

THE COMPANIES ACT, 2013  
[COMPANY LIMITED BY SHARES]

ARTICLES OF ASSOCIATION  
OF  
VADILAL INDUSTRIES LIMITED  
(Incorporated under the Companies Act, 1956)

*The Regulations contained in Table “F” in Schedule I of the Companies Act, 2013 shall not apply to Vadilal Industries Limited (“Company”), except in so far as the same are repeated, contained or expressly made applicable in these articles of association (“Articles”) or by the said Act. The Articles of the Company are divided into two parts – Part A and Part B. The provisions of Part A shall be applicable to all the matters to which they pertain, in so far and to the extent that they are not contrary to or inconsistent with the provisions of Part B of these Articles. Notwithstanding anything to the contrary stated anywhere else in these Articles, in case of any inconsistency between the provisions contained in Part A of these Articles, Part B of these Articles and Table F of the Act, the provisions of Part B of these Articles shall override and prevail to the maximum extent permitted under the Companies Act, 2013.*

**PART A**

The following regulations comprised in these Articles of Association were adopted pursuant to the members’ resolution passed at the Annual General Meeting of the company held on 28th September, 2015 in substitution for, and to the entire exclusion of, the earlier regulations comprised in the extant Articles of Association of the Company.

**PRELIMINARY AND INTERPRETATION**

1. [1] The Regulations contained in Table “F” in Schedule I of the Companies Act, 2013 shall not apply to the Company, except in so far as the same are repeated, contained or expressly made applicable in these Articles or by the said Act.
- [2] (a)The marginal notes used in these Articles shall not affect the construction thereof.  
(b)In the interpretation of these Articles, the following expressions shall have the following meanings, unless repugnant to the subject or context

“**Act**” means the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force and the Companies Act 1956, so far as may be applicable.

“**Articles**” means these articles of association of the Company or as altered from time to time.

“**Board of Directors**” or “**Board**” means collective body of Directors of the Company.

“**Company**” means “**VADILAL INDUSTRIES LIMITED**”.

“**Depository**” means and includes a Company as defined in the Depositories Act 1996.

“**Rules**” means the applicable rule for the time being in force as prescribed in relevant sections of the Act.

“**Seal**” means Common Seal of the Company.

“**Secretarial Standards**” means standards provided by the Institute of Companies Secretaries of India.

**“Securities”** means the securities as defined in clause (h) of Section 2 of the Securities Contracts (Regulation) Act 1956.

- (c) Words importing the masculine gender also include, where the context requires or admits, the feminine and neuter gender.
- (d) Words importing the singular number also include, where the context requires or admits, the plural number and vice-versa.
- (e) Unless the context otherwise requires, words or expression contained in these Articles shall bear the same meaning as in the Act or the Rules, as the case may be.

### **SHARE CAPITAL AND VARIATION OF RIGHTS**

2. Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at par or at a premium or at consideration otherwise than in cash and at such time as they may from time to time think fit. The Company may issue equity with voting rights and/or with differential rights as to dividend, voting or otherwise in accordance with the Rules and preference shares.
3. (i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue provide,—
  - (a) one certificate for all his shares without payment of any charges; or
  - (b) several certificates, each for one or more of his shares, upon payment of such sum as may be prescribed for each certificate after the first.  
(ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.  
  
(iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
4. Every holder of or subscriber to Securities of the Company shall have the option to receive security certificates or to hold the Securities with a depository. Such a person who is the beneficial owner of the Securities can at any time opt out of a Depository, if permitted, by the law, in respect of any Securities in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates for the Securities.
5. (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of indemnity or such other documents as may be prescribed by the Board, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of fees for each certificate as may be fixed by the Board.  
  
(ii) The provisions of the foregoing article relating to issue of certificates shall mutatis mutandis apply to debentures or other securities of the company.
6. Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise

(even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

7. (i) The company may exercise the powers of paying commissions conferred under the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required under the Act and rules made thereunder.
  - (ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under the Act.
  - (iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
8. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
  - (ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply.
9. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.
10. Subject to the provisions of the Act, any preference shares may be issued on the terms that they are to be redeemed or converted into equity shares on such terms and in such manner as the company before the issue of the shares may, determine.
11. The Board or the Company as the case may be, may, by way of right issue or preferential offer or private placement or any other manner, subject to and in accordance with Act and the Rules, issue further securities to:
  - (a) persons who, at the date of the offer, are holders of equity shares of the Company. Such offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favor of other person or;
  - (b) employees under the employees' stock option or;
  - (c) any person whether or not those persons include the persons referred to in clause (a) or clause (b) above;

#### **LIEN**

12. (i) The company shall have a first and paramount lien—
  - (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
  - (b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company;

Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

(ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.

13. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:

Provided that no sale shall be made—

- unless a sum in respect of which the lien exists is presently payable; or
- until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

14.(i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

15.(i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.  
The provisions of these Articles relating to Lien shall mutatis mutandis apply to any other Securities including debentures of the Company.

**CALLS ON SHARES**

16.(i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times: Provided that no call shall exceed one fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

(ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.

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

17. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by installments.

18. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

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

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

20.(i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

21. The Board—

(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.

### **TRANSFER OF SHARES**

22.(i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.

(ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

23. The Board may, subject to the right of appeal conferred by the Act decline to register—

(a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or  
(b) any transfer of shares on which the company has a lien.

24. The Board may decline to recognise any instrument of transfer unless—

(a) the instrument of transfer is in the form as prescribed in rules made under the Act;  
(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and  
(c) the instrument of transfer is in respect of only one class of shares.

25. On giving not less than seven days' previous notice in accordance with the Act and rules made there under, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

26. The provision of these Articles relating to transfer of shares shall mutatis mutandis apply to any other securities including debentures of the Company.

### **TRANSMISSION OF SHARES**

27.(i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

28.(i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

29.(i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

30. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

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

31. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice referred thereto in any book of the company and the company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been

entered or referred to in some book of the company, but the company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Directors shall so think fit.

### **FORFEITURE OF SHARES**

32. If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.
33. The notice aforesaid shall—
  - (a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
  - (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.
34. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
- 35.(i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
  - (ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
- 36.(i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.
  - (ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.
- 37.(i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;
  - (ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;
  - (iii) The transferee shall thereupon be registered as the holder of the share; and
  - (iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
38. The provisions of these regulations as to forfeiture shall apply in the case of non payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account

of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

### **ALTERATION OF CAPITAL**

39. Subject to provisions of the Act the company may, from time to time, increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.
40. Subject to the provisions of the Act, the company may, from time to time,—
  - (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (b) convert all or any of its fully paid-up shares into stock, and reconver that stock into fully paid-up shares of any denomination;
  - (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
  - (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
41. Where shares are converted into stock,—
  - (a) 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 shall not exceed the nominal amount of the shares from which the stock arose.
  - (b) 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 the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
  - (c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stockholder” respectively.
42. The company may, subject to provisions of the Act, reduce in any manner and with, and subject to, any incident authorised and consent required by law,—
  - (a) its share capital;
  - (b) any capital redemption reserve account; or
  - (c) any share premium account.
  - (d) any other reserve in the nature of share capital

### **CAPITALISATION OF PROFITS**

- 43.(i) The company in general meeting may, upon the recommendation of the Board, resolve—
  - (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company’s reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—

(a) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(b) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;

(c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b);

(d) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;

(e) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.

44.(i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—

(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and

(b) generally do all acts and things required to give effect thereto.

(ii) The Board shall have power—

(a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and

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

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

### **BUY-BACK OF SHARES**

45. Notwithstanding anything contained in these articles but subject to the provisions of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

### **GENERAL MEETINGS**

46. All General Meetings other than Annual General Meeting shall be called Extra ordinary General Meeting.

47. The Board may, whenever it thinks fit, call an Extra ordinary General Meeting.

### **PROCEEDINGS AT GENERAL MEETINGS**

48. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in the Act.

49. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.

50. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.

51. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

52. On any business at any general meeting in the case of an equality of votes, whether on a show of hands, electronically or on a poll, the Chairman of the meeting shall have second or casting vote.

### **ADJOURNMENT OF MEETING**

53. (i) The Chairperson may, suo moto and, in the absence of quorum shall adjourn the meeting from time to time and from place to place.

(ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(iv) Save as aforesaid, and as provided in the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

### **VOTING RIGHTS**

54. Subject to any rights or restrictions for the time being attached to any class or classes of shares,—

(a) on a show of hands, every member present in person shall have one vote; and

(b) on a poll or through voting by electronic means, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.

55. A member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once.

56. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- (ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
57. 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 a poll or through voting by electronic means, by his nominee or other legal guardian, and any such nominee or guardian may, on a poll, vote by proxy.
58. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
59. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.
60. (i) 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.
- (ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

### **PROXY**

61. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for taking of the poll; and in default the instrument of proxy shall not be treated as valid.
62. An instrument appointing a proxy shall be in the form as prescribed in the rules made under the Act.
63. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

### **BOARD OF DIRECTORS**

64. Until otherwise determined by a General Meeting of the Company and subject to the provisions of the Act, the number of Directors shall not be less than three nor more than fifteen.
65. Subject to provisions of the Act, the Board shall have the power to determine the directors whose period of office is or is not liable to determination by retirement of directors by rotation.

66. The same individual may, at the same time, be appointed as Chairman as well as Managing Director or Chief Executive Officer of the Company.
67. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.  
(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—
  - (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or
  - (b) In connection with the business of the company.
68. The company may exercise the powers conferred on it by the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of under the Act) make and vary such regulations as it may thinks fit respecting the keeping of any such register.
69. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.
70. Every director present at any meeting of the Board or of a committee thereof shall sign against his name in a book to be kept for that purpose.
71. (i) Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an Additional Director, provided the number of the Directors and Additional Directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.  
(ii) Such person shall hold office only up to the date of the next Annual General Meeting of the company but shall be eligible for appointment by the company as a Director at that meeting subject to the provisions of the Act.
72. (i) The Board may appoint an Alternate Director to act for a Director (herein after in this Article called “the Original Director”) during his absence for a period not less than three months from India. No person shall be appointed as an Alternate Director for an Independent Director unless he is qualified to be appointed as an Independent Director under the provisions of the Act.  
(ii) An Alternate Director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when Original Director returns to India.  
(iii) If the term of office of the Original Director is determined before he return to India the automatic reappointment of retiring directors in default of another appointment shall apply to the Original Director and not the Alternate Director.
73. (i) If the office of any director 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.

(ii) The Director so appointed shall hold office only upto the date till which the Director in whose place he is appointed would have held office if it had not been vacated.

### **NOMINEE DIRECTOR**

74. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys shall be owing by the Company to any financial institutions, corporations, banks or such other financing entities, or so long as any of the aforesaid banks, financial institutions or such other financing entities hold any shares/debentures in the Company as a result of subscription or so long as any guarantee given by any of the aforesaid financial institutions or such other financing entities in respect of any financial obligation or commitment of the Company remains outstanding, then in that event any of the said financial institutions or such other financing entities shall, subject to an agreement in that behalf between it and the Company, have a right but not an obligation, to appoint one or more persons as Director(s) on the Board of Director as their nominee on the Board of Company. The aforesaid financial institutions or such other financing entities may at any time and from time to time remove the Nominee Director appointed by it and may in the event of such removal and also in case of the Nominee Director ceasing to hold office for any reason whatsoever including resignation or death, appoint other or others to fill up the vacancy. Such appointment or removal shall be made in writing by the relevant corporation and shall be delivered to the Company and the Company shall have no power to remove the Nominee Director from office. Each such Nominee Director shall be entitled to attend all General Meetings, Board Meetings and meetings of the Committee of which he is a member and he and the financial institutions or such other financing entities appointing him shall also be entitled to receive notice of all such meetings.

### **MANAGEMENT UNDER GENERAL CONTROL OF DIRECTORS**

75. (i) The general control, management and supervision of the Company shall vest in the Board and the Board may exercise all such powers and do all such acts and things as the Company is by its Memorandum of Association or otherwise authorised except as are required to be exercised or done by the Company in General Meeting, but subject nevertheless to the provisions of the Act, and of these presents and to any regulations not being inconsistent with these presents from time to time made by the Company in General Meeting, provided that no such regulation shall invalidate any prior acts of the Directors which would have been valid if such regulation had not been made.

(ii) Subject to the provisions of the Act, the Director may borrow, raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they may think fit and in particular by the issue of bonds, perpetual or redeemable, debenture or debenture-stock or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

(iii) Subject to the provisions of the Act, the Company may enter into any contract, arrangement or agreement in which a Director or Directors of the Company are, in any manner, interested.

(iv) A Director, Managing Director, officer or employee of the Company may be or become a Director, of any company promoted by the Company or in which it may be interested as a vendor, member or otherwise, and no such Director shall be accountable for any benefits

received as Director or member of such company except to the extent and under the circumstances as may be provided in the Act.

- (v) If the Directors or any of them or any other person, shall become personally liable for the payment of sum primarily due from the Company, the Board may subject to the provisions of the Act execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.
- (vi) A Director may resign from his office upon giving notice in writing to the Company.

### **PROCEEDINGS OF THE BOARD**

- 76. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
- (ii) A Director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
- 77. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
  - (ii) In case of an equality of votes, the Chairperson of the Board shall have a second or casting vote.
- 78. The continuing Directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.
- 79. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.
  - (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.
- 80. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.
  - (ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
- 81. (i) A committee may elect a Chairperson of its meetings.
  - (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
- 82. (i) A committee may meet and adjourn as it thinks fit.

- (ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.
- 83. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a Director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Director or such person had been duly appointed and was qualified to be a Director.
- 84. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, whether manually or electronically, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

### **MANAGING DIRECTORS**

- 85. (i) Subject to the provisions of the Act and of these Articles the Board shall have power to appoint from time to time any of its members as Managing Director or Managing Directors and/or Whole Time Directors of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions , including liability to retire by rotation, as the Board thinks fit, and the Board may by resolution vest in such Managing Director or Managing Directors/Whole Time Director(s), such of the power hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such condition and subject to such restriction as it may determine, the remuneration of such Directors may be way of monthly remuneration and/ or fee for each meeting and/or participation in profits, or by any or all of those modes, or of any other mode not expressly prohibited by the Act.
- (ii) The Directors may whenever they appoint more than one Managing Director, designate one or more of them as “Joint Managing Director” or “Joint Managing Directors” or “Deputy Managing Directors” as the case may be.
- (iii) Subject to the provisions of the Act, the appointment and payment of remuneration to the above Director shall be subject to approval of the members in the General Meeting and of the Central Government, if required.

### **CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER**

- 86. Subject to the provisions of the Act,—
  - (i) A Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
  - (ii) A Director may be appointed as Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer.

A provision of the Act or these regulations requiring or authorizing a thing to be done by or to a Director and Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, Chief Executive officer, Manager, Company secretary or Chief Financial Officer.

### **THE SEAL**

87. (i) The Board shall provide for the safe custody of the seal.

(ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least one Director or of the Manager or secretary or such other person as the Board or Committee may appoint for the purpose; and the Director or Manager or Secretary other person aforesaid shall sign every instrument to which the seal of the company is so affixed in his /her presence.

### **DIVIDENDS AND RESERVE**

88. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board, but the Company in a general meeting may declare a lesser dividend.

89. Subject to the provisions of the Act, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares as appear to it to be justified by the profits of the company.

90. (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.

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

91. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share.

(iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

92. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.

93. (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronic mode or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

(iii) Payment in any way whatsoever shall be made at the risk of the person entitled to the money paid or to be paid. The Company will not be responsible for any payment which is lost or delayed. The Company will be deemed to having made a payment and received a good discharge for it if a payment using any of the foregoing permissible means is made.

94. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

95. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

96. The waiver in whole or in part of any dividend on any share by any document shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Board.

97. No dividend shall bear interest against the company.

### **ACCOUNTS**

98. (i) The books of accounts and books and papers of the Company, or any of them, shall be open to the inspection of Directors in accordance with the applicable provisions of the Act and the Rules.

(ii) 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 law or authorised by the Board or by the company in general meeting.

### **WINDING UP**

99. Subject to the applicable provisions of the Act and rules made thereunder—

(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

- (ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

#### **INDEMNITY**

- 100. Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

#### **GENERAL POWER**

- 101. Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is authorised by its Articles, then in that case this Article authorises and empowers the Company to have such rights, privileges or authorities and to carry such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided.

## **PART B**

This Part B of the Articles shall come into effect subject to and with effect from the date on which:

- (a) the Hon'ble National Company Law Appellate Tribunal, Delhi bench ("NCLAT") issues appropriate orders *inter alia* for:
  - (i) disposal of Company Appeal No. 221 of 2024, Company Appeal No. 223 of 2024, Company Appeal No. 338 of 2024, Company Appeal No. 339 of 2024, Company Appeal No. 340 of 2024 Company Appeal No. 341 of 2024, Company Appeal No. 376 of 2024, Company Appeal No. 377 of 2024, and Company Appeal No. 18 of 2025 ("NCLAT Appeals") on the basis of settlement and filing of consent terms;
  - (ii) setting aside and/or vacating:
    - (x) the judgments dated July 10, 2024 of the National Company Law Tribunal, Ahmedabad bench ("NCLT"), in the Company Petition No. 41 of 2017 and Company Petition No. 43 of 2017;
    - (y) order dated September 23, 2024 and August 06, 2024 of the NCLAT in the Interlocutory Application Nos. 6728, 6764 and 6768 of 2024; and
- (b) the NCLAT and/or the NCLT, as the case may be, issue appropriate orders for withdrawal, disposal, setting aside and/or vacating of orders, as applicable, of all the NCLAT Appeals and related interlocutory applications filed therein.

(hereinafter referred to as the "Effective Date").

## **DEFINITIONS AND INTERPRETATION**

### **102. Definitions**

In Part B of these Articles: (i) capitalised terms defined by inclusion in quotations or parenthesis shall have the meanings so ascribed; and (ii) the following terms shall have the following meanings assigned to them herein below:

**"Act"** means the Companies Act, 2013, along with the relevant rules made thereunder, as amended, supplemented, modified or replaced from time to time and shall include any statutory replacement or re-enactment thereof, and includes any circulars, notifications and clarifications issued by the Governmental Authority thereunder.

**"Acceptance Period"** has the meaning ascribed to it in Article 134 (*Issuance on a 'rights basis'*).

**"Affiliate"** means (i) when used in relation to any Person, any other Person which shall be at that time directly or indirectly in Control of, Controlled by, or under common Control with such Person; and (ii) in case of any Person that is a natural person, shall include any other Person: (a) who is a 'Relative' of such Person; or (b) who, directly or indirectly through one or more intermediaries, is Controlled by or is under common Control of such natural Person. For the purposes of limb (ii) of this definition, members of one Branch will not be considered as Affiliates of members of any other Branch.

**"Alternate Director"** has the meaning ascribed to it in Article 112 (*Directors' Access*).

**"Annual Financial Statements"** means, with respect to any Financial Year, the consolidated financial statements of the Company as of the end of and for such Financial Year (including the balance sheet, the profit and loss account and the cash flow statement), together with any notes, reports, statements,

schedules or documents included in or annexed to them prepared in accordance with the applicable accounting standards as per Applicable Law and audited by the Company's statutory auditor.

**“Applicable Law”** means: (a) any applicable statute, law, enactment, act of legislature or parliament, regulation, ordinance, rule, code, bye-law, judgment, rule of law, order, decree, injunction, clearance, approval, directive, ruling, guideline, policy, requirement, or other governmental restriction or any other provision, decision or requirement having the force and effect of law issued by any Governmental Authority; or (b) any similar form of decision, or determination by, or any interpretation or administration of any of the foregoing by any Governmental Authority.

**“AVM”** has the meaning ascribed to it in Article 128 (*Affirmative Voting Matters*).

**“AVM Notice”** has the meaning ascribed to it in Article 129 (*Affirmative Voting Matters*).

**“AVM Notice Period”** has the meaning ascribed to it in Article 129 (*Affirmative Voting Matters*).

**“Big 6 Accounting Firm”** means PriceWaterhouseCoopers, Ernst & Young, Deloitte Touche Tohmatsu, KPMG, Grant Thornton, BDO Global or such Indian firm of chartered accountants associated with any of them, and their respective successors.

**“Board”** means the board of Directors of the Company, as constituted from time to time in accordance with the terms of these Articles.

**“Board Meeting”** means a meeting of the Board.

**“Borrowings”** has the meaning ascribed to it in Article 133 (*Debt*).

**“Branch”** means individually each of the VRG Family, RRG Family and DLG Family, and collectively referred to as **“Branches”**.

**“Branch Acceptance Notice Period”** has the meaning ascribed to it in Article 145(i)(e) (*Transfer Restrictions on Gandhi Family Members*).

**“Branch ROFO”** has the meaning ascribed to it in Article 145(i)(a) (*Transfer Restrictions on Gandhi Family Members*).

**“Branch ROFO Acceptance Notice”** has the meaning ascribed to it in Article 145(i)(b) (*Transfer Restrictions on Gandhi Family Members*).

**“Branch ROFO Price”** has the meaning ascribed to it in Article 145(i)(c) (*Transfer Restrictions on Gandhi Family Members*).

**“Branch ROFO Terms”** has the meaning ascribed to it in Article 145(i)(c) (*Transfer Restrictions on Gandhi Family Members*).

**“Business Plan and Budget”** means the annual business plan and budget of the Company and its Subsidiaries, for each Financial Year, which shall include matters such as budget, current and future strategy, projected profitability, and capital expenditure, which may be in the form of one plan or multiple plans covering the above matters.

**“Business Day”** means a day on which banks in Ahmedabad are open for businesses.

**“CEO”** means chief executive officer.

**“CFO”** means chief financial officer.

**“Competitor”** means Persons engaged in any Core Business Activities or a business similar to any Core Business Activities in whatever form and by whatever name called, and their respective Affiliates, and includes such Person(s) identified as a ‘Competitor’ by the FBB.

**“Control”** including with its grammatical variations such as **“Controlled by”**, **“that Controls”** and **“under common Control with”**, when used with respect to any entity, means the possession, directly or indirectly, of the right or power to direct or cause the direction of the management or policy decisions of the entity, in each case, by a Person or Persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding, partnership interest or management rights or shareholders’ agreements or voting agreements or in any other manner.

**“Core Business Activity”** means the business being carried out by the Company and/or its Subsidiaries as on the date on which the Board approves adoption of these Articles, i.e., the business of manufacturing, sourcing, processing, distribution and marketing of ice-cream, flavored milk, frozen dessert, juicies, milk ice, milk lollies, ice candies, ice lollies, kulfi, etc.

**“Director(s)”** means the director(s) of the Company.

**“DLG Family”** means Mr. Devanshu L. Gandhi and his immediate relatives, and each of their lineal descendants and immediate relatives, and respective Affiliates.

**“DLG Nominee Director”** has the meaning ascribed to it in Article 107 (*Board Composition on Effective Date*).

**“EBITDA”** means earnings before interest, taxes, depreciation, and amortization, determined in accordance with Indian Generally Accepted Accounting Principles (GAAP) and the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and means EBITDA of the Company and its Subsidiaries.

**“Encumbrance”** means security interest of any kind, including but not limited to (i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, option, deed of trust, title retention, right of first refusal, right of first offer, tag-along right, drag-along right, right of pre-emption, any other transfer restriction, claim, right, interest or preference granted to any third party, or any other encumbrance or security interest of any kind (or an agreement or commitment to create any of the same) or conferring any priority of payment in respect of any obligation of any Person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law, or a contract to give or refrain from giving any of the foregoing; (ii) any arrangement for exercising voting rights issued to any third party, power of attorney issued to any third party for transferring and/or exercising any rights, voting trust agreement, but shall not include proxies issued in terms of the Charter Documents of any company; (iii) any adverse claim as to title, possession or use; and (iv) any notice, order or decree in relation to compulsory acquisition of any right, title and/or interest; the terms **“Encumber”** and **“Encumbered”** shall be construed accordingly.

**“ESOP Scheme”** has the meaning ascribed to it in Article 139 (*Employee Stock Option Plan*).

**“FBB”** means a family business board constituted pursuant to an *inter-se* agreement among the Branches, for consensus building, discussion, decision-making and overseeing the operations of the Company, represented to the Board through the FBB Administrator.

**“FBB Administrator”** means a Person appointed by the FBB and notified in writing to the Board jointly by the Branches, in accordance with their *inter-se* agreement.

**“FBB Member”** means a member of the FBB.

**“Financial Year”** means the period commencing on 1st of April of a calendar year and ending on the 31st day of March of the next calendar year.

**“First Term”** has the meaning ascribed to it in **Schedule 1 (Rotation Schedule for Committees)**.

**“Fully Diluted Basis”** means with reference to any calculation, that the calculation should be made in relation to the equity share capital of the Person in question, assuming that all outstanding convertible preference shares or debentures, options, warrants, notes, and other Securities, whether partly or fully paid up, convertible into or exercisable or exchangeable for equity Securities of such Person (whether or not by their terms then currently convertible, exercisable or exchangeable), including stock options (whether granted, vested, exercised or not), have been so converted, exercised or exchanged to the maximum number of Securities possible under the terms thereof and that all partly paid shares have been fully paid-up and shall include any dilution, if any, due to any stock splits, consolidation, bonus issuances or similar corporate actions (if applicable).

**“Gandhi Family Consolidated Shareholding”** has the meaning ascribed to it in Article 135(ii)(a) (*Dilution Protection*).

**“Gandhi Family Member(s)”** means the individual members of each Branch.

**“Government”** or **“Governmental Authority”** means any national, federal, state, county, municipal, local, multinational or foreign or other statutory authority, government department, agency, commission, board, tribunal, court or other entity having or purporting to have jurisdiction or exercising executive, legislative, judicial, regulatory, taxing or administrative functions including any agency, division, bureau, department, board, commission or instrumentality of any country or any political subdivision thereof or any other jurisdiction, any court, tribunal or arbitrator and any securities exchange or body or authority regulating such securities exchange.

**“ID Appointment SOP”** means the broad guiding principles for identification of potential candidates for appointment as independent Directors, as set out in Independent Director Appointment Policy as adopted by the Board, which may be amended from time to time.

**“Identified Performance Parameters”** means the performance parameters for the Professional Management Personnel, as set out in Professional Management Appointment Policy adopted by the Board, which may be amended from time to time, as may be determined by the FBB and/or the Board.

**“Interim Period”** has the meaning ascribed to it in Article 127(i) (*Interim Period Governance of the Company*).

**“Interim Period Executives”** has the meaning ascribed to it in Article 127(i) (*Interim Period Governance of the Company*).

**“KMP”** means the key managerial personnel of a company as defined in the Act and other Applicable Laws.

**“Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with such other guidance, press release, notifications, circulars, orders, clarifications as may be applicable and issued by SEBI, and as amended from time to time.

**“Management Long Stop Date”** means a period ending on the date of expiry of 6 (six) months from the date on which the Board approves adoption of Part B of these Articles.

**“Material Subsidiary”** means a Subsidiary of the Company whose annual revenue exceeds INR

75,00,00,000 (Indian Rupees Seventy Five Crore) in the immediately preceding Financial Year.

**“Member ROFO Notice”** has the meaning ascribed to it in Article 145(i)(b) (*Transfer Restrictions on Gandhi Family Members*).

**“Member ROFO Notice Period”** has the meaning ascribed to it in Article 145(i)(b) (*Transfer Restrictions on Gandhi Family Members*).

**“Merger”** means the merger of Vadilal International Private Limited, Vadilal Finance Company Private Limited and Veronica Constructions Private Limited with and into the Company, under a composite scheme of amalgamation, in accordance with the provisions of Section 230 to Section 232 of the Act, and other Applicable Law.

**“MIS”** has the meaning ascribed to it in Article 136(iii) (*Information and Inspection Rights*).

**“Nominee Director”** has the meaning ascribed to it in Article 105 (*Constitution of the Board*).

**“Notice for Proposed Issuance”** has the meaning ascribed to it in Article 134 (*Issuance on a ‘rights basis’*).

**“Notice for Proposed Preferential Allotment”** has the meaning ascribed to it in Article 135 (*Dilution Protection*).

**“Offered Terms”** has the meaning ascribed to it in Article 134(i) (*Issuance on a ‘rights basis’*).

**“Original Director”** has the meaning ascribed to it in Article 112 (*Designation and Remuneration of Nominee Directors*).

**“Person(s)”** means any individual, entity, joint venture, company, corporation, partnership (whether limited or unlimited), proprietorship or other enterprise (whether incorporated or not), Hindu undivided family, union, association of persons, Governmental Authority.

**“Professional Management”** has the meaning ascribed to it in Article 118(i) (*Professional Management*).

**“Professional Management Appointment Policy”** means the policy adopted by the Board, setting out the principles for identification of potential candidates for appointment as a Professional Management Personnel.

**“Professional Management Eligibility Criteria”** means the broad guiding principles for identification of potential candidates for appointment as Professional Management Personnel, as set out in Professional Management Appointment Policy as adopted by the Board, which may be amended from time to time, as may be determined by the FBB and/or the Board.

**“Professional Management Personnel”** has the meaning ascribed to it in Article 118(i) (*Professional Management*).

**“Proposed Issuance”** has the meaning ascribed to it in Article 133 (*Debt*).

**“Proposed Preferential Allotment”** has the meaning ascribed to it in Article 134(iii) (*Issuance on a ‘rights basis’*).

**“Proposed Preferential Allotment Terms”** has the meaning ascribed to it in Article 135(i) (*Dilution Protection*).

“**Reclassification**” has the meaning ascribed to it in Article 146 (*Fall Away of Rights*).

“**Recruitment Agency**” means Spencer Stuart, Options Group and Hunt Partners, and/or any of their respective Affiliates, or such other recruitment firm as may be identified by the FBB.

“**Related Employees**” means Mr. Kalpit R. Gandhi, as head of the finance department of the Company (*but as the CFO of the Company until the Effective Date*) and Mrs. Deval D. Gandhi, as head of product development of the Company.

“**Remuneration Fall-Away Events**” has the meaning ascribed to it in Article 106 (*Designation and Remuneration of Nominee Directors*).

“**RRG Family**” means Mr. Rajesh R. Gandhi, his spouse, children, their respective immediate relatives and each of their lineal descendants and immediate relatives, and respective Affiliates. It is hereby clarified that Mr. Virendra R. Gandhi, his Affiliates and/or any of the sisters of Mr. Rajesh R. Gandhi shall not fall within the ambit of this definition.

“**RRG Nominee Director**” has the meaning ascribed to it in Article 107 (*Board Composition on Effective Date*).

“**Sale Securities**” has the meaning ascribed to it in Article 145(i)(a) (*Transfer Restrictions on Gandhi Family Members*).

“**SEBI**” means the Securities and Exchange Board of India.

“**Second Term**” has the meaning ascribed to it in **Schedule 1** (*Rotation Schedule for Committees*).

“**Securities**” means the equity capital, equity shares, or any right, options, warrants, compulsorily convertible debentures or other securities, (including derivative securities or depository receipts and convertible bonds or convertible notes) that are directly or indirectly convertible into, or exercisable or exchangeable for, equity capital or equity shares of the Company.

“**Selling Member**” has the meaning ascribed to it in Article 145(i)(a) (*Transfer Restrictions on Gandhi Family Members*).

“**Share Capital**” means the entire authorised or issued and paid-up equity share capital of the Company on a Fully Diluted Basis, as the case may be.

“**Subsidiary**” has the meaning ascribed to it in the Act.

“**Takeover Regulations**” means the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, read with such other guidance, press release, notifications, circulars, orders, clarifications as may be applicable and issued by SEBI, and as amended from time to time.

“**Third Party**” means any Person who is not a Gandhi Family Member.

“**Third Term**” has the meaning ascribed to it in **Schedule 1** (*Rotation Schedule for Committees*).

“**Total Debt**” shall include liabilities arising from borrowings, debentures, bonds, and other instruments evidencing indebtedness as per the Act.

“**Transferee**” has the meaning ascribed to it in Article 145(i)(a) (*Transfer Restrictions on Gandhi Family Members*).

“**Transfer**” (including with correlative meaning, the terms Transferred by and Transferability) means

to transfer, sell, assign, lease, alienate, merge, amalgamate place in trust (voting or otherwise), exchange, gift, subject to any Encumbrance or dispose of, transfer by operation of Applicable Law or in any other way, whether or not voluntarily and whether directly or indirectly (pursuant to the transfer of an economic or other interest, the creation of a derivative security or otherwise), but shall not include transfers by way of testamentary or intestate successions.

**“Transition Period”** has the meaning ascribed to it in Article 127(ii) (*Interim Period Governance of the Company*).

**“VRG Family”** means Mr. Virendra R. Gandhi, his spouse, children, their respective immediate relatives and each of their lineal descendants and immediate relatives, and respective Affiliates. It is hereby clarified that Mr. Rajesh R. Gandhi, his Affiliates and/or any of the sisters of Mr. Virendra R. Gandhi shall not fall within the ambit of this definition.

**“VRG Nominee Director”** has the meaning ascribed to it in Article 107(i) (*Board Composition on Effective Date*).

103. Interpretations

In these Articles, unless a contrary intention appears:

- (i) any reference, express or implied, to any legislation in any jurisdiction includes:
  - (a) that legislation as amended, extended or applied by or under any other legislation made before or after Effective Date;
  - (b) any legislation which that legislation re-enacts with or without modification; and
  - (c) any subordinate legislation made before or after Effective Date under that legislation, including (where applicable) that legislation as amended, extended or applied as described in this Article (a) above, or under any legislation which it re-enacts as described in Article (b) above;
- (ii) references to Applicable Laws of India shall include the laws of any state forming part of the Union of India;
- (iii) the terms “hereof”, “herein”, “hereby”, “hereto” and derivative or similar words refer to these Articles or specified clauses or schedules of these Articles, and not to any particular clause or other subdivision as the case may be;
- (iv) singular words include the plural and vice versa and words denoting natural persons shall include partnerships, firms, companies, corporations, joint ventures, trusts, associations, organizations or other entities (whether or not having a separate legal entity);
- (v) a word of any gender includes the corresponding words of any other gender;
- (vi) a reference to an “Article”, “Paragraph”, “Schedule” is a reference to an article, paragraph or schedule to these Articles;
- (vii) the Schedules form an integral part of these Articles;
- (viii) terms beginning with capital letters and defined in these Articles shall have the meaning ascribed thereto herein and the terms defined in the Schedules and used therein shall have the meaning ascribed thereto in the Schedules;

- (ix) headings, subheadings and titles, subtitles to articles are for information only and shall not form part of the operative provisions of these Articles or the schedules hereto and shall be ignored in construing or interpreting the same;
- (x) reference to days, months and years are to calendar days, calendar months and calendar years, respectively, unless otherwise specified;
- (xi) any reference to “writing” includes e-mail communications;
- (xii) any rights or restrictions applicable to any Branch shall be applicable to such Branch, acting directly or through any body corporate owned, controlled, and/or managed by such Branch;
- (xiii) each Branch shall be treated as a block in respect of the exercise of any and all rights of such Branch, and any exercise of any right by any one member of the Branch shall be deemed to be an exercise of such right by such Branch;
- (xiv) references to INR or Indian Rupee(s) or Rs. are to the lawful currency from time to time of India;
- (xv) unless otherwise specified, when any number of days is prescribed in these Articles, the same shall be reckoned exclusively of the first and inclusively of the last day, and whenever any action is to be taken under these Articles is required to be made or taken on a Business Day, which is falling on a day other than a Business Day, such action shall be taken on the next Business Day; and
- (xvi) any approval, consent, notification, intimation and/or communication to be made by a Person under these Articles shall be deemed to mean: (i) an approval, consent, notification, intimation and/or communication in writing; and (ii) that such approval, consent, notification, intimation and/or communication be made at the sole discretion (if applicable) of the relevant Person and on such terms and conditions as necessary.

## **SECTION I**

### **BOARD OF DIRECTORS**

#### **104. Authority of the Board**

- (i) Subject to Applicable Law, the Board shall be responsible for the management, supervision, direction, control, operations and business of the Company.
- (ii) Subject to Applicable Law and relevant provisions of these Articles, the Board shall be entitled to delegate their powers to such Persons, committees and sub-committees, and may, from time to time, revoke such delegation. Any committee so formed, shall in the exercise of the power so delegated, conform to any regulation that may, from time to time, be imposed upon it by the Board, and the proceedings of such committee or sub-committee shall be placed before the Board at its next Board Meeting.

#### **105. Constitution of the Board**

- (i) Subject to Applicable Law, the Board shall be comprised of at least 7 (seven) Directors as follows:
  - a. each Branch shall nominate 1 (one) Director on the Board (“**Nominee Director**”). The Nominee Directors shall not, at any point, be appointed as the chairperson (or any other special designation, whether legally recognized or not, such as vice chairman, deputy chairman or chairman emeritus) of the Board; and

b. 4 (four) non-executive Directors (not being Nominee Directors), including at least 3 (three) independent Directors appointed in a manner specified in Section III (*Independent Directors*).

It is clarified that, other than as contemplated in Article 107 (*Board Composition on Effective Date*), the majority of the Board shall, at all times, be constituted by the independent directors.

(ii) Boards of Material Subsidiaries of the Company

a. Subject to Applicable Law and Section XIII (*Fall Away of Rights*), each Branch shall be entitled to equal representation on the Boards of each Material Subsidiary, unless otherwise determined by the FBB. The Boards of the Subsidiaries shall be reconstituted to achieve the objective of equal representation for all Branches, and the Parties shall take all necessary action (in their capacity as shareholder, or any other manner, as the case may be) as promptly as possible to implement, and give effect to, such appointment of the newly nominated Director with immediate effect from the Effective Date.

b. Subject to the provisions of Article 105(ii)(a) above, with effect from the earlier of the appointment of the CEO of the Company or the Management Long Stop Date, the constitution of the Boards of each of the Material Subsidiaries shall be as determined by the management of the Company.

106. Designation and Remuneration of Nominee Directors

(i) The Nominee Directors shall be appointed as executive Directors on the Board until the earlier of: (a) appointment of the CEO of the Company in accordance with Articles 118 (*Professional Management*); or (b) the Management Long Stop Date. Subject to Applicable Law, the Nominee Directors shall be re-designated as non-executive non-independent Directors of the Company with effect from the earlier of: (a) appointment of CEO of the Company in accordance with Articles 118 (*Professional Management*); or (b) the Management Long Stop Date.

(ii) Subject to Applicable Law and with effect from the Effective Date, each Nominee Director of the Company shall be entitled to receive remuneration and/or consultancy fee, by whatever name called, of INR 1,50,00,000 (Indian Rupee One Crore Fifty Lakhs) per annum payable quarterly until the earlier of: (a) expiry of 5 (five) years from the Effective Date; and (b) or such other earlier date as may be determined by the FBB (“**Remuneration Fall-Away Events**”). The remuneration and/or consultancy fee, by whatever name called, payable by the Company to the Nominee Directors in accordance with this Article, shall be subject to approval of the Board and shareholders of the Company, as applicable, on an annual basis and in accordance with Applicable Laws. Upon occurrence of the Remuneration Fall-Away Events, the Gandhi Family Members and/or the Nominee Directors shall cease to draw any remuneration and/or consultancy fee, by whatever name called, from the Company as a Director. Subject to Applicable Laws, each Nominee Director may at his/her sole discretion, determine the mode of payment of the Director remuneration and/or consultancy fee, by whatever name called, set out in this Article 106, and the Company shall, subject to Applicable Law, do all things necessary to give effect such instructions from a Nominee Director.

107. Board Composition on Effective Date

On and from the Effective Date, subject to Applicable Law, including receipt of approval of shareholders of the Company, the Board shall comprise of the following Directors:

(i) Mr. Janmajay V. Gandhi as the Nominee Director appointed by the VRG Family (“**VRG Nominee Director**”);

- (ii) Mr. Rajesh R. Gandhi as the Nominee Director appointed by the RRG Family (“**RRG Nominee Director**”);
- (iii) Mr. Devanshu L. Gandhi as the Nominee Director appointed by the DLG Family (“**DLG Nominee Director**”);
- (iv) Mr. Gaurav Marathe as a non-executive non-independent director;
- (v) Mr. Shivakumar Dega as an independent director;
- (vi) Mr. Nagarajan Sivaramakrishnan as an independent director; and
- (vii) Ms. Shalini Raghavan as an independent director.

It is hereby clarified that notwithstanding anything to the contrary, on and from the Effective Date, the Board shall comprise of 3 (three) Nominee Directors, Mr. Gaurav Marathe as a non-executive non-independent director and 3 (three) independent directors. At any time after the Effective Date, upon casual vacancy in the office of non-executive non-independent Director, whether by way of death, removal, resignation or otherwise, such vacancy may be filled by appointment of an independent director in the manner as specified in Section III (*Independent Directors*) or a non-executive non-independent director, as may be determined by consent of the FBB.

- 108. Subject to Applicable Law, each of the Branches may, at any time and from time to time, choose to remove and/or replace a Nominee Director nominated by such Branch.
- 109. Each Branch entitled to nominate a Nominee Director in accordance with Article 105 (*Constitution of the Board*) shall have the right to fill any casual vacancy caused in the office of such Nominee Director(s) by reason of his/her resignation, death, removal or otherwise. Each Nominee Director shall fulfil the eligibility criteria prescribed under Applicable Law at all times.
- 110. Subject to Applicable Law, the Nominee Directors shall not be required to retire by rotation or hold any qualification shares.

111. **Directors' Access:**

Subject to Applicable Law, each Nominee Director shall be irrevocably authorized by the Company to disclose to the FBB any information or records belonging to, or concerning, the Company or its business and assets.

- 112. Each Branch may appoint an alternate director (“**Alternate Director**”) to act for such Branch’s Nominee Director (“**Original Director**”) during such Original Director’s absence for a period of not less than 3 (three) months from India, in accordance with the requirements of the Act. An Alternate Director shall not hold office as such for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India. If the term of office of the Original Director is determined before he returns to India, the automatic re-appointment of retiring directors in default of another appointment shall apply to the Original Director and not the Alternate Director.

113. **Directors' Liability and D&O Insurance**

- (i) Subject to Article 106 (*Designation and Remuneration of Nominee Directors*), the Company: (a) acknowledges and confirms that, on and from the date of re-designation of Nominee Directors to non-executive non-independent Directors as contemplated in Article 106 (*Designation and Remuneration of Nominee Directors*), the Nominee Directors shall not: (x) have any day-to-day

managerial powers or responsibilities of the Company; (y) be whole-time, managing or executive Directors of the Company; and (z) subject to Applicable Law, be held responsible for any default or failure of the Company in complying with the provisions of any Applicable Laws; and (b) shall, at all times, maintain, and assert the position set out in Article 104 (*Constitution of the Board*) regarding the limited liability and responsibility of the Nominee Directors in any proceedings in which any liability is sought to be attached to the Nominee Directors.

(ii) The Company shall, unless otherwise determined by consent of the FBB: (a) obtain and maintain, at all times, a directors' and officers' liability insurance policy for all the Directors, on market terms, issued by a reputable insurance company in respect of all claims or liabilities resulting from the actions or omissions of all the Directors on the Board, in aggregate, for a cover of at least INR 50,00,00,000 (Indian Rupees Fifty Crores); and (b) subject to Applicable Law, indemnify, defend and hold harmless, promptly upon demand at any time and from time to time, each Director, or such Director's Alternate Director (as applicable), who was or is made a party, to any action, suit or proceeding, whether civil, criminal, administrative or investigative (including any action brought by or in the name of the Company), by reason of the fact that such Director or his/her Alternate Director is or was a Director, or otherwise relating to any action taken or omitted to be taken in such Person's capacity as a Director, from and against all losses, liabilities, costs (including counsel fees and other legal costs), expenses, damages, penalties, actions, proceedings, claims and demands actually and reasonably incurred by him/her in connection with such suit, action or proceeding or the defence, litigation or settlement thereof.

#### **114. Voting**

Each Director shall be entitled to exercise 1 (one) vote at a Board Meeting. Subject to Section V (*Affirmative Voting Matters*) and any requirements under Applicable Law, the adoption of any resolution of the Board shall require affirmative vote of a majority of the Directors present at a duly constituted Board Meeting.

#### **115. Chairperson and No Casting Vote**

The chairman of the Board shall, at all times, be appointed from amongst the independent directors. The chairman of the Board and/or any committee thereof shall not have a casting vote.

#### **116. Reimbursement of Costs and Expenses**

All reasonable expenses and costs incurred by Directors (including Nominee Directors) to attend any Board Meeting or any meeting of a committee or sub-committee of the thereof, shall be borne by the Company in accordance with the prevailing policies of the Company. The Company shall, as soon as reasonably practicable, in accordance with Applicable Law and with the approval of the Board, adopt a policy for reimbursement of costs and expenses of the Directors.

#### **117. Committees and Sub-Committees of the Board**

(i) The Board shall constitute such committees of the Board as may be required under Applicable Law and as may be required for the conduct of business of the Company, and the Board shall have the right to provide such terms of reference and such powers to the committees as it may deem fit and proper for the administration and conduct of the business of the Company.

(ii) Subject to Applicable Law, each committee constituted by the Board shall have 1 (one) Nominee Director from among the Nominee Directors on the Board, identified in accordance with this Article 117 (*Committees and Sub-Committees of the Board*).

(iii) Subject to Applicable Law, the Board shall constitute or reconstitute the following committees, as the case may be: (a) nomination and remuneration committee; (b) quality control, projects and

oversight committee; (c) audit committee; (d) stakeholders relationship committee; (e) risk management committee; (f) corporate social responsibility committee; and (g) branding, product expansion and supply chain, in compliance with the provisions of this Article 117 (*Committees and Sub-Committees of the Board*).

- (iv) Subject to Applicable Law, each Branch shall have the right to appoint its Nominee Director as a representative on the committees constituted by the Board on a rotational basis. Such rotational appointments shall be structured to ensure that 1 (one) representative of the Branches is present on each committee at all times in accordance with Article 117 (*Committees and Sub-Committees of the Board*), thereby ensuring equitable representation of the Branches on each committee of the Board.
- (v) The right of each Branch to appoint its Nominee Director to a committee of the Board shall follow the structured rotational schedule as set out in **Schedule 1** (*Rotation Schedule for Committees of the Board*).
- (vi) It is clarified that the principle of equitable rotational representation by the Nominee Directors shall be applicable to all committees of the Board that may be constituted from time to time. The Board shall, with the consent of FBB, establish the rotation schedule for such committee in line with the principle of equitable representation of each Branch on all committees.
- (vii) Subject to Applicable Law, the Company hereby irrevocably authorizes each Nominee Director appointed to any committee of the Board to disclose to FBB any information or records belonging to, or concerning the Company or its business and assets.
- (viii) The provisions of Articles 108, 109, 110 and 112 relating to removal and/or replacement of Nominee Directors and appointment of Alternate Director shall apply *mutatis mutandis* to committees of the Board. The principles of representation of the Gandhi Family Members on the committees of the Board as set out in Article 117 (*Committees and Sub-Committees of the Board*) shall apply *mutatis mutandis* to the committees of the board of directors of the Material Subsidiaries.

## **SECTION II**

### **PROFESSIONAL MANAGEMENT**

#### **118. Appointment of Professional Management**

- (i) No later than 7 (seven) Business Days from the date of approval of the shareholders of the Company for approving Part B of these Articles, the FBB shall shortlist and propose eligible candidates to be appointed as CEO, CFO or such other KMPs of the Company (“**Professional Management**” and individually known as “**Professional Management Personnel**”) in accordance with Professional Management Eligibility Criteria, and shall at the earliest date after the Effective Date, but no later than the Management Long Stop Date, provide the Board a list of such candidates along with the proposed terms of appointment and remuneration for such Professional Management Personnel. The Board, upon receiving such recommendation from the FBB, shall convene a Board Meeting to consider the appointment of Professional Management, along with the terms of appointment and remuneration, as may be recommended by the FBB.
- (ii) It is hereby clarified that for the initial period of 18 (eighteen) months from the date of appointment of any Professional Management Personnel by the Board, such Professional Management Personnel shall be appointed as an employee of the Company, and not as a Director. Upon expiry of the period of 18 (eighteen) months from the date of appointment, the Board shall, if so recommended by the FBB, consider the appointment of a Professional Management Personnel as a Director, in accordance with Applicable Laws. Notwithstanding anything to the

contrary, the Board may consider appointment of a Professional Management Personnel prior to the expiry of 18 (eighteen) month period set out in this Article 118 (*Appointment of Professional Management*), *provided that* such appointment has been recommended by the FBB.

(iii) *Professional Management not being appointed by the Management Long Stop Date:*

In the event the office of CEO and/or CFO has not been filled by the Management Long Stop Date, either due to failure of FBB to recommend eligible candidates for the office of CEO and/or CFO, failure to obtain approval of the Board for such candidates recommended by the FBB or otherwise:

- (a) The Board shall immediately, but no later than 7 (seven) days from the Management Long Stop Date, convene a Board Meeting to undertake all necessary actions to re-designate each Nominee Director to non-executive non-independent Directors. The Nominee Directors shall submit such documents as are necessary to resign from their executive or other employment positions with Company.
- (b) With effect from the date of such re-designation, the Board shall determine the manner in which the business and operations of the Company shall be conducted.
- (c) The Board shall consider appointment of any candidate who meets the Professional Management Eligibility Criteria, as may be recommended by any FBB Member, and the decision of the Board in respect of appointment of such candidate as a Professional Management Personnel shall be binding on all Gandhi Family Members, and the Nominee Directors shall not have the right to challenge such decision of the Board in any manner.
- (d) Without prejudice to Article 118(iii)(c) (*Appointment of Professional Management*) above, with effect from the Management Long Stop Date, the Board shall have the power to identify and appoint Professional Management at its discretion, *provided that*, such candidates meet the Professional Management Eligibility Criteria, and the decision of the Board on appointment of such candidate as Professional Management Personnel shall be final and binding on all Gandhi Family Members, and the Nominee Directors shall not have the right to challenge such decision of the Board in any manner.

(iv) Each Professional Management Personnel, appointed in accordance with Articles 118, 120 and 123 (*Professional Management*) shall be required to execute employment agreements with the Company, on terms acceptable to the FBB, that sets out, *inter alia*, the customary terms of employment with suitable checks and balances in relation to their appointment, scope of duties and responsibilities, reporting lines, remuneration (base salary and bonus) and other terms and conditions applicable to their respective employment, and they shall devote their whole time to the day-to-day management and operations of the Company.

(v) Each Professional Management Personnel shall report to the Board, and the Board shall evaluate the performance of such Professional Management Personnel on an annual basis, or in a manner determined by the Board.

**119. Powers and Responsibility of the Professional Management**

- (i) The role and responsibility of the Professional Management shall be as per the terms of their respective employment agreement, including *inter alia* the following:
  - (a) overall management and operations of the Company, and profitability and spearheading the management policies of the Company;
  - (b) preparation of a Business Plan and Budget, in a manner set out in Articles 131 and 132

*(Business Plan and Budget);*

- (c) overseeing the performance, appointment, removal and retention of the management and senior employees of all Subsidiaries of the Company (including existing Subsidiaries and their employees). The employees of the Subsidiaries of the Company shall also report directly to the Professional Management;
- (d) periodic reporting to the FBB on the operations and performance of the business of the Company, including intimation regarding any AVMs that may be considered by the Professional Management at the upcoming Board Meetings, in a manner set out in Section IX (*Information and Inspection Rights*); and
- (e) reporting to the Board on a periodic basis as may be determined by the Board.

**120. Re-appointment of Professional Management**

- (i) Upon expiry of the term of a Professional Management Personnel, subject to receipt of such recommendation from the FBB, the Board shall consider re-appointment of such Professional Management Personnel at the next Board Meeting.
- (ii) In the event the FBB rejects the re-appointment of a Professional Management Personnel, the process in Article 123 (*Filling of vacancy in the office of Professional Management*) shall be followed to fill the vacancy created in the office of the Professional Management Personnel.
- (iii) It is hereby clarified that if the FBB informs the Board that the re-appointment of a Professional Management Personnel has been rejected by the FBB, the Board shall not re-appoint such Professional Management Personnel.

**121. Removal of Professional Management**

- (i) The FBB has the right to recommend removal of a Person from the position of Professional Management to the Board, *provided that*, such Person has completed a period of at least 18 (eighteen) months from the date of commencement of employment with the Company. Upon receipt of such recommendation from the FBB, the Board shall convene a Board Meeting to consider the recommendation for removal of such Professional Management Personnel.
- (ii) Basis review of monthly/quarterly reports furnished by the Professional Management and the Identified Performance Parameters (if any), if: (a) the performance of any Professional Management Personnel is below such Identified Performance Parameters (if any) over 2 (two) audit cycles, as determined by an independent expert engaged by the FBB, (b) such Professional Management Personnel fails to meet the eligibility criteria prescribed under Applicable Law, including the eligibility criteria for directors as prescribed under the Act, or (c) such Professional Management Personnel is in breach of the employment agreement, which breach has been determined as per the terms of respective employment agreement, then any FBB Member may recommend removal of such Professional Management Personnel to the Board. Upon receipt of such recommendation from an FBB Member, the Board shall convene a Board Meeting to consider the removal of such Professional Management Personnel, and the decision of the Board on removal of such Professional Management Personnel shall be final and binding. The Nominee Directors shall not have the right to challenge such decision of the Board in any manner, *provided that* if the FBB decides that such Professional Management Personnel shall be removed, the Gandhi Family Members shall be entitled to take such actions as are necessary to remove such Professional Management Personnel notwithstanding the decision of the Board.
- (iii) The decision of the Board on removal of such Professional Management Personnel shall be final and binding and the Nominee Directors shall not have the right to challenge such decision of the

Board in any manner.

**122. Resignation of Professional Management**

In the event any Person appointed as a Professional Management resigns from such position, the Board shall consider appointment of new Professional Management Personnels based on the recommendation of the FBB, to fill in the vacancy created in the position of such Professional Management Personnel in the manner set out in Article 123 (*Filling of vacancy in the office of Professional Management*).

**123. Filling of vacancy in the office of Professional Management**

- (i) In the event of a vacancy in the office of a Professional Management Personnel required to be appointed by the Company as per Applicable Law, pursuant to expiry of term, resignation, removal or otherwise, the FBB has the right, as soon as reasonably practicable, to recommend candidates for filling the casual vacancy, along with the proposed terms of appointment and remuneration, *provided that* such candidate meets the Professional Management Eligibility Criteria. Upon receipt of a recommendation from the FBB, the Board shall convene a Board Meeting to consider the appointment of such candidate as a Professional Management Personnel, along with the terms of appointment and remuneration as recommended by the FBB.
- (ii) If the FBB does not provide its recommendations to the Board within a period of 1 (one) month from the date of such vacancy, any FBB Member may recommend candidates for such Professional Management Personnel to the Board, subject to such candidate fulfilling the Professional Management Eligibility Criteria, for consideration and upon receipt of such recommendation from any FBB Member(s), the Board shall convene a Board Meeting to consider the appointment of such candidate as a Professional Management Personnel. The decision of the Board on appointment of such candidate as a Professional Management Personnel shall be final and binding on all Gandhi Family Members and the Nominee Directors shall not have the right to challenge such decision of the Board in any manner. It is hereby clarified that, if more than one FBB Member provide recommendations for candidates of such Professional Management Personnel, pursuant to this Article 123(ii), the Board shall consider all such recommendations equally and shall, at its discretion, identify the final candidate for appointment to the office of such Professional Management.
- (iii) Without prejudice to Article 123(ii) (*Filling of vacancy in the office of Professional Management*) above, upon expiry of a period of 1 (one) month from the date of such vacancy, if such positions remain vacant, the Board shall have the power to identify Professional Management Personnel, including by considering recommendations from all FBB Member(s), if any, and/or engaging a Recruitment Agency, and at its discretion appoint such Professional Management Personnel at its discretion, subject to such Person fulfilling the Professional Management Eligibility Criteria, and the decision of the Board on appointment of such candidate as a Professional Management Personnel shall be final and binding on all Gandhi Family Members and the Nominee Directors shall not have the right to challenge such decision of the Board in any manner.
- (iv) The provisions of Articles 118(iii) and 118(iv) shall apply *mutatis mutandis* to appointment of a Professional Management Personnel in accordance with this Article 123 (*Filling of vacancy in the office of Professional Management*).

## **SECTION III**

### **INDEPENDENT DIRECTORS**

#### **124. Appointment of Independent Directors**

- (i) On and from the Effective Date, subject to Applicable Law, including receipt of approval of shareholders of the Company, the following individuals shall be appointed as independent Directors on the Board of the Company:
  - (a) Mr. Shivakumar Dega;
  - (b) Mr. Nagarajan Sivaramakrishnan; and
  - (c) Ms. Shalini Raghavan.
- (ii) The independent directors of the Company shall review and evaluate the performance of the Professional Management.

#### **125. Eligibility criteria**

Subject to Applicable Law, the eligibility criteria for identification of candidates for appointment as independent Directors, including the qualifications and disqualifications, shall be in accordance with and as set out under the ID Appointment SOP.

#### **126. Manner of Appointment, Re-Appointment, Removal, Resignation and Filling Vacancy**

##### **(i) Appointment**

The candidates for independent Directors of the Company shall be identified and shortlisted in accordance with the ID Appointment SOP. An independent Director of the Company shall not be liable for retirement by rotation.

##### **(ii) Re-appointment**

- (a) Subject to Applicable Law and the ID Appointment SOP, upon expiry of the term of an independent Director, the Board shall, subject to receipt of a recommendation to that effect from the FBB, consider re-appointment of such independent Director at the next Board Meeting.
- (b) In the event such re-appointment is not recommended by the FBB to the Board, the process in Article 126(iv) (*Filling of Vacancy in the Office of Independent Directors*) below shall be followed to decide on the re-appointment.
- (c) Notwithstanding the foregoing, the Board shall not re-appoint an independent Director if the FBB has recommended that such independent director shall not be re-appointed.

##### **(iii) Removal of Independent Director**

Upon receipt of recommendation from the FBB to remove an independent Director, the Board shall consider such removal and follow the process prescribed under Applicable Laws for processing such removal.

(iv) Filling of Vacancy in the Office of Independent Directors

- (a) Subject to the ID Appointment SOP, in the event of a vacancy in the office of an independent Director of the Company, pursuant to expiry of term, resignation, removal or otherwise, or in case the term of an independent Director is due to expire in the following 3 (three) months, the Board shall, based on the recommendation of the FBB, consider appointment of such candidate and convene a Board Meeting for appointment of such independent Director recommended by the FBB, along with the terms of appointment and remuneration as recommended by the FBB.
- (b) If the FBB does not provide its recommendations to the Board within a period of 1 (one) month from the date of such vacancy, any FBB Member may recommend candidates for independent Directors to the Board in accordance with the eligibility criteria set out under the ID Appointment SOP, for consideration and the decision of the Board on appointment of such candidate as independent Director of the Company shall be final and binding on all Gandhi Family Members, and the Nominee Directors and all Gandhi Family Members who are shareholders of the Company at such time, shall not have the right to challenge such decision of the Board in any manner. It is hereby clarified that, if more than one FBB Member provide recommendations for candidates of independent Directors pursuant to this Article 126(iv)(b), the Board shall consider all such recommendations equally, and shall, at its discretion, identify the final candidate for appointment as an independent Director.
- (c) Without prejudice to Article 126(iv)(b) above, upon expiry of a period of 1 (one) month from the date of such vacancy, if such positions remain vacant, the Board shall have the power to identify such independent Director, including by considering recommendations from all FBB Member(s), if any, and/or engaging a Recruitment Agency, and at its discretion, appoint such independent Director in accordance with the eligibility criteria set out under the ID Appointment SOP, and the decision of the Board on identification of such candidate as an independent Director shall be final and binding on all Gandhi Family Members, and the Nominee Directors and all Gandhi Family Members who are shareholders of the Company at the time, shall not have the right to challenge such decision of the Board in any manner.

(v) Criteria of Independence

- (a) Subject to the terms of the ID Appointment SOP, the Board and/or the relevant committees thereof shall assess the independence of the independent Directors at the time of appointment, re-appointment and at the beginning of every Financial Year. The criteria of independence of independent Directors, shall be, as laid down in Act, Listing Regulations and other Applicable Laws, if any.
- (b) The Board and/or the relevant committees thereof shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director in accordance with the provisions of the Act and other Applicable Laws.

## **SECTION IV**

### **INTERIM PERIOD GOVERNANCE OF THE COMPANY**

127. Governance of the Company

- (i) During the period between the Effective Date and appointment of the CEO of the Company (“**Interim Period**”), Mr. Rajesh R. Gandhi, Mr. Devanshu L. Gandhi and Mr. Janmajay Gandhi (collectively, the “**Interim Period Executives**”) shall continue to conduct the business of the

Company in ordinary course, subject to Articles 128 and 129 (*Affirmative Voting Matters*). It is clarified that, solely during the Interim Period, Mr. Rajesh R. Gandhi and Mr. Devanshu L. Gandhi shall continue to be responsible for such functions in the Company which was under their supervision and management prior to the Effective Date, and Mr. Janmajay Gandhi shall be responsible for the corporate affairs of the Company. It is clarified that the roles and responsibilities set out above for the Interim Period Executives, are solely for the duration of the Interim Period, and shall not be deemed to be indicative of their respective roles and responsibilities in the Company at any time after the Interim Period. After the Interim Period, the Gandhi Family Members shall not be appointed in any executive or employment roles with the Company.

- (ii) Upon appointment of a relevant Professional Management Personnel, the Interim Period Executives and the Related Employees shall use reasonable efforts to assist such Professional Management Personnel for transition for such period as may be required by such Professional Management Personnel (“**Transition Period**”), *provided that*, the details of all communication between such Professional Management Personnel and the relevant Interim Period Executive/Related Employee shall be reported to the FBB on a regular basis. The Interim Period Executives and the Related Employees (as applicable) shall, in good faith, provide all necessary details and information requested by such Professional Management Personnel for transition, and in case of any documents being provided, shall keep the other Interim Period Executives copied on all correspondence. It is hereby clarified that the Interim Period Executives and the Related Employees (as applicable) shall not be entitled to any remuneration during the Transition Period, other than the remuneration payable to such Interim Period Executives in their capacity as Nominee Directors as per Articles 106(ii) (*Designation and Remuneration of the Nominee Directors*), if applicable.
- (iii) The Interim Period Executives shall provide regular report to the FBB on the operations and performance of the business of the Company, including intimation regarding any AVMs that may be considered at the upcoming Board Meetings.

## SECTION V

### AFFIRMATIVE VOTING MATTERS

- 128. Subject to Section XIII (*Fall Away of Rights*), in case the Board or the Professional Management propose to undertake any action, decision and/or resolution relating to, or in respect of, the matters set out in **Schedule 2 (Affirmative Voting Matters)** (each an “**AVM**”), such AVM shall not be effected or otherwise undertaken by the Board or the Professional Management without the consent of the FBB for matters set out under **Schedule 2 (Affirmative Voting Matters)** issued in writing (including by way of email) by the FBB to the Board. If any AVM is purportedly effected or undertaken by the Board or the Professional Management without such prior consent of the FBB, it shall be *void ab initio*.
- 129. Notice for AVM:

- (i) Where an AVM is proposed to be included in the agenda for a Board Meeting and/or shareholders’ meeting, the Interim Period Executives or the Professional Management, as the case may be, shall provide prior written notice of at least 30 (thirty) days to the FBB (“**AVM Notice Period**”) prior to issuing the notice for such Board Meeting and/or shareholders’ meeting, unless a shorter period notice has been agreed in writing by the FBB (“**AVM Notice**”). Such AVM Notice shall be accompanied by, *inter alia* all documents and information pertaining to the proposed AVM(s) and otherwise required to be properly reviewed and discussed.
- (ii) In case the Board or the Professional Management have not received a response to the AVM Notice on the expiry of the AVM Notice Period, the FBB shall be deemed to have rejected such AVM(s).

- (iii) Any change in the facts or agenda under which the aforementioned consent was provided by the FBB, shall be promptly communicated by the Board and/or the Professional Management to the FBB, and in such case, the consent granted by the FBB, shall be deemed to be withdrawn, and the AVM shall be required to be tabled again for approval before the FBB in the manner set out in Article 129(i) (*Affirmative Voting Matters*) above.
- (iv) Where the FBB has provided its prior written consent, the Nominee Directors and/or the Gandhi Family Members who are shareholders of the Company, shall vote in favour of such resolution(s) at the ensuing Board Meeting or the shareholders' meeting, as the case may be.
- (v) In the event an AVM is rejected or deemed to have been rejected by the FBB in accordance with Article 129 (*Affirmative Voting Matters*), then the Board, its committee or sub-committee and/or the Professional Management shall not include in the agenda, discuss or put to vote such rejected AVM at the ensuing Board Meeting and/or shareholders' meeting.

## **SECTION VI**

### **SHAREHOLDERS' MEETINGS**

#### **130. Voting:**

- (i) Any decision taken by the FBB in relation to an AVM shall be binding on all Gandhi Family Members, and the Gandhi Family Members who are shareholders of the Company, shall be obligated to vote in accordance with such decision at the shareholders' meeting where such matter has been tabled before the shareholders of the Company.
- (ii) With respect to all matters other than AVMs, the Gandhi Family Members who are shareholders of the Company, shall be obligated to vote in favour of all matters tabled before the shareholders of the Company for their approval.

## **SECTION VII**

### **BUSINESS PLAN AND BUDGET**

- 131. A draft Business Plan and Budget (on a standalone basis and on a consolidated basis) shall be prepared by the Professional Management and shall be submitted to the FBB on an annual basis, at least 15 (fifteen) days prior to the beginning of the relevant Financial Year to which such Business Plan and Budget pertains.
- 132. The Business Plan and Budget shall include in relation to each Financial Year to which it relates: (i) a cash flow statement giving an estimate of the working capital requirements; (ii) a monthly projected profit and loss statement; (iii) an operating budget and an annual budget and balance sheet forecast including projected revenues, costs, operating and capital expenditure and financing requirements of the Company or its Subsidiaries, as the case may be; (iv) a management report giving business objectives for the year; (v) details on the amount and timing of debt financing, if any; (vi) the current and future business strategy; (vii) capital expenditure limits and details; and (viii) details of debt and equity ratios of the Company and its Subsidiaries, as the case may be, in appropriate detail.

## **SECTION VIII**

### **FUTURE FUNDING**

#### **133. Debt**

- (i) After the date of effectiveness of the Merger in accordance with Applicable Laws, in the event

the Professional Management identifies any additional financing requirements in connection with the business of the Company, such requirement shall be financed, subject to Applicable Law, as the first instance, to the maximum extent possible from: (a) the internal accruals of the Company; and/or (b) debt borrowings (“**Borrowings**”) availed of by the Company from third party lenders including scheduled commercial banks and financial institutions, on such terms and conditions as are acceptable to the Board and subject to the prior written consent of the FBB in accordance with Section V (*Affirmative Voting Matters*) above (if and only to the extent any such matter is an AVM).

- (ii) The Board or the Company shall not require any of the Gandhi Family Members to give any warranties, letters of comfort and/or guarantees of any nature whatsoever for or in respect of any such Borrowings. It is clarified that, subject to Applicable Laws, the Professional Management and the Board shall make best efforts to release the Gandhi Family Members from any existing warranties, letters of comfort and/or guarantees of any nature whatsoever, that may have been provided by the Gandhi Family Members in respect of any Borrowings of the Company.
- (iii) Only if the mode of financing set out in this Article 133 (*Debt*) above is not commercially feasible for any reason whatsoever, and in the event the Professional Management considers that the Company is in need of further funding, the Board and/or the Professional Management may consider issuance of further Securities to the shareholders of the Company (“**Proposed Issuance**”) subject to and in accordance with the process set out in Article 134 (*Issuance on a ‘rights basis’*) and Article 135 (*Dilution Protection*) below.

#### **134. Issuance on a ‘rights basis’**

- (i) Subject to Article 133 (*Debt*) above, if the Board and/or the Professional Management is considering a Proposed Issuance, the Board and/or the Professional Management shall provide a prior written notice of such Proposed Issuance to the FBB (“**Notice for Proposed Issuance**”). Such Notice for Proposed Issuance shall specify: (a) the number and class of Securities proposed to be issued; (b) the price at which such Securities are proposed to be issued; (c) manner and timelines for payment of the subscription amount; (d) other terms and conditions of the Proposed Issuance; and (e) the date of the Proposed Issuance (“**Offered Terms**”).
- (ii) Within a period of 15 (fifteen) days of receipt of the Offered Terms (“**Acceptance Period**”), the FBB shall consider and communicate its decision to the Board and/or the Professional Management. If the FBB communicates its acceptance of the Proposed Issuance, the Board may proceed to consider and approve such Proposed Issuance. The Proposed Issuance shall be deemed to be rejected by the FBB in case the FBB, does not communicate its acceptance of the Proposed Issuance within the Acceptance Period, or communicates its rejection to the Proposed Issuance. In the event the Proposed Issuance is rejected by the FBB, the Board shall not consider the Proposed Issuance as a mode of fund raising for a period of 1 (one) year, after which the process under this Section VIII (*Future Funding*) shall be repeated.
- (iii) If the Proposed Issuance is rejected by the FBB in accordance with Article 134(ii) (*Issuance on a ‘rights basis’*), and in the event the Board and/or the Professional Management consider that the Company is in need of further funding, subject to Article 135 (*Dilution Protection*) below, the Board and/or the Professional Management may consider issuance of Securities by way of a preferential allotment of Securities in favour of a third party, in accordance with Applicable Laws and Article 135 (*Dilution Protection*) below (“**Proposed Preferential Allotment**”).

#### **135. Dilution Protection**

- (i) Subject to Article 134 (*Issuance on a ‘rights basis’*) above, if the Board and/or the Professional Management is considering a Proposed Preferential Allotment, the Board and/or the Professional Management shall provide a prior written notice of such Proposed Preferential Allotment to the

FBB (“**Notice for Proposed Preferential Allotment**”). Such Notice for Proposed Preferential Allotment shall specify: (a) the number and class of Securities proposed to be issued; (b) details of the third party allottee for such Proposed Preferential Allotment; (c) the price at which such Securities are proposed to be issued; (d) manner and timelines for payment of subscription amount; (e) other terms and conditions of the Proposed Preferential Allotment; and (f) the date of the Proposed Preferential Allotment (“**Proposed Preferential Allotment Terms**”).

- (ii) Within a period of 15 (fifteen) days of receipt of the Notice for Proposed Preferential Allotment, the FBB shall consider the Proposed Preferential Allotment, in the manner determined by the FBB, and communicate its decision to the Board and/or the Professional Management.
  - (a) If pursuant to the Proposed Preferential Allotment, the consolidated holding of all the Gandhi Family Members in the Company, as on the effective date of the Merger (“**Gandhi Family Consolidated Shareholding**”), will stand diluted up to 15% (fifteen percent) of the Share Capital, then such Proposed Preferential Allotment shall be approved by at least 2 (two) FBB Members, to be deemed to be approved by the FBB. Accordingly, the Board may proceed with the Proposed Preferential Allotment and all Gandhi Family Members who are shareholders of the Company shall vote in favour of such Proposed Preferential Allotment at the ensuing shareholders’ meeting. However, if such Proposed Preferential Allotment is not approved by at least 2 (two) FBB Members, such Proposed Preferential Allotment shall be deemed to be rejected by the FBB, and the Board shall not proceed with such Proposed Preferential Allotment.
  - (b) If pursuant to the Proposed Preferential Allotment, the Gandhi Family Consolidated Shareholding, will stand diluted by more than 15% (fifteen percent) of the Share Capital, then such Proposed Preferential Allotment shall require approval by consent of all 3 (three) FBB Members. Accordingly, the Board may proceed with the Proposed Preferential Allotment and all Gandhi Family Members who are shareholders of the Company shall vote in favour of such Proposed Preferential Allotment at the ensuing shareholders’ meeting. However, if such Proposed Preferential Allotment is not approved by unanimous consent of the FBB, such Proposed Preferential Allotment shall be deemed to be rejected by the FBB, and the Board shall not proceed with the Proposed Preferential Allotment.

## SECTION IX

### INFORMATION AND INSPECTION RIGHTS

- 136. Subject to Applicable Law and Section XIII (*Fall Away of Rights*) and without prejudice to the rights available to the Gandhi Family Members as shareholders of the Company, the Interim Period Executives and/or Professional Management, as the case may be, shall provide the following information/documents to the FBB:
  - (i) the audited Annual Financial Statements as soon as they become available but, in any event, within 180 (one hundred eighty) days after the end of each Financial Year;
  - (ii) unaudited, consolidated, quarterly financial statements (including a balance sheet, income statement and cash flow statement) prepared in accordance with Indian GAAP as soon as they become available but, in any event, within 45 (forty five) days from the end of each quarter, stating in comparative form the figures as of the end of and for the comparable quarters of the preceding Financial Year, certified by the CFO, on a standalone and consolidated basis;
  - (iii) monthly management information system (“**MIS**”) setting out all the details as mutually agreed between the FBB and the CEO, within 20 (twenty) days of the end of each month;
  - (iv) copies of any management reports or investigative reports issued by the auditors and any internal

auditors to the Company;

- (v) such additional information and explanation of any event or development at the Company which has a material impact on the business, operations, conditions (financial or otherwise), prospects, results of operations, properties, assets or liabilities of the Company, promptly, upon any Interim Period Executives and/or Professional Management Personnel acquiring knowledge of the occurrence of any such event or development; and
- (vi) any notice of any non-compliance with Applicable Law, any notices threatening litigation or the initiation of any litigation by or against the Company, any notices or correspondence in relation to the foregoing, promptly, upon the receipt/issuance of such notices.

137. Subject to Applicable Law and Section XIII (*Fall Away of Rights*), any Gandhi Family Member who is a shareholder or Director of the Company may, through his/her/its representative on the FBB, reasonably request such additional information as may be required, and the Professional Management and/or the Interim Period Executives shall be required to provide such information as soon as reasonably practicable, *provided that*: (i) all FBB Members shall be marked on all correspondence for such information exchange; and (ii) the Board shall not be required to respond to such requests more than once in every month.

138. **Inspection Rights**

Subject to Applicable Law and Section XIII (*Fall Away of Rights*), the Interim Period Executives and/or the Professional Management shall allow any Gandhi Family Member, who is a shareholder or Director of the Company, and the FBB Members, the right to inspect books and records of the Company and its Subsidiaries during normal business hours, and to have full access to all documents, property and assets of the Company and its Subsidiaries. It is clarified that such right can be exercised only once in a month by a particular Branch, and the relevant Gandhi Family Member or his/her/its representative shall share the details and copies of such inspection with the FBB.

## **SECTION X**

### **EMPLOYEE STOCK OPTION PLAN**

139. The Company may, subject to Section V (*Affirmative Voting Matters*) and Applicable Law, adopt or amend employee stock option schemes or policies, by whatever name called (“**ESOP Scheme**”), for the purpose of issuance of employee stock options to employees, KMPs, advisors, consultants, Professional Management of the Company and/or its Subsidiaries, or such other eligible Persons as may be set out under the ESOP Scheme, up to a maximum of 5% (five percent) of the total post issue Share Capital of the Company.

140. The ESOP Scheme shall: (i) provide that the total options to be granted to any specific eligible Person shall not, at any time, be in excess of 0.5% (zero point five percent) of the total post-issue Share Capital of the Company; and (ii) have other standard terms and conditions *inter alia* with respect to eligibility, granting, vesting, exercise and forfeiture of options in compliance with Applicable Laws and as per market standards.

## **SECTION XI**

### **DIVIDEND DISTRIBUTION**

141. The Company shall, subject to Section V (*Affirmative Voting Matters*) and Applicable Law, adopt or amend (*in substitution and to the complete exclusion of the existing policy*), a dividend distribution policy, to provide *inter alia* for distribution of at least 10% (ten percent) of the consolidated net profit of the Company for the Financial Year 2024-2025, and from the Financial Year 2025-2026 onwards, in

the range of 20% (twenty percent) to 25% (twenty five percent) of the consolidated net profit of the Company as dividends or in any other form of distributions as per Applicable Laws.

142. The Board shall, in accordance with Article 141 (*Dividend Distribution*) above, seek to maximize returns to its shareholders, and shall, from time to time, subject to Section V (*Affirmative Voting Matters*) and the dividend distribution policy, declare the dividend payable to the shareholders of the Company.

## SECTION XII

### TRANSFER RESTRICTIONS

143. General Restrictions on Gandhi Family Members

(i) No Gandhi Family Member shall, until the date of the effectiveness of the Merger, whether collectively or individually, directly or indirectly: (a) Transfer any Securities or any right, title or interest in any Securities, or any legal or beneficial interest therein; (b) create any Encumbrance over such Securities or the voting rights therein which has or may have an adverse impact on the process for approvals of the relevant Governmental Authorities for and/or in relation to the Merger; or (c) enter into any agreement in relation to the foregoing.

(ii) Notwithstanding the foregoing, the restrictions set out in Article 143(i) above shall not be applicable to:

(a) the Encumbrances over Securities, created by any of the Gandhi Family Members prior to the date of the Board approval for the Merger; and/or

(b) any *inter-se* Transfer of Securities between the Gandhi Family Members, during the period between the date of rejection for the previous attempt for the Merger and the date of the re-attempt for the Merger as per the *inter-se* arrangement among the Gandhi Family Members, *provided that*: (x) the Transfer of such Securities is considered an exempt acquisition in terms of Regulation 10(1)(a) of the Takeover Regulations, or does not otherwise trigger the requirement to undertake a mandatory open offer as per the Takeover Regulations; (y) the Transfer of such Securities shall not be counted towards the calculation of creeping acquisition limits under Regulation 3(2) of the Takeover Regulations; and (z) in case of Transfer of Securities held by a Gandhi Family Member to any family trust, where all of the beneficiaries and trustees are members of such Branch, pursuant to an exemption granted by SEBI under Regulation 11 of the Takeover Regulations and in compliance with such other conditions as prescribed by SEBI therein.

144. Permitted Transfers for Gandhi Family Members

(i) *Inter-se Transfers*

(a) After the date of effectiveness of the Merger, Gandhi Family Members may undertake *inter-se* Transfer of Securities amongst the members of a Branch in compliance with Applicable Laws, *provided that*: (x) the Transfer of such Securities is considered an exempt acquisition in terms of Regulation 10(1)(a) of the Takeover Regulations, or does not otherwise trigger the requirement to undertake a mandatory open offer as per the Takeover Regulations; and (y) the Transfer of such Securities shall not be counted towards the calculation of creeping acquisition limits under Regulation 3(2) of the Takeover Regulations.

(b) After the date of effectiveness of the Merger, Gandhi Family Members may undertake Transfer of Securities held by any member of Branch to any family trust, where all of the

beneficiaries and trustees are members of such Branch, pursuant to an exemption granted by SEBI under Regulation 11 of the Takeover Regulations and in compliance with such other conditions as prescribed by SEBI therein.

(ii) *On-Market Liquidity Transfer*

Notwithstanding anything to the contrary stated herein, each Branch shall have the right to sell up to an aggregate of 1% (one percent) of the total paid-up Share Capital, on market, in one or more tranches, in compliance with Applicable Laws, in a particular Financial Year, *provided that*, the Transfer does not trigger the requirement to undertake a mandatory open offer as per the Takeover Regulations.

(iii) *Encumbrances*

Notwithstanding anything to the contrary stated in these Articles and subject to Applicable Laws, the Gandhi Family Members may, at any time, create Encumbrances over the Securities, *provided that*, such Encumbrances are created in favour of a scheduled commercial bank and/or a reputable financial institution.

145. Transfer Restrictions on Gandhi Family Members

(i) *Third Party Transfers – Right of First Offer*

- (a) Subject to Article 144(ii) above, if any member of a Branch (a “**Selling Member**”) intends to Transfer (including a series of linked Transfers) all, or a portion, of his/her/its Securities (“**Sale Securities**”) to a Third Party purchaser (“**Transferee**”), the remaining Branches shall, in equal proportion, have a right of first offer with respect to the Sale Securities proposed to be Transferred by the Selling Member, on, and subject to, the terms and conditions set out in this Article 145(i) (“**Branch ROFO**”).
- (b) The Selling Member shall deliver a written notice to the designated heads of each of the other Branches specifying the number of Sale Securities the Selling Member intends to Transfer (“**Member ROFO Notice**”). Within a period of 30 (thirty) Business Days from the date of receipt of the Member ROFO Notice (“**Member ROFO Notice Period**”), the designated heads of each of the other Branches shall be entitled (but not obligated), by delivery of a written notice to the Selling Member (the “**Branch ROFO Acceptance Notice**”), to exercise the Branch ROFO and offer to acquire all of the Sale Securities.
- (c) The Branch ROFO Acceptance Notice shall specify price per Sale Securities offered by the Branch (“**Branch ROFO Price**”), the number of Sale Securities willing to be accepted by such Branch, payment mechanism and all other terms and conditions upon which such Branch is willing to purchase the Sale Securities (“**Branch ROFO Terms**”).
- (d) In the event that both the other Branches: (x) do not respond to the Member ROFO Notice within the Member ROFO Notice Period; (y) deliver a Branch ROFO Acceptance Notice within the Member ROFO Notice Period, the Branch ROFO Terms of which are not acceptable to the Selling Member; or (z) within the Member ROFO Notice Period, confirm in writing that it does not intend to exercise the Branch ROFO; then the Selling Member, subject to Article 145(ii) (*Tag Along Right*), shall be entitled to Transfer the Sale Securities to the Transferee at a price per Sale Securities which is higher than at least 1% (one percent) of the Branch ROFO Price and on terms and conditions that are no less favourable to the Selling Member than the Branch ROFO Terms (where any Branch has delivered the Branch ROFO Acceptance Notice).
- (e) In the event that the Branch ROFO Terms, as set out in the Branch ROFO Acceptance

Notice, are acceptable to the Selling Member, the Selling Member shall: (x) as soon as practicable but no later than 15 (fifteen) Business Days from the date of receipt of the Branch ROFO Acceptance Notice (“**Branch Acceptance Notice Period**”), communicate such acceptance to the relevant Branch by sending a written notice confirming the Selling Member’s irrevocable acceptance of the Branch ROFO Terms; and (y) within 30 (thirty) Business Days from the expiry of the Branch Acceptance Notice Period, and subject to payment of consideration by such Branch, and receipt of approvals of relevant Governmental Authorities, if any, Transfer the Sale Securities to such Branch on the Branch ROFO Terms, together with the delivery of such documents as may be required under Applicable Law to effect the Transfer of the Sale Securities to the Branch.

- (f) It is hereby clarified that the other Branches may make an offer for more than their proportionate entitlement. It is further clarified that, in case both the other Branches have delivered a Branch ROFO Acceptance Notice acceptable to the Selling Member, then: (x) the Sale Securities shall be Transferred to the Branch offering more favourable terms to the Selling Member, including a higher Branch ROFO Price; or (y) if both the other Branches offer the same price per Sale Security, the Sale Securities shall be Transferred in equal proportion to each of the other Branches.
- (g) In the event the Selling Member is Transferring the Sale Securities to a Transferee in accordance with this Article 145(i), such Transfer shall be consummated within 30 (thirty) Business Days from the expiry of the Member ROFO Notice Period and shall be subject to the provisions of Article 145(ii) (*Tag Along Right*) below, failing which any proposed Transfer of the Sale Securities shall again be subject to the Branch ROFO pursuant to this Article 145(i), including the requirement to issue a new Selling Member ROFO Notice to each Branch. In the event a Selling Member fails to consummate such Transfer to a Transferee within the specified period, such Selling Member shall be prohibited from Transferring any Securities for the following period of 6 (six) months.
- (h) For avoidance of doubt, it is hereby clarified that no Branch shall exercise its right to Transfer Securities pursuant to this Article 145(i) more than once in 6 (six) months.

(ii) *Tag Along Right*

Each Transferee shall undertake an obligation in writing in the form and manner set out in **Schedule 3 (Format of Transferee Tag Along Undertaking)**, to the other Branches that in case such Transferee proposes to further Transfer an aggregate of more than 10% (ten percent) of the total paid-up Share Capital, in a transaction or a series of transactions over a period of 18 (eighteen) months, to a Competitor and/or its Affiliates, such Transferee shall provide a tag along right to all Gandhi Family Members who are shareholders of the Company at such time.

(iii) *Prohibition on Transfer to a Competitor*

- (a) No Gandhi Family Member shall, whether collectively or individually, directly or indirectly, Transfer any Securities to a Competitor or enter into any agreement in relation to the foregoing.
- (b) Notwithstanding the foregoing, nothing in this Article 145(iii) shall be applicable in case of: (x) a strategic sale of the Company to a Competitor, collectively by all the Branches; or (y) Transfer of Securities to a Competitor by an Excluded Branch upon occurrence of a Competitor Sale Trigger Event:

For the purposes of this Article:

- I. “**Competitor Sale Trigger Event**” shall mean any of the following events:

- (A) Gandhi Family Members and/or representatives of only 2 (two) Branches assuming executive roles or employment with the Company, in contravention of the principles set out in these Articles and the *inter-se* arrangement among the Branches;
- (B) any 2 (two) Branches acquiring Securities in contravention of the provisions of these Articles and the *inter-se* arrangement among the Branches, resulting in the consolidated total shareholding of such 2 (two) Branches exceeding an aggregate of 50% (fifty percent) of the total paid-up Share Capital;
- (C) breach of Section I (*Board of Directors*) by 2 (two) Branches, resulting in inability of the Excluded Branch to appoint a Nominee Director; and/or
- (D) breach by any 2 (two) Branches of any other *inter-se* obligations as may be mutually identified by all Branches in writing.

II. **“Excluded Branch”** shall mean the Branch, not being the 2 (two) Branches carrying out or undertaking any of the Competitor Sale Trigger Events.

## **SECTION XIII**

### **FALL AWAY OF RIGHTS**

146. If the consolidated shareholding of any Branch in the Company falls below 10% (ten percent) of the total paid up Share Capital, then: (i) all rights of such Branch, as provided in these Articles shall fall away and cease to have effect in their entirety, including with respect to the right to appoint a Nominee Director, information rights, etc.; and (ii) all the Gandhi Family Members of such Branch shall be obligated to take necessary steps and actions, including submitting an application with prescribed documents and details to the Board, for reclassification of each of the Gandhi Family Members of such Branch from ‘promoter’ or ‘promoter group’ to ‘public’ shareholders or de-classification as ‘promoter’ or ‘promoter group’ of the Company in accordance with the provisions of the Listing Regulations and other Applicable Laws (“**Reclassification**”). In the event of such Reclassification, each Gandhi Family Member of such Branch shall: (i) not undertake any action or omit to take any action or enter into any agreement, arrangement or understanding which would delay or adversely affect the Reclassification; and (ii) until the completion of the Reclassification, not take any action or fail to take any action that may lead to or require any Gandhi Family Member of such Branch being considered a person in control of the Company, under any agreement, document, regulatory filing or disclosure.
147. Each of the Gandhi Family Members shall take all steps and actions necessary to give effect to the provisions of this Section XIII (*Fall Away Rights*), including issuing, or ensuring issuance of, resignation by the Nominee Director of such Branch to resign from the Board and the board of the Material Subsidiaries (as applicable) and all their respective committees and sub-committees, as the case may be.

## **SECTION XIII**

### **TERM AND EFFECT**

148. This Part B of the Articles shall remain in force and effect until such time that at least 2 (two) of the Branches hold more than 10% (ten percent) each, of the total paid up Share Capital.

## SCHEDULE 1

### ROTATION SCHEDULE FOR COMMITTEES

<b>Sr. No.</b>	<b>Committee of the Board</b>	<b>Nominee for the First Term</b>	<b>Nominee for the Second Term</b>	<b>Nominee for the Third Term</b>
1.	Nomination and Remuneration Committee	RRG Family Nominee Director	VRG Family Nominee Director	DLG Family Nominee Director
2.	Quality Control, Projects and Oversight Committee	DLG Family Nominee Director	RRG Family Nominee Director	VRG Family Nominee Director
3.	Audit Committee	VRG Family Nominee Director	DLG Family Nominee Director	RRG Family Nominee Director
4.	Stakeholders Relationship Committee	VRG Family Nominee Director	RRG Family Nominee Director	DLG Family Nominee Director
5.	Risk Management Committee	RRG Family Nominee Director	DLG Family Nominee Director	VRG Family Nominee Director
6.	Corporate Social Responsibility Committee	DLG Family Nominee Director	VRG Family Nominee Director	RRG Family Nominee Director
7.	Branding, Product Expansion and Supply Chain Committee	RRG Family Nominee Director	DLG Family Nominee Director	VRG Family Nominee Director

For the purposes of this **Schedule 1**, the following terms shall have the meaning assigned below:

- (a) “**First Term**” means, in the first instance, the period between the Effective Date and the annual general meeting of the shareholders of the Company in the following year, and with effect from the end of the Third Term, means the period until the annual general meeting of the shareholders of the Company following the Third Term;
- (b) “**Second Term**” means the period until the annual general meeting of the shareholders of the Company following the end of the First Term; and
- (c) “**Third Term**” means the period until the annual general meeting of the shareholders of the Company following the end of the Second Term.

It is clarified that the rotation cycle set out above shall continue in the same sequential order, including for any additional committees constituted, thereby providing each Branch an equal and recurring opportunity to appoint a representative to the committees of the Board.

## **SCHEDULE 2**

### **AFFIRMATIVE VOTING MATTERS**

1. Commencement or undertaking of any sale, merger, demerger, restructuring, acquisition, or other business combination involving the group or any of its Subsidiaries or joint ventures or divestment of the group companies' whole or substantial assets, where such transaction involves the group or any of its Subsidiaries or joint ventures or substantial assets that constitute more than of 5% (five percent) of the gross asset value of the Company;
2. The Total Debt being in excess of 2.5x of the average EBITDA of the Company for the last 2 (two) Financial Years;
3. Any decision with respect to ownership or license of "Vadilal" brand, including any modification of the terms of royalty in relation to the use of "Vadilal" brand, and any sale, transfer or assignment of a substantial portion of the Company's intellectual property rights including those relating to brand, copyrights, trademarks, patents and designs;
4. Capital expenditure by the Company and/or any of its group companies that results in the turnover to gross fixed asset ratio falling below 1x;
5. Any alteration in the charter documents of the Company contrary to the provisions of Part B of these Articles;
6. Change in the capital structure of the Company (including, any buy back, reduction in capital, consolidation, sub-division, reconstruction or conversion of the Share Capital, public offering or share splits or re-capitalization of any nature) or issuance of fresh Securities by the Company other than in the manner set out in Section VIII (*Future Funding*) above or pursuant to employee stock option plan adopted by the Company;
7. Issuance of fresh Securities by the Company other than in the manner set out in Section VIII (*Future Funding*) above or pursuant to paragraph 8 below;
8. Creation, adoption or amendment of any equity or similar employee option plan for the management or employees in excess of 5% (five percent) of the paid up Share Capital of the Company;
9. Creation of joint and several liability directly on the promoters of the group companies, including by way of providing an indemnity;
10. Appointment of any Gandhi Family Member in an executive or management role in the Company, other than as contemplated in these Articles;
11. Related party transactions by the Company and/or any of its group companies;
12. Adoption of or amendment to the dividend policy of the Company or any of its group companies;
13. Appointment of auditor of the Company and/or any of its group companies, including internal, secretarial, management and/or statutory auditor, other than any of the Big 6 Accounting Firms;
14. Removal of auditor of the Company and/or any of its group companies, including internal, secretarial, management and/or statutory auditor;
15. Any delisting of Securities of the Company;

16. Appointment of any of the Gandhi Family Members on any of the committees or sub-committees of the Board and/or the board of directors of any of the Subsidiaries of the Company, otherwise than in the manner contemplated under these Articles;
17. Liquidation or winding-up of any group entity of the Company generating total revenue of more than INR 30,00,00,000 (Indian Rupees Thirty Crore) in the consolidated financials of the Company;
18. Liquidation or voluntary winding up of the Company;
19. Any amendments to the accounting and tax policies, except as may be required under Applicable Law;
20. Change of corporate name of the Company; and
21. Any delegation of powers or execution of binding agreement to take any of the foregoing actions.

## **SCHEDELE 3**

### **FORMAT OF TRANSFeree TAG ALONG UNDERTAKING**

**[Note: (1) This undertaking shall be printed on the letterhead of the Transferee. (2) This undertaking shall be stamped with stamp duty of appropriate value as applicable in the place of its execution.]**

**Date: [●]**

**To:**

1. [●insert name of Branch Head]  
[●insert address of Branch Head]
2. [●insert name of Branch Head]  
[●insert address of Branch Head]

Dear [●insert names of Branch Heads],

**Subject:** Letter of Undertaking for Tag-Along Right (“**Tag Along Undertaking**”)

1. [●insert name and details of Transferee] (“**Transferee**”) has purchased Securities of Vadilal Industries Limited (the “**Company**”) from [●insert name of Selling Member(s)] in accordance with the terms and conditions agreed upon between the parties.
2. Pursuant to the terms of the articles of association of the Company, we hereby agree and undertake that, in the event the Transferee proposes to further transfer an aggregate of more than 10% (ten percent) of the total paid-up Share Capital of the Company, whether in a single transaction or a series of transactions over a period of 18 (eighteen) months, to a Competitor and/or its Affiliates (“**Tag Along Trigger Event**”), the Transferee shall be obligated to provide a Tag Along Right to all the Gandhi Family Members of the other Branches who are shareholders of the Company at that time, in the manner as set out in this Tag Along Undertaking.
3. For the purposes of this Tag Along Undertaking, the term “**Tag Along Right**” shall mean the right (but not obligation) of the other Branches to transfer the Securities held by such Branch in the same proportion, as the proportion of the Securities proposed to be transferred by the Transferee and/or its Affiliates to the Competitor to the total number of Securities then held by the Transferee and/or its Affiliates (“**Tag Along Securities**”), on the same price per Security (“**Sale Price**”) and, on the same terms and conditions as are offered by the Competitor to the Transferee.
4. Prior to consummation of Tag Along Trigger Event, the Transferee undertakes to first notify the other Branch Heads in writing (“**Sale Notice**”) of the same, and such Sale Notice shall specify: (i) the name, address, identity and ultimate beneficial ownership of the Competitor; (ii) the number of Securities proposed to be transferred (“**Transferee Sale Securities**”) and the number of Securities the Transferee then owns in the Company; (iii) the Sale Price; (iv) the other terms and conditions of the proposed transfer to the Competitor; (v) the expected date of consummation of the proposed transfer to the Competitor; and (vi) a representation that the Competitor has been informed of the Tag Along Right set out in this Tag Along Undertaking, and has agreed to purchase all the Securities required to be purchased by such Competitor if the other Branches exercises their Tag Along Right in accordance with this Tag Along Undertaking.
5. Within 30 (thirty) days from the receipt of a Sale Notice (“**Notice Period**”), the relevant Branch Heads of such other Branches shall be entitled (but not obligated) to deliver a written notice to

the Selling Member (“**Tag Along Notice**”) to require the Transferee to cause the Competitor to acquire, at the Sale Price and otherwise on the same terms and conditions as set out in the Sale Notice, the Securities that such other Branches intend(s) to transfer pursuant to its Tag Along Right.

6. Neither the other Branch Heads nor any other member of such Branch shall be required to provide any: (i) representations and warranties with respect to the business or operations of the Company; (ii) indemnities in respect thereof (including any due diligence specific indemnities); or (iii) non-compete, non-solicit or similar restrictive covenants that would bind the members of the relevant Branches.
7. In the event the Competitor is: (i) prepared to purchase all of the Transferee Sale Securities and the Tag Along Securities, then the transfer shall be completed in accordance with paragraph 8 below; (ii) not prepared to purchase all of the Transferee Sale Securities together with all the Tag Along Securities, then the Transferee hereby agrees and undertakes that the Transferee shall not be permitted to transfer any of the Transferee Sale Securities to such Competitor, and any such proposed transfer shall again be subject to the transfer restrictions as set out in the articles of association of the Company.
8. The Transferee hereby undertakes that the Transferee shall procure that sale of the Transferee Sale Securities, together with the Tag Along Securities, if any, to the Competitor shall be completed within a period of 30 (thirty) days from the expiry of the Notice Period, unless otherwise agreed by the other Branch Heads. The Transferee hereby acknowledges and agrees that in the event of a failure to consummate the transfer to the Competitor within the 30 (thirty) day period (or such other time period as may be agreed with the other Branch Heads), the proposed sale of the Transferee Sale Securities to the Competitor shall again be subject to the transfer restrictions as set out in the articles of association of the Company.
9. Governing law and jurisdiction: The terms of this Tag Along Undertaking shall be governed by Indian law, and subject to paragraph 10 below, the courts at Ahmedabad shall have exclusive jurisdiction to resolve any dispute arising out of or in connection with this Tag Along Undertaking.
10. Arbitration: Any dispute arising out of or in connection with this Tag Along Undertaking shall be referred to and finally resolved by arbitration in accordance with the Arbitration Rules of the Mumbai Centre for International Arbitration (“**MCIA Rules**”), which rules are deemed to be incorporated by reference in this Tag Along Undertaking. The arbitral tribunal shall be constituted of 1 (one) arbitrator to be appointed mutually by the disputing parties. If the disputing parties are unable to mutually identify an arbitrator within a reasonable period, the arbitral tribunal shall be constituted of 1 (one) arbitrator to be appointed by the Mumbai Centre for International Arbitration in accordance with the MCIA Rules, without any interference from any of the disputing parties. The juridical seat and venue of arbitration shall be Ahmedabad. All proceedings of such arbitration shall be in the English language. The award of the arbitral tribunal shall be final, conclusive and binding upon the parties and shall not be subject to any form of appeal, except as permitted under Applicable Law.
11. Capitalised terms used but not defined herein shall have the meaning ascribed to such terms under the articles of association of the Company.

*[Signature page follows]*

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

Names, Addresses, Descriptions, Occupations and Signature of the Subscribers	No. of Equity Shares taken by each Subscriber	Name/s and Signature/s of the Witness/es and their Address/es Description/s, Occupation/s
LAXMAN RANCHHODLAL GANDHI S/O. Ranchhodlal Vadilal Gandhi 1577/F, Near High Court Rly. Crossing, Ahmedabad - 380 014. Business	Sd/-	10 (Ten) 4% Non CumulativePreference Share of Rs. 100 each
VIRENDRA RAMCHANDRA GANDHI S/O. Ramchandra Ranchhodlal Gandhi 39, Chaitanya Society, Near Sardar Stadium, Ahmedabad - 380 014. Business	Sd/-	10 (Ten) 4% Non CumulativePreference Share of Rs. 100 each
SMT. BHANUMATI RAMCHANDRA GANDHI W/O. Ramchandra Ranchhodlal Gandhi 39, Chaitanya Society, Near Sardar Stadium, Ahmedabad - 380 014. Business	Sd/-	10 (Ten) 4% Non CumulativePreference Share of Rs. 100 each
RAJESH RAMCHANDRA GANDHI S/O. Ramchandra Ranchhodlal Gandhi 39, Chaitanya Society, Near Sardar Stadium, Ahmedabad - 380 014. Business	Sd/-	10 (Ten) 4% Non CumulativePreference Share of Rs. 100 each
TOTAL		40 (Forty) 4% Non Cumulative Preference Share of Rs. 100 each

Place : Ahmedabad dated this 15<sup>th</sup> day of March, 1989