability of that Chairman within that period by a Director duly authorized by the Board for the purpose.

- (3) (a) The Minutes of each meetings shall contain and a correct summary of the proceedings thereat.
- (b) All appointments of officers made at any of the meeting aforesaid shall be included in the minutes of the meeting.
- (c) In the event of a meeting of the Board of Directors or of a committee thereof, the minutes shall also contain. :
- (i) the name of the Directors members of the Committee present at the meeting; and
- (ii) in the case of each resolution passed at a meeting of the directors or members of the committee, if any, dissenting from or not concurring with the resolution.

BORROWING POWERS

- 154 Subject to Section 292 and 293 of the Act, the Director may raise or borrow any sum or sums of money for the purpose of the Company and may secure payment or repayment of the same in such manner and upon such terms and conditions as directors think fit and in particular by the creation of any hypothecation, pledge or charge on and over the Company's stock, book-debts and other moveable property. Power to borrow

Provided that the Director shall not without the sanction of a General Meeting of the company borrow any sum of money where the moneys to be borrowed together with money already borrowed by the company (adapt from temporary loans obtained from the company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the company and its free reserves that is to say, reserves not set apart for any specify purpose and the resolution passed in the General Meeting shall specify the total amount upto which moneys may be borrowed by the Directors.

- 155 The Directors may raise or secure the repayment of such money in such manner and upon such terms and conditions in all respect as it thinks fit and in particular, by the creation and issue of mortgages, charges or debenture stock or in the issue of debentures secured or upon all or any part of the undertaking property and rights of the company (both present and/or future) including the uncalled capital or by making giving, accepting, drawing or endorsing on behalf of the company any promissory notes or bills of exchange. Director may secure repayment of moneys.
- 156 Every Debenture or other instrument issued by the company for securing the payment of money may be so framed that the moneys Debentures

thereby secured shall be assigned free from all equities between the company and the person to whom the same may be issued. Any debentures, debenture-stock, bonds, or other instruments or securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any special privileges as to redemption, surrender, drawing and allotment of shares or otherwise. Provided that the debentures with the right to conversion into or allotment of shares shall not be issued without the consent of the company in General Meeting.

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| 157 | Subject to the provision of the Act and these Articles, the Directors or any of them or any other persons who shall become personally liable for the payment of any sum primarily due from the company, the directors may execute or cause to be executed any mortgage, charge or security for or affecting the whole or any part of the assets of the company by way of Indemnity to secure the directors or the persons so becoming liable as aforesaid from any loss in respect of such liability. | Indemnity |
| 158 | The Directors shall cause a proper register to be kept, in accordance with the provisions of Section 143 of the Act, of all mortgages debentures and charges specifically affecting the property of the company and shall cause the requirements of Sections 118, 127, 133 and 138 (inclusive) of the Act in that behalf to be duly complied with, so far as they are required to be complied with by the Directors. A sum of Rs. 1/- shall be payable by any person other than a creditor or member of the company for inspection at any one time of the said Register. | Register of mortgage and debenture to be kept. |

DIRECTOR MAY CONTRACT WITH THE COMPANY

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| 159 | Subject to the provisions of Section 297, 299, 300, 302 and 314 and other applicable provisions if any of the Act the Directors (including a Managing Director, if any) shall not be disqualified by reason of his or their office as such from contracting with the company either his or their office as such from contracting with the company either as vendor, purchaser, lender, agent, broker, underwriter, lessor or lease or otherwise nor shall any such contract, of any contract or arrangement entered into by or on behalf of the company with any Director or with any company or partnership of or in which any Director shall be a member or otherwise interested be avoided not shall any director so contracting or being such member or so interested be liable to account to the company for any profit realized by such director holding that office or of the fiduciary relation thereby established but the nature of the interest must be disclosed by him or them at the meeting of directors at which contract or arrangement is determined on, if the interest then exist or in any other case at first meeting of | Directors may contract with company. |
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directors after the acquisition of the interest. Provided nevertheless that no director shall vote as a director in respect of any contract of arrangement in which he is interested as aforesaid and if he does so his vote shall not be counted but he shall be entitled to be present at the meeting during the transaction of the business in relation to which he is precluded from voting although he shall not be counted for the purpose of ascertaining whether there is a quorum of directors present. This proviso shall not apply to contract by or on behalf of the company to give to the directors or any of them any security by way of indemnity against any loss which they or any loss which they or any of them may suffer by becoming or being sureties for the company.

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| 160 | <p>(a) For the purpose of Sub-section (1) and (2) of Section 299 of the Act and Article 160 a general notice given to the Board by a Director, to the effect that he is a director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with the body corporate or firm, shall be deemed to be sufficient disclosure of the concern or interest in relation to any contract or arrangement so made.</p> <p>(b) Any such general notice shall expire at the end of the financial year in which it is given, but may be renewed for further period of one financial year at a time, by a fresh notice given in the last month of the financial year in which it would otherwise have expired.</p> <p>(c) No such general notice and no renewal thereof shall be of effect unless either it is given at meeting of the Board, or Directors concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.</p> | General notice sufficient |
| 161 | <p>(a) The company shall in accordance with Section 301 of the Act, keep one or more Register or Registers and shall enter therein separately such of the particulars as may be relevant to all contracts and arrangements having regard to the application thereto of Section 297 or Section 299 of the Act, as the case may be. The Register aforesaid shall also specify in relation to each Director of the Company the names of the firm and bodies corporate of which notice has been given by him under Section 299(3) of the Act.</p> <p>(b) Nothing in clause (a) aforesaid shall apply to any contract or arrangement for the sale, purchase or supply of goods, materials or services if the value of such goods and materials or the cost of such services does not exceed Rs. 5,000/- aggregate in any year.</p> <p>(c) The Register or Registers aforesaid shall be kept at the Registered Office of the Company and shall be open to inspection at such office and extracts may be taken therefrom</p> | Register of contracts in which Directors are interested. |

and copies thereof may be required by any shareholder of the company to the same extent in the same manner and on payment of the same free as in the case of Register of Members of the company and the provisions of Section 163 of the Act shall apply accordingly.

POWER OF THE DIRECTORS

- 162 The management and control of the business of the company shall be vested in the directors who may exercise all such powers of the company and do all such acts and things as are not, by the Act, or any statutory modification thereof for the time being in force or by any other Act, or by the Memorandum or by these Articles, required to be exercised by the company in general meeting subject nevertheless to any regulation of these Articles to the provisions of the Act, or any statutory modification thereof for the time being in force or any other act and to such regulations, being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the company in General meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board of Directors shall not except with the consent of the company in general meeting.
- Power Director
- (a) sell, lease or otherwise dispose of the whole, or substantially the whole of the undertaking of the company or where the company owns more than one undertaking of the whole, or substantially the whole of any such undertaking;
 - (b) remit, or give time for the payment of any debt due by a Director;
 - (c) invest otherwise than in trust securities, the sale proceeds resulting from the acquisition, without the consent of the company of any undertaking as is referred to in clause (a) or of any premises or properties used for such undertakings and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time.
 - (d) Borrow moneys in excess of the limits provided in Article;
 - (e) Contribute, to charitable and other funds not directly relating any amounts the aggregate of which will in any financial year, exceed Twenty Five Thousand Rupees, or five percent of its average net profits, as determined in accordance with the provisions of the Act, during the three financial years immediately preceding, whichever is greater.
- 163 (1) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the company and they shall do so only by means of resolution passed at meetings of the Board.
- Certain powers to be exercised by this Board only at meetings.

- (a) the powers to make calls on shareholders in respect of any money unpaid on their shares;
- (b) the power to issue debentures;
- (c) the power to borrow moneys otherwise than on debentures;
- (d) the power to invest the funds of the Company; and
- (e) the power to make loans;

Provided that the Board may by resolution passed at a meeting, delegate to any committee of directors or the Managing Director or any other principal officer of the company or a principal officer of any of its branch offices, the powers, specified in (c), (d), and (e) of this clause to the extent specified below, on such conditions as the Board may prescribe.

- (2) Every resolution delegating the power referred to in clause (1)(c) shall specify the total amount outstanding at any one time up to which money may be borrowed by the delegates; provided, however, that where the company has an arrangement with its bankers for the borrowing moneys by way of overdraft, cash credit or otherwise, the actual day to day operations of the overdraft, cash credit or other accounts by means of which the arrangement made is availed of shall not require the sanction of the Board.
- (3) Every resolution delegating the power referred to in clause (1)(d) shall specify the total amount upto which the funds may be invested and the nature of the investment which may be made, by the delegates.
- (4) Every resolution delegating the power referred to in clause (1)(e) shall specify the total amount upto which loans may be made by the delegates, the purpose for which the loans may be made for each such purpose in individual cases.
- (5) Nothing in this Article contained shall be deemed to affect the right of the company in General Meeting to impose restrictions and conditions on the exercise by the Board of any of the powers referred to in (a), (b), (c), (d) and (e) of clause (1) above.

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Without prejudice to the general power conferred by Articles 155 to 165 and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding two Articles, Directors shall have the following that is to say power :

Specific powers to the Board.

- (1) To pay and charge to the capital amount of the Company and commission or interest lawfully payable thereat under the

To pay Commission and interest

- provisions of Section 76 and 208 of the Act.
- (2) Subject to the provisions of Section 292, 297 and 360 of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorized to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or other acquisition, to accept such title as may find reasonably satisfactory and to pay wholly or partially in cash or by issue of shares in lieu of cash. To acquire property
To purchase or take on lease
 - (3) To purchase or take on lease for any term or terms of years, or otherwise acquire any mills or factories or any land or lands, with or without buildings and out houses in or thereon, situated in any part of India at such prices or rent and under subject to any such terms and conditions as the directors may think fit and in any such purchase, lease or other acquisition to accept such title as the directors may believe or may be advised to be reasonably satisfactory. To pay for property in debentures etc.
 - (4) At their discretion and subject to the provisions of the Act, to pay for any property, right or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, mortgages or other securities of the company and any such shares may be issued either as fully paid up and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the company and its uncalled capital or not so charged. To open properties
 - (5) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable property of the company either separately or jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power. To open accounts.
To secure contracts by mortgage.
 - (6) To open accounts with any bank or bankers or with any company, firm or individual and to pay money into and draw money from any such account from time to time as the directors may think fit. To appoint Trustees.
 - (7) To secure the fulfillment of any contracts, agreements or engagements entered into by the company by mortgages or charge of all or any of the property of the company and its uncalled capital for the time being or in such manner as they may think fit. To bring and defend action etc.
 - (8) To appoint any person or persons (whether incorporate or not) to accept and hold in trust for the company any property belonging to the company, or in which it is interested, or for any other purpose and to execute and do all such acts such trust to provide for the remuneration of such trustee or trustees. To act in matters relating to insolvents
 - (9) To institute, conduct, defend, compound, or abandon any legal To give receipts.

- proceedings by or against the company or its officers, or otherwise concerning the affairs of the company and also to compound and allow time for payment or satisfaction of any debts due, or of any claims or demands by or against the company and to refer any claims or demands by or against the company or any difference to arbitration and observe and perform any awards made thereon.
- (10) To act on behalf of the company in all matters relating to bankrupts and insolvents.
- (11) To make and give receipts, release and other discharges for to give receipts moneys payable to the company and for the claims and demand of the company.
- (12) Subject to the provisions of Section 292, 293(1), 295, 369, 370, 372 and 373 of the Act, to invest and deal with any moneys, of the company not immediately required for the purposes thereof, upon such security (not being shares of this company) or without security and in such manner as they may think fit and from time to time to vary or release such investments, save as provided in Section 49 of the Act, all investments shall be made and held in the company's own name.
- (13) To execute in the name and on behalf of the company in favour of any director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the company, such mortgages of the company's property (present and future) as they think fit; and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.
- (14) To determine from time to time who shall be entitled to sign, on the company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividends, rents, releases, contracts and products and to give the necessary authority for such purpose.
- (15) To distribute by way of bonus amongst the staff of the company, a share or shares in the profit of the company and to give to any officer or other person employed by the company a commission on the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expenses of the company.
- (16) To provide for the welfare of directors or ex-directors or employees of the company and the wives, widow and families or the dependants or connections of such persons by building
- To invest moneys
- To give security by way of indemnity
- To authoise signing of receipts, cheques, etc.
- To give percentages
- To give gratuities etc.
- To establish reserve funds

or contributing to the building of houses, dwellings or chawls, or by grants of moneys, pensions gratuities, allowances, bonus or other payments or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds, or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the directors shall think fit. And to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions, objects or for any exhibition, or for any public, general or useful object.

(17) Before recommending any dividend, to set aside out of the profits of the company such sums, as they think proper for depreciation, to a Depreciation Fund, or to any Special Fund to meet contingencies or to repay debentures or debenture-stock, or for special dividends or for equalizing dividends, or for repairing improving, extending and maintaining any part of the property of the company and for such other purposes (including the purposes referred to in the preceding clauses) as the Board of Directors may, in their absolute discretion think conducive to the interests of the company and to invest the several sums also set aside or so much thereof as required to be invested upon such investments (other than shares of the company) as they may think fit and from time to time deal with and vary such investments and dispose of and apply and expand all or any part thereof for the benefit of the company in such manner and for such purpose as the Board of Directors in their absolute discretion, think conducive to the interest of the company notwithstanding that the matters to which the Board of Directors apply or upon which they expend the same or any part thereof may be matters to or upon which the capital moneys of the company might rightly be applied or expended and to divide the Reserve Fund into such special funds as the Board of Directors may think fit and to employ the assets constituting all or any of the above funds, accounts, including the Depreciation Fund, in the business of the company or in the purchase or repayment of debentures or debenture-stock and that without being bound to keep the same separate from the other assets and without being bound to pay or allow interest out of the same, with power however to the Board of Directors at their discretions to pay or allow to the credit of such fund interest at such rate as the Board of Directors may think proper.

(18) To appoint, at their discretion, remove or suspend, such managers, secretaries, officers, assistants, supervisors, clerks, agents and servants or permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties and fix their salaries, emoluments or remuneration and to require security in such To appoint officers, etc.

- instances for to such amount as they may think fit. And also without prejudice as aforesaid from time to time to provide for the management and transaction of the affairs of the company in any specified locality in India or elsewhere in such manner as they conferred by this sub-clause.
- (19) To comply with the requirements of any local law which in their opinion it shall in the interest of the company be necessary or expedient to comply with. Local Laws.
 - (20) From time to time and at any time to establish any Local Board for managing any of the affairs of the Company in any special locality in India or elsewhere and to appoint any persons to be members of such Local Board or any managers or agents and to fix their remuneration. Local Board
 - (21) Subject to the provisions of Section 292 of the Act and Article 166 from time to time and at any time, to delegate to any such Local Board or any member or members thereof or any managers or agents so appointed any of the powers, authorities and discretions for the time being vested in the Board of Directors and to authorize the members for the time being of any such Local Board, or any of them to fill up any vacancies and any such appointment or delegation under clause (20) of this Article may be made on such terms and subject to such conditions as the Board of Directors may at any time remove any persons so appointed and may annual or vary any such delegation. Delegation of powers to Local Board etc.
 - (22) At any time and from time to time by Power of Attorney under the seal of the company to appoint any person or persons to be the Attorney or Attorneys of the company for such purposes and with such powers, authorities and discretions and for such period and subject to such conditions as the Board of Directors may from time to time think fit. Power of Attorney
 - (23) Subject to Sections 294, 297 and 300 of the Act for or in relation to any of the matters aforesaid or otherwise for the purposes of the company to enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the company. May enter into contracts etc.
 - (24) Generally subject to the provisions of the Act and these Articles, to delegate the powers, authorities and discretions vested in the directors to any officer, person, firm, company or fluctuating body of persons as aforesaid. Delegation of powers.
 - (25) From time to time make, vary and repeal bye-laws for regulation of business of the company its officers and servants. May make bye-laws
 - (26) Subject to the provisions of the Act and these presents, to accept from any members on such terms and conditions as shall agreed, surrender of the shares or stock or any part thereof. To accept surrender of shares.
 - (27) Subject to Section 294 of the Act to appoint purchase and/or To appoint selling for purchasing

- selling Agents for the purchase sale of company's requirements and products respectively. agents.
- (28) To pay the costs, charges and expenses preliminary and incidental to the promotion, establishment and registration of the company. To pay preliminary expenses.
- (29) To act as Trustees in composition of the company's debtors. To act as Trustees.
- (30) To provide from time to time for the management of the affairs of the company in India or abroad in such manner as they think fit and in particular to appoint any persons to be the attorneys or agents of the company with such powers (including power to sub-delegate) and upon such terms as may be thought fit. To provide for management in abroad.
- (31) To enter into and carry into effect any scheme of amalgamation of the company with any other company or any scheme of compromise or arrangement duly approved by the members and sanctioned by a competent authority according to law. To enter into contracts of amalgamation.
- (32) And generally to do and sanction all such acts, deeds, matters and things, exercise all powers or discretion in respect of all such arrangement for or in relation to any of the matters aforesaid or otherwise for the purpose or as are necessary, incidental or conducive to the attainment of all or any of the objects of the company. General.

MANAGING DIRECTOR

- 165 Subject to the provisions of Section 197 A, 198, 267, 268, 269, 309, 310, 311, 316 and 317 and other applicable provisions of the Act, the Board of Directors shall have power to be Managing Director or Directors of the company for a fixed term not exceeding five years at a time and such Managing Director or Managing Directors while continuing in that office shall not be subject to retirement by rotation, nor shall he or they be counted for the purposes of determining the number of directors to retire at an Annual General Meeting under Article 133 hereof. In addition to the fee payable to the Managing Director for sitting of the Board, the Board of Directors may decide (unless otherwise stipulated by the agreement entered into in this behalf) the remuneration payable to the Managing Director by way of fixed monthly payment or by way of participation in profits or by any or all modes and as aforesaid subject to the limitations imposed by the Act. Managing Director
- 166 The directors may from time to time entrust to and confer upon Managing Director(s) for the time being such of the powers and discretions exercisable under these articles by the Directors as they think fit and may confer these powers, and discretions for such time, objects and purposes and upon such terms and conditions and with such restrictions as they think expedient and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the directors in that behalf and may from time to time revoke, withdraw, alter or vary all Powers and Managing Director(s).

or any of the power so entrusted. Unless and until otherwise determined, the Managing Directors may exercise all the powers exercisable by the Directors save such power as are specifically required to be exercised by the Directors themselves under provision of the Act and these Articles.

WHOLE TIME DIRECTORS

- 167 (a) Subject to the provision of the Act, the company shall be entitled from time to time any appoint and/or employ any director of the company as a whole-time director and/or as head of any department of the company and/or in any other capacity and for such period and on such remuneration as may be decided upon the Board of Directors shall from time to time confer upon such appointee such powers as they may think fit from time to time to revoke and/or modify the same and to suspend and/or remove such appointee. Whole time Director.
- (b) The Board of Directors shall be entitled from time to time subject nevertheless to the provision of the Act; to delegate any powers exercisable by them to any director of the company and from time to time to revoke and/or modify the same.

SECRETARY

- 168 (a) The directors may from time to time appoint and at their discretion remove, a person to perform any functions which by the Act or the Articles for the time being of the company are to be performed by the Secretary and to execute and other duties which may think fit from time to time be assigned to the Secretary by the Directors. Secretary.
- (b) The Board of Directors may at any time appoint a temporary substitute for the Secretary who shall for the purposes of the Articles be deemed to be the Secretary.

COMMON SEAL

- 169 The directors shall provide a common seal for the purpose of the company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof and the directors shall provide for the safe custody of the seal for the time being. Directors to provide a common seal and its custody.
- 170 The seal shall never be used except by the authority, of the directors or a committee of the directors, previously given and every deed or other instrument to which a seal of the company is required to be affixed shall unless the same is executed by a duly constituted attorney for the company or by an officer duly authorized in that behalf by resolution of board be signed by one directors atleast in whose presence the seal shall have been affixed, provided nevertheless that the certificate of shares issued by the company shall be sealed and signed as provided in the next following Article. Use of the seal.

- 171 Every Share Certificate shall, subject to the regulations prescribed under the Companies (Issue of Share Certificates) Rules 1960 be issued under the seal of the company which shall be affixed in the presence of :
- Share Certificates how executed.
- (a) two directors or persons acting under duly registered power of Attorney; and
 - (b) the Secretary or some other person appointed by the Board for the purpose. The two directors or the attorney and the Secretary or other person shall sign the share certificate provided that, if the composition of the board permits it, atleast one of the aforesaid two directors shall be a person other than a managing or whole time director or a director to whom Section 261 of the Act applied.

A director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography but not by means of a rubber stamp, provided that the director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

DIVIDENDS

- 172 Subject to the rights of holders of preference shares and other shares, if any issued upon special conditions and subject to the provisions of these presents as to reserve, depreciation and other funds to be set apart by the Directors, the profits of the company (after making provision for carrying out balance for the next year) shall be advisable among the members in proportion to the amount of capital paid up on the shares held by them respectively provided always that any capital paid on a share during the period in respect of which a dividend is declared shall only entitle the holder of such share to an apportioned amount of such dividend as from the date of payment but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
- Dividends
- 173 Where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not while carrying interest, confer a right to participate in profits.
- Capital paid-up in advance.
- 174 Except or otherwise provided in proviso to Section 205(1) of the Act, no dividend shall be declared or paid by the company for any financial year except out of profits of the company for that year after providing for depreciation in accordance with provisions of Sub-section (2) of Section 205 of the Act, or out of the profits of the company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undisturbed or out of both or out of money provided by
- Dividends to be paid out of profits only.

the Central Government or State Government for the payment of dividend in pursuance of a guarantee given by that payment of no dividend shall carry interest as against the company.

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| 175 | Subject as aforesaid in Article 175 Directors may from time to time pay to the members such interim dividends as appear to them to be justified by the profits of the company. | Interim dividends. |
| 176 | The Directors shall lay before the company in general meeting a recommendation as to the amount, if any, which they consider should be paid by way of dividend and the company in general meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits but such dividend shall not exceed the amount recommended by the Directors and the declaration of the directors as to the amount of net profits shall be conclusive. | Directors to recommend dividends. |
| 177 | When a dividend has been declared it shall be paid by cheque or dividend warrant shall be posted to the members within forty two days of the date of declaration of dividend. | Dividend to be paid within forty two days. |
| 178 | No dividend shall be payable except in cash, cheque or warrant provided that profits or reserves of the company may be capitalized for the purpose of issuing fully paid up bonus shares or paying up any amounts for the time being unpaid on any shares held by the members of the company. | To be paid in cash only. |
| 179 | The declaration of the directors as to the amount of the net profits of the company subject to Section 349 of the act be conclusive. | What to be deemed net profit. |
| 180 | No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the company in respect of such share or shares or otherwise on account of any debts, liabilities or engagements of the member to the company either alone or jointly with any other person or persons and directors may deduct from the interest or dividend payable to any member all sums of money so due from him to the company. | No member to receive dividend whilst indebted to the company and company's right to reimbursement thereof. |
| 181 | A transfer of shares shall not pas the right to any dividends declared thereon before the registration of the transfer. | Effect of transfer. |
| 182 | The directors shall have a right to demand from any registered shareholder before paying him any dividend to prove that he is in possession of shares at the time of declaration of dividend and that he has not sod the shares non dividend after such declaration. | Right to demand proof. |
| 183 | The directors may from time to time make calls upon shares (subject to provisions of these articles) in respect of any capital for the time being unpaid thereon and may determined that any | Dividends and call together |

dividend recommended by them instead of being paid or disturbed in cash shall be applied in payment of such calls and thereupon subject to the sanction of General Meeting such dividends shall without any further or other authority to so applied. If the directors shall so determine a General meeting shall not have power to declare such dividends to be paid or applied otherwise than in accordance with the directors such determination.

- 184 (a) The directors may retain the dividends payable upon shares in respect of which any person is under the transmission clause entitled to become a member or in respect of which any person under that clause is entitled to transfer, until such person shall become a member in respect thereof or shall duly transfer the same.
(b) The directors may retain any dividend on which the company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagement in respect of which the lien exists. Retention in certain cases.
- 185 Unless otherwise directed, any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled or in the case of joint holding and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent. Dividend how paid
- 186 The company shall not be responsible for the loss of any cheque or dividend warrant or postal order sent by post in respect of dividends, whether by request or otherwise, at the registered address or the address communicated to the office before hand by the member or for any dividend lost to the member or person entitled thereto by the forged endorsement or any cheque or warrant or the fraudulent recovery thereof by any other means. No unclaimed dividend shall be forfeited by the Board unless the claim thereto become barred by law and the company shall comply with all the provisions of Section 205-A of the Act in respect all unclaimed or unpaid dividend. Company not responsible for loss of cheques, dividend warrant etc.
- 187 A notice of the declaration of any dividend, whether interim or otherwise shall be given to the holder of registered shares in manner herein provided.
- 188 The directors may at their discretion before recommending or declaring any dividend or bonus out of or in respect of the earnings or profits of the company for any year or other period, cause to be reserved or retained and set aside out of such profits such sum as they may think proper to form one or more reserve funds to meet contingencies of depreciation in the value of the property of the company or for renovation, replacement or for modernization of plant and machinery or for equalizing dividends, or for providing against losses, meeting of claims or liabilities of the company or for Notice of dividend

such other purposes as the directors may in their absolute discretion think conducive to the interests of the company and the directors shall have full power to employ the assets constituting the reserve fund in the business of the company without being bound to keep the same separate from the other assets. The directors may also carry forward any profits which they may think prudent not to divide without setting them aside as reserves.

Only the ordinary shareholders shall be entitled to the distribution of reserves or undisturbed profits, whether in the form of dividends or bonus or bonus shares or distribution in any other form or manner.

ACCOUNTS

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| 189 | The company shall keep at the Registered Office, proper books of account with respect to : | Accounts to be kept. |
| | <ul style="list-style-type: none">(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure take place.(b) All sales and purchases of goods by the company, and(c) The assets and liabilities of the company provided that all or any of the books of the account of the company may be kept at any such other place in India as the directors so decide, the company shall within seven days of the decision, file with the Registrar a notice in writing giving the full address of that other place. | |
| 190 | The Books of Accounts of the company relating to period of not less than eight years immediately preceding the current year shall be preserved in good order. | Books of Account to be preserved for eight years. |
| 191 | The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions and regulations the accounts and books of the company or any of them shall be open to inspection of members, not being a director and no member not being a director shall have any right of inspecting any account or book or document of the company except as conferred by statute or authorized by the directors or by the company in general meeting. The directors can refuse permission without being liable to give reasons for the same. | Limitation as to right of inspection of the books. |
| 192 | The directors shall lay before each Annual General Meeting of the Company a Profit & Loss Account for the financial year of the company and a Balance Sheet made up as at the end of the financial year which shall be a date which shall not precede the day of the meeting by more than six months or such extended period as shall have been granted by the Registrar under the provisions of the Act. | Statement of Accounts to be furnished at Annual General Meeting. |

- 193 The Balance Sheet of the company shall give a true and fair view of the State of Affairs of the company as at the end of the financial year and shall, subject to the provisions of Section 211 of the Act, be in the form set out in Part 1 of Schedule IV of the Act or as near thereto as the circumstances admit or in such other form as may be approved by the Central Government either generally in any particular case and in preparing Balance Sheet due regard shall be had, as far as may be, to the general instructions for preparation of Balance Sheet under the heading "Notes" at the end of the said Part 1 of Schedule VI.
- Balance Sheet and the Profit & Loss Account.
- The Profit & Loss Account shall give a true and fair view of the profits or loss of the company for the financial year and shall comply with the requirements of Part II of Schedule VI of the Act, or for as they are applicable thereto.
- 194 Every such Balance Sheet shall be accompanied by a report of the Board of Directors as to the state of the company's affairs and as the amount, if any, which it proposes to carry to any reserves in such Balance Sheet, the amount if any which it recommends should be paid by way of dividend and material changes and commitments, if any, affecting the financial position of the company report. The Board's report shall so far as is material for the appreciation of the state of the company's affairs by its and will not in the Board's opinion be harmful to the business of the company deal with any changes which have occurred during the financial year in the nature of the company's and generally in the classes of business in which the company has an interest. The Board shall also give the fullest information and explanation in its report aforesaid, or in any addendum to that report, on every reservation qualification or adverse remark contained in the Auditors' Report. The Board's report and any addendum thereto shall be signed by not less than two directors or by the Chairman of the Board of Directors if authorized in that behalf by the Board.
- Board's report.
- 195 The Profit & Loss Account and the Balance Sheet shall be signed by Manager or Secretary, if any, and by not less than two directors of the company (one of whom shall be Managing Director, if any) provided that, if there is only one director present in India at that time, same shall be signed by such director, but in such a case there shall be sub-joined to the Profit & Loss Account and Balance Sheet a statement signed by such director explaining the reason for non compliance with the aforesaid provisions requiring the signature of two directors. The Profit & Loss Account and the Balance Sheet shall be audited by the auditor as hereinafter provided and Auditors' Report (including the Auditors' separate, special or supplementary report, if any) shall be attached thereto and such report shall be read before the company in the General Meeting and shall be open to inspection by any member.
- Signing of the fiscal accounts.

- 196 A copy of every such profit & Loss Account and the Balance Sheet, so audited (including the auditors' report and every other document required by law to be annexed or attached to the Balance Sheet) shall at least twenty one days before the meeting at which the same are to be laid before the members be sent to the members of the company the holders of debentures, if any, issued by the company (not being debentures, which ex-facie are payable to the bearer thereof) to trustees for the holders of such debentures and to all persons entitled to receive notices of General Meetings of the company. Copies to be sent to members.

ANNUAL RETURNS

- 197 Within sixty days of the date on which the Annual General Meeting of the company is held or ought to have been held, the company shall file with the Registrar a return containing particulars prescribed under Section 159 of the Act and signed in the manner prescribed by Section 161 of the Act and accompanied by certificates stated in Section 161. Annual Return to be filed.

CAPITALISATION OF PROFITS

- 198 (a) The company in General Meeting may, upon the recommendation of the Board resolve :- Capitalisation
- (i) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or otherwise credit of the Profit & Loss Account, or otherwise available for distribution and
 - (ii) that such sum be accordingly set free for distribution in the manner specified in clause (b) amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions.
- (b) The sum aforesaid shall not be paid in cash, but shall be applied, subject to the provisions contained in clause (c) either in or towards :
- (i) paying up any amounts for the time being unpaid on any shares held by such members respectively;
 - (ii) paying up in full, unissued shares of the company to the allotted and distributed, credit as fully paid up, to and amongst such members in the proportions aforesaid; or
 - (iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).
- (c) A share premium account and a capital redemption reserve account may, for the purposes of this article, only be applied in the paying up of unissued shares to be issued to

members of the company as fully paid bonus shares.

- (d) The Board shall give effect to the resolution passed by the company in pursuance of this article.

- 199 (a) Where such a resolution as aforesaid shall have been passed, the Board shall : Board may make appointments etc.
- (i) make all appropriations and application of the undivided profits resolved to be capitalized thereby and allotments and issue of fully paid shares and;
- (ii) generally do all acts and things required to give effect thereto.

- (b) The Board shall have full powers :

- (i) entitled thereto, into an agreement with the company providing for allotment to them respectively, credited as fully paid up of any further shares to which they may be entitled upon such capitalization or (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 capitalized of the amounts or any part of the amount remaining unpaid on their existing shares.

- (c) Any agreement made under such authority shall be effective and binding on all such members.

AUDIT

- 200 Every Balance Sheet and Profit & Loss Account shall be audited by one or more auditors to be appointed as hereinafter provided. Examination of accounts.
- 200 A* The company shall appoint a well-known and reputable firm of Chartered Accountants acceptable to Duneam as its Statutory Auditors. Appointment of Auditors.
- 201 As regards the appointment and remuneration, qualification and disqualification, removal, powers, rights and duties of Auditors, the directors and the Auditors shall have regard to Section 224 to 231 of the Act. To comply sections 224 to 231 of the Act.
- 202 Every account of the company when audited and approved by a general meeting of the company shall be conclusive except as regards any error discovered therein within three calendar months next after the approval thereof. Whenever any such error is discovered within that period the accounts shall forthwith be corrected and henceforth shall be conclusive. Conclusiveness of accounts
- 202 A The company shall at all times maintain accurate and complete accounting and other financial records in accordance with the Financial accounts

requirements of all Applicable Laws and the Indian generally acceptable accounting principles (GAAP) and where applicable internationally accepted accounting principles and in accordance with all relevant Indian statutory and accounting standards and the policies adopted by the Board from time to time.

202B If required by Dunearn, the company shall cause to be prepared a reconciliation of profits determined under Indian GAPP to net income in accordance with US GAAP and/or International Accounting Standards (IAS) and/or any other accounting standard required by Dunearn.

202 C The directors including the Nominee Directors shall be entitled to receive the following information on request or as otherwise provided herein : Information rights

- (a) Within 21 days after the end of each calendar month, unaudited statement of income and cash flows of the company for such month and for the period from the beginning of the current financial year to the end of such month and a balance sheet as of the end of such month;
- (b) Within 21 days after the end of each month, monthly management review detailing key operational performance indicators;
- (c) Within 30 days after the end of each quarter, unaudited statements of income and cash flows of the company for such quarter and for the period from the beginning of the current fiscal year to the end of such quarter and a balance sheet as of the end of such quarter;
- (d) Within 90 days after the end of each fiscal year, audited statements of income, cash flows and shareholders' equity of the company for such year and a balance sheet as of the end of such year;
- (e) Within 15 days prior to the end of each financial year, a budget for the next financial year including operating and capital budgets and such other reasonable information requested by the directors;
- (f) Boards committee and shareholder meeting minutes within 7 days after such event;
- (g) Details of significant events impacting the company; and
- (h) All other relevant information including business plans, capital expenditure budgets and management reporting information not explicitly mentioned here.

DOCUMENT AND NOTICE

203 (a) A document or notice may be served by the company to any member either personally or by sending it by post to him at his registered address or 9if he has not registered address in India) to the address, if any, within India supplied by him to the How document or notice to be served on member.

company for serving documents or giving notices to him.

- (b) Where a document or notice is sent by post service of the document or notice, shall be deemed to have been effected by properly addressing prepaying and posting a letter containing the document or notice and such service shall be deemed to have been effected in the case at the time at which the letter would be delivered in the ordinary course of post. Provided that where a member has intimated to the company in advance that documents should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the company a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and unless the contrary is proved.

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| 204 | A document or notice advertised in a newspaper circulating in the neighbourhood of the Registered Office of the company shall be deemed to be duly served on the day on which the advertisement appears, on every member of the company who has no registered address in India and has not supplied to the company as address within India for the serving of documents or the sending of notices to him. | Notice by advertisement |
| 205 | A document or notice may be served or given by the company to the joint holders of a share by serving or giving document or notice to the joint holder named first in the register in respect of the share. | Notice to joint holders |
| 206 | A document or notice may be served or given by the company on or to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name or by the title of representatives of the deceased or assignee of the insolvent or by any like description, at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled or (until such an address has been so supplied) by serving the document or notice in any manner in which it might have been given if the death or insolvency had not occurred. | Notice to persons entitled to shares in consequences of death or insolvency of a member. |
| 207 | Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share, shall be bound by every notice in respect of such share which previously to his name and address being entered on the register shall be duly given to the person from whom he derives his title to such share. | Transferees etc. bound by prior notice. |
| 208 | Any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these present shall notwithstanding such members be then deceased and whether or not the company has notice of his death, be deemed to have been duly served in respect of any registered shares, whether held solely or jointly with other persons by such member until some other person | Notice valid through member deceased. |

be registered in his stead as the holder or joint holder thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators and all persons, if any, jointly interested with him or her in any such share.

- 209 Any document or notice to be served given by the company, may be signed by a director or some person duly authorized by the Board of Directors for such purpose and the signature thereto may be written, printed or lithographed. Document or notice by company and signature thereto.
- 210 Where a given number of days notice or notices extending over any other period, is required to be given the day of services shall unless it is otherwise provided be counted in such number of days or other period. How time to be counted
- 211 All documents or notice to be served or given by members on or to the company or officer thereof shall be served or given by sending it to the company or officer at the Registered Office of the company by post under a certificate of posting or by registered post or by leaving it as its Registered Office. Service of document or notice by member.
- 211 A All notices, requests, demands and other communications made or given under the terms of these Articles or in connection herewith shall be in writing and shall be either personally delivered, transmitted by postage prepaid registered mail (air mail if international) or by telex or cable (confirmed and writing by postage prepaid registered mail – air mail if international) and shall be addressed to the appropriate party at the following address or to such other address or place as such party may from time to time designate :

To the Promoters :
Rajesh Mandawewala,
7th Floor, Welspun House,
Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013.

Attn : Mr. Rajesh Mandawewala
Fax No. +91 22 24908020

To the Company :
Welspun Investments and Commercials Limited,
7th Floor, Welspun House,
Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013.

Attn : Chairman & Managing Director
Fax No. +91 22 24908020

To Dunearn :
Key Financial Services Limited
Address : 4th Floor, Les Cascades building
Edith Cavell Street, Port Louis, Mauritius
Attn : Mrs. Soo Fon IP
Fax No. (23) 2024760

With a copy marked to :
Temasek Holdings (Private) Limited
Address : 60B Orchard Road, #06-18 Tower 2,
The Atrium@Orchard, Singapore 238891
Attn : Legal/Secretariat Department
Fax No. (65) 6821 1162

Unless another address has been specified by a party hereto by written notice thereof to the other party, any notice, request, demand or other communication given or made pursuant to these Articles shall be deemed to have been received (i) in the case of personal delivery on the date of delivery, (ii) in the case of mail delivery, on the date which is fifteen (15) days after the mailing thereof and (iii) in the case of a telex or cable, the date of dispatch thereof.

WINDING UP

- 212 Upon the winding up of the company the holders of preference shares if any shall be entitled to be paid all arrears of preferential dividend to the commencement of the winding up and also to be repaid the amount of capital paid up or credited as paid up on such preference shares held by them respectively in priority to the equity shares but shall not be entitled to any other further rights to participate in profit of shares, subject as aforesaid and the rights of any other holders of shares entitled to receive preferential payment over the equity shares shall be entitled to be repaid the amount of capital paid up or credited as paid up on such shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion of the amount paid up credited as paid up on such equity shares respectively at the commencement of the winding up. If the assets shall be insufficient to repay the whole of the paid up equity capital such assets shall be so distributed so that as nearly as may be the losses shall be borne by the member holding equity shares in proportion to the capital paid up or which ought to have been paid up on the equity shares held by them respectively at the commencement of the winding up, other than the amounts paid by them in advance of calls. Distribution of assets
- 213 If the company shall be wound up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution of the company and any other sanction required by the Act divide amongst the contributories in specie or kind, and part of the assets of the company trustees in upon such trusts for the benefits of the Distribution of assets in specie

contributors or any of them as the liquidators with the like sanction shall think fit.

DISPUTE RESOLUTION

- 213 (a) In the event of any dispute, controversy or difference ("Dispute")
A between the parties of whatever nature, arising under, out of, in connection with or relating to the enforcement, performance or the terms and conditions of these Article such dispute shall be settled through good faith negotiation amongst the parties to such dispute. In the event that such dispute cannot be resolved by negotiation within thirty (30) days of the dispute having arisen, such dispute shall be referred to binding, arbitration and determined in accordance with the provisions of the Arbitration and Conciliation Act 1996.
- (b) The place of arbitration and the seat of arbitral proceedings shall be Mumbai, India. Any arbitral proceeding begun pursuant to any reference made under these Articles shall be conducted in English language. The decision of the arbitral tribunal and any award given by the arbitral tribunal shall be final and binding upon the parties.

Notwithstanding anything contained herein, the seat of arbitral proceedings for any dispute involving the Investor shall be Singapore. The provisions of Part A of the Arbitration and Conciliation Act, 1996 shall not apply to proceedings held outside India.

- (c) The arbitral tribunal shall be composed of one sole arbitrator if the parties so agree. Failing such agreement within a period of ten (10) day of the end of the conciliation process provided for in sub-clause (a) hereof, the arbitral tribunal shall comprise three arbitrators, the Investor and the promoters appointing one each within 10 days period and the third arbitrator shall be selected by the two arbitrators so appointment and where such third arbitrator has not been selected on account of a difference of opinion amongst the arbitrators, the third arbitrator shall be appointed in accordance with the provisions of the Arbitration and Conciliation Act, 1996.
- (d) The parties, recognizing the necessity that any arbitral proceeding be concluded expeditiously, agree :
- (i) to carry out in full, promptly and without delay such procedural orders or directions as may be made by the arbitral tribunal from time to time.
 - (ii) to carry out in full, promptly and without delay such interim measures of protection as may be ordered by the arbitral tribunal;

- (iii) to co-operate with each other and with the arbitral tribunal in the conduct of any arbitral proceeding with a view to enabling the arbitral tribunal to conclude the proceeding (so far as may be practicable) by means of a final arbitral award within a period of 2 months from the date upon which recourse to arbitration was initiated by the service of a notice of arbitration.
- (iv) that question of procedure may be decided by the presiding arbitrator, as he or she deems fit, and that the presiding arbitrator is authorized accordingly.
- (v) the arbitral tribunal may determine in their discretion that (a) no oral hearing is held (unless it considers any such hearing to be either necessary or appropriate) and (b) accordingly any arbitral proceeding be conducted (in whole or in part) upon the basis of documents and other materials.
- (vi) the arbitral tribunal shall have the power to award costs to the parties.

INDEMNITY

- 214 Subject to the provisions of the Act, every Director, Auditor, Manager, Trustee, Secretary and other officers shall be indemnified by the company from all losses and expenses incurred by them respectively in or about the discharge of their respective duties, except such as may happen from their own respective willful acts and defaults. Every Director, Auditor, Manager, Trustee or Officer of the company shall be indemnified out of the funds of the company against all liabilities incurred by him as such director, Manager, Officer or Auditor in defending any proceedings, whether civil or criminal, in which judgments is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted by the Court. Indemnity.
- 215 (a) Subject to the provisions of Section 201 of the Act no directors, Trustee, Auditor or other Officer of the company shall be liable for the act, receipts, neglects of any other director or officer or for joining in any receipt or other act for conformity. Individual responsibility of directors.
- (b) The Directors, Managers, Auditors, Trustees and Officers for the time being of the company shall be indemnified out of the funds of the company against all costs, charges, losses, damages and expenses which they shall respectively incur or be put to an account of any contract, act, deed, matter or thing which shall be made, done, entered into or executed by them respectively on behalf of the company and the directors, Manager, Auditors, Trustees or other officers, shall be reimbursed by them in or about any legal proceedings or arbitration on account of the company or otherwise in the execution of their respective offices, except such losses and expenses as shall happen through their Consent to be filed with the company and Register.

respective willful default or neglect and any such Director, manager, Auditors, Trustees or other Officers shall be chargeable only for so much money as he or they shall actually receive and they respectively shall not be answerable for the act, receipt, neglects or defaults of each other but each of them for his own acts, receipts, default or neglect only, nor shall they respectively be answerable for any bankers, broker, collector or other person with whom or may be deposited or come nor for the insufficiency of the title of any estate or property which may from time to time be acquired on behalf of the company nor for the insufficiency of any security upon which any of the moneys of the company shall be invested nor for any loss or damage which may happen in the execution of their respective offices unless the same shall happen through their own respective willful default or neglect.

INDEMNIFICATION AND LIMITATIONS OF LIABILITY

- 215 Subject to the provisions of section 201 of the Companies Act, 1956
A and the permission of RBI (if required) the company or the promoters as the case may be for their respective obligations under these Articles agree to indemnify and save harmless Dunearn and their Nominee Directors ("Indemnified Persons") from and against any and all actions, suits, claims, proceedings, costs, damages, judgements, amounts paid in settlement and expenses (including without limitation attorneys' fees and disbursements at actuals) (collectively, "Loss") relating to or arising out any inaccuracy in or breach of the representations, warranties, covenants or agreements made by the company or the promoters herein as the case may be.
Notwithstanding anything contained in these Articles, the Promoters and/or the company shall not be liable under the agreement in respect of :

Minimum Claims

any claim arising from any single circumstance if the amounts of the claim does not exceed Rs. 10,00,000/- (save that claims relating to a series of connected matters shall be aggregated for this purpose) and unless the liability determined in respect of any such claim (excluding interest, costs and expenses) also exceeds that amount;

Aggregate Minimum Claims

any claim unless the aggregate amount of all claims for which the promoters and/or the company would otherwise be liable under these Articles exceeds Rs. 50,00,000/-;

Maximum claims

any claim to the extent that the aggregate amount of the liability of the promoters for all claims made under the Agreement would be limited

to Rs. 5,00,00,000/- and in respect of any claim to the extent that the aggregate amount of the liability of the promoters and/or the company for all claims made under these Articles would be limited to Rs. 75,00,00,000/-.

NOTICE

If any claim comes to the notice of Duneam by reason of or in consequence of which the promoter and/or the company may be liable under the warranties Duneam shall as soon as reasonably practicable and in any event within 30 days give written notice thereof to the promoters and the company. If the breach is capable of being remedied Duneam shall not be entitled to compensation for any breach unless the promoters and the company are given written notice of such failure and fail to remedy such breach within 60 days of such notice.

CLAIMS

- 215 The parties agree that any and all claims for losses or otherwise made by Duneam against the company / or the promoters shall be first made against the company and only in the event that such claim is accepted by the company but not paid and/or discharged within 90 days, will a claim be made against the promoters, subject however to the limitations of liability provided in these Articles.

SECURITY CLAUSE

- 216 No member shall be entitled to visit or inspect any of the property of the company without the permission of the directors or to require discovery of or any information respecting any detail of the company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the company any which in the opinion of the Board, it will be inexpedient in the interest of the member of the company to communicate to the public.

GOVERNING LAW

- 217 These Articles shall be governed by and be construed in accordance with Indian Laws.

CONFIDENTIAL INFORMATION

- 218 (a) The promoters, Duneam and the company warrant that they shall at all times keep confidential (and shall use best endeavors to procure that its respective employees and agents keep confidential) any Confidential Information which is in their possession or which they may acquire in relation to the company or in relation to the clients, business or affairs of any

other party hereto and shall not use or disclose such information except with the consent of every other party.

- (b) The obligations of each of the parties contained in this Article 218 shall continue without limit in point of time, but shall cease to apply to any information coming into the public domain otherwise than by breach by any such party of its obligations therein contained.
- (c) The company and the promoters shall not without the prior written consent of the investor other than as required under law or any stock exchange issue any press release or make any public announcement in connection with the Dunearn's investment in the company.

For the purposes of this Article 218, "Confidential Information" means all information relating to the company or Dunearn which might fairly be considered to be of a confidential nature and identified as confidential at the time of disclosure and includes, but is not limited to :

- (a) any business or technical information whether or not stored in any medium, relating to the business of the company (and/or those of its customers) or Dunearn including but not limited to financial information, equipment, documentation, strategies, marketing plans, pricing information, information relating to existing, previous and potential customers and contracts disclosed to either party or its representatives;
- (b) information relating to the company or Dunearn which is obtained whether (without limitation) in writing, pictorially, in machine readable form, on floppy diskettes or orally, by any party or its representatives from either the company or its representatives, in each case in connection with the business relationship between the company, the promoters and Dunearn;
- (c) information derived from information falling within this definition;
- (d) original information supplied by the company;

Notwithstanding the above, however, no information constitutes confidential information if it is generic information or general knowledge which any party would have learned in the normal course or if it is otherwise publicly known and in the public domain.

MISCELLANEOUS

- 219 The promoters and investor shall ensure that to the extent permitted under applicable law, they, their representatives, proxies and agents representing them at General Meetings of the Company shall at all times exercise their votes and through their respective nominated directors (or Alternate Directors) at Board Meetings and otherwise act in such manner as to comply with and to fully and effectually

implement the spirit intent and specific provisions of these presents.

- 220 The promoters and the company have no objection to future investments by Dunearn or any of its Affiliates in the same or allied business that the Company may be engaged in.

21. OTHER INFORMATION

Material Contracts and Documents for Inspection

Documents for Inspection:

1. Memorandum and Articles of Association.
2. Certification of incorporation.
3. Tripartite Agreement with NDSL, Company and Link Intime India Pvt Ltd.
4. Tripartite Agreement with CDSL, Company and Link Intime India Pvt Ltd.
5. Reports of the statutory Auditors of the Company as mentioned in this Information Memorandum.
6. Scheme of Arrangement .
7. Order dated 8 May, 2009 of the Hon'ble High Court of Judicature at Gujarat approving the Scheme of Arrangement.
9. ROC filing of the Scheme as on June 12, 2009

22. DECLARATION:

All Statements made in this Information Memorandum are true and correct to the best of my knowledge.

Signed by the Director

For Welspun Investments and Commercials Limited

Director