

ARTICLES OF ASSOCIATION OF VETRIVEL EXPLOSIVES PRIVATE LIMITED

INTERPRETATION

In these regulations unless the context otherwise requires expressions defined in the Companies Act, 1956 or any statutory modifications thereof in force on the date on which these regulations become binding on the Company, shall have the meaning so defined, and the words importing the singular shall include plural and vice versa and the words importing the masculine gender shall include feminine and words importing persons shall have the following interpretations unless excluded by the subject or context viz.

- a) "COMPANY" means "VETERIVEL EXPLOSIVES PRIVATE LIMITED"
- b) "THE ACT" means the Companies Act, 1956, and any reference to any provision thereof shall be read as a reference to such provision as amended or re-enacted by any statute for the time being in force.
- c) "THE ARTICLES" means the Articles of Association or regulations of the Company as constituted by these presents or other Articles of Association or regulation of the Company from time to time in force.

- d) "Special Resolution" Shall have the same meaning as in the Act.
- e) "CAPITAL" means capital for the time being raised or authorised to raised for the purpose of the Company.
- f) "SHARES" means the shares into which the capital is divided and the interest corresponding to such shares.
- g) "DIVIDENDS" includes bonus shares.
- h) "SHAREHOLDERS" or "MEMBER" means the duly registered holder from time to time of the shares of the Company.
- i) "THE REGISTER" means in the case of members, the register of members to be kept in accordance with the Act and in the case of holders of debentures, register of such holders at any time or from time to time kept by the Company.
- j) "THE BOARD OF DIRECTORS" shall mean the Directors for the time being assembled at any place in accordance with the regulation.
- k) "AUDITORS" means the Auditors for the time being of the Company.
- l) "MEETING" or "GENERAL MEETING" means a meeting of the share holders of members of the Company, whether ordinary or Extra-Ordinary.
- m) "OFFICE" means the registered Office for the time being of the Company.
- n) "SEAL" means the Common Seal for the time being of the Company.
- o) "MONTH" means a calendar month.
- p) "IN WRITING" means written or partly printed or lithographed or type written or substitute for writing.
- 2 The regulation contained in table "A" in schedule I to the Companies Act, 1956 so far as the same may be applicable to private Company as defined in the Act Shall, except as otherwise and to the extent provided in these articles, apply to the Company in the same manner as if all such regulation of Table "A" are specifically contained in these Articles.

PRIVATE COMPANY

- 3 The Company is a Private Company within the meaning of the Section 3(i) (ii) of the Companies Act, 1956 and accordingly :-
- a) The right to transfer shares of the Company is restricted in the manner herein after provided.
- b) The number of members of the Company exclusive of the person who are in the employment of the Company and persons who having been formally in the employment of the Company, were members of the Company while in that employment and have continued to be members after the employment ceased, shall be limited to fifty: provided that for the purpose of this article where two or more persons hold one or more shares in the Company jointly they shall be treated as a single member.
- c) No invitation shall be issued to the public to subscribe for any shares in or debentures of the Company.
- #d) The minimum paid-up capital of the company is One Lakh rupees or such higher paid up capital as may be prescribed.
- # e) The company shall not invite or accept deposits (including unsecured loans) from persons other than its members, directors or their relatives.

Article 3 (d) and (e) have been inserted vide special resolution at the EGM held on 31-03-2008.

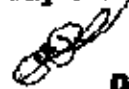
- 4 The business of the Company may be commenced as soon as the Directors think fit not with standing that the whole of the Capital may not been subscribed and partly only of the shares may have been subscribed and partly only of the shares may have been issued or allotted and although part only of the Capital may have been paid up.
- 5 ANY BRANCH OR KIND OF BUSINESS, WHICH BY THE MEMORANDUM OF ASSOCIATION OF THE COMPANY OR THESE PRESENTS IS EXPRESSLY OR BY IMPLICATION AUTHORISED TO BE UNDERTAKEN BY THE DIRECTORS AT SUCH TIMES AS THEY THINK FIT AND FURTHER MAY BE SUFFERED BY THEM TO BE IN ABEYANCE WHETHER SUCH BRANCH OR KIND OF BUSINESS MAY HAVE BEEN ACTUALLY COMMENCED OR NOT SO LONG AS THE DIRECTORS MAY DEEM EXPEDIENT NOT TO COMMENCE OR PROCEED WITH SUCH A BRANCH OR KIND OF BUSINESS.

CAPITAL

- 6 *The Authorised Share Capital of the Company is Rs.2,00,00,000/- (Rupees Two Crores) divided into 200,00,00(Twenty lakhs) Equity Shares of Rs. 10/- (Rupees Ten only) each.

**Amended vide special resolution passed in Extra-ordinary General meeting held on 31/03/2006 for increasing authorized share capital from Rs.90,00,000 to Rs.2,00,00,000.*

For Vetrivel Explosives Pvt. Ltd



Director.

7. Subject to the provision of these articles the shares shall be under control of the Directors who may allot or otherwise dispose of the same to such person or persons on such terms and conditions and at such time as the Directors think fit, subject to article 3 thereof.
8. Provided that where the Directors decide to increase the issued Capital of the Company by the issue of further shares, the Directors may dispose of the same in such manner as they think most beneficial to the Company.
9. The Company may by an ordinary resolution, increase the authorised share Capital of the Company by such amount to be divided in to such shares of amount as the resolution shall prescribe.
10. No person shall be recognized by the Company as holding any share upon any trust and the Company shall not be bound my or be compelled in any way to recognized (even when braving notice thereof) any equitable contingent, future or partial interest in any fractional part of a share or (except only as these presents 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.

LIEN

11. Regulation 9 to 12 of table "A" of schedule i of the Companies Act, 1956 shall apply to this Company.

TRANSFER AND TRANSMISSION OF SHARES

12. A share may be transferred by a member or other person entitled to transfer to any member selected by the transferor but save as aforesaid and save as provided by Articles hereof no share shall be transferred to a person who is not a member so long as any member or any person selected by the Directors to be admitted to membership is willing to purchase the at the fair value.
13. Except where the transfer is made pursuant to the Article 19 hereof, the person proposing to transfer any share (hereinafter called the "proposing transferor") shall give notice in writing (hereinafter called the "transfer notice") to the Company that he desires to transfer the same. Such notice may specify the sum fixed as the

Value and shall constitute the company as his agent for the sale of the shares to any member or persons selected as aforesaid at the price so fixed, or at the option of the purchaser, at the fair value to be ascertained as hereunder.

14. If the Company shall find a member or person selected as aforesaid willing to purchase (hereinafter called the " purchasing member") and shall give notice thereof to the proposing transferor within the space of twenty eight days after being served with such notice, he shall be bound on payment of fair value to transfer the shares to the purchasing member.
15. The Company shall at its annual general meetings determine the fair value of a share for this purpose and the said fair value shall be in force till it is so fixed again.
16. If in any case the proposing transferor after having become as aforesaid, defaults in transferring the shares, the Company may receive the purchase money and shall thereupon cause the name of the purchasing member to be entered in the register as the holder of the shares and shall hold the purchase money in Trust for the proposing transferor and the receipt by the Company for the purchase money shall be a good discharge to the purchasing member and after his name has been entered in the Register in purported exercise of the aforesaid power, the validity of the proceedings shall not be questioned by any person.
17. If the Company shall not within the space twenty eight days after being served with the transfer notice, find a member or person selected as aforesaid willing to purchase the shares and give notice in the manner afore said, the proposing transferor shall at any time within three calendar months thereafter be at liberty (subject to Article 3) thereof to sell and transfer the share to any person at any price by executing a fresh instrument of transfer.
18. The Company's general meeting may make from time to time and vary rules as to the mode in which any share specified in any notice served on the Company pursuant to the Articles herein shall be offered to the share holders as to their rights in regard to the purchase thereof and in particular may give any shareholder or class of shareholders a preferential right to purchase the same until otherwise determined every such share shall be offered to the members in such order as the Directors may think fit.
19. A shareholder may, by way of gift or for or without any pecuniary consideration transfer any share in the capital of the Company to the Wife or Husband of such share holder or to a Son, Daughter, Father, Mother, Uncle, Aunt, Grandson, Granddaughter, Brother, Sister, niece of such shareholder or the wife or husband of any person standing in such relationship to the transferring shareholders as above mentioned. Any share of the deceased shareholder may be transferred by his executor to any person to whom such deceased shareholder may have specially bequeathed the same, such person standing in one of the following relationship to such deceased shareholder namely widow or widower son daughter father, mother, uncle, aunt, grandson, grandfather, brother, sister, nephew, niece of such deceased shareholder or the wife or husband of any person standing in any such relationship to the deceased shareholder.
20. The Directors may allot and issue shares in the capital of the Company as payment or part payment for any property sold or transferred, goods or machinery and appliances supplied or for service rendered to the Company in or about the formation or promotion of the Company or the acquisition and or conduct of its business and any share which may be so allotted may be issued as fully paid up shares if so issued shall be deemed to be fully paid up shares and as regards all such allotments from time to time made, the Directors shall duly Comply with Section 75 of the Act.

- 21) The Directors may refuse to register any transfer of shares :-
 - i) Where the share is not fully paid up.
 - ii) Where the company has lien on the shares.
 - iii) Where the directors are of the opinion that the proposed transferee (not being already a shareholder) is not a desirable person to be admitted to membership or;
 - iv) Where the results of such registration would be to make the number of members exceed the limits set out in article 3 supra.
- 22) A fee not exceeding two rupees may be charged for each transfer and shall if so required by the Directors, be paid before registration itself.
- 23) Where any shares devolve on the heirs of a deceased share holder, other than one of the persons of the class set out in Article 19 above, the directors may, at their absolute discretion admit such heir as shareholder and recognize the transfer of the share in his name or at their direction without assigning any reason, refuse to do so and thereupon the provisions of Article 14 to 24 of these presents relating to transfer of share and purchase of shares shall apply to the shares so inherited and the heirs shall be compelled to sell the shares in the manner provided therein to any share holder or other persons chosen by the Directors.
- 24) Where the shares are inherited by or devolve on more than one heir, it shall be open to the directors of the company to choose any one of the heirs to be the shareholders shall sell to the person so chosen their rights and interests in the said shares and the provisions of the above articles regarding the valuation shall apply to such sale.
- 25) In the event of the shares devolving or vesting in any person or persons by operation of law the directors may at their option and without giving any reasons refuse to recognize such devolution and the provision of and the provision of article 14 to 24 supra shall apply to such shares.
- 26) Regulation 19, 2 and 22 to 28 of Table "A" Subject to the Articles hereof shall apply.

FORFEITURE OF SHARES

27. Regulation 29 to 35 to Table "A" of schedule 1 to the Companies Act, 1956 shall apply.

CONVERSION OF SHARES IN TO STOCK

28. Regulation 36 TO 39 of Table "A" of schedule 1 to the Companies Act, 1956 shall apply.

SHARE WARRANTS

29. The Company shall not issue share warrants.

ALTERATION OF CAPITAL

30. Regulation 44 to 46 of Table "A" of schedule 1 to the Companies Act, 1956 shall apply.
31. The first Annual General Meeting of the Company shall be held not later than 18 months from the date of incorporation and subsequent Annual General Meeting shall be at least once in each calendar year at such

time and place prescribed by and in accordance with Section 166 and 210 of the Companies Act, 1956 provided however that, no greater interval than fifteen months shall be allowed to lapse between two Annual General Meetings.

- 2 The quorum for the General Meeting shall be two members present in person.
- 3 Provisions of Section 173 of the Act shall apply to this Company in respect of General Meeting.
- 31 Regulation 47 to 55 of Table "A" of Schedule 1 to the Companies Act, 1956 shall apply.

VOTE OF MEMBERS

- 35 Regulation 56 to 63 of Table "A" of Schedule 1 to the Companies Act, 1956 shall apply.

DIRECTORS

- 36 Until otherwise decided by the General Meeting, the Board of Directors shall consist of not less than and not more than twelve persons.
- 37 In case the Union Government or any state Government and / or Industrial Finance Corporation or other Corporation sponsored or financed by any of the above Government loans, accepts participation in the capital and direction of the Company, such Government or Corporation shall be entitled so long as the Company is indebted to such Government or Corporation or so long as such Government or Corporation continues to be interested in the Company in any financing capacity to nominate and from time to time so substitute in place of such nominee one or more Directors to look after the interests of each, such Government or Corporation in the Board of Directors of the Company and while holding such office they shall not be liable to retirement.
- 38 The Board of Directors may appoint any person to be an alternate Director during the absence of a Director from the state in which the meeting of the board are ordinarily held, provided that such absence shall not be for lesser period than three months and such appointee while he holds office as an alternate Director shall be entitled to notice of all meetings of the Directors and to attend and vote there at including on all resolutions proposed in circulation but he shall ipso facto vacate office as a Director if and when the original Director returns to the State in which the meeting of the Board are ordinarily held.
- 39 (i) Regulation 65 to 67 to 72 of Table "A" shall apply. The sitting fees to Directors shall be paid as decided by the Board of Directors from time to time, but the same shall not exceed the limit prescribed under the Provisions of the Companies Act, 1956.

@The following shall be the first Directors of the Company from the date of incorporation and they will be life time Directors.

1. R.Vijaya kannan
2. P.Prakasam
3. R.Premalatha

iii) One third of total number of directors shall retire at every annual General meeting by rotation and he /she shall be eligible for reappointment. The Directors to retire in every year shall be those who have been longest in office since their last election, but as persons who become Directors on the same day, those to retire shall be determined by lot.

(iv) The Directors need not hold qualification shares.

PROCEEDINGS OF THE BOARD

40. The quorum for a meeting of the Board of Directors shall be two or one third of the total strength whichever is higher and any fraction thereof shall be rounded off as one.
41. Regulation 73 to 81 of Table "A" shall apply.
42. (i). The Directors may from time to time appoint one or more of their body to the office of the Managing Director or Executive Director or as an addition to the existing Managing Director or Executive Directors, for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another or otherwise) as they may think fit but his appointment shall be subject to determination *Ipso facto* if he ceases from any cause to be Director or if the Company in General Meeting resolve that his tenure of office of Managing Director or Executive Director determined. The Managing Director or Executive Director shall subject to the supervision and control of the Board, exercise and perform all the powers and duties entrusted to him for the time being, in accordance with the provisions of these presents or by any resolution of the Board.
- (ii). Mr. VijayaKannan shall be the first Managing Director and he shall hold office for a Term of 5 years.
43. The Managing Director or Executive Director shall also have power to appoint agents or officers of the Company for the purpose of collection of monies due to the Company at its various centers of supply or other centre/s as he may deem proper or expedient in the interests of the Company. Such agents or officers shall be deemed to be servants of the Company and all salaries, commission and remuneration which may change from time to time become due to them shall be paid out of the funds of the Company.
44. The Managing Director or executive Director may delegate all or any of his powers to such Managers, Agents or other persons as he may deem fit and shall have power to grant to such Managers, Agents or other delegates such power of attorney as he may, subject to the approval of the Board of Directors, deem expedient and the same can be revoked at his pleasure.
45. The Managing Director or Executive Director and if there is no Managing Director or Executive Director, any person authorised by the Board shall duly make, keep and file or cause to be made, kept and filed all such registers, returns, statements and accounts as under the provisions of the Companies Act are required to be made, kept and filed by the Company or its office.
46. The Managing Director or Executive Director shall subject to the supervision and control of the Board have power to do all such acts, deeds and things in the name and on behalf of the Company shall be and he hereby empowered to sell, transfer and negotiate or endorse for the purpose of transfer or give valid receipt for the principal or interest due in respect of any Government paper of any kind, Government promissory notes, Stock certificates or bonds or Securities of any kind issued by the Government of India or the Government of any State in India, or by a Corporation, Local body, Port, Trust, or other Corporate bodies or by Companies and to execute any transfer deeds in respect of them.

47. The Managing Director or the Executive Director shall subject to the supervision and control of the board have power to do all acts and things which the Managing Director or Executive Director shall think usual, necessary or desirable in the Management of the affairs of the Company without prejudice to his generality of the powers conferred by the foregoing, he shall have the following powers subject to the supervision and control of the Board and subject to the provisions of the Act as far as applicable to private Company namely ;
- 1). To enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts deeds and things in the name and on behalf of the Company as he may consider expedient for or in relation to any of the matter aforesaid or otherwise for the purpose of the Company.
 - 2). To sell for cash or on credit and either wholesale or in retail and for ready or future delivery and realize the proceeds of sale of stock-in-trade, property, movable or immovable or any rights or privileges belonging to the Company or in which the Company is interested or over which the Company may have any such power to disposal and to exchange any property or rights belonging to the Company for other property or rights.
 - 3). To execute all deeds, agreements contracts, receipts and other documents that may be necessary or expedient for the purpose of the Company and to make and give receipts and releases and other discharges for monies or goods or property received in the usual course of business of the Company or let or payable to or belonging to the Company and for the claims and demands of the Company.
 - 4). To engage and in his discretion to remove, suspend, dismiss and remunerate; accountant, managers, cashiers, clerks, agents, commission agents, dealers, brokers, foremen, servants, employees or technical or skilled assistants as from time to time in his opinion be necessary or advisable in the interests of the Company and upon such terms as to duration of employment, remuneration or otherwise, and may require security in such instances and to such amounts as the Managing Director or Executive Directors think fit.
 - 5). To acquire by purchase, lease, exchange, pledge, hypothecation or otherwise transfer lands, buildings, office, show rooms, god owns and other buildings, machinery plants, roling stock, tool, machine tools, outfits, stores, hard wares and any other materials of whatever description either on credit or for cash and for present or future deliver.
 - 6). To plan, develop, improve, cut down, process, sell or otherwise dispose of the products of the Company and to incur all expenses in this behalf.
 - 7). To erect, maintain, repair, equip, alter, extend buildings and machinery of the Company.
 - 8). To make, draw, accept, endorse, discount, negotiate and discharge on behalf of the Company all bills of exchange, promissory notes, cheques, bundles, drafts, railway receipts, dock warrants, delivery orders, Government promissory notes, other Government instruments, bonds, debentures, or debenture stocks, of corporation and local bodies, port trust, improvement of trusts, or other corporate bodies and to execute transfer deeds for transferring stocks, shares or stock certificates of the transferring stocks shares or stock certificates of the Government and other local or corporate bodies in connection, with any business or any subject of the Company.
 - 9). To borrow from time to time such sums of money for the purpose of the Company upon such terms as may be

expedient and with or without security.

- 10) To make or receive advance of money, goods, machineries or plant and other things by way of sale, mortgage, hypothecation, lien, pledge, deposit or otherwise.
- 11) To submit to arbitration and enforce the fulfillment of awards regarding any claims to which the Company may be interested, to adjust, settle or compromise any claims due to or by the Company and to give to the debtors or the Company time for payment.
- 12) To institute, appear in or defend, conduct, compound, compromise or abandon any action, suit and legal proceedings in the name of and on behalf of the Company or its officers or otherwise concerning the affairs of the Company and to sign any pleading and other documents, to engage and instruct any Advocate solicitors and lawyers and to execute vakalat or other authority in their favor and to compound and compromise any claim suit or proceeding.
- 13) To make all manner of insurances.
- 14) To secure the fulfillment of any contracts or agreements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being in such other manner as he may think fit.
- 15) To appoint any person, persons, (whether Incorporated or not) to accept and hold in trust for the Company and property belonging to the Company or in which it is interested or for any other purposes and to execute and to all such deeds and things as may be requisite in relation to any such trust and to provide for the remuneration of such trustee or trustees.
- 16) To undertake on behalf of the Company the payment of all rents and the performance of all covenants, conditions and agreements, contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company.
- 17) From time to time to provide for the management of the affairs of the Company at the Head Office and also where in India and abroad in such manner as he thinks fit, and in particular to appoint any person to be attorneys, or agents of the Company with such powers (including power to sub delegate) and upon such terms as may be thought fit..
27. And generally to do and perform every act and thing which he may consider necessary or expedient for the purpose of carrying on the business of the Company excepting such acts and things as by the Memorandum of Association of the Company or by these presents may stand prohibited.
28. To delegate all or any of the powers, authority and discretions for the time being vested in the Managing Director or Executive Director and also from time to time provide for the appointment of Attorney or Attorneys to sign, seal, execute, deliver, register or cause to be registered all instruments, deeds, documents as usually necessary or expedient for any of the purpose of the Company not requiring the common seal of the Company not requiring the common seal of the Company provided that the Boards may from time to time by resolution passed at a meeting of the board revoke, withdraw, alter or vary all or any of the above powers.

SECRETARY

48. The Directors may appoint a Secretary to perform such functions upon such terms and condition stand for such periods as may be prescribed in the agreement appointing the Secretary and such person may even be a director.

THE SEAL

49. The Common seal shall be under the safe custody of the Managing Director of the Company or any other Director authorised by the Board or Directors of the Company. The Managing Director of the Company is empowered to affix the common seal to any instrument and sign every instrument to which the seal of the Company is so affixed. In the absence of Managing Director of the Company two Directors of the Company authorised by the Board of Directors of the Company are empowered to affix the common seal to any instrument and sign every instrument to which the seal of the Company is so affixed.

ACCOUNTS

50. The Regulation 85 of Table "A" shall apply.

AUDIT

51. Once at least in every year the Accounts of the Company shall be examined and the correctness of the accounts ascertained by one or more Auditors the accounts may also be audited for any period less than a year, if the Directors think fit.
51. Auditor /s shall be appointed in accordance with Section 224 to 229 of the Act.

DIVIDENDS AND RESERVES

53. Regulation 85 to 89 and 91 to 94 shall apply, subject to the provisions of the Act, as amended.

WINDING UP

54. Regulation 98 shall apply.

SECRECY

55. Every Director, Manager, Secretary, Accountant, Trustee, Member of the Board, Servant, Agent or other person employed in the business of the Company shall if so required by the Company before entering upon his duties or at any time during the term of office, sign a declaration, pleading himself to observe strict secrecy respecting all transactions of the Company and the state of accounts and in the matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Directors or by any meeting or by court of law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions contained in these Articles.

Sl. No.	Name, address, description and occupation of subscribers and Signature	Name, address, description and occupation and Signature of witness
1.	R. VIJAYAKANNAN, B.E., S/o. K. RAMALINGAM, B.E., BUSINESS, 135-A, KENNEDY NAGAR, SALEM - 636 005.	SINGED BEFORE ME AT MY OFFICE AT SALEM
2.	P. PRAKASAM, S/o. R. PALANIAPPAN, BUSINESS, 9/10, PANDARA IDUMBA- MUDALAI STREET, THARAMANGAIAM POST PIN CODE : 636 502.	G. KRISHNAN S/o. LATE P.V. GOPAL RAO, 5/322 - B, UPSTAIRS, STATE BANK COLONY No . 2 , SALEM - 636 004. CHARTERED ACCOUNTANT.
3.	R. PREMALATHA, W/o. K. RAMALINGAM, B.E., BUSINESS, 135-A, KENNEDY NAGAR, SALEM - 636 005 .	

Place : Salem

Date : 28-10-1999