(Articles substituted at the Extra-Ordinary General Meeting held on 24th January 2014)

THE COMPANIES ACT 1956

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

SANGHVI BRANDS PROMOTERS PRIVATE LIMITED

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1. Regulations in Table 'A' in the first schedule to the Companies Act, 1956 shall not apply to this Company.

2.
Definitions And Interpretation

Accounts — "**Accounts**" include the relevant balance sheets and profit and loss accounts together with all documents which are or would be required by law or these Articles to be annexed to the accounts of the Company to be laid before the Company in a general meeting for the accounting reference period in question;

Act — "**Act**" means the Companies Act, 1956 and/or the Companies Act, 2013 as may be applicable and any subsequent amendments thereto;

Affiliate — "**Affiliate**" of a Party means (i) in the case of any party to the Agreement other than a natural person, any other Person that, either directly or indirectly through one or more intermediate Persons, Controls, is Controlled by or is under common Control with such Party; (ii) in the case of any party to the Agreement that is a natural person, any other Person who is a Relative of such party. As regards the Investor, an Affiliate of the Investor shall include one or more funds and/or investment vehicles Controlled or managed by the managers or fund advisors of the Investor as well as funds that are investors in the Investor;

Affirmative Vote Matters — "**Affirmative Vote Matters**" means the matters as listed in <u>Article 36</u> below;

Agreement or the Agreement — "**Agreement**" or "**the Agreement**" means the Share Subscription and Shareholders Agreement dated January 31, 2014 executed between the Company, the Promoters and the Investor, as from time to time amended, supplemented or replaced or otherwise modified and any document which amends, supplements, replaces or otherwise modifies the Agreement, together with the recitals and all the Schedules thereof;

Applicable Laws — "**Applicable Laws**" means all applicable laws, bye-laws, rules, regulations, orders, ordinances, guidelines, policies, notices, directions, judgments, decrees or other requirements or official directive of any Governmental Authority in India or Person acting under the authority of any Governmental Authority in India whether in effect on the Effective Date or thereafter;

Articles of Association or Articles — "**Articles of Association**" or "**Articles**" means the articles of association of the Company duly amended to the satisfaction of the Investor and to be adopted by the Company in accordance with the Agreement to reflect the terms of the Agreement (as from time to time amended, modified or supplemented);

As Converted Basis — "**As Converted Basis**" means, with respect to the calculation of the number of Equity Shares held by the Investor, being the aggregate of the Subscribed Equity Shares and the Equity Shares issuable to the Investor by the Company upon exercise and conversion of the issued

CCPS into Equity Shares of the Company computed as set out in Clause 6 of the Agreement;

Assets	"**Assets**" of any Person shall be construed as a reference to the whole or any part of its business, undertaking, property, assets (both tangible and intangible) and revenues (including any right to receive revenues);
Auditors	"**Auditors**" means the statutory auditors of the Company;
Audited Financial Result	"**Audited Financial Result**" means the audited financial report generated by the Auditors;
Benchmark Price	"**Benchmark Price**" means the price per Share (on an As Converted Basis) computed based on the equity valuation of the Company at the time of the last investment made in the Company immediately prior to a claim made under Article 66;
Big Four	"**Big Four**" means the following firms of auditors or their recognised affiliates in India: a) KPMG, b) Price Waterhouse Coopers, c) Deloitte Haskins & Sells and d) Ernst & Young;
Board Meeting	"**Board Meeting**" means the meeting of the Board of Directors convened from time to time;
Board of Directors or Board	"**Board of Directors**" or "**Board**" means the board of directors of the Company as may be constituted from time to time;
Business	"**Business**" means and includes acquiring, managing and operating franchises of various Indian and international brands including the franchises under the existing Franchise Agreements and any other such agreements that may be entered in the future, in the field of health, fitness, beauty and wellness including whole sale trading, marketing, merchandising, promoting and dealing in products and services of such brands and establishing new brands which are created and/or owned by the Company and any allied business relating thereto carried out by the Company and/or its subsidiaries and/or joint ventures (either through its investments, alliances, arrangements, collaborations. licensing arrangements) from time to time;
Business Day	"**Business Days**" means any weekdays (other than Saturdays and Sundays) on which banks are generally open for transaction of business in Mumbai, India;
CCPS	"**CCPS**" shall mean the compulsorily convertible Preference Shares issued to the Investor under the Agreement;
CCPS Certificates	"**CCPS Certificates**" means the certificates issued by the Company

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evidencing the ownership and title to the CCPS, in the form set out in ***Schedule 9*** of the Agreement;

CCPS Subscription Amount — "**CCPS Subscription Amount**" means a sum of Rs. 2,80,00,000/- (Rupees Two Crores Eighty Lakhs Only) being the amount for subscription of the CCPS;

Chairman — "**Chairman**" means a director of the Company who will preside over Board meetings and Shareholders meetings;

Claim(s) — "**Claim(s)**" includes any notice, demand, assessment, letter or other document issued or action taken by any tax, fiscal or other statutory or Governmental Authority, body or official whatsoever (whether of India or elsewhere in the world) whereby the Company (i) is or may be placed or sought to be placed under a liability to make a payment or (ii) deprived of any relief, allowance, credit or repayment otherwise available;

Closing — "**Closing**" means the completion of the subscription of the Subscription Shares by the Investor and other allied actions required to be completed on the Closing Date as provided for in Clause 4 of the Agreement;

Competing Business — "**Competing Business**" means any business which directly competes with the Business or which deals with products relating to the Business in any form unless permitted by the Investor but does not include business undertaken by SLPPL owned by the Promoters and engaged in retailing of the products relating to the Business;

Competitor — "**Competitor**" means a Person (i) which derives at least 50% (Fifty Percent) of its revenues from the business of services which directly competes with the Business; and/or (ii) which controls a Person that derives at least 50% (Fifty Percent) of revenues from business of services which directly competes with the Business and where such Person's (as stated in this sub-clause (ii)) total revenue is not less than the total revenue on a consolidated basis of the Company in the immediately preceding Financial Year, however not including for (i) and (ii) above, a financial investor whose primary business does not compete with the Business;

For the purposes of this definition, 'control' shall mean with respect to any Person, (i) direct beneficial ownership of more than 50% (Fifty percent) of the shares or equivalent ownership interests entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, trustees or other members of the applicable governing body of such Person; and/or (ii) the right to appoint or remove, or cause the appointment or removal of, more than 50% (Fifty percent) of the members of the board of directors (or

SANDS PROMOTERS PVT. LTD. 105/2, Shivajinagar, Pune 411005 similar governing body) of such Person;

Conditions Subsequent	"**Conditions Subsequent**" shall mean the eonditions mentioned in ***Schedule 6 (Part B)*** of the Agreement;
Confidential Information	"**Confidential Information**" means any and all confidential or proprietary information, materials and data relating to the business and affairs of the Investor, the Company and the Promoters;
Consent	"**Consent**" includes an approval, authorisation, exemption, licence, order, permission, recording or registration (and referenees to obtaining eonsents shall be construed aceordingly) with or from any Governmental Authority;
Control	"**Control**" means with respect to any Person, (i) direct or indirect beneficial ownership of more than 50% (Fifty pereent) of the shares or equivalent ownership interests entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, trustees or other members of the applicable governing body of such Person; (ii) the right to appoint or remove, or cause the appointment or removal of, more than 50% (Fifty percent) of the members of the board of directors (or similar governing body) of such Person; or (iii) the ability to control the management or policy decision of such a Person exercisable by a Person(s), directly or indireetly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner (and the terms Controlling and Controlled shall have meanings eorrelative to the foregoing);
Conversion Date	"**Conversion Date**" means in relation to the CCPS, the date on whieh the CCPS are eonverted into Equity Shares, whieh shall in no event be later than Ten (10) days from the date of deelaration of Audited Financial Results (which shall be no later than June 30, 2015) for the Financial Year 2015;
Conversion Principles	"**Conversion Principles**" shall mean the conversion prineiples based on whieh the CCPS shall eonvert to Equity Shares in aecordance with Clause 6 of the Agreement;
Deed of Adherence for New Subscribers	"**Deed of Adherence for New Subscribers**" means the deed in the form and eontent set out in the ***Schedule 10*** of the Agreement;
Deed of Adherence For Transferees	"**Deed of Adherence for Transferees**" means the deed in the form and content set out in the ***Schedule 11*** of the Agreement;

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Due Diligence

"**Due Diligence**" means the tax, financial, legal and systems due diligence of the affairs and Business of the Company and its subsidiaries carried out on behalf of the Investor;

Director(s)

"**Director(s)**" means a director appointed to the Board of Directors;

Directors and Officers Insurance Policy

"**Directors and Officers Insurance Policy**" means the insurance policy procured by the Company in respect to the Investor Director, Promoter Director, independent director and such other Key Managerial Personnel in the Company as more particularly set out under ***Item No.16 of Schedule 6 (Part B)*** of the Agreement;

Effective Date

"**Effective Date**" means the date of execution of the Agreement.

Employment Contracts

"**Employment Contracts**" means the employment arrangements entered into by the Company and/or its subsidiaries with its employees;

Encumbrance(s)

"**Encumbrance(s)**" means any form of legal, equitable, or security interests, including any mortgage, assignment of receivables, debenture, lien, charge, pledge, right to acquire under a title retention clause, security interest, hypothecation, options, rights of first refusal, any preference arrangement (including title transfers and retention arrangements or otherwise) and any other encumbrance or condition whatsoever or any other arrangements having similar effect. It is clarified that for the purpose of this definition, a right of first refusal provided in any Operations Agreement in respect to obligation of the Company to first offer a new Business opportunity to the other party to the Operations Agreement of the premises, shall not be construed as an Encumbrance;

Equity Shares

"**Equity Shares**" means equity shares of Rs. 10/- (Rupees Ten Only) each of the Company;

Financial Year

"**Financial Year**" means a financial year commencing on 1st April of a calendar year and ending on the 31st March of the immediately succeeding calendar year;

"**Franchisese Agreement(s)**" means the 4 (Four) master franchisee agreements entered into between the Company and (i) L'Occitane India Pvt Ltd. (ii) Holyfield Choice LLC, (iii) 321 Fitness Limited and (iv) W-T Global LLC and shall also include (a) any other franchise agreements and/or (b) any joint venture and/or (c) collaboration agreements which gives the Company rights to roll out a brand and

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Franchise Agreement(s)

derive revenues from such a brand, executed by the Company or its Subsidiaries (from time to time) as may be approved by the Investor connected to its Business;

Franchisor

"Franchisor" means a Person with whom the Company has entered into a Franchise Agreement;

Fully Diluted Basis

"**Fully Diluted Basis**" means that the calculation is to be made assuming that all outstanding instruments, warrants, stock options, granted or reserved, that are convertible into or exercisable or exchangeable for Shares, including all convertible debentures and preference shares, and all such other securities of the Company including the employee stock option scheme to be formulated by the Company have been so converted, exercised or exchanged into Shares;

General Meeting

"**General Meeting**" means an annual general meeting or an extraordinary general meeting of the Shareholders of the Company;

Governmental Authority

"**Governmental Authority**" means any judicial authority, statutory authority, national, state, provincial, local or similar government authority or any sub-division, department, agency or instrumentality thereof, to the extent that the rules, regulations, requirements, procedures or orders of such authority, body or other organization; and any government; any court or arbitral tribunal; any regulatory or administrative authority, including the Reserve Bank of India;

Indebtedness

"**Indebtedness**" means, in respect of any Person, any obligation (whether present or future, actual or contingent, secured or unsecured, and whether as principal or surety) for the payment or repayment of money (whether in respect of interest, principal or otherwise) incurred in respect of monies borrowed or raised; any bond, note, loan stock or similar instrument; any acceptance credit, note to purchase, factoring or documentary credit; any finance lease, bond, letter of credit or a performance guarantee or other instrument issued in connection with the guarantee of performance of any contract; any interest rate or currency swap agreement or any other hedging or derivative instrument or agreement;

Insured Party

"**Insured Party**" means any person for whom an insurance coverage is obtained by the Company or her/his beneficiary (as maybe applicable);

Integrated Club

"**Integrated Club**" means a wellness centre operated by the Company in which the Company uses brands under more than 2 (Two) Franchise Agreements;

"**Intellectual Property**" means all rights, title and interests, vested and/or arising out of any industrial and/or intellectual property in relation to Business, whether protected at common law and/or under

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Club

Intellectual Property

Investor

Investor Consent

Investor Representations and Warranties

IRR

Joint Venture Entity

Keyman Insurance Policy

Key Managerial Personnel

Letter of Intent

Liquidity Event

statute, which includes (without limitation) any rights and interests in copyright, designs, trademarks, service marks, trade-names, brand names, business names, logos, trade secrets, goodwill and concepts, and including all applications made for the aforesaid, and the rights to apply in the future and/or any amendments/modifications, renewals thereto and all other intellectual property rights whether available at this time and/or in the future;

"**Investor**" shall mean Tano India Private Equity Fund II and unless repugnant to the context or meaning thereof, include Tano India Private Equity Fund II's successors and permitted assigns;

"**Investor Consent**" means a written consent of the Investor that may be required by the Company and/or the Promoter No.1 (as the case may be) in respect of any matter, which may be given or withheld at the Investor's discretion;

"**Investor Representations and Warranties**" means the representations and warranties made/provided by the Investor to the Company and Promoter No.1 in ***Schedule 4 (Part C)*** of the Agreement;

"**IRR**" means compounded annual rate of return to be calculated using the XIRR function in Microsoft Excel software;

"**Joint Venture Entity**" means an entity on which the Company exercises Control directly or indirectly;

"**Keyman Insurance Policy**" means the insurance policy procured in respect to the Promoter No.1;

"**Key Managerial Personnel**" has the meaning ascribed to it under the Act;

"**Letter of Intent**" means the letter of intent signed by the Company and the then shareholders of the Company with the Investor dated 26th July, 2013;

"**Liquidity Event**" means a liquidation, dissolution or winding-up of the Company including, without limitation, a compulsory liquidation;

"**Liquidity Proceeds**" means the consideration for or proceeds of or from a Liquidity Event;

"**Long Stop Date**" means a further period as may be permitted by the Investor in writing for the purpose of satisfaction of the Conditions

Precedent, which period shall not be later than 10 (Ten) days from the Target Conditions Precedent Date;

Liquidity Proceeds

Long Stop Date

"**Material Adverse Change**" means an event, fact, occurrence, change, development or any combination of the foregoing, (including any change in Applicable Laws, whether or not such change is then effective) which, as of any time of determination has caused a material and adverse effect on: (i) the Business, operations, net worth and Assets of the Company (ii) the ability of the Company, and/ or any of the Promoters to perform any of their obligations under the Agreement; or (iii) the legality, validity, binding nature or enforceability of the Agreement; (iv) the reputation and goodwill of the Company and/or the Promoters, (v) the Directors of the Company in their capacity as Directors of the Company, which has already occurred as of such time of determination and remains in effect or has not otherwise been fully remedied or alleviated as of such time;

Material Adverse Change

"**Memorandum of Association**" or "**Memorandum**" means the memorandum of association of the Company as may be amended from time to time;

"**Operation Agreement(s)**" means all the operation and management agreements, binding memorandums of understanding, and/or any other agreements entered into by the Company and/or its Subsidiaries under the Franchise Agreements for exploitation of the rights granted thereunder in respect to operating the franchises;

Memorandum of Association or Memorandum

Operation Agreement(s)

"**Ordinary Course**" means the ordinary and normal course of the Company's Business, its past practice and business policies;

"**PAT**" means the audited profit after tax, computed as per standard and consistent accounting principles, after exclusion of all extraordinary / non-recurring gains and losses;

Ordinary Course

PAT

"**Person**" means any natural person, sole proprietorship, firm, unincorporated association, unincorporated organization, body corporate, corporation, company, Governmental Authorities, joint venture, partnership, limited liability partnership, union, association, unlimited or limited liability company, trust or other entity (whether or not having a separate legal personality);

Person

"**Post-Money Equity Valuation**" means the valuation of the Company post investment of the Subscription Amount by the Investor into the Company i.e., pre-money equity valuation (plus) the Subscription Amount;

"**Preference Shares**" means preference shares that are issued by the Company having a par value of Rs. 1000/- (Rupees Thousand Only)

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Post-Money Equity Valuation

per preference share;

"**Promoter Director**" means any Director appointed by Promoter No.1;

Preference Shares

"**Promoter No. 1**" means Mr. Darpan Sanghvi;

"**Promoter No. 2**" means Mr. Narendra Sanghvi;

Promoter Director

Promoter No.1

"**Promoter(s)**" shall mean Promoter No. 1 and/ or Promoter No. 2;

Promoter No.2

"**QIPO**" means the initial public offering of Shares by the Company (either by issue of fresh Shares and/or offer for sale of existing Shares), such that there is a listing of Shares of the Company which gives the Investor an opportunity to sell its Shares to the public / any third party on a Recognised Stock Exchange;

Promoters

"**Recognised Stock Exchange**" means the stock exchange, Mumbai or the National Stock Exchange or any Indian or international stock exchange(s) or market acceptable to the Investor;

QIPO

"**Related Party**" means, (a) in relation to the Company and each of the Promoter, (i) each of the Promoter, their respective parents, spouses, children and other direct descendants; (ii) the other Promoter; (iii) any Person directly or indirectly Controlled (individually or collectively) by the Persons listed in (i) above; (b) in relation to the Company, Promoters and Investor, (i) each of their respective related parties as defined under the accounting standard number 18 issued by the Indian Institute of Chartered Accountants; and (ii) any transaction between the Company and any person to which Section 297 or Section 299 of the Act apply; and (c) an entity in which the Company has made any strategic investments;

Recognised Stock Exchange

Related Party

"**Relative**" of an individual means the parents, spouse, siblings, and children of that individual;

"**Representations and Warranties**" means the representations and warranties made/provided by the Company, the Promoter No.1 and the Promoter No.2 to the Investor in the Agreement including in particular ***Schedule 4 (Part A and B)*** of the Agreement;

Relative

"**Securities**" mean and refers to the Shares of the Company and such other securities or instruments as may be issued by the Company;

Representations and Warranties

"**Security**" includes any mortgage, pledge, lien, hypothecation,

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security interest or other charge or Encumbrance and any deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement;

Securities

"**Shares**" means the Equity Shares and any other shares in the capital of the Company;

Security

"**Shareholder**" means any person in whose name any Share is registered in the Company's register of members;

Shares

"**Shareholding**" means and refers to the Equity Shares held by a Shareholder in the Company;

Shareholder

"**Share Capital**" means and refers to the aggregate of all the issued and paid up Shares of the Company;

Shareholding

"**SLPPL**" means Sanghvi Lifestyle Products Private Limited;

Share Capital

"**Subscription Amount**" means an aggregate amount of Rs. 9,80,00,000/- (Rupees Nine Crore and Eighty Lakh Only) invested by the Investor for subscribing to the Subscription Shares as on the Closing Date, in accordance with the terms of the Agreement;

SLPPL

"**Subscription Shares**" means the aggregate of –

Subscription Amount

(i) Subscribed Equity Shares i.e., 1,51,553 (One Lakh Fifty One Thousand Five Hundred And Fifty Three) Equity Shares of the Company to be subscribed by the Investor at a price of Rs. 461.89 (Rupees Four Hundred And Sixty One Point Eight Nine Only) each aggregating to Rs.7,00,00,000/- (Rupees Seven Crore Only) representing an equity stake of 23.26% (Twenty Three Point Two Six Percent) of the post issue Share Capital of the Company on a Fully Diluted Basis, and

Subscription Shares

(ii) the CCPS i.e., 28,000 (Twenty Eight Thousand) compulsorily convertible Preference Shares to be issued by the Company and subscribed to by the Investor at a price of Rs.1,000/- (Rupees One Thousand Only) each aggregating to Rs.2,80,00,000/- (Rupees Two Crore Eighty Lakhs Only) carrying a dividend coupon of 0.1% (Zero Point One Percent), payable annually from the date of investment by the Investor till the conversion of the CCPS into Equity Shares of the Company, which will be compulsorily convertible into Equity Shares of the Company in accordance with Clause 6 of the Agreement ("**CCPS**"), to be issued by the Company to the Investor as on the Closing Date;

"**Subsidiaries**" shall have the same meaning ascribed to it under the Act and shall include the subsidiaries of the Company i.e., (i) Sanghvi

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Beauty Salons Private Limited ("**SBSPL**"), (ii) Sanghvi Fitness Private Limited ("**SFPL**"), and any future Subsidiary of the Company;

Subsidiaries

"The Company" or "this eompany" means **Sanghvi Brands Promoters Private Limited.**

"**Third Party**" means any Person that is not a signatory to the Agreement;

The Company or this Company

"**Tax(es)**" includes any tax, levy, impost, duty, charge, fee, deduction or withholding of any nature and whatever called, levied by any Governmental Authority, wherever imposed, levied, collected, withheld or assessed; and

Third Party

"**Transfer**" means transfer of any of the Securities, or other voting interests of a party and shall include (either directly or indireetly), (i) any transfer or other disposition of such Securities or voting interests or any interest therein; (ii) any sale, assignment gift, donation, redemption, conversion or other disposition of such Securities or any interest therein, pursuant to an agreement, arrangement, instrument or understanding by which legal title to or beneficial ownership of sueh Securities or any interest therein passes from one Person to another Person or to the same Person in a different legal capacity, whether or not for value; and/ or (iii) the granting of any Seeurities, interest, lien, pledge, mortgage, Encumbrance, hypothecation or eharge in or extending or attaching to such securities or any interest therein. It is clarified that no Shareholder shall Transfer any voting rights without Transfer of the underlying Securities.

Tax(es)

Transfer

"**Undertaking**" shall mean the undertakings made by the Company as set out in ***Schedule 5 (Part I)*** of the Agreement and by Promoter No.I as set out in ***Schedule 5 (Part II)*** of the Agreement.

Save as aforesaid, any words or expressions defined in the Act shall, if not inconsistent with the subject or context bear the same meaning in these Articles.

Undertaking

In these Articles unless the context otherwise requires:

Interpretation

(i) any reference to any statute or statutory provision shall include references to any such statute or statutory provision as it may, from time to time, be amended, supplemented or re-enacted, and any reference to a statutory provision shall include any subordinate legislation made from time to time under tbat provision;

(ii) any reference to the singular shall inelude the plural and vice-

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versa;

(iii) any references to the masculine, the feminine and the neuter shall include each other;

(iv) any references to a "**company**" shall include a body corporate;

(v) any reference to a document "**in the agreed form**" or "**agreed form**" is to the form of the relevant document agreed between the parties to the Agreement and for the purpose of identification initialed by each of them or on their behalf (in each case with such amendments as may be agreed by or on behalf of the parties);

(vi) any reference to books, files, records or other information or any of them means books, files, records or other information or any of them in any form or in whatever medium held including paper, electronically stored data, magnetic media, film and microfilm;

(vii) in determination of any period of days for the occurrence of an event or the performance of any act or thing shall be deemed to be exclusive of the day on which the event happens or the act or thing is done and if the last day of the period is not a Business Day, then the period shall include the next following Business Day;

(viii) a reference to a specific time for the performance of an obligation is a reference to that time in the country, province, state, country or other place where that obligation is to be performed;

(ix) "**in writing**" includes any communication made by letter or fax or e mail;

(x) Any reference to "**notice**" under these Articles shall mean a notice in writing.

(xi) the words "**include**", "**including**" and "**in particular**" shall be construed as being by way of illustration or emphasis only and shall not be construed as, nor shall they take effect as, limiting the generality of any preceding words;

(xii) references to knowledge, information, belief or awareness of any Person shall be deemed to include such knowledge, information, belief or awareness such Person would have if such Person has made due and careful enquiries;

(xiii) any Investor Consent and/or approval under these Articles shall be in writing;

(xiv) references to number of equity shares above shall be adjusted for any bonus issues, share splits, share consolidation and reduction of capital of the Company, or the Company, as the case may be.

(xv) the marginal notes used in these articles shall not affect the construction hereof.

(xvi) All capitalised terms used in these Articles and not defined shall have the same meaning as ascribed to such term in the Agreement.

3. Private Company

The Company is a private company within the meaning of Section 2(68) of the Companies Act, 2013, and accordingly:

a) the right to transfer shares in the Company is restricted in the manner hereinafter appearing;

b) the number of members of the Company, (exclusive of
   i) the persons who are in employment of the Company and
   ii) persons who, having been formerly 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 two hundred provided that for the purpose of this provision, 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 securities of the Company; and

4. General Authority

Where in the said Act, it has been provided that the Company shall have any right, privilege or authority or that a Company could carry out any transaction only if, the Company is so authorised by the Articles in every such case, these Articles hereby authorise and

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empower the Company to have such right, privilege or authority and to carry out sueh transaetions as have been permitted by the Act, without there being any specifie regulation in that behalf herein provided.

5. Shareholders Agreement

(a) The Agreement is a binding agreement between the parties thereto and certain transferees of sueh parties or their suecessors in interest, in aeeordanee with the terms of the Agreement. Salient terms of the Agreement are ineorporated in these Articles to notify the Shareholders of the eovenants, rights and obligations eontained in the Agreement.

(a) The Authorised Share Capital of the Company shall always be as mentioned in the Memorandum of Assoeiation of the Company with a power to inerease the eapital for the time being into several elasses and to attaeh thereto respeetively preferential, deferred, qualified or speeial rights, privilege or eonditions as may be determined by or in aeeordanee with Artieles of the Company and to vary, modify or abrogate any sueh rights, privileges or eonditions in such manner as may for the time being be provided by the regulations of the Company.

(b) The minimum paid up eapital of the Company shall be Rs. 1,00,000/- (Rupees One Lakhs Only).

5A Authorised Share Capital

6. Preference Shares

The Company shall subjeet to the provisions of Seetion 80 of the Aet have power to issue preferenee shares redeemable at the option of the Company.

7. Reduction of Share Capital

The Company may from time to time, by speeial resolution reduee its Share Capital in any manner for the time being authorised by law. The eapital may be paid off on the footing that it may be ealled up again or otherwise.

The rights of the holders of any elass of shares for the time being

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8. Modification of Share-holders' rights

forming the part of the capital of the company may be modified, varied, affected, extended or surrendered either with the consent in writing of the holders of three-fourths of the Shareholders of that class or with the sanction of a special resolution passed at a separate meeting of such class.

9. Consolidation and sub-division

Subject to the provisions of Section 94 of the Act, the Company in General Meeting may from time to time sub-divide, consolidate, cancel its' shares or any of shareholders on sub-division regarding dividend capital compared with others.

10. Buy Back of Securities

Subject to the provisions of Section 77A and any other applicable provisions, if any, of the Companies Act. 1956 and Subject to any Rules and Regulations thereunder as framed by the Government from time to time and any modification(s) thereof, the Company may buy back its own Securities.

Subject to the provisions of the Act and these Articles the shares in the capital of the Company for the time being (including any shares, forming part of any of increased Share Capital of the Company) shall be under the control of the directors who may issue, allot or otherwise dispose off the same or any of them to such person in such proportion and at a premium or at par or (subject to compliance with the provision of Section 79 of the Act) at a diseount and at such times as they may from time to time think fit and proper and with full power to give any person the option to call for or be allotted shares of any class of the Company either at par or at a premium or subject as aforesaid at discount with option being exercised at such time and for such consideration as the directors think fit. The directors may allot and issue shares in the capital of the Company in payment or part payment for any property sold and transferred or for services rendered to the Company in or about the formation or promotion of the Company or the conduct of its business and any shares so allotted may be issued as fully paid up and/or partly paid up shares.

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11.
Shares under control of the Directors

12.
Shares held jointly

If the shares are held in the names of two or more persons jointly, then the person first named in the register of members shall for all the purposes except voting and transfer be deemed to be holder thereof. But the joint holders are severally and jointly liable for all the purpose.

13.
Shares held in trust

Subject to the provisions of the Act the Company shall not be bound to recognise any person as holding any shares upon any trust or having any equitable, contingent, future, or partial interest (even when having notice thereof) in any share or part thereof except an absolute right as the registered shareholder.

14.
Issue of Share Certificate

(i) Subject to the provisions of the Companies (Issue of Share Certificates) Rules 1960, every member shall be entitled without payment to receive within three months after allotment and within two months of transfer of shares, the share certificates to which he is entitled. The defaced, lost or destroyed share certificates may be renewed on such terms and conditions as to indemnity and upon payment of such fee and expenses as the directors may think fit.

(ii) Each of the share certificates of the Company shall carry the following legend:

"***THE TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TRANSFER RESTRICTIONS AS PER THE ARTICLES OF ASSOCIATION OF THE COMPANY AND THE SHAREHOLDERS AGREEMENT DATED JANUARY 31, 2014 ENTERED INTO BY THE COMPANY AND ALL TRANSFERS NOT IN ACCORDANCE WITH THE SHAREHOLDERS AGREEMENT AND THE ARTICLES OF ASSOCIATION OF THE COMPANY SHALL BE VOID***";

15.
Additional Funding Requirements

(a) In the event, the Company issues any new Shares with the Investor Consent as provided in this Article 15 ("**New Shares**"), the Board shall prepare a proposal for such additional equity funding setting out the amount of additional equity funding required and the purposes for which such additional equity funding is required ("**Funding Proposal**") and deliver the same to the Shareholders. Any New Shares

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shall be offered on terms and conditions which are identical to all Shareholders, proportionate to the then existing ratio of Shareholding of the Shareholders to the total paid-up equity Share Capital of the Company on an As Converted Basis. The Board shall offer the Shareholders at least 30 (Thirty) days to subscribe to the New Shares.

(b) No Shareholder shall have a right to renounce their right to subscribe to New Shares, otherwise than as provided in this Article 15. Notwithstanding anything contained in this Article, the Investor and/ or Promoter No. 1 shall have the right to subscribe to the New Shares offered to it, by itself and/or alongwith or through its Affiliate(s). Provided however that such Affiliate(s) shall execute a Deed of Adherence for New Subscribers for subscribing to New Shares.

(c) If any Shareholder fails to subscribe to the New Shares in the manner permitted under Article 15(a) above, then the Company shall offer such un-subscribed New Shares to the remaining Shareholders, in accordance with the then existing ratio of Shareholding on As Converted Basis. The Shareholder that is not willing to subscribe to any of the un-subscribed New Shares shall inform the Company of its unwillingness to subscribe to the New Shares in writing within a period of 30 (Thirty) days from the date of receipt of the aforesaid offer from the Company ("**Notice Intimating Unwillingness**"). In such an event, after the receipt of the Notice Intimating Unwillingness, the New Shares shall be offered by the Board to the other Shareholders in accordance with the then existing ratio of shareholding on As Converted Basis, on same terms and conditions which are offered under this Article. If the other Shareholders do not subscribe to any of the New Shares within a period of 30 (Thirty) days from the date of receipt of the aforesaid offer, the Board shall offer or issue such New Shares to any Person ("**New Investor**"), on the same terms and conditions, subject to Article 16 below.

(d) The Investor and/or its Affiliates do not commit to further capitalise the Company or to provide finance or any other form of support to the Company.

(e) The Company shall raise debts on the most prudent commercial terms available as per the market practices at interest rates and terms to be determined in accordance with the market practices subject to the provisions of these Articles.

16. Anti Dilution

(a) In the event, the Company proposes to issue Shares or equity linked securities at any point of time at a price lower than the following i.e. (i) Prior to the conversion of the CCPS, at a pre-

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SANGHVI BRANDS PROMOTERS PVT. 105/2, Shivajinagar, Pune 411005 money valuation of less than Rs. 39,50,00,000 Crores (Rupees Thirty Nine Crores and Fifty Lakhs Only); or (ii) Post the conversion of the CCPS, but prior to the QIPO, at a pre-money valuation which is less than the post money equity valuation (i.e. the final pre-money valuation based on the Conversion Principles plus the Subscription Amount) at which Investor's final equity stake is settled, then with the prior Investor Consent, the Company shall issue Shares to the Investor at the lowest price permissible under the Applicable Law as determined in accordance with the Act and relevant exchange control regulations, if applicable, such that the post-money equity valuation of the Investor's entire Shareholding shall be equal to the pre-money valuation of the New Investor. In the event that such issue of Shares is not possible, the Company, the Investor and the Promoters shall in good faith mutually arrive at a suitable mechanism to ensure that such intent is achieved within a period of 90 (Ninety) days of issue of Shares under Article 15 (as applicable), unless mutually extended by the Investor and Promoter No. 1.

(b) If the Company completes any stock split, it shall be on a pro rata basis such that the percentage of the issued and paid up share capital held by the Investor prior to and after the split shall be the same. In determining if the terms and conditions offered by the Company to a New Investor is more favourable than those provided to the Investor, due regard shall be given to any stock splits or stock dividends declared by the Company.

17. Company's lien on Shares

The Company shall have first and paramount lien on all the shares for all the monies payable to the Company presently payable or not, by the shareholder or his estate. This lien shall extend to all the dividend payable on the said shares.

18. Call on Shares

The Board may from time to time subject to the terms on which the shares may have been issued or allotted by resolution make such calls of the nominal value as it thinks fit upon the members in respect of the monies unpaid on their shares made payable at fixed time and place, after 15 days notice.

19. When call deemed to be made

A call shall be deemed to have been made from the date of the Board resolution to the members whose name is on the Register of Members on the particular date as may be decided by Directors.

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20. Revocation / Postponement of call	The Board may at its discretion revoke or postpone the call or may extend the date of payment thereof.
21. Calls in advance	The Board may, if decided receive calls in advance without any extra privilege about advance voting, and the advance call shall carry interest rate as may be decided by the Board.

22. Restriction on transfer

(a) **Investor Rights**

Subject to Article 22(e)(vii), there shall be no restrictions on the Investor to transfer its Shares and/or CCPS along with rights thereto and the Promoters agree to vote in favour of such a transfer. Further, prior to the QIPO, the Investor shall provide the right of first refusal to the Promoters, in the event it decides to sell part or whole of its Shareholding in the Company. In exercise of its right of first refusal, the Promoters or any of the Promoters, may bring in another investor to execute the transaction. However, it is intended that subsequent to such transfer, in the event that Investor is still an investor, the rights enjoyed by the Investor under these Articles shall be as if the transfer has not taken place, so long as the Investor does not sell at least $2/3^{rd}$ (Two-thirds) of its Shareholding in the Company.

(b) **Promoters Lock-in**

(i) The Promoters shall not, during the period beginning from the Effective Date till the date of the QIPO or till such time as the Investor is the Shareholder of the Company (**"Lock In Period"**), Transfer any interest in their Shares in the Company or do any act which has the effect of selling, disposing or transferring the legal or beneficial interest in the Shares without the Investor Consent subject to Article 22(b)(ii) and 22(b)(iii) below. Notwithstanding anything contained in this Article 22 (including Investor's Right of First Refusal as set out in Article 22(c)), Promoter No.1 shall have an absolute right to purchase the Shares of Promoter No. 2 on Closing and on a Transfer of Shares from Promoter No.2 to Promoter No.1, all the rights, obligations of Promoter No.2 and Promoter No.2 undertakings shall be no longer binding on Promoter No.2 and shall be that of Promoter No.1 and pursuant to such Transfer any reference to the term "Promoters" and/or "Promoter No.2" in these Articles shall only refer to Promoter No.1.

(ii) The Promoter No.1 shall not, during the Lock In Period

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and without the Investor Consent, create or allow the creation of any Encumbrance over Shares representing in aggregate more than 10% (Ten Percent) of the Shares in the Company then held by the Promoter No.1. The Investor Consent shall not be unreasonably withheld if the Encumbrance is proposed to be created in favour of a bank or bonafide financial institution for raising funds for the Business of the Company on terms and conditions mutually agreed between Promoter No.1 and the Investor. Provided however, in case of creation of any Encumbrance over Shares representing more than 10% (Ten Percent) of the Shares in the Company then held by the Promoter No.1, the said banks and/or financial institution shall be informed of the restrictions on the Transfer of Shares of the Company in writing prior to creation of the Encumbrance.

(iii) **<u>Upto and At The QIPO</u>**: Upto the QIPO, as set out in Article 22(b)(ii) above, the Promoter No.1 shall have a right to sell up to an aggregate of 10% (Ten Percent) of their Shares in the Company without the prior Investor Consent. At the QIPO, the Promoter No.1 shall be free to sell such incremental Shares, provided that the remaining stake of the Promoter No.1, prior to any dilution occurring from the primary issue of Shares at the QIPO, does not fall below 60% (Sixty Percent). Any such sale in terms of this Article will not be subject to the Tag Along provisions provided in Article 22(d) below.

In the event of the QIPO, the Promoter's Shares shall be subject to any statutory or regulatory restrictions/conditions imposed in connection with the QIPO and that they shall not Transfer, their Shares in violation of Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

(iv) **<u>After QIPO</u>**: After the QIPO the Promoter No.1 shall retain management control and the Promoters shall maintain such minimum Shareholding as required under the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and for that purpose Investor's stake shall not be considered as part of the Promoters Shareholding.

(c) **<u>The Investor's Right of First Refusal</u>**: This Article shall be applicable in respect of any transfer of Shares by the Promoters prior to QIPO, and shall be subject to obtaining the Investor Consent where required pursuant to Article 22(b) above.

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(i) If a Promoter, desires to transfer any of the Shares held by it to any Person, it shall give the Investor, notice in writing of such desire which shall specify:

A. the identity and details of the buyer ("**Promoter Buyer**");

B. the number and class of Equity Shares the Promoters then collectively own (on a Fully Diluted Basis) and the number of Shares proposed to be transferred ("**Promoter Sale Shares**");

C. the price offered by the Promoter Buyer for each Promoter Sale Share ("**Promoter Buyer's Price**") and the manner and time of payment of the consideration for purchase of the Promoter Sale Shares;

D. the other terms and conditions of such sale (if any);

E. the rights which are proposed to be granted/transferred to such Promoter Buyer;

F. a representation that the Promoter Buyer stated in the Promoter Transfer Notice has been informed of the Tag-Along Right and has agreed to purehase all the Equity Shares required to be purchased in aecordance with the terms of this Article 22(c); and

G. a representation that no eonsideration, tangible or intangible, is being paid to the Promoter which will not be refleeted in the above stated consideration (ineluding a refund or a discount).

The above notice shall be referred to as the "**Promoter Transfer Notice**" and the terms of the Promoter Transfer Notice set out hereinabove shall be referred to as the "**Sale Terms**".

Such Promoter Transfer Notiee shall be accompanied by true and eomplete copy of all agreements/memorandum of understandings/letter of intents between the Promoters and the Promoter Buyer regarding the proposed transfer.

(ii) Subject as hereinafter mentioned, a Promoter Transfer Notiee shall constitute an offer by the Promoters for the sale of the Promoter Sale Shares to the Investor at the Promoter Buyer's Price and on the Sale Terms (if any) in the order of preference as described in the provisions below. Subject to Article 22(c)(iii) below, a Promoter

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Transfer Notice shall not be revocable.

(iii) Within a period of 30 (Thirty) days from the date of receipt of the Promoter Transfer Notice (**"Offer Period"**), the Investor shall notify the Promoters in writing of its intention to purchase all but not only some of the Promoter Sale Shares. In the event that the Investor confirms its intention to purchase the Promoter Sale Shares as above, such sale of Promoter Sale Shares and payment of consideration thereof shall (subject to the receipt of all requisite approvals from the Government of India and other regulatory agencies, as applicable for the transfer of Promoter Sale Shares to Investor) be made within a period of 30 (Thirty) days of the issue of the Investor notice confirming its intention to purchase the Promoter Sale Shares (**"Sale Period"**). The Investor and the Promoter No. 1 agree that the aforesaid period of 30 (Thirty) days shall not include the time period taken on account of any delay in obtaining regulatory approvals from the Government of India and other regulatory agencies. In the event of any delay in transfer of Promoter Sale Shares, beyond the Sale Period, which is attributable to the Company and/or the Promoter No.1, unless mutually extended by the Investor and the Promoter No.1, the Investor shall have the right to receive liquidated damages @ 18% (Eighteen Percent) per annum calculated on the basis of [Promoter Buyer's Price x Promoter Sale Shares], compounded on a quarterly basis calculated from the expiry of the said Sale Period or the expiry of the period as may be mutually extended by the Investor and Promoter No.1 in writing or the extended period on account of any delay in obtaining regulatory approvals from the Government of India and other regulatory agencies, as the case may be and shall be net of all witholding taxes. The calculation period shall be for minimum 1 (One) quarter. It is clarified that the liquidated damages set out in this Article 22(e)(iii) shall be payable as set out herein only till the transfer of Shares to the Investor.

(iv) If the Investor (i) fails to inform the Promoters within the Offer Period of its willingness to purchase all the Promoter Sale Shares; or (ii) refuses to purchase the Promoter Sale Shares offered to it at the Sale Terms; or (iii) fails to purchase the Promoter Sale Shares within the Sale Period, then the Promoters shall, subject to the Tag Along Rights specified in Article 22(d) below during the 30 (Thirty) days following the expiry of the Sale Period or the Offer Period, as the case may be, shall have the option to transfer all but not only some of the Promoter Sale Share to the Promoter Buyer at the Promoter Buyer's Price and on terms and

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eonditions not more favourable tban those contained in the Promoter Transfer Notiee. In the event that the Promoter Buyer is a Person resident outside India, then the period of 30 (Thirty) days mentioned in this Article 22 (c)(iv) shall be extended to 60 (Sixty) days following the expiry of the Sale Period or the Offer Period, as the ease may be.

(v) If completion of the sale and transfer to the Promoter Buyer does not take plaee within the time period specified above in Artiele 22(c)(iv) above, the Promoters' right to sell the Promoter Sale Shares to such Promoter Buyer shall lapse and the provisions of this Article 22(c) shall once again apply to the Promoter Sale Shares.

(d) **Tag Along Right**

(i) Subject the provisions of Article 22 (b), in the event any of the Promoters propose to sell Shares in exeess of an aggregate of 10% (Ten Pereent) of their then/ current Shareholding in the Company to the Promoter Buyer and the Investor does not purchase all the Promoter Sale Shares pursuant to Article 22(c) then the Investor shall have the right to call upon the Promoters to cause the Promoter Buyer to purchase whole of the Shares on an As Converted Basis, held by the Investor and/or its Affiliates (the "**Tag Along Shares**") along with the Shares of such Promoters being sold ("**Tag Along Right**"). Such Tag Along Right will be for the entire equity holding of the Investor and/or its Affiliates and at terms that are no less favourable than the terms offered to the Promoters.

(ii) This Tag Along Right will be exercised in the following manner -

A. In the event the Investor elects to exercise the Tag Along Right, the Investor shall issue a written notiee to the Promoters (the "**Response Notice**") within the Offer Period to exereise its Tag-Along Right.

B. In the event the Investor and/or its Affiliates decide to exercise the Tag Along Right, the Promoters shall cause the Promoter Buyer to purchase from the Investor and/or its Affiliates, as the case may be, the Tag Along Shares at the same price per Equity Share and same terms as are mentioned in the Promoter Transfer Notice, provided that the Investor and/or its Affiliates will not be required to make any representation, provide any covenants or

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undertakings, grant any indemnifieations or incur any obligations to the Promoter Buyer or any other Person other than Investor Representations and Warranties as may be applieable.

C. The Promoters shall not be entitled to sell any of the Promoter Sale Shares to the Promoter Buyer unless the Promoter Buyer simultaneously purehases and pays for the Tag Along Shares in aeeordance with the provisions of this Article 22(d). If the Promoter Buyer fails to purehase the Tag Along Shares from the Investor and/or its Affiliates, as the case may be, the Promoters shall not sell the proposed Promoter Sale Shares to the Promoter Buyer, and if purported to be made, such sale shall be void and shall not be binding on the Company and shall be deemed to be a breach of the terms of the Agreement.

D. The purchase of the Promoter Sale Shares and the Tag Along Shares by the Promoter Buyer shall be held at the principal office of the Company on the 30 (Thirtieth) day after the expiry of the Offer Period or at such other time and place as the parties to the transaction may mutually agree. The said 30 (Thirty) days' period shall be extended for an additional period as may be necessary to obtain approvals whieh are required for such purchase and payment. At sueh closing, the Promoters and the Investor and/or its Affiliates, as the case may be, (if the Investor and/or the Affiliates have exercised the Tag-along Rights) shall deliver certificates representing the Promoter Sale Shares and the Tag Along Shares respectively, accompanied by duly executed instruments of transfer. The Promoter Buyer shall deliver at such elosing payment in full of the priee in respeet of the Promoter Sale Shares and the Tag Along Shares to the Promoters and the Investor and/or its Affiliates, as the case may be, respectively. At such elosing, all of the parties to the transaetion shall execute such additional documents as may be necessary or appropriate to give effect to the sale of the Equity Shares to the Promoter Buyer, provided that the Investor shall only be required to give such limited Representations and Warranties as set out in ***Schedule 4 (Part C)*** of the Agreement as may be applicable.

(e) **The Promoters' Right of First Refusal:** This Artiele shall be

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applicable in respect of transfer of any part or whole of the Shares on an As Converted Basis, held by the Investor prior to QIPO.

(i) If the Investor desires to transfer any of the Shares held by it to any Person, it shall give the Promoters notice in writing of such desire, which notice shall specify:

A. the identity and details of the buyer ("**Buyer**");

B. the number and class of Equity Shares the Investor owns (on a Fully Diluted Basis) and the number of Shares proposed to be transferred ("**Investor Sale Shares**");

C. the price offered by the Buyer for each Investor Sale Share ("**Investor Buyer's Price**") and the manner and time of payment of the consideration for purehase of the Investor Sale Shares;

D. the other terms and conditions of sueh sale (if any); and

E. the rights whieh are proposed to be granted/transferred to such Buyer.

The above notice shall be referred to as the 'Investor Transfer Notice' and the terms of the Investor Transfer Notice set out hereinabove shall be referred to as the 'Investor Sale Terms'.

Sueh Investor Transfer Notice shall be accompanied by true and eomplete copy of all agreements /memorandum of understandings/letter of intents between the Investor and the Buyer regarding the proposed transfer.

(ii) Subject as hereinafter mentioned, a Investor Transfer Notice shall eonstitute an offer by the Investor for the sale of the Investor Sale Shares to the Promoters at the Investor Buyer's Priee and on the Investor Sale Terms (if any) in the order of preference as described in the provisions below. Subjeet to Article 22(e)(iii) below, an Investor Transfer Notice shall not be revoeable.

(iii) Within the period of 30 (Thirty) days from the date of receipt of the Investor Transfer Notiee ("**Promoters Offer Period**"), the Promoters shall notify the Investor in writing of its intention to purchase all but not only some of the Investor Sale Shares. In the event that the Promoter(s) confirms their intention to purchase the Investor Sale

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Shares as above, such sale of Investor Sale Shares and payment of consideration thereof shall (subject to the receipt of all requisite approvals from the Government of India and other regulatory agencies, as applicable for the transfer of Investor Sale Shares to the Promoters) be made within a period of 30 (Thirty) days of the issue of the Promoter's notice confirming its intention to purchase the Investor Sale Shares ("**Investor Sale Period**"). The Investor and Promoter No. 1 agree that the aforesaid period of 30 (Thirty) days shall not include the time period taken on account of any delay in obtaining regulatory approvals from the Government of India and other regulatory agencies. In the event of any delay in transfer of Investor Sale Shares, which is attributable to the Investor, beyond the Investor Sale Period, unless mutually extended by the Investor and Promoter No. 1, the Promoters shall have the right to receive liquidated damages @ 18% (Eighteen Percent) per annum calculated on the basis of [Investor Buyer's Price x Investor Sale Shares], compounded on a quarterly basis calculated from the expiry of the said Investor Sale Period, or the expiry of period as may be mutually extended by the Investor and Promoter No.1 in writing or the extended period on account of any delay in obtaining regulatory approvals from the Government of India and other regulatory agencies, as the case may be, and shall be net of all withholding taxes. The calculation period shall be for minimum 1 (One) quarter. It is clarified that the liquidated damages set out in this Article 22(e)(iii) shall be payable as set out herein only till the transfer of Shares to Promoters.

(iv) It is clarified that the Promoters shall be entitled to exercise this right through any of its Affiliates.

(v) If the Promoters (i) fail to inform the Investor within the Promoters Offer Period of their willingness to purchase all the Investor Sale Shares; or (ii) refuse to purchase the Investor Sale Shares offered to it at the Investor Sale Terms or (iii) fail to purchase the Investor Sale Shares within the Investor Sale Period, then the Investor shall, during the 30 (Thirty) days following the expiry of the Promoters Offer Period or the Investor Sale Period, as the case may be, be at liberty to transfer all but not only some of the Investor Sale Shares to the Buyer and on terms and conditions not more favourable than those contained in the Investor Transfer Notice. In the event that the Investor Buyer is a Person resident outside India, then the period of 30 (Thirty) days following the expiry of the Promoters Offer Period shall not include the time period taken on account of any delay

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in obtaining regulatory approvals from the Government of India and other regulatory agencies, as applicable for the transfer of Investor Sale Shares. In the event that the Investor Buyer is a Person resident in India, then the period of 30 (Thirty) days following the expiry of the Promoters Offer Period or the Investor Sale Period shall be extended to a period of 60 (Sixty) days, as the case may be.

(vi) If completion of the sale and transfer to the Buyer does not take place within the time period specified above, the Investor's right to sell the Investor Sale Shares to such Buyer shall lapse and the provisions of this Article shall once again apply to the Investor Sale Shares.

(vii) The Company, the Investor and Promoter No.1 have agreed that upto the happening of the QIPO or till the QIPO Deadline Date, whichever is earlier, the Investor shall not transfer its Subscribed Equity Shares and/or CCPS alongwith rights attached thereto to any Competitor of the Company except with the express written approval of the Promoter No.1.

(viii) Subject to the provisions contained hereinabove, there shall be no restrictions on the ability of the Investor to transfer its Equity Shares and/or CCPS along with rights attached thereto and the Promoters shall vote in favour of any such transfer.

In exercise of its right of first refusal, the Promoters may bring in another investor to execute the aforesaid purchase of Equity Shares of the Investor. However, subsequent to such transfer, in the event that the Investor is still an investor, the rights enjoyed by the Investor shall be as if the transfer has not taken place, so long as the Investor does not sell at least 2/3rd (Two-Thirds) of its holding in the Company.

Further, however, if the Investor transfers its entire shareholding in the Company, the proposed transferee shall enjoy all the rights that the Investor would have enjoyed, provided such transfer is to a reputable financial investor. It is expressly clarified that, after the QIPO, the transferee would enjoy the rights hitherto enjoyed by the Investor until it holds a minimum of 5% (Five Percent) equity Shareholding in the Company, subject to Applicable Law.

(f) The Investor shall be entitled to sell any or all its Shares to any Person on any terms and conditions without any restrictions whatsoever after the QIPO.

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(g) Notwithstanding anything contained in these Articles, the Investor shall be entitled at anytime to freely Transfer all or some of the Shares held by it to any of its Affiliates.

(h) Notwithstanding any of the provisions of these Artieles to the eontrary. the Company shall not register any transfer of any Shares unless and until:

(i) Such transfer is in compliance with the terms of Article 22;

(ii) all stamp duties or other transfer taxes payable in respect of the transfer of the Shares have been paid;

(iii) where the Shares are transferred to the Promoter Buyer or Buyer pursuant to Articles22(c), 22(e) and 22(g) above, the Promoter Buyer, Buyer or any other Person (that is not a party to the Agreement) exeeutes and delivers to the Company a Deed of Adherence for Transferees and upon the delivery to the Company of sueh Deed of Adherence for Transferees executed by the Promoter Buyer, Buyer or any other Person, as the case maybe, and the registration of the Shares in the name of the Promoter Buyer, Buyer or any other Person, as the case may be, the Promoter Buyer, Buyer or any other Person, as the case may be shall be bound by the Agreement and these Artieles in place of the transferor; and

(iv) where the transfer of the Shares is effected pursuant to Article 22(g) above, the Affiliate stated as transferee in the instrument of transfer with respect to those Shares executes and delivers to the Company a Deed of Adherence for Transferees.

(i) The Investor and Promoter No.1 shall be entitled to exercise their respective rights to purchase Shares under this Article through their respective Affiliates.

23. Exit Mechanism

(a) **QIPO**

(i) The Company and the Promoters shall achieve a listing pursuant to the QIPO within 60 (Sixty) months from the Investor's investment on the Closing Date ("**QIPO Deadline Date**"). For the QIPO, the Company and Promoters shall procure (including through the exercise of voting rights) that the Company shall at its own cost appoint one or more of the reputable merchant bankers. acceptable to the Investor ("**Investment Bank**") to advise on the process, timing and valuation of the QIPO. The Investment Bank shall also advise on whether the market conditions are suitable for the QIPO. It is clarified that such advice of the Investment Bank shall not be binding on Company, the Investor and the Promoter No.1. In connection with the foregoing, each of the Shareholders shall exercise their voting rights in favour of the appointment of the Investment Bank and the Company's application for such listing. All decisions pertaining to the QIPO shall be taken by the Board subject to the Affirmative Vote Matters. The Company and Promoter No.1, to the best of their knowledge and after exercise of diligenee, shall not do or permit to be done or omit or permit to be omitted or otherwise undertake, agree or propose any act, deed, transaction or proposal prejudicial to or which may affect the Company's ability to achieve such listing on Recognised Stock Exchange.

(ii) The Company and Promoters shall carry out any restrueturing of the corporate structure, businesses and/or operations of the Company which may be recommended by the Investment Bank and mutually eonsented to by the Company, the Investor and Promoter No.1, which consent shall not be unreasonably withheld, for the purposes of enabling the Company to make the QIPO in a manner that faeilitates the Investor's sale, Transfer or disposal of their Shares following the QIPO.

(iii) The Investor shall have the first right at their sole and absolute discretion to offer some or all of their Shares on an 'As Converted Basis' to the public in conjunetion with the Company's QIPO requirements. In the event that the Investor does not exercise this right, and the issue of new Shares by the Company in eonneetion with the QIPO is insufficient to meet any statutory or regulatory public float requirements, the Promoters shall offer to the public such number of Shares as may be required for the Company to meet such statutory or regulatory public float requirements in proportion as nearly as praeticable to their Shareholding percentage of Shares in the Company.

(iv) In the event the total Share Capital of the Company is less than the minimum capital required to list the Shares of the Company on any Reeognized Stoek Exchange and if the QIPO is required, consisting only of offer for sale by existing Shareholders (i.e. without a further issue of capital by the Company), then subject to applicable guidelines and regulations, the Shareholders of the Company shall cause the Company to do all aets and things and take all such steps as may be necessary to ensure that the minimum capital

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required to list the Shares of the Company is achieved.

(v) The Investor shall not be deemed to be "promoter" of the Company for the purposes of the QIPO and that the Shares held by the Investor on an As Converted Basis shall not be subject to any statutory or regulatory moratorium imposed in connection with the QIPO on Promoters. The Company and Promoters shall procure (including through the exercise of voting rights) that the Company shall subject to Applicable Law and at its own cost make any and all applications to statutory and regulatory authorities which may be required to ensure that the Shares held by the Investor on an As Converted Basis are not subject to any such statutory or regulatory moratorium applicable to Promoters.

(vi) The Company shall bear and be liable for all costs relating to or in connection with the QIPO including underwriter's fees, brokerage, discounts, statutory costs, registration fees and fees for advisors and managers to the QIPO.

(vii) The Company and the Promoters agree to do all acts and deeds necessary under the then prevailing relevant statutes including inter alia locking in of the Promoters Shareholding, recasting of Company's fiscal year end, capitalization or booking of expenses to effect the QIPO or Offer for Sale, as the case may be.

(b) Trade Sale and Forced IPO

(i) Unless the QIPO Deadline Date is extended with the Investor Consent, the Promoters may, within a further 6 (Six) month period from the QIPO Deadline Date or such extended date, seek a New Investor, which for the purposes of this Article shall include the Promoters and/or its Affiliates, for purchasing the Investor's holding in the Company. The Investor shall have the right to accept or reject any offer made by such New Investor for its holding in the Company.

(ii) In case the New Investor's offer is acceptable to the Investor, the Investor shall sell and the New Investor shall purchase the entire Shareholding of the Investor in the Company within a period of 30 (Thirty) days of acceptance by the Investor. In the event that sale cannot be completed within the aforesaid period of 30 (Thirty) days, the Investor may at its sole discretion extend the aforesaid timeline or refuse to proceed with the aforesaid

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transaction with the New Investor.

(iii) In the event of refusal to the offer of the New Investor by the Investor and upon the expiry of 66 (Sixty-six) months from the date of Investor's investment on the Closing Date, the Investor shall be entitled to offer for sale upto all the Shares of the Company held by the Investor, to the public (**"Offer for Sale"**). The Investor shall also have the right to call upon all the existing Shareholders, including Promoters to offer such number of Shares in the IPO as may be required to complete the listing (**"Forced IPO"**). Provisions of Article 23(a) relating to QIPO shall apply mutatis mutandis to this Forced IPO.

(iv) Promoters and the Company shall obtain all relevant approvals, statutory or otherwise, that are necessary for any listing. Promoters shall contribute the entire equity required as Promoters' contribution which will be subject to lock-in for the purposes of the QIPO or Forced IPO or Offer for Sale, as per the extant laws. It is expressly clarified that Investor's Shareholding will not be considered as part of Promoters' contribution and subject to any lock-in for the purposes of the QIPO and/or Forced IPO and/or Offer for Sale as the case may be.

(v) In the case of any fresh issue or offer of existing Shares of the Company's Equity Shares to the public, including an offer by the Investor in an Offer for Sale, the costs of such an issue and/or offer will be borne entirely by the Company and the Investor will not be called upon to bear any costs for such issue and/or offer.

(e) **Drag Along Right**

(i) If, by the end of the period of 72 (Seventy-two) months from the Closing Date, (i) the Company has not completed the QIPO or the Investor is unable to divest its holding through a QIPO or subsequently through an Offer for Sale, or through a sale to a New Investor, (ii) the Investor continues to hold Shares, the Investor shall have the right at any time thereafter to sell, transfer or otherwise dispose of some or all of their Shares to any Person or Third Party by way of sale through auction or by way of a negotiated sale, in each case where the Promoter No.1 and/or his Affiliates shall be entitled to participate (**"Purchaser"**) on such terms and conditions as it deems fit. It is however expressly provided that the Promoter No.1's bid shall qualify only if the Promoter No.1 deposits the entire amount of his bid in an escrow account designated by the Investor, within 15 (Fifteen) days of making of the bid by the Promoter No.1. If the Promoter No.1 fails to deposit the entire amount in an escrow account within the time period specified hereinbefore, the Promoter No.1's right to participate in such and any future auction or a negotiated sale as specified in this Article shall lapse. It is expressly clarified that the Investor shall sell the Shares to the Promoter No.1 and/or his Affiliates only if the terms and conditions including the price of their bid is the same or more favourable than the other bidders/potential buyers. If the Investor sells to a buyer in accordance with the provisions of this Article, the Investor may require the Promoter No.1 and/or his Affiliate to transfer to the Purchaser such proportion of their holdings (including equity linked convertihle instruments, if any) in the Company as is required to consummate the sale by the Investor, and on same terms as those offered to the Investor (**"Drag Along Right"**). The proceeds of such a sale shall be distributed according to the Preferential Payout provisions specified hereunder in Articles 23(c)(iii) and 23(e)(iv). It is expressly provided that in the event the Investor does not permit the Promoter No.1 and/or his Affiliates to participate in an auction or by way of a negotiated sale after making a qualified bid as contemplated in this Article, then any such auction or negotiated sale shall be invalid and any consequent transfer by the Investor shall be invalid and void.

(ii) The Investor shall he entitled to require the Promoters to sell some or all of the Shares and equity linked convertible instruments held by them to the Purchaser (**"Drag Along Shares"**), provided that, subject to Article 29, the Shares of the Promoters are sold, transferred or disposed of at the same price as the Shares of the Investor. If the Investor exercises its right specified in Article 23(c)(i) above, it shall issue a notice to the Promoters indicating the price per Share, and the name of the Person to whom the Shares of the Company have to he transferred (**"Drag Notice"**).

A. Following the date of the Drag Notice, the Promoters shall deliver to the Investor a certificate or certificates evidencing the Drag-Along Shares, accompanied by duly executed instruments of transfer in a proper form to effect the transfer of such Drag Along Shares to the bonafide Purchaser on the books and records of the Company, such delivery to be made within 14 (Fourteen) days of the Drag Notiec.

B. Simultaneously with the eonsummation of the transfer pursuant to this Article, the Investor shall (i) deliver notiee thereof to the Promoters, and (ii) remit to each Promoter the total sale price of their respcetive Drag Along Shares less the proportionate reasonable eosts of transfer ineurred (ineluding without limitation fecs of counsel seleeted by the Investor in connection with the transfer).

C. The Promoters shall use best efforts to faeilitate and assist in any sale as mentioned above and shall provide, and shall ensure that the management of the Company provides, such transition support, as may be requested by the bonafide Purchaser, including by providing all requisite representations and warranties.

(iii) In the event of an Investor sale of Shares resulting in the event of a Drag Along or Liquidity Event of the Company, and where the proeeeds are equal to or less than the settled Post-Money Equity Valuation, the distribution shall be as follows (**"Preferential Payout"**):

A. Proceeds up to the amount of Subscription Amount, shall be received by Investor in full;

B. For the next receipt of proeeeds in an amount equalling the Subscription Amount, the amount shall be reeeived by the other Shareholders on pro rata basis;

C. For the next receipt of proeeeds in an amount equalling the Subseription Amount, the amount shall be split equally between Investor and the other Shareholders;

D. For the remaining proceeds, 1/3 (One-third) of the proceeds shall be received by Investor and the balance shall be received by the other Shareholders.

(iv) In case the proeeeds exeeed the settled Post-Money Equity Valuation, the total proceeds shall be distributed in proportion to the respective Shareholding.

24. Obligation of Whenever any direetor wants to resign from directorship, he will be bound to offer his shares held singly / jointly with any other person to *an outgoing Director*

all the then existing direetor(s) at a price to be decided mutually. In ease of disagreement about the price, an independent valuation will be made aeeording to book value or yield method or combination thereof.

25. Refusal of Transfer

The Board has got diseretionary powers to deeline the transfer of shares unless the instrument of transfer of shares is in prescribed form, duly stamped and exeeuted and delivered in prescribed time alongwith share certificate or on such reasons as may be thought fit by the Board in the interests of the company.

Pre-emptive Offer

26. Transmission of Shares

In case of death of a member, the exeeutor or administrator or holder of succession certificate of or the legal representative of deceased member or in the case of joint holders, survivor sball be subjeet to the provisions of any other law, the only persons reeognised by the Company as having any title to the shares registered in the name of the deeeased one. Considering the genuineness of the case the Board may at its' diseretion dispense with the produetion of legal doeuments subject to sueh eonditions as to indemnity as it may think fit.

27. Events of Default

(a) The Investor shall have the right to terminate the Agreement in aeeordance with Artiele 28 if:

(i) there is any Material Adverse Change in respect to the Business whieh is directly attributable to fraud and/or wilful miseonduet and/or gross negligence of the Company and/or the Promoters.

(ii) Termination of Franehise Agreements –

1. the following agreements are terminated for reasons attributable to the Company and/or the Promoters:

A. Agreement between L'Occitane India Private Limited (**"L'Oceitane"**) and the Company dated June 29, 2010 and/or Agreement between W-T Global LLC and the Company dated October 31, 2011 ineluding any modifications and/or renewals thereof;

B. Any other Franehise Agreement whieh constitutes 25% (Twenty Five Percent) or more of the total revenues of the Company on a consolidated basis in the immediately preeeding Financial Year; and/or

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C. Any Franchise Agreement under which a brand is operational in an Integrated Club;

except where such termination by the Company is mutually agreed to between the Investor and Promoter No.1.

The agreements set out under Article 27(a)(ii)(1)(A) to (C) above, shall hereinafter be referred to as "**Critical Agreements**".

2. In the event of a disputed termination of a Critical Agreement as set out in Article 27(a)(ii)(1) above, the Investor and the Promoter No.1 shall in good faith mutually determine the legality of such termination within a period of 10 (Ten) days. In the event the Investor and Promoter No.1 are unable to agree regarding the legality of such termination, the Investor shall have a right to appoint an independent reputed legal counsel to determine the legality of such termination within a period of 80 (Eighty) days from the appointment. The Company, the Investor and the Promoter No. 1 agree that in the event such independent reputed legal counsel determines that the termination of a Critical Agreement is legal, the Investor shall have the absolute right to invoke the Event of Default under this Article.

3. In the event that the final determination of the dispute between the relevant Franchisor and the Company is proven to be a valid termination under the applicable judicial or arbitral forum in the first instance, then notwithstanding the aforesaid provisions in Article 28(a)(ii)(2) above, the Investor shall have the absolute right to invoke the Event of Default under this Article 27(a)(ii).

4. In the event the termination of Two (2) or more of the Critical Agreements are simultaneously in dispute then notwithstanding the mechanism as set out in the Article 27(a)(ii)(2) and (3) above, such event shall constitute an Event of Default.

(iii) any of the Conditions Subsequent, other than pertaining to submission of an Initial Business Plan, is not fulfilled within the time period specified in Clause 4.8.4 of the Agreement; or

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(iv) the Company and/or any of the Promoters, as applicable, commit any breach of –

1. its obligations under Articles 33 and 39 **[DP&A Note: The relevant clauses are 34 (Quorum) and 40 (Investor Directors) under these Articles corresponding to Clause No's 15 and 16 of the SSSHA, hence the modification.]** (relating to Affirmative Vote Matters, as applicable), Article 15 (Additional Funding Requirements), Article 16 (Anti dilution), Article 37 (Appointment of Directors), Article 39(s) (Appointment of officer in default and Investor Director not being person in charge), Article 22(e)(i) and (ii) (Transfer of Shares), Article 23 (Exit Mechanism), Article 30 (Liquidation Preference), Article 51 (Non-Competition and Other Covenants), Article 66 (Indemnity and Limitation of Liability), Article 52(b)(vi) (Keyman Insurance Policy) and Article 52(b)(vii) (Directors and Officers Insurance Policy); and

2. the material obligations and Undertakings under the Agreement and such breach has resulted in a diminution of value (tangible and/or intangible) of the Company by 25% (Twenty Five Percent) on a consolidated basis; or

(v) the Company and/or the Promoter No.1 has made any Representation and Warranty in the Agreement which is untrue or inaccurate; or

(vi) any act or omission by the Company and/or Promoter No.1 constituting willful misconduct, gross negligence or fraud in respect of or concerning the Company; or

(vii) the Company and/or the Promoter No.1 takes any step to appoint a receiver, judicial manager or similar officer in respect of any part of the Assets of the Company or the Company goes into voluntary liquidation otherwise than for the purpose of reconstruction or amalgamation not involving insolvency or any order of the court is made for compulsory liquidation of the Company or the Company has a receiver, judicial manager, encumbrancer or similar officer appointed in respect of its Assets; or

(viii) Promoter No.1 becomes bankrupt, insolvent or receiver, trustee, encumbrancer and judicial manager is appointed or makes any arrangement or composition with his creditors or takes or suffers any similar action or occurrence in any

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jurisdiction or other process levied or enforced upon a substantial part of his Assets; or

(ix) Promoter No. 1 becomes insane or of unsound mind; or

(x) the Company makes any arrangement or composition with creditors or takes or suffers any similar action or occurrence in any jurisdiction or ceases or threatens to cease to carry on Business or any substantial part thereof or is subject to a distress or execution or other process levied or enforced upon against a substantial part of the Assets of the Company; or

(xi) the Promoter No.1 ceases to hold any Shares in the Company, which results in loss of Control otherwise than in accordance with the terms of these Articles; or

(xii) closure of operating outlets constituting in aggregate 25% (Twenty Five Percent) or more of the total revenues on a consolidated basis of the Company in an immediately preceding Financial Year. Provided that the closure referred to in this Article is attributable to the Company and/or the Promoters.

(xiii) incapacitation or death of the Promoter No.1 leading to inability or impossibility in performance of his duties in the Company as a Key Managerial Personnel for a consecutive period of 6 (Six) months.

(b) The Promoter No.1 shall have the right to terminate the Agreement in accordance with Article 28 if the Investor (i) commits any breach of its obligations as set out under Articles 22(e)(i) and 22 (e)(ii) (Promoters Rights of First Refusal), Article 51 (g)(ii) (Relating to resignation of Investor Director) and Article 66 (10) (Limitation of Liability) or if any of the Investor Representations and Warranties set out in ***Schedule 4 (Part C)*** of the Agreement are incorrect or inaccurate or (ii) goes into voluntary or involuntary liquidation (otherwise than for the purpose of reconstruction or amalgamation not involving insolvency) or any order of the court is made for compulsory liquidation of the Investor.

(c) In case an Event of Default specified in Article 27(a)(i) to (xiii) occurs prior to the Conversion Date, it is expressly provided that the CCPS will be compulsorily converted to Equity Shares of the Company as they would be converted as set out in Clause 6 of the Agreement such that the Investor's total Shareholding shall be 28.27% (Twenty Eight Point Two Seven Percent) of the then total issued and paid up Share Capital of the Company in

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accordance with the Conversion Principles.

28. Consequences Of Event Of Default

(a) For the purposes of this Article 28, an "**Event of Default**" shall mean any one of the events specified in Article 27(a)(i) to (xiii) or Article 27(b), as the case may be.

(b) In the event that an Event of Default is committed by either the Company or Promoter No.1 or any of the Promoters, as the ease may be, as specified in Artiele 27 (a), the occurrence of which has come to the notice of the Investor and such Event of Default is not cured within 90 (Ninety) days of the receipt by the Promoter No. 1 of a written notice of such an Event of Default from the Investor, then:

(i) any rights available to the Investor under the Agreement prior to its termination and not eonnected with an Event of Default shall remain unaffected (including right to claim indemnification in respeet to Third Party Claims) and with respect to any Event of Default, the only recourse available shall be as provided under Artiele 28 (b), (d), (e) and indemnification specifically provided under this Article 28(b)(i) below. Provided however, if the Investor decides to exercise its right under Indemnity and Limitation of Liability (Artiele 66), in respect to a speeific instance for which the Investor has a remedy under both - Indemnity and Limitation of Liability (Article 66) and Consequences of Events of Default (Article 28), then, the Investor shall not be entitled to take recourse under Article 28 (b), (d), (e), in respect to such speeific instanee for which the indemnifieation elaim has been made by the Investor under Article 66.

In the event of a dispute between the Investor and the Company and/or the Promoter No.1 in respeet to enforcement of the rights of the Investor under this Article 28 (b), the Company and/or the Promoter No.1 shall be liable for any costs ineurred by the Investor in respect to enforeement of the rights of the Investor under this Article 28(b) as awarded by the arbitrator. In case of a Third Party Claim made on the Investor and/or Investor Director in respect of an Event of Default pursuant to which the Investor has taken recourse under Article 28 (b), (d), (e);

1. prior to the Investor ceasing to hold Shares in the Company in accordance with the provisions of Article 28(b), the Investor shall have the right to either continue with the recourse under Article 28(b), (d), (e) or claim indemnification in accordance with the

provisions of Article 66;

2. after the Investor ceases to hold Shares in the Company, the Investor shall have the right to claim indcmnifieation from the Company and not Promoter No.I for an amount upto the Subscription Amount.

(ii) The Investor shall have the right to -

1. sell all the Shares held by the Investor on As Converted Basis and the Promoter No 1 shall be irrevoeably bound to purehase all the Shares held by the Investor. For the purpose of this Article. the purehase priee will be at least equal to (A) the amount invested by the Investor in the Company plus a penalty @ Twenty Pereent (20%) on the amount invested by the Investor in the Company being compounded annually and pro rated for the year in which the penalty is being paid. Or (B) the fair market value of the Shares held by the Investor in the Company as determined by 1 (One) of the Big Four, which ever is higher. Upon the Investor exercising this right to sell the Shares held by it, the following shall occur on or prior to the expiry of 45 (Forty Five) days of receipt of the written notice from the Investor of the exercise of such right:

   A. the Promoter No.1 and/or his Affiliates (as the case may be) shall deliver to the Investor the eonsideration arrived at in accordanee with this Artiele 28(b)(ii)(1): and

   B. the Investor shall deliver the share certificates along with the duly executed share transfer forms to the Promoter No.1 and/ or his Affiliates (as the case may be) along with all sueh deeds and documents necessary to evidence and record such transfer of Shares by the Investor.

In the event that the above is not in accordanee with Applicable Law at the time of exercise of the said option. the Promoter No.1 and/or his Affiliates (as the case may be) shall undertake all necessary action as maybe required, in accordance with Applieable Law. to ensure that the Investor is put in the same position as it would have been in, had such mechanism been permissible under Applicable Law. In such case, the time period of 45 (Forty Five) days specified above, shall not include the time period taken on account of any delay in obtaining regulatory approvals from the

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Government of India and other regulatory ageneies.

2. If the Promoters and/or their Affiliates, as the case may be, are unable to purchase the Shares under Article 28(b)(ii)(1), it shall not be construed as a breach of the provisions of the Agreement and the Investor will have a right to either:

A. Offer for Sale up to all the Shares held by the Investor to the public and shall also have the right to call upon all the existing Shareholders, including Promoters to offer such number of Shares in the Foreed IPO as may be required to complete the listing. To this extent, the provisions relating to Forced IPO contained in Article 22 (b)(iii) to (v) shall apply mutatis mutandis to this sub-clause; or

B. exercise the Drag Along Right specified under Article 22(c)(i) and (ii). To this extent, the provisions of Article 22(c)(i) and (ii) shall apply mutatis mutandis to this sub-clause. The proceeds of sale of the exereise of such Drag Along Right shall be distributed between the Investor and other Shareholders in the following manner -

I. Proceeds upto an amount whieh equals 1.4 times the investment made by the Investor in the Company shall be received by Investor in full. It is clarified that at the Closing Date, 1.4 times the investment equals Rs. 13,72,00,000/- (Rupees Thirteen Crores Seventy Two Lakhs Only);

II. For the next receipt of proceeds in an amount whieh equals the investment made by the Investor in the Company shall be received by the other Shareholders (not including the Investors) on pro rata basis. It is clarified that at the Closing Date such investment amount equals Rs. 9,80,00,000/- (Rupees Nine Crores Eighty Lakhs Only);

III. For the next reeeipt of proceeds in an amount which equals the investment made by the Investor in the Company shall be split equally between the Investor and other Shareholders. It is clarified that at the

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Closing Date such amount equals to Rs. 9,80,00,000/- (Rupees Nine Crores Eighty Lakhs Only); and

IV. For the remaining proceeds, the same shall be received by the Investor and the other Shareholders in proportion to their respective Shareholding.

(c) In the event that the Investor commits an Event of Default specified in Article 27(b), the occurrence of which has come to the notice of the Promoter No.1 and/or the Company and such Event of Default is not so cured by the Investor within 90 (Ninety) days of the receipt by the Investor of a written notice of such an Event of Default from the Promoter No.1 and/or the Company, as the case may be, then:

(i) any rights available to the Promoter No.1 and/or the Company under the Agreement prior to its termination and not connected with an Event of Default shall remain unaffected and with respect to any Event of Default, the only recourse available shall be as provided under Article 28(c) and (c). In the event of a dispute between the Company and/or the Promoter No.1 and the Investor in respect to enforcement of the rights of the Promoter No.1 and/or the Company under this Article 28(e), the Investor shall be liable for any costs incurred by the Promoter No.1 and/or the Company in respect to enforcement of the rights of the Promoter No. 1 and/or the Company under this Article 28(e) as awarded by the arbitrator.

(ii) the Promoter No. 1 (by himself or through his Affiliates) shall have the right to exercise a call option to require the Investor to sell all the Shares held by the Investor on an As Converted Basis at a price equal to the fair market value as determined by 1 (One) of Big Four. Upon the Promoter No.1 (or his Affiliates) exercising this option, the following actions shall occur or on or prior to the expiry of 45 (Forty Five) days of the date of written notice from the Promoter No.1 (or his Affiliates) of the exercise of such right:

1. the Promoter No.1 or his Affiliates (as the case may be) shall deliver to the Investor the consideration arrived at in accordance with this Article 28(c)(ii) in favour of the Investor; and

2. the Investor shall deliver the share certificates along with the duly executed share transfer forms to the Promoter

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No. 1 and/ or his Affiliates (as the case may be) along with all such deeds and documents necessary to evidence and record such transfer of Shares by the Investor.

(d) Notwithstanding anything to the contrary contained in this Article 28, in case of an Event of Default set out in Article 27 (a) (ix) and/or (xiii):

(i) If the Investor successfully receives the entire sum assured not being less than the Subscription Amount covered under the Keyman Insurance Policy as set out under the Agreement, then the rights contemplated under Article 28(b) shall become inapplicable and the Investor shall not have any recourse to the provisions of Article 28(b)(ii) or Article 28(d)(ii) and shall continue to be bound by the terms of the Agreement.

(ii) In the event the sum received under the Keyman Insurance Policy is less than the Subscription Amount, the Investor shall have the right to exercise rights as set out in Article 28(b)(ii). It is expressly provided that on exercising rights as set out in Article 28(b)(ii), the Investor shall retain the highest amount realised from exercise of such rights under Article 28(b)(ii) or the amount received under the Keyman Insurance Policy and refund the Company after deducting expenses, if any.

(iii) In case the Investor fails to recover any sum under the Keyman Insurance Policy, the Investor shall be entitled to exercise the rights as set out in Article 28(b)(ii).

(e) The Agreement shall forthwith terminate upon completion of the actions contemplated under Article 28(b), (c), (d)(ii) and (d)(iii), as the case may be. It is clarified that the Agreement will not terminate and shall continue to be binding on the Company, the Investor and the Promoters in case the Investor exercises its rights under Article 28(d)(i) subject to the terms contained in the said Article.

29. Liquidation Preference

(a) Subject always to the provisions of Article 29(b) below, upon the occurrence of a Liquidity Event, the aggregate Liquidity Proceeds shall be distributed or re-distributed to the Investor and the Promoter No.1 in the manner as provided in the Preferential Payout provisions provided in Article 23(c)(iii).

(b) If for any reason whatsoever the Liquidity Proceeds or the proceeds of the sale of Shares pursuant to Article 23(c)(i) cannot be distributed in the manner set out in Article 23(c) (iii), the Company, the Investor and the Promoters shall do all such acts

OTERS PVT. LTD. 105/2, Shivajinagar, Pune 411005 and things as are legally permissible, to achieve the commercial effect intended by above mentioned Articles.

30. General Meeting

All the General Meetings other than the Annual General Meeting shall be called Extra Ordinary General Meeting.

31. Extra Ordinary General Meeting

The directors may call an Extra Ordinary General Meeting on their own accord or on the Requisition of members pursuant to provisions of Section 169 of the Act.

32. Notice

Section 171 to 185 of the Act shall not apply to any General Meeting of the Company, except Section Nos. 176 & 179 of the Act. Any General Meeting can be convened by giving 7 days' notice. However, a General Meeting can be convened by giving a shorter notice than prescribed above provided if it is agreed in writing or otherwise by all the members of the Company.

33. Quorum

(a) The quorum for the meeting of the Shareholders shall be as provided in the Act except that quorum shall be deemed to be validly constituted only if at least 1 (One) authorised representative of the Investor is present at the beginning and throughout the meeting, unless waived by the Investor Consent prior to the Shareholders meeting. In the event the matter to be discussed at any Shareholders meeting includes an Affirmative Vote Matter and the Investor is not present then the Shareholders meeting for considering and voting on such Affirmative Vote Matter shall be adjourned to the same place and time 15 (Fifteen) days later and subject to Article 33(b) below, no decision in relation to an Affirmative Vote Matter can be taken without the Investor being present, unless waived in by the Investor Consent prior to the Shareholders meeting.

(b) In the event, the authorised representative of the Investor is unable to attend the re-scheduled Shareholders meeting, the Investor shall provide a written notice to the Company, at least 2 (Two) days prior to the date of the proposed Shareholders meeting, informing their inability to attend the Shareholders meeting (the "**Shareholder's Notice Informing Inability**") and the Shareholders meeting shall be rescheduled at the same location and time 7 (Seven) days later without the Company having to provide any notice for such rescheduled Shareholders meeting.

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In the event that the Investor provides the Shareholder's Notice Informing Inability and, thereafter, the Investor's authorised representative is not present in such rescheduled Shareholders meeting and the matter to be discussed in such rescheduled Shareholders meeting does not include an Affirmative Vote Matter, then the other Shareholders can proceed with the Shareholders meeting and its original agenda subject to there being a valid quorum as per the provisions of the Act. Notwithstanding anything to the contrary contained in the Agreement or these Articles, in the event that the authorised representative of the Investor is not present for (2) Two consecutive rescheduled Shareholders meetings, then any Affirmative Vote Matter may be considered and decided at the third rescheduled Shareholders meeting and its original agenda, including any Affirmative Vote Matter, provided the Investor is intimated in writing by 10 (Ten) Days prior notice of the Affirmative Vote Matters to be resolved at the Shareholders meeting. Provided however, the Investor shall have the right to communicate in writing to the Company of its dissent in regard to any Affirmative Vote matter prior to such reconvened Shareholders meeting.

(c) A minimum prior written notice of clear 21 (Twenty-one) days shall be given to all the Shareholders, of any Shareholders meeting, accompanied by the agenda for such meeting (unless the Investor and the Promoter No.1 shall have given written approval for a meeting to be called at a shorter notice).

(d) (i) Subject to Article 33(b) and (e) and subject to any additional requirements under the Act and/ or the Agreement, and/ or these Articles, at a duly convened Shareholders meeting, all decisions shall be approved if passed only with the affirmative vote of Shareholders present at the meeting and representing more than 50% (Fifty Percent) of the Equity Shares held by all the Shareholders on an As Converted Basis present at the meeting duly called and for which requisite quorum is present as required under this Article and/or under the Act.

(ii) Subject to any additional requirements imposed by the Act and Article 33, during the term of the Agreement, the Promoters have agreed that neither the Company, nor any Shareholder, Director, officer, committee, committee member, employee, agent or any of their respective delegates shall, without the affirmative vote or approval of the representative of the Investor, obtained at a validly convened Shareholders meeting, take any of the actions in relation to the Affirmative Vote Matters.

(e) All matters/resolutions shall be voted only by poll and not by a

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show of hands. It is expressly agreed by the Parties that any resolution in respect to the Affirmative Vote Matters shall be acted upon only after the same is passed at the Board Meeting and the Shareholders meeting in accordanee with Articles 33, 35, and 39respectively.

34. Calls in arrears

The members on whose shares call or instalment is in arrears eannot vote at the General Meeting in person or by proxy. The Chairman of the meeting shall be the authority to decide the validity of vote.

35. . Casting Vote

The Chairman of such meeting shall not be entitled to a second or easting vote.

36. Affirmative Vote Matters

No resolution shall be validly passed at the Board Meetings, the General Meetings or any meetings of the eommittees, in respect of the following matters unless an affirmative vote with confirmation of the Investor and/or Investor Director(s) and/or his nominees has been obtained in the manner set out in the Agreement:

1 Business restructuring, reorganisation and diversification, acquisitions, new investments, mergers, divestments, sale, transfer or amalgamation, of the Company and its Assets, issuance or sale of equity of Subsidiaries or sale of any material Assets any of which is in variance with the annual budget approved by the Board;

2 Voluntary winding up or dissolution of the Company;

3 Entering into a new line of business;

4 Any change in the capital strueture of the Company, such as issuance of new Shares or equity-linked securities, either as a public offering or private sale or issue of Shares;

5 Any significant change in the off-balance sheet liability structure of the Company such as leasing, Encumbranees and/or transfer. This Article is applicable only if incremental change exceeds 10% (Ten Percent) of such liabilities immediately prior to the proposed increase;

6 Appointment of any CXO member of senior management or staff who are functional heads, including the CEO, COO, CFO, CIO, CMO;

7 Appointment or change of internal or statutory Auditor;

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8 Merger or amalgamation of companies, creation of joint ventures and/or Subsidiaries of the Company;

9 Declaration of dividend to any class of Shareholders;

10 Material deviations from the agreed annual budget including:

(a) Debt, guarantee or security with a deviation exceeding 10% (Ten Percent);

(b) Adverse deviations on any expenditure by more than 10% (Ten Percent) in aggregate;

(c) Any material new contracts and/or variation in the terms of existing material contracts including Franchise Agreements. It is hereby clarified that the Affirmative Vote in regard to material new contracts or variation in terms of existing material contracts shall not be unreasonably withheld if they are for the growth of the Business;

(d) Any additional capital expenditure as compared to the Budget in excess of 10% (Ten Percent) deviation in aggregate;

The term "Material" above shall mean any deviation in excess of 10% (Ten Percent) over the agreed Initial Business Plan;

11 Related Party transactions including transactions between the Company and the Promoters;

12 Amendments to the Memorandum and / or Articles of Association and/or the Agreement, and approval and/or adoption of audited Accounts;

13 Any increase in the number of Directors on the Board of Directors;

14 Others

(a) Change in the accounting year, accounting policies or the registered office;

(b) Change in name of the Company;

(c) All decisions with respect to listing of the Company;

(d) Any strategic, financial or other alliance with a Third Party which results in any capital investment by or into

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the Company or which offers any exclusive rights to such Third Party. This will not include marketing offers or area and location related exclusivitics given to partners in the usual course of the Business;

(e) Any amendments to or deviations from the poliey adopted by the Board in relation to investment of surplus funds;

(f) Acceptance of contracts which, to the best of the Promoter No.1's knowledge and belief (after exercising diligence), may be of the nature that appcar to be contrary to ethical and/or good business practices.

37. No. of Directors

The minimum number of directors shall not be less than 4 (Four), whieh shall comprise of 3 (Three) Promoter Direetors and 1 (One) Investor Direetor.

38. First Directors

The First Direetors shall be:

1. MR. NARENDRA RIKHABCHAND SANGHVI
2. MR. DARPAN NARENDRA SANGHVI

39. Investor Director(s)

(a) The Investor shall have a right to appoint such number of Directors on the Board, who shall be non-executive directors, as are proportionate to the Shareholding of the Investor, subjeet to a minimum of 1 (One) Director ("**Investor Director**"). Further, the Investor shall subject to the provisions of the Aet, have the option to nominate an alternate director for the Investor ("**Investor's Alternate Director**") and also an observer on the Board of the Company ("**Observer**"). The Investor Director or Investor's Alternate Director shall be neeessary to form the quorum for Board Meetings. Further, the Investor Direetor shall not be liable to retire by rotation.

(b) The Promoters shall not have any right to obstruet or veto in any manner whatsoever the appointment of Investor Direetor and the Investor's Alternate Direetor or Observer on the Board. The Promoter No.1 shall have the right to appoint and/ or remove any Promoter Direetor other than Promoter No.1.

(e) Any inerease in the strength of the Board is an Affirmative Vote Matter. Further, the Investor shall also have the right to nominate 1 (One) mutually acceptable independent Director to the Board of the Company.

(d) At any Board Meeting, eaeh Director shall exercise 1 (One) vote.

The matters shall be deeided in the manner set out in Article 39(k) herein below.

(e) The right of appointment conferred on the Investor under Article 39(a) above shall include the right of the Investor to remove at any time from offiee sueh person appointed by the Investor as a Investor Director and/or Observer and/or Investor's Alternate Direetor and the right of the Investor at any time and from time to time to determine the period during which such person shall hold the office of Director and to replace any Director appointed by the Investor who ceases to be a Director for any reason. A Direetor who has been appointed by the Investor pursuant to Artiele 39(a) shall not be removed from office exeept with affirmative vote of the Investor. In the event of the Investor desiring to remove any of its nominees as Director of the Company, the Promoters shall exercise their voting right with the Investor to enable the Investor to remove its nominee appointed as Investor Director from the Board. Each appointment or removal of an Investor Director pursuant to Article 39(a) and this Artiele 39(e) shall be in writing and signed by or on behalf of the Investor and shall be delivered to the registered office for the time being of the Company.

(f) The Board shall appoint an alternate director to act for a Director ("**Alternate Director**") during his/her absence for a period of not less than 3 (Three) months from India or due to health reasons, to the Board of Directors. The party which appointed/nominated such Alternate Director shall have a right to recommend any other Person to be the Alternate Director in place of its existing Alternate Director. The Company, Investor and Promoters shall ensure that the Board appoints only such Persons to be the alternate direetors as are recommended by the party that appointed such Alternate Director. An Alternate Director shall not hold office for a period longer than that permitted to the Director and shall not be an alternate director for any other Director.

Such Alternate Director shall be entitled while holding office as such to receive notices of meetings of the Board and to attend any such meeting and generally to exercise all the powers, rights, duties and authorities and to perform all functions as the Alternate Director.

(g) Notwithstanding anything stated above, the Investor shall at its option be entitled to appoint and send an Observer to attend a meeting of the Board, in addition to the Investor Direetor. Upon the Investor electing to appoint an Observer, the Observer shall be entitled to receive notice and agenda to attend the meetings of the Board and eommittees. It is elarified that the Observer shall not be entitled to exercise any voting rights at the meeting of the Board.

(h) The Key Managerial Personnel of the Company as agreed between the Company, Investor and the Promoters shall be appointed with prior Investor Consent within a period of 30 (Thirty) days from the date of execution of the Agreement.

(i) The Chairman of the Board shall not have a second or casting vote at any meeting of the Board or at any general meeting of the Company.

(j) Meetings of the Board shall be held at such times as the Board shall determine and shall be held at least once in every 3 (Three) months ("**Board Meetings**"). The Company shall give at least 21 (Twenty One) days' clear notice (excluding the day of notice and the day of the meeting), or such shorter period of notice in respect of any particular meeting as may be agreed unanimously by all Directors, specifying the date, place and time of the meeting and the business to be transacted there at, to all the Directors in and outside India and/or to the Alternate Directors and Observer. Such notice shall be accompanied by an agenda stating in reasonable detail the matters to be considered at such meeting together with all papers to be circulated or presented to the same. No Business matter shall be discussed at a Board Meeting unless such Business matter was included in the said agenda, unless with the affirmative vote of the Investor Director in regard thereto. The Directors may participate in the Board Meetings through video conference in accordance with Applicable Law.

(k) Quorum

(i) Subject to the terms set out in this Article 39(k) and the provisions of the Act, 2 (Two) Directors or 1/3rd (One-third) of the total number of Directors whichever is higher, would constitute a quorum in Board Meetings of the Company, of which at least 1 (One) will be an Investor Director or an Investor's Alternate Director, unless waived with the Investor Consent prior to the Board Meeting.

(ii) In the event, the Investor Director or the Investor's Alternate Director are unable to attend the scheduled Board Meeting, the Investor Director shall provide a written notice to the Company, at least 2 (Two) days prior to the date of the proposed Board Meeting, informing their inability to attend the Board Meeting ("**Notice Informing Inability**") and the Board Meeting shall be rescheduled at the same location and time 7 (Seven) days later without the Company having to provide any notice for such

PVT. LTD. SANGHVI BRANDS PROMOTERS 10512, Shivajinagar, Pune 411005 rescheduled Board Meeting.

(iii) In the event the Investor Director provides the Notice Informing Inability and, thereafter, the Investor Director or Investor's Alternate Director is not present in such rescheduled Board Meeting and the matter to be discussed in such rescheduled Board Meeting does not include an Affirmative Vote Matter, then the Board can proceed with the Board Meeting and its original agenda subject to there being a valid quorum as per the provisions of the Act. However, if the matter to be discussed in such rescheduled Board Meeting includes an Affirmative Vote Matter, then the Board Meeting shall be adjourned to the same place and time 15 (Fifteen) days later to consider such Affirmative Vote Matter and subject to Article 39 (k) (iv) below, no decision in relation to an Affirmative Vote Matter can be taken without the Investor Director or Investor's Alternate Director being present, unless waived with the Investor Consent prior to the Board Meeting.

(iv) Notwithstanding anything to the contrary contained in these Articles, in the event that the Investor Director or Investor's Alternate Director are not present for 2 (Two) consecutive rescheduled Board Meetings, then the Board can proceed with and decide at the third rescheduled Board Meeting and its original agenda, including any Affirmative Vote Matter provided prior notice of 10 (Ten) Days specifying the Affirmative Vote Matters has been given to the Investor before the Board Meeting. Provided however, the Investor shall have the right to communicate in writing to the Company of its dissent in regard to any Affirmative Vote matter prior to such re-convened Board Meeting.

(l) Minutes of all the Board Meetings shall be circulated to all Directors and their alternates within 14 (Fourteen) days after the holding of such meetings. The Promoters and the Company shall give a written notice to the Investor Director specifying the Affirmative Vote Matters (if any) in the agenda for the Board Meeting and shall ensure that the Minutes of the Board Meeting reflecting the voting passed in respect to the Affirmative Vote Matters are confirmed and copy of the same is initialled by all the Directors present and emailed to the Investor.

(m) Subject to Article 39(k) and Article 39(n):

(i) all resolutions of the Directors at a Board Meeting or adjourned Board Meeting shall be adopted by a simple majority vote of the Directors present and voting. Provided that no resolution shall be validly passed or decision be taken by the Board or by circulation or by the management

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committee or Committee of Directors or executives of the Company or in any other manner on or relating to the Affirmative Vote Matters, which shall be dealt with in accordance with Article 39(n) hereinbelow;

(ii) no resolution shall be deemed to have been duly passed by the Board or by a committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors in and outside India, or to all the members of the committee, in and outside India, as the case may be and has been approved by a majority of such of them, as are entitled to vote on the resolution. Any such resolution may consist of several documents in the like form each signed by one or more of the Directors and any resolution bearing the signature of any Director dispatched by facsimile transmission shall constitute a document for this purpose; and

(iii) the Board shall not delegate any authority or powers of the Board to any individual or to any committee unless the resolution for such delegation is approved by an affirmative vote of at least 1 (One) Investor Director.

(n) Subject to Article 39(k)(iv) above, no resolution shall be validly passed or decision be taken by the Board on or relating to the Affirmative Vote Matters, unless an affirmative vote in favour of such resolutions has been cast by at least 1 (One) Investor Director or the concerned Alternate Director thereof. Resolutions for matters other than Affirmative Vote Matters may be passed by circular resolution. The Investor may at its discretion consent to pass a circular resolution in respect of an Affirmative Vote Matter.

(o) In the event that a committee is or committees are formed by the Company in relation to employment or service compensation, or as audit committee or otherwise, the Investor shall be entitled to appoint at least 1 (One) of its nominees on such committees. The presence of nominees of the Investor appointed on such committees shall be required at the commencement and throughout the duration of the meeting to constitute a valid quorum for the meetings of the committees.

(p) Whenever the Board of the Company forms any sub-committee, the Investor shall have the right to nominate its Investor Director as nominee(s) on that sub-committee. The Investor Director shall be part of the quorum for all such sub-committees.

(q)_ A written resolution circulated to all the Directors or members of committees of the Board, whether in India or overseas and

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signed by a majority of them as approved, shall (subjcet to eompliance with the relevant requirements of the Act) be as valid and effective as a resolution duly passed at a meeting of the Board or eommittee of the Board, called and held in accordance with the Agreement and the Articles (provided that it has been cireulated in draft form, together with the relevant papers, if any to all the Directors); provided however that if the resolution proposed to be passed by circulation pertains to any of the Affirmative Vote Matters, sueh circular resolution shall be valid and effeetive only if it has received the consent of at least 1 (One) Investor Director.

(r) Eaeh Shareholder agrees to exercise, or refrain from exercising, any voting rights or other powers of control so as to ensure the passing of any and every resolution neeessary to give effeet to the provisions of this Artiele 39 and likewise to ensure that no resolution is passed which does not accord with such provisions.

(s) The Promoters and the Company expressly agree and the Promoter No. 1 has undertaken to ensure that –

(i) The Investor Directors shall be reeorded as non-executive Directors and shall not be in charge of, or responsible for the day to day management of the Company and/or be construed as an "offieer in default" (under the Act) and shall not be liable for any default or failure of the Company in complying with the provisions of any Applieable Laws. For avoidanee of doubt it is elarified that by virtue of being a finaneial investor, the Investor or Investor Director(s) nominated by them will not be responsible in any manner for any liabilities, financial or otherwise, that arise out of aetions and/or inactions of the Company and/or its Promoters and/or in respect to the Business.

(ii) The Investor Direetors shall not be identified as officers in default of the Company or occupier of any premises used by the Company. Further, the Promoter No.1 and the Company shall ensure that the other Directors or suitable persons are nominated as officers in default and for the purpose of statutory complianees, occupiers and/or employers as the case may be in order to ensure that the Investor Directors do not ineur any liability as long as Investor Direetor(s) do not hold any executive positions in the Company. The Company shall take adequate Direetors and Officers Insuranee Poliey with respect to the Investor Direetor(s). To the extent any Claim is made against an Insured Party or a loss is suffered by an Insured Party, sueh Insured Party shall be

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(iii) In the event that any notice or proceedings have been filed against any Investor Director and/ or any Promoter Director by reason of him being wrongfully implicated within the scope of "officer(s) who is in default" in accordance with Applicable Law, the Company and/ or Promoter No.1, shall promptly take all necessary steps so that name of such Investor Director and/or Promoter Director is excluded / deleted and the charges / proceedings against such Investor Director and/or Promoter Director are withdrawn and shall also take all steps to defend such Investor Director and/ or Promoter Director against such notice and/or proceedings and, the Company shall pay all costs, damages, fines, levies etc. that may be levied against such Investor Director and/or Promoter Director in connection therewith.

(iv) The Company shall nominate Directors or persons other than the Investor Director as "persons in charge" as contemplated under Applicable Laws.

(t) Any and all agreements, contracts, transactions or similar arrangements (including lending/ investment transactions) between the Company or its Subsidiaries (if any) or Joint Venture Entities (if any) (on the one hand) and the Promoters or any other Related Parties of the Company (on the other hand) (each, a "Related Party Transaction") shall:

A. be on an arms' length basis and the Company or its Subsidiary (if any) or Joint Venture Entities (if any) shall maintain all such documents as are necessary to identify all of the terms of the transaction; and

B. not be unlawful or illegal and shall be in accordance with any applicable Tax law;

For avoidance of doubt, it is hereby clarified that any transaction carried out by a Related Party through any other Person shall also be deemed to be a Related Party Transaction and shall be subject to the provisions of this Article 39(s) and would require the Investor Consent.

(i) Further, if a transaction between the Company and a Related Party qualifies as a Related Party Transaction in respect of the Company, a similar transaction between a Subsidiary of the Company or Joint Venture Entity of the Company and a Related Party shall also be

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(ii) All information relating to any such Related Party Transactions proposed to be undertaken by the Company shall be disclosed by the Company to the Board, within 7 (Seven) Business Days of them being proposed and at least 3 (Three) Business Days before any final decision is proposed to be taken in relation to the transaction.

(u) The Company shall deliver to each Director a deed of indemnity duly executed by the Company substantially in the form set out in ***Schedule 12*** to the Agreement.

The Directors shall not be required to hold any Qualification shares.

40. Qualification Shares

41. Appointment of Managing Director. The Board shall be entitled to appoint any one of them as Managing and Whole Time Directors. The Managing Director / Whole Time Director shall be entitled to institute any civil / criminal suit or defend on behalf of the Company.

42. Appointment of other Directors The Board shall be entitled to appoint any one or more of them as Technical / Financial / Special / Executive/ Nominee / such other designated directors whose terms of appointment shall be as may be decided by the Board, subject to the provisions of the Act. The Board shall have power to appoint any other qualified person(s) to be Additional, Casual Vacancy or Alternate Director(s).

43. Sitting Fees The Directors may be paid a sum not exceeding the amount as may be prescribed by the Act per meeting and as may be fixed from time to time by the Board for attending the meetings of the Board or of any sub-comet thereof in addition to the actual expenses incurred for attending the meeting.

44. Special Remuneration Any Director who serves on any committee or who devotes special attention to the business of the Company or who otherwise performs services which in the option of the Directors are outside the scope of the ordinary duties of a Directors, may be paid such extra remuneration by way of salary, percentage of profit or otherwise as the Board may determine.

45. The Directors are not liable to retire by rotation, unless decided

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Retirement of Directors	otherwise.
46. Partnership	Whenever it is decided in the interest of the Company to enter into partnership with any individual, firm or Company, the Board can authorise any of its Directors to sign and execute Partnership Deed and other documents and accept all rights and obligations of the firm on behalf of the Company.
47. ESOP	The Directors shall have power to issue any number of shares to employees or class of employees as may be deemed fit under employees stock option scheme, subject to the provisions of the Act and anything otherwise stated in these Articles or any other statute or rules made thereunder without prejudice to any guidelines that may be issued by the Securities Exchange Board of India, when such shares are to be offered.
48. Purchase of Immovable Property	The Board shall purchase any immovable property for business of the Company and the same shall always be made by passing a resolution at the duly convened Board Meeting.
49. Borrowings	Subject to the provisions in the Act the Board may borrow funds for the Company by deposits, loans or issue of bonds, debentures, convertible bonds, or in any other form on such security and on such terms and conditions as may be decided by the Board, including mortgage/hypothecation of Company's property.
50. Security	The Board shall properly comply with the provisions contained in Section 127 to 144 of the Act in respect of all charges created for securing borrowings and specifically affecting the property of the Company.
51. Non-Competition And Other Covenants	(a) Subject to the terms of the Agreement and these Articles, Promoter No.1 shall devote all his time, attention and abilities in promoting the interests and Business of the Company and its operations and all its activities. (b) Promoters shall not at any time, during the time that the Investor and/ or its Affiliates hold any Shares legally and/or beneficially and either solely or jointly with or on behalf of any Person directly or indirectly through or by way of partnership, joint venture, service provider, independent contractor, collaborator or otherwise, that does or permits the Promoters to do any of the following without the prior Investor Consent:

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(i) carry on or be engaged in any Competing Business or which is similar to such business anywhere;

(ii) solicit the customer who is or has been at any time during the term of the Agreement a customer of the Company in respect of the Competing Business for the purpose of offering to such customer products or services similar to or competing with those of the Business;

(iii) solicit or entice away or endeavour to solicit or entice away any Director or employee of the Company other than in respect to SLPPL; or

(iv) cause or permit any Person directly or indirectly under their control to do any of the foregoing acts or things.

(c) Promoters acknowledge and agree that the commercial benefits arising from the subscription to the Subscription Shares by the Investor are adequate consideration for the non-compete covenants of Promoters contained in these Articles, and that the restrictions contained in this Article are considered reasonable for the legitimate protection of the Business and goodwill of the Investor and the Company. However, in the event that such restriction shall be found to be void, but would be valid if some part thereof was deleted or the scope, period or area of application were reduced, the above restriction shall apply with the deletion of such words or such reduction of scope, period or area of application as may be required to make the restrictions contained in this Article valid and effective. Notwithstanding the limitation of this provision by any Applicable Law for the time being in force, the Company, the Investor and the Promoters shall at all time observe and be bound by the spirit of this Article.

Provided however, that on the revocation, removal or diminution of the Applicable Law or provisions, as the case may be, by virtue of which the restrictions contained in this Article were limited as provided hereinabove, the original restrictions would stand renewed and be effective to their original extent, as if they had not been limited by the Applicable Law or provisions revoked.

(d) Promoters acknowledge and agree that the covenants and obligations with respect to non-compete and non-solicitation as set forth above relate to special, unique and extraordinary matters, and that a violation of any of the terms of such covenants and obligations will cause the Investor and/or the

Company as the case may be. irreparable injury. Therefore, the Investor and/or the Company shall be entitled to an interim injunction, restraining order or such other equitable relief as a court of competent jurisdiction may deem necessary or appropriate to restrain Promoters from committing any violation of the covenants and obligations contained in this Article. These injunctive remedies are cumulative and are in addition to any other rights and remedies, the Investor and/or the Company, as the case may be, may have at law or in equity.

(e) If one or more of the covenants contained in this Article 51 should be held invalid as an unreasonable restraint of trade or for any other reason whatsoever but would have been held valid if part of the wording thereof had been deleted or the period thereof reduced or the range of activities or area dealt with thereby reduced in scope, the said covenants shall apply with such modifications as may be necessary to make them effective and valid.

(f) The Investor shall have the right to enforce a merger with any other entities controlled by the Promoters and/or their Affiliates engaged in a Competing Business.

(g) In the event the Investor makes another investment in an entity engaged in a Competing Business then -

(i) the Investor Director appointed in the Company shall not be nominated or appointed to the board of directors of such entity whether as a director or an observer or as a member of any committee formed by the board of such entity;

(ii) in the event the Investor Director is on the board of directors of an entity engaged in a Competing Business, then such Investor Director shall forthwith resign from the Board.

52. General And Continuing Obligations

The obligations as set out in this Article shall be applicable from the Closing Date.

(a) General Obligations

(i) The Promoter No.1 and the Investor, shall ensure that they, their representatives and proxies representing them at the General Meetings of the Shareholders of the Company shall at all times exercise their votes and through their respective appointed/nominated Directors (or Alternate Directors) at Board Meetings and otherwise, act in such manner so as to comply with, and to fully and effectually implement the spirit, intent and specific provisions of the Agreement and these Articles.

(ii) The Company, the Investor and the Promoters shall not exercise their rights at a meeting of the Board or Shareholders, to prevent the exercise of any right of the other party to the Agreement that has been granted to such party to the Agreement pursuant to the terms of the Agreement.

(iii) If a resolution contrary to the terms of the Agreement or these Articles is proposed at any meeting of Shareholders of the Company or at any meeting of the Board of Directors or any committee thereof, Promoter No.1 and the Investor, their representatives (including proxies) and their respective appointed/nominated Directors (or Alternate Directors), shall vote against the same; provided however that, if for any reason such a resolution is passed, the Company, the Investor and the Promoters shall as necessary jointly convene or cause to be convened a meeting of the Board of Directors or any committee thereof or an extraordinary general meeting of the Shareholders of the Company for the purpose of implementing the terms and conditions of the Agreement and to give effect thereto, and to supersede such resolution.

(iv) If any rights are granted by the Company to any future investors and/or to any Third Party to whom Promoter No.1 may Transfer his Equity Shares in accordance with the Agreement, which are more favourable than the rights granted to the Investor under the Agreement, such rights shall also be available to the Investor and/or to the investment made by the Investor to the extent they are relevant. For this purpose, the Company and Promoter No.1 shall provide the Investor with such information as may be required to enable the Investor to take a decision on the matter including making suitable amendments to the Memorandum and Articles (as applicable) to ensure that the Investor is entitled to similar rights.

(b) Continuing Obligations

(i) The Company and Promoter No.1 shall ensure that all the Operation Agreements entered into by the Company with any Third Party after the Effective Date shall have the documents evidencing the title and/or lease rights annexed to the Operation Agreements as proof of verification of title to the property where the Company is making any capital expenditures. Where the Company is

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not making any capital expenditures and/or the Company is making an investment of up to Rs. 50,00,000/- (Rupees Fifty Lakhs Only) in that location, the Company shall procure such documents on a best efforts basis;

(ii) The Company and the Promoter No. 1 shall ensure that all the Franchise Agreements and/or the Operation Agreements executed after the Effective Date shall not impose any restriction in respect to the change of ownership and/or control of the Company and/or its Subsidiaries without Investor Consent.

(iii) The Company and the Promoter No.1 shall ensure that all the Franchise Agreements executed after the Effective Date shall provide the right to conduct wholesale trading activity and to appoint any Third Party to conduct retail sale at designated locations except under those Franchise Agreements whereunder only services are to be rendered.

(iv) The Company and the Promoter No. 1 shall conduct quarterly review of all the activities undertaken at each location under the Operation Agreements to ensure that the activities are conducted in accordance with the terms and conditions of the Operation Agreements.

(v) The Company and the Promoter No. 1 shall, make best efforts that the Operation Agreements executed after the Effective Date shall provide containment provisions to ensure that any non-compliance at 1 (One) location does not lead to any termination for other locations. Further, if the Company provides any additional services in a specific location, which are beyond the services which are being rendered under scope of any Franchise Agreement for that location, the Company shall do so only after intimating of the same to the Franchisors and where necessary, to the owners at the location.

(vi) The Company shall obtain and maintain at all times a Keyman Insurance Policy in respect to Promoter No. 1 as provided under Paragraph 17 of ***Schedule 6 (Part B)*** of the Agreement. In the event the Investor is unable to be made a beneficiary under such Keyman Insurance Policy, then the Company, the Investors and the Promoters shall work in good faith to ensure that the Investor would be put in the same position had the Investor been the beneficiary itself.

(vii) The Company shall obtain a comprehensive Director and Officers Insurance Policy cover in respect to its directors

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including Investor Director and/or Key Managerial Personnel and/or officers. Further, the Company shall also obtain an insurance cover in respect to the litigation and/or Business risks which can be envisaged by the Company as mutually agreed between the Company and the Investor as specified under Conditions Subsequent and shall review the same in accordance with the Company's requirement and financial position in the relevant renewal year.

(viii) The Company and the Promoter No.1 shall ensure that the Board is provided on a quarterly basis detailed compliance reports in respect to compliances applicable to the Company including under all Applicable Laws, contractual obligations and reporting any incidences of non-compliance and/or events that may trigger legal action along with the steps taken to remedy the same.

(ix) The Company shall maintain and the Promoter No.1 shall procure that the Company shall maintain records on a quarterly basis of all the compliances applicable to the Company including under all Applicable Laws, contractual obligations and reporting any incidences of non-compliance and/or events that may trigger legal action alongwith the steps taken to remedy the same. Further, any critical compliance issue and/or event that would have an impact on the Directors, Key Managerial Personnel and/or would trigger the "officers in default" provisions should be notified to all the Directors within 7 (Seven) days of knowledge of happening of the same alongwith the steps taken to remedy the same.

(x) The Company and the Investor shall jointly create a risk management plan for the Company which shall be reviewed and updated on an annual basis and presented to the Board.

(xi) The Company upon becoming aware of any matter, event or circumstance (including any omission to act) which may arise or become known to it after the date of the Agreement and which to its belief arrived at after exercising diligence is (i) an Event of Default and/or (ii) has, or is likely to have, a Material Adverse Change shall promptly disclose to the Investor in writing of the same.

53. Investor's

(a) If the Company has any Subsidiaries and / or any Joint Venture Entities at any point in time, all of the Investor's rights with

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Rights In Subsidiaries & Joint Ventures

respect to the Company (including, but not limited to, any Affirmative Vote Matters, material matters, information rights and any board representation rights) shall also be available with respect to such Subsidiary of the Company and / or Joint Venture Entities (to the extent of its Control in such Joint Venture Entities), to the extent such rights are available to the Investors in respect of the Company.

(b) The Promoters and the Investor shall procure that each Subsidiary of the Company and Joint Venture Entity carries on the day to day management in accordance with the mechanism mutually agreed by the Investor and the Promoters for each such Subsidiary and/ or Joint Venture Entity, as the case may be, and shall make best endeavours that the meetings held by such Subsidiary and/ or Joint Venture Entity are also held on the same day when the meetings of the Company will be duly held or with the Investor Consent immediately on the following day.

(c) Without prejudice to the generality of Article 53(a) and (b) above, to the extent any Subsidiaries and / or any Joint Venture Entities propose to undertake an action in respect of an Affirmative Vote Matter under these Articles, such entity will take such action in respect of the Affirmative Vote Matter only after receiving an approval from the Company in writing.

(d) Further, the Investor shall provide its decision in respect of such Affirmative Vote Matter within 10 (Ten) Business Days of being informed of such Affirmative Vote Matter by the Company and the Subsidiary of the Company or Joint Venture Entity, as the case may be, in writing. In the event that the Investor directly or through the Investor Director acknowledges receipt of such information on such Affirmative Vote Matters from the Company or its Subsidiary or Joint Venture Entity, as the case may be, but does not thereafter convey its written decision to the Company within the required 10 (ten) Business Days, then such Affirmative Vote Matter shall be deemed to have been approved by the Investor. It is expressly clarified that the period of 10 (Ten) business days shall be calculated from the date of receipt of satisfactory clarifications and/or reply, if any, which the Investor may have sought from the Company.

(e) Without prejudice to the above, the Investor's approval requirements under the Agreement or these Articles, any other material decisions which the Company is aware of taken by the respective Subsidiary of the Company and/or Joint Venture Entity will be notified to the Board along with the implication of such a decision as soon as practicable but not later than 15 (fifteen) days from the date of such decision.

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(f) The Promoter No. I and the Company undertake that they shall ensure and procure that the constitutional documents of sueh Subsidiaries or Joint Venture Entities are suitably drafted or amended (as the case may be) to enable the Investor to exercise its rights under this Article 53. It is expressly provided that the Company shall make best endeavours to hold the Board Meetings and the Shareholder meetings of its Subsidiaries on the same day, place and time as close as possible to that of the Company.

54. Seal and its Custody

The Board shall provide for a common seal of the Company and for safe custody of the same. It shall be used only with the authority of the Board and be affixed on any instrument in the presence of any one of the Direetors or such other persons as may be authorised / appointed.

55. Dividend

Subject to the provisions of the Act, the dividend or interim dividend should be paid out of profit at the rate declared at the General Meeting but not exceeding as recommended by the Board in proportion to the capital paid up on shares after providing for depreciation.

56. Reserve

Before recommending any dividend the Board may set aside certain amount of profits as reserves which shall be applied in the manner as may be decided by the Board from time to time. The Board can carry forward the profits without declaring dividend.

57. Mode of payment af dividend

Dividend shall be paid by cheque or warrant payable to the members whose name appears on the Register of Members on a particular day as may be decided by the Board.

58. Capitalisation

Subject to the provisions of the Act, if resolved at the General Meeting any money, investments or assets, forming part of undivided profits, standing to the credit of reserve fund at the disposal of the Company and available for dividend (or as Share Premium Account) be capitalised and distributing among the members who are entitled for dividend and in the same proportion be applied to make the partly paid shares as fully paid shares in issuing fully paid Bonus Shares or partly in one way and partly in other.

59. Proper Books of Accounts

The Company shall keep at its' Registered Offiee or snch other place as may be decided by the Board proper Books of Accounts as prescribed by the Act.

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60. Annual Accounts

As per the provisions of the Act, Board shall cause to be prepared and place before the Company in the Annnal General Meeting audited Balance Sheet and Profit and Loss Account, copy of which, should be sent to all members entitled thereto.

61. Audit of Accounts

(a) The Accounts of the Company shall be audited by the Auditors appointed as per the provisions of the Act. The Accounts when audited and approved at the Annual General Meeting shall be conclusive.

(b) The Investor shall have a right to nominate the internal Auditor of the Company in consultation with the Board.

(c) All costs relating to Tax and audit advice shall be borne by the Company and shall be deemed to be an 'expense' in the year in which such expense is incurred.

62. Secretary

The Directors may from time to time on such terms and conditions appoint or remove any individual or firm to perform any functions required to be performed by secretary under the Act and to execute such other work as may be decided by the Board.

63. Notice by the Company

Any document or notice may be served by the Company to any member or officer of the Company under the signature of the director or such other authorised person, sent personally or through post.

64. Notices and Other Communicatio n

(a) Any notices, requests, demands or other communication required or permitted to be given under the Agreement or these Articles ("**Notice**") shall be written in English and shall be delivered by both of the following modes of communication, these being: deliveries by courier, registered post or transmitted by facsimile and copied through email properly addressed as follows:

To the Company:

Attention:	Mr Darpan Sanghvi
Facsimile:	+91 20 25512847
Email:	sanghvibrands@gmail.com
Address:	Sanghvi House 105/2, Shivaji Nagar

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To the Promoter No.1:

Attention:	Mr Darpan Sanghvi
Facsimile:	+91 20 25512847
Email:	darpan@sanghvibrands.com
Address:	Sanghvi House 105/2, Shivaji Nagar Pune 411 005

To the Promoter No.2:

Attention:	Mr Narendra Sanghvi
Facsimile:	+91 20 25512847
Email:	nrs@sanghviholdings.com
Address:	Sanghvi House 105/2, Shivaji Nagar Pune 411 005

To the Investor:

Attention:	Charles Johnson
Facsimile:	(230) 467 4000
Email:	cjohnson@TanoCapital.com
Address:	Tano India Private Equity Fund II International Financial Services, IFS Court, Twenty Eight Cybercity, Ebene Republic of Mauritius

Copied to:

Attention:	Carlton Pereira
Facsimile:	+91 22 67468002
Email:	cpereira@tanocapital.com
Address:	Tano India Advisors Pvt Ltd 9 Nirlon House, Ground floor, 254 B Dr A B Road Worli, Mumbai

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(b) All Notices shall be deemed to have been validly given on (i) the business date immediately after the date of transmission with confirmed answer back, if transmitted by facsimile transmission, or (ii) the business date of reeeipt, if sent by courier or registered post.

(e) Any Shareholder may, from time to time, change its address or representative for receipt of Notiees provided for in this Agreement by giving to all the other Shareholders and the Company not less than 10 (Ten) days prior written notice.

65. Distribution in specie on winding up

The liquidator on any winding up (voluntary or compulsory) may with the sanction of a special resolution but subject to the rights, attached on to any preference share capital divide among the contributories in specie any part of the assets of the Company and may with the like sanction vest any of the assets of the Company in trustees upon which trusts for the benefit of the contributories as the liquidator with the like sanetion may think fit.

66. Indemnity and Limitation of Liability

1. The Company, in the first instance, and failing the Company the Promoter No.1 in the next instance in the manner provided in Article 66(6) below shall:

(i) indemnify and keep indemnified the Investor, its directors, officers, and employees against any loss, liability, claims, costs and expenses (including litigation eosts and expenses) suffered by it as a result of, in eonneetion with or arising from any of the Representations and Warranties being found to be ineorreet or false or breach of any Undertakings/obligation, on aeeount of any reasons other than directly attributable to the Investor, and such indemnity shall extend to inelude all eosts, eharges and expenses whieh such Investor may pay or ineur in disputing or defending any Claim or aetion or other proeeedings in respeet of whieh indemnity may be sought under this Artiele 66. Subjeet to Article 66(6), the Company and Promoter No.1 are eaeh required pursuant to this Artiele 66 to plaee the Investor in the same position as it would have been in, had there not been any such breach of the Representation and Warranties or such Undertaking, or any such failure to perform obligations. The rights and remedies of the Investor in respect of any breach of any of the Representations and Warranties shall

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not be affected by any act or happening which otherwise might have affected such rights and remedies, except by a specific written waiver by the Investor.

(ii) indemnify the Investor, its directors, officers and employees and agree to keep them fully indemnified against, all losses relating to or arising out of or in connection with any pending, actual or legal action, proceeding, suit, litigation, prosecution, arbitration, or mediation by or against any of them, where the Claim relates to any event, matter or circumstance arising or existing in relation to the Company prior to the Closing Date.

(iii) indemnify and keep indemnified the Investor against any loss, liability, Claims, costs and expenses suffered by it as a result of, in connection with or arising out of any non-compliance by the Company of Applicable Law.

2. In case of an indemnity claim made by the Investor (under this Article 66) for any decrease in the price per Share (held by the Investor on an As Converted Basis) below the Benchmark Price, the Company shall indemnify the Investor only to the extent of the Differential Price for the number of Shares (on an As Converted Basis) held by the Investor as of date of claim by the Investor. For the purposes of this Article 66(2), "**Differential Price**" shall mean the difference in the decreased price per Share as on the date of claiming the indemnity under this Article 66(2) and the Benchmark Price. It is clarified that no indemnity claim shall be made for a decrease in the price of a Share held by the Investor unless the decreased price per Share falls below the Benchmark Price, as determined by the Investor based on the report of a Big Four appointed by the Investor. The following illustration demonstrates the operation of this Article 66(2):

<u>Illustration</u>

Shares held by the Investor on an As Converted Basis as on the date of the claim by the Investor = 1,50,000 (One Lakh Fifty Thousand)

Benchmark Price = Rs. 500/- (Rupees Five Hundred Only)

The decreased price per Share on the date of claiming the indemnity = Rs. 450/- (Rupees Four Hundred and Fifty Only)

The Company shall be required to indemnify the Investor for a sum of:

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Rs. (500-450) x 1,50,000 = Rs. 75,00,000/- (Rupees Seventy Five Lakhs Only)

3. If a claim is made by the Investor under this Article 66, the Company and Promoter No.1 waive their rights and remedies to take any defence in respect of such claim that the breach of the Representation and Warranties made by them is due to any misrepresentation, inaccuracy or omission in or from any information or advice supplied or given by their directors, officers or agents or employees in connection with assisting the Promoter No.1 or the Company in the giving of any Representation and Warranties.

4. In the event that any Claim relates to liability of the Investor, arising from a breach of Representations and Warranties or of any Undertakings/obligation of the Company and Promoters, which is of a nature such that the Investor is required by Applicable Law to make payment(s) to a Third Party with respect to the Claim before the completion of the settlement negotiations or related legal proceedings, the Investor may, require the Company and failing the Company, the Promoter No.1 (as stated in Article 66(6)(i))to make such payments forthwith. It is hereby clarified that the amount claimed by the Investor under Article 66(4) from the Company and failing the Company (as stated in Article 66(6) (i)), the Promoter No.1 shall stand reduced by any amount paid by the Company and the Promoter No.1 for the specific matter.

5. The Promoter No.1 shall indemnify the Investor, its directors, officers and employees and agree to keep them fully indemnified against any damages, liabilities, losses, costs or expenses (including, but not limited to professional fees and costs) incurred or suffered by the Investor arising out of, or resulting from any misrepresentation or breach or default any of the Promoter No.1 Representations and Warranties as set out under ***Schedule 4 (Part B)*** of the Agreement.

6. Process for Indemnification Claimed by Investor

   (i) Subject to the provisions of Article 66(6)(ii) below, any claims made under Article 66(1), Article 66(2) and/or Article 66(4) by the Investor shall be first made against the Company. In the event the Company fails or neglects to fulfill its obligations within the period of 90 (Ninety) days from the date of receipt of notice of making indemnity claim by the Investor, Promoter No.1 shall be liable to indemnify and keep indemnified the Investor in terms of Article 66(1)and Article 66(2) above. This right of the Investor to proceed against

Promoter No.1 shall be without prejudice to its rights under its claim made against the Company. It is expressly clarified that the Investor shall not be entitled to recover any amount cumulatively from the Company and the Promoter No.1 greater than its indemnification claim amount for the specific instance.

(ii) In ease of a claim arising out of or resulting from a breach of Representations and Warranties made/provided in ***Schedule 4 (Part B)*** of the Agreement, the claim by the Investor shall only be made against Promoter No.1. Upon receiving a notice of indemnity claim by the Investor under Artiele 66(5), the Promoter No.1 shall not dispossess any of his Assets (movable and/or immovable).

(iii) Promoter No.1 shall have the right to elaim restitution from the Company in relation to any payments that may be made by him under Artiele 66(1) and Artiele 66(2) (as the ease may be) to the Investor and in respect of Third Party Claims under Artiele 66(4) pursuant to the terms of this Article.

(iv) Upon receiving a notiee of indemnity claim by the Investor under Artiele 66(1), Artiele 66(2), Artiele 66(4) and/or Artiele 66(5), the Promoter No.1 shall not dispossess any of his Assets (movable and/or immovable) during the aforementioned period of 90 (Ninety) days.

7. In the event that the Investor has the right to elaim Liquidated Damages or Non Conversion Liquidated Damages or liquidated damages under Article 22(e)(iii) then the Company and/or Promoter No.1 shall not be liable to indemnify the Investor under this Artiele 66 in respeet of any loss arising from the event pursuant to whieh the Investor elaimed Liquidated Damages or Non Conversion Liquidated Damages or liquidated damages under Artiele 22(e)(iii), as the case may be.

8. Notwithstanding anything to the eontrary eontained in the Agreement or these Artieles, the Company and/or Promoter No.1 shall not be liable to indemnify the Investor, its directors, officers and employees under this Artiele 66 in ease of a loss arising out of or in relation to or in conneetion with any retrospeetive amendment of any Applicable Law.

9. In the event of a dispute between the Company and/or the Promoter No.1 and the Investor in respect to enforcement of the rights of the Investor under this Article 66, the Company and the

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Promoter No.1 shall be liable for any costs incurred by the Investor in respect to enforcement of the rights of the Investor under this Article 66 as awarded by the arbitrator.

10. **Limitation of Liability**

(i) Subject to the provisions of Article 66(10)(ii), aggregate liability of the Company and the Promoters under the Agreement and these Articles shall not exceed the Subscription Amount. For the purposes of this Article 66(10)(i), the Promoters and the Company shall constitute 1 (One) party.

(ii) The monetary cap set out in Article 66(10)(i) above shall not be applicable in case of any loss (i) arising from proven fraud committed by the Company and/ or Promoter No. 1; or (ii) in respect of a Third Party Claim made against the Investor and/or Investor Director and/or such other officers of the Investor in relation to the investment by the Investor in the Company and/ or the Business.

(iii) In case of a Third Party Claim made against the Investor in relation to the investment by the Investor in the Company and/ or the Business:

(a) prior to taking any action against the Company and/ or the Promoters, the Investor shall take all such actions as the Company and/ or Promoter No. 1 may request including the institution and control of proceedings and the appointment of professional advisers approved by the Promoter No.1 to avoid, dispute, resist, compromise, defend or appeal against any such Third Party Claim;

(b) any amounts required to be paid to such Third Party shall be paid directly by the Company to the Third Party.

(iv) Notwithstanding anything to the contrary contained herein, in the event an amount under a claim against the Company and/ or Promoters is recovered by the Investor from any Third Party, including under any policy of insurance, then the liability of the Company and/or Promoters in respect of such claim shall stand reduced to that extent.

(v) The Investor shall be entitled to make a claim against the

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Company and/ or Promoter No.1 in accordance with and subjeet to the provisions of the Agreement and these Articles only within the time periods set out below:

(a) in respect of a Third Party Claim made against the Investor in relation to the investment by the Investor in the Company and/ or the Business of the Company, upto a maximum period of:

(A) 5 (Five) years post the Investor eeasing to hold Shares in the Company, from the Company for any Third Party Claims not being a claim under Artiele 66 (10)(v)(a)(B) below; and

(B) 7 (Seven) years post the Investor eeasing to hold Shares in the Company, from the Company for Third Party Claims relating to Tax and/or elaims under Article 66(10) (ii).

(b) For any other elaim (not being a Third Party Claim as set out under Article 66(10)(v)(a), only until sueh time as the Investor holds Shares and for a period of 90 (Ninety) days thereafter. Provided however, that the Investor shall, (i) only be entitled to make a elaim for a loss or liability (ineluding any loss in value of Shares) that arises prior to it eeasing to hold Shares in the Company; and (ii) not be entitled to make any elaim for a loss in value of Shares in the aforesaid period of 90 (Ninety) days following its eeasing to hold Shares in the Company or thereafter.

(vi) The Company and/ or Promoters shall not be liable to the Investor against any losses under the Agreement and/or these Articles until sueh time as the cumulative aggregate amount for such losses is equal to or exeeeds Rs. 5,00.000/- (Rupees Five Lakhs Only). All amounts whieh may be deducted from the amount of a elaim by virtue of the operation of Article 66(10)(iv) shall first be taken into aeeount in order to determine whether the amount of the elaim exeeeds the thresholds in this Article.

67.
Secrecy Every Director, Secretary, Auditor or any other officer or employees

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of the Company shall, if so required by the Directors, before entering upon duties, sign a declaration pledging to observe a strict secreey respecting all the affairs of the Company.

68. Inspection

Subject to as eonferred by law, no member shall be entitled to visit or inspect any aecount books, documents or works of the Company without the permission of the Directors or require discovery of any of Company's trade seerets, process or any other matter which would in the opinion of the Directors expedient in the interest of Company not to disclose.

69. . Arbitration

(a) If any dispute arises between the parties to the Agreement during the subsistence or thercafter, in connection with the validity, interpretation, implementation or alleged breach of any provision of the Agreement or regarding any question, including the question as to whether the termination of the Agreement by one party has been legitimate, the parties to the Agreement shall endeavour to settle such dispute amicably. If parties are unable to so resolve the dispute within a period of 30 (Thirty) days, any party to the Agreement can record such failure by giving 15 (Fifteen) days notice thereof to the other party in writing.

(b) In case of such failure, either party to the Agreement can refer the dispute to a sole arbitrator or in case of disagreement as to the appointment of the sole arbitrator, the provisions of the Arbitration and Conciliation Act, 1996, with all the modifications and re-enactments thereto, shall apply to sueh appointment.

(c) The arbitration proceedings shall take plaee in Mumbai and shall be conducted in English language.

(d) The arbitrator's award shall be a reasoned award and shall be in writing. The arbitrators shall also decide on the costs of the arbitration proceedings.

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We, the several persons whose names, addresses and Descriptions are hereunder subscribed, are desirous of being formed into a Company in pursuance of these Articles of Association:

Name, Address, Description and Occupation of Subscriber	Signature	Signature, Name, Address and Description of witness
1. Narendra R. Sanghvi S/O Rikhabchand K. Sanghvi A- 19. Varsha Park 268/2 Baner Pune 411045 Occ: Business	Sd/-	Witness to both Sd/- Abhijit B. Dakhawe. S/o Bhlchandra V. Dakhawe A/6 ' Vishwakul' Swanand Society, Sahakarnagar # 2, Pune-411009. Occ: Company Secretary , CP # 4744
2. Darpan N. Sanghvi S/O Narendra R. Sanghvi 268/2 A- 19, Varsha Park Baner Pune 411045 Occ: Business	Sd/	

Place: Pune
Date: 11.02.2010

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