

THE COMPANIES ACT, 1956

COMPANY LIMITED BY SHARES

**ARTICLES OF ASSOCIATION
OF
BHUBANESWAR STOCK EXCHANGE LIMITED**

Table A to apply -	1	The regulations contained in the Table 'A' in the First Schedule of the Companies Act, 1956 shall apply to this Company, to the extent not specifically modified or excluded in these Articles.
Exceptions	2	Regulations 21, 36 to 43, 64 66 & 76 of Table 'A' shall not apply to the Company and the regulations hereafter contained shall be applicable.

INTERPRETATION

Interpretation Clause	3	In these Articles unless there be something in the subject or context inconsistent therewith the following words or expressions shall have the following meanings: -
"The Act"		"The Act" means the Companies Act, 1956 and includes any statutory modification or re-enactment thereof for the time being in force.
"The Company"		"The Company" means BHUBANESWAR STOCK EXCHANGE LIMITED
"The Office"		"The Office" means the Registered Office of the Company for the time being.
"Chief Executive Officer "		"The Chief Executive Officer" means the Chief Executive Officer for the time being.
"Corporatisation and Demutualisation Scheme"		"Corporatisation and Demutualisation Scheme" means Bhubaneswar Stock Exchange (Corporatisation and Demutualisation) Scheme, 2005 as approved by SEBI.
"Dividend"		"Dividend" includes Interim Dividend.
"Gender"		The words importing "masculine gender" shall include the feminine gender and vice versa.
"Governing Board"		"Governing Board" means the Board of Directors of Bhubaneswar Stock Exchange Limited duly constituted
"Marginal Note"		The marginal notes hereto shall not affect the construction hereof.

"Ordinary and Special Resolution"	"Ordinary Resolution" and "Special Resolution" shall have the meanings assigned thereto respectively by Section 189 of the Act.
"Paid up"	"Paid up" includes credited as paid up.
"Person"	The words importing "person" shall include Corporation.
"SCRA"	"SCRA" means Securities Contracts (Regulation) Act, 1956
"SEBI"	"SEBI" means Securities and Exchange Board of India.
"SEBI Act"	"SEBI Act" means Securities and Exchange Board of India Act, 1992 and includes any statutory modification or re-enactment thereof for the time being in force.
"Seal"	"Seal" means the Common Seal for the time being of the Company.
"Shareholder"	"Shareholder" means a Person who holds any equity share(s) of the Company.
"Singular Number"	The words importing "singular number" shall include the plural number and vice versa.
"Strategic Partner/Majority Shareholder"	"Strategic Partner/Majority Shareholder" means a shareholder who along with persons acting in concert with him holds 15% or more shares or voting rights in the Company.
"Trading Member"	"Trading Member" means a stock broker of the Company and registered with SEBI as such under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992
"Writing"	"In Writing" and "Written" shall include printing, lithography or part printing and part lithography and any other mode or modes of representing or reproducing words in visible form.

CAPITAL

Capital	4	The Authorised Share Capital of the Company is same as per clause V of the Memorandum of Association of the Company with power to increase, consolidate, subdivide, reduce or otherwise alter its share capital, subject to the provisions of the Act.
Alteration of Capital	5	The Company may by ordinary resolution: Consolidate and divide its share capital into shares of larger amount than its existing shares.

Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject to the provisions of the Companies Act, 1956.

Cancel any shares which, on the date of passing of the resolution, have not been taken or agreed to be taken by any persons.

Reduction of capital 6 The Company, by Special Resolution, reduce the share capital in any manner authorised, and with such consent as required by law.

SHARES AND CERTIFICATES

Shares to be numbered progressively 7(a) The shares in the capital shall be numbered progressively according to their several denominations.

7(b) The shares in the capital may be dematerialised as provided in the Act and for such shares clause 7(a) shall not be applied.

Public Holding of the Equity Shares 8 The Company shall ensure that at least 51% of its equity shares are held by public other than shareholders having trading rights in the manner and within the period prescribed in sub-section (8) of section 4B of the Securities Contracts (Regulation) Act, 1956 and on and from the Appointed Date as defined under “The Bhubaneswar Stock Exchange (Corporatisation & Demutualisation) Scheme, 2005”, the Company shall ensure that public, other than shareholders having trading rights, continuously hold at least 51% of equity shares.

Restriction of Shareholding and Voting Rights 9 No person in or outside India shall in any manner, directly or indirectly, acquire or beneficially or legally exercise, whether by himself or together with any person or persons acting in concert with him, shares or voting rights in excess of 5% of the total equity shares or voting rights of the equity shareholders of the Company.

Redeemable Preference Shares 10 Subject to the provisions of Section 80 of the Act, the Company may issue Preference Shares, which are at the option of the Company liable to be redeemed.

Funds not to be applied in the purchase of its own shares 11 None of the funds of the Company shall be applied in the purchase of any shares of the Company and it shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its Holding Company save as provided by Section 77 of the Act.

Buy-back of shares by the Company 12 Notwithstanding what is contained in Article 13 above, the Company may, subject to the compliance of the provisions of Section 77A of the Act, purchase its own shares or other specified securities envisaged in the said Section.

BOARD OF DIRECTORS

Strength of the Board 13 The Board of Directors of the Company shall consist of 8 Directors excluding the Chief Executive Officer of the Company who shall act as an Ex-officio Director on the Board.

Composition of Board 14 On and from the Appointed Date, as may be notified by SEBI under Section 4A of the SCRA, the composition of the Board in respect of other Directors apart from Chief Executive Officer, shall be as under :

- (i) Trading Member Directors shall constitute a maximum of one fourth of the total strength of the Board. Excluding the Chief Executive officer
- (ii) Public Interest Directors shall constitute one fourth of the total strength of the Board.
- (iii) Shareholder Directors shall constitute the balance of the Board provided that in case of strategic partners/ majority shareholders, at least one third of the Shareholder Directors shall be Independent Non-Executive Directors.

Eligibility Criteria For Trading Member Directors 15 A director, eligible to be elected in this category, shall be

- i. a Trading Member ; or
- ii. a partner of a Trading Member (where the Trading Member is carrying on its business as such member through a firm); or
- iii. a designated director of a Trading Member which is a company; or
- iv. a designated nominee of a Trading Member which is a body corporate other than a company.

Eligibility Criteria For Shareholder Directors 16 “Shareholder Directors” shall be elected from amongst the Persons, who are not Trading Members or Associates of Trading Members.
‘Associates’ in relation to a Trading Member, individual, body corporate or firm, shall include a person :

- (i) who, directly or indirectly, by himself, or in combination with other persons, exercises control over the Trading Member,

whether individual, body corporate or firm or holds substantial shares of not less than 15% in the capital of such entities or

- (ii) in respect of whom the Trading Member, individual or body corporate or firm, directly or indirectly, by itself or in combination with other persons, exercises control, or
- (iii) Whose Director or Partner is also a Director or Partner of the Trading Member, body corporate or firm, as the case may be.

The expression 'control' shall have the same meaning as defined under Clause (c) of Regulation 2 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Eligibility Criteria For Public Interest Directors	17	<p>'Public Interest Directors' shall be selected by the Board from amongst the Persons in the SEBI-constituted panel.</p> <p>Provided that a person shall not act as 'Public Interest Director' on more than one Stock Exchange simultaneously.</p>
SEBI may nominate Directors on the Board	18	SEBI may nominate Directors on the Board of the Company as and when deemed fit.
Election of Directors	19	The Directors, except Chief Executive Officer and Public Interest Directors, shall be elected by the shareholders of the Company in accordance with the provisions of the Act.
Manner of Election, Appointment, Tenure, Resignation, Vacation etc. of Directors	20(a)	<p>"The manner of Election, Appointment, Tenure, Resignation, Vacation etc. of Directors except the Chief Executive Officer and Public Interest Directors shall be governed by the Act save as otherwise specifically provided under or in accordance with the SCRA.</p> <p>Provided that no Director, except Chief Executive Officer, shall hold office for more than two consecutive terms.</p> <p>provided further that the tenure of the Public Interest Directors shall be 3 (three) years each or subject to any other conditions as prescribed by SEBI"</p>
	20(b)	<p>A Director on the Board of the Company, who is a Trading Member of the Company, shall vacate office if he –</p> <ul style="list-style-type: none">(i) ceases to be a Trading Member of the company; or(ii) is suspended from Trading Membership of the Company; or(iii) is declared a defaulter; or(iv) is expelled.

20(c) A Director on the Board of the Company, who is a Shareholder of the Company, shall vacate office if he ceases to be a Shareholder of the company.

Chief Executive Officer

21 The Board shall, with the prior approval of SEBI, appoint/re-appoint a Whole-time Chief Executive Officer who shall be an ex-officio Director of the Board and also an ex-officio member of every Committee or sub-committee appointed by the Board.

The Chief Executive Officer, shall be a person

- i. who has knowledge of the functioning of the stock exchanges and / or the capital market;
- ii. who is not, at the time of his appointment,-
 - a. a stock broker or a sub-broker; or
 - b. interested in a firm or a corporate entity carrying on the business of trading in shares or stocks in the capacity of shareholder, director or employee or in any other capacity whatsoever (otherwise than as a mere constituent); or
 - c. otherwise engaged in the business of dealing in securities ; and
 - d. who, prior to his appointment as Chief Executive Officer, files a written undertaking with the company that if appointed he shall, during his tenure as Chief Executive Officer, not be:
 - (i) a stock broker or a sub-broker; or
 - (ii) interested in a firm or a corporate entity carrying on the business of trading in shares or stocks in the capacity of shareholder, director or employee or in any other capacity whatsoever; or
 - (iii) otherwise be engaged in the business of dealing in securities; and
 - e. Who has been approved by SEBI for holding office as Chief Executive Officer.

Procedure for selection of Chief Executive Officer

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The process of selection of Chief Executive Officer shall be transparent, through a public advertisement.

The Chief Executive Officer shall be selected by a Selection Committee constituted by the Board of Directors of the company.

The Selection Committee shall submit a report to the Board of Directors recommending the name of the selected candidate for appointment as Chief Executive Officer. The Board of Directors shall forward the name of the said selected candidate for appointment of Chief Executive Officer to SEBI for approval.

Provided that while recommending the names to SEBI, the Company shall submit an undertaking that the necessary due diligence has been carried out by them with respect to the verification of antecedents, credentials and experience of the proposed persons.

Powers of the Chief Executive Officer

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The Chief Executive Officer shall, subject to the control and supervision of the Board of Directors, exercise all powers of managing and supervising the Company's business and shall exercise and have, amongst usual powers, the following powers and duties:

- a) To manage generally all concerns and affairs of the Company, to order for the supply of goods, machinery, labour and all things necessary for the Company on its behalf, to sanction and/or ratify payments of bills, to appoint and employ on such terms and conditions as he thinks proper, functional and departmental managers, secretary, superintendents and other persons for the purpose of the Company or to remove or dismiss them and appoint others in their place and pay the persons so appointed such remuneration as he may deem proper and fit under the Rules of the Company.
- b) To receive all payments on behalf of the Company and to receive and sign letters, money orders, registered or insured packets and covers, book-posts, telegrams, consignments and parcels of all descriptions and the like forwarded to the Company and to carry on and sign all correspondences of the Company.
- c) To pay the costs, charges and expenses, preliminary and incidental for the promotion, formation, establishment, carrying on, running and registration of the Company and for taking licences from municipality or corporation or from the Government, Central or Provincial, for the Company, if necessary.
- d) To receive reimbursement of all expenses advanced by it for the aforesaid or any other purposes of business from the funds of the Company provided such reimbursement is sanctioned by the Directors.
- e) To sign cheques, drafts, certificates, bonds, hundies and other documents and generally to sign for and on behalf of the Company.

- f) To give effectual receipts and discharges of all kinds of payments either in the shape of claim, interest, rent, profit and other payments and dues and in case of non-payment of any debts, money, rent due or breaches of any covenant, agreement or condition, to take proceedings, civil, criminal or otherwise for recovery, of such debts, money, rent, dues, damages, compensation in respect of such breaches or otherwise.
- g) To settle, start, defend, adjust, compound, submit to arbitration and compromise, and withdraw all actions, accounts, claims, and demands whether arising in any legal proceedings or not in the interest of the Company.
- h) To appear and conduct cases for the Company in all courts of justice, civil, criminal or revenue before any executive, judicial, revenue, forest, police, postal, Company Law Board, income-tax, sales tax, railway, steamer, telegraph, municipal, Government or military departments, district board, local board, union board or other offices in any action or proceedings or matters in which the Company is interested, with a view to promote, benefit, safeguard or defend its interest or settle or compromise or compound, take action on judgment against the Company, or to vote in any municipal corporation, district board, union board or legislative bodies, election matters on behalf of the Company.
- i) To admit execution of the documents before any District Registrar or Sub-Registrar of Assurances, Registrar of Cooperative Societies and to get back documents from the office of the aforesaid officers and to conduct or defend any case before them.
- j) To sign and verify written statements, petitions, pleadings, compromises, vakalatnamas, warrants of attorney, mukhtarnamas and agents names in all courts, civil, criminal or revenue and to pay their fees, charges and/or other legal expenses and law charges and costs.
- k) To deposit any money in and withdraw money from all treasuries, banks and any other persons for and on behalf of the Company.
- l) To execute and do in the name of and on behalf of the Company all things , deeds and documents as the Directors may authorise to do.
- m) To keep under his care and safe custody all papers, valuable securities and properties of the Company.
- n) To perform any other duty as may be assigned by the Board. He may delegate powers referred to in Articles 27(b), (h), (i) & (j) to a subordinate officer.

Remuneration of the Chief Executive Officer	24	The Chief Executive Officer shall be paid such remuneration as the Board of Directors may fix, subject to the restrictions relating to managerial remuneration contained in the Companies Act, 1956.
Chairman of the Board	25	The Chairman shall be elected by the Board from amongst the non-executive non-trading member Directors.
Powers of the Chairman	26	The Chairman shall have the powers to preside over all the meetings of the Board and the general meetings of the Company, and exercise such other functions as may be delegated to him by the Board; Provided that no powers shall be delegated to the Chairman, which will have the effect of diluting the powers of management vested in the Chief Executive Officer in any manner.
Chief Executive Officer not to retire.	27	The Chief Executive Officer shall not be liable to retire by rotation. However, the tenure of his appointment shall not exceed five years at a time. Provided that nothing contained hereinabove shall preclude the Board of Directors, with the approval of SEBI, from extending the tenure of the Chief Executive Officer before the expiry of the existing tenure by further periods not exceeding five years at a time, without going through the selection process.
Committees of the Board	28	The Board may appoint such committees of the Board to discharge such functions as may be decided by the Board from time to time. Provided that no powers shall be delegated to such Committees, which will have the effect of diluting the powers of management vested in the Chief Executive Officer.
Standing Committees	29(a)	In addition to the Committees of the Board, if any, referred to in Article 28 above, the Board shall every year and as early as convenient, after every Annual General Meeting, constitute the following Committees : (i) Arbitration Committee (ii) Defaults Committee (iii) Disciplinary Committee (iv) Investor Services Committee
	29(b)	Not more than twenty per cent of the members of each of such Committee, referred to in Article 29(a) above, shall be the Trading Members. Provided that the Arbitration Committee shall not have representation of the Trading Members in case of disputes between a trading member and a non-trading member.

- 29(c) The total strength of each of such Committees shall not be less than five and more than seven at any given point of time.
- 29(d) All members of each of such Committees shall hold office from the date of their respective appointments till first meeting of the Board held after the next Annual General Meeting.
Provided that if at the said meeting of the Board new members are not appointed then the existing members shall continue until their successors are validly appointed in accordance with Article 29(b) above.
- 29(e) The Board may, from time to time, fill any vacancy in the membership of any such Committee in accordance with Article 29(b) above and the persons, so appointed, shall hold office till the first meeting of the Board to be held after next Annual General Meeting.
- 29(f) The Board may, from time to time, , remove any member of such Committee and appoint another person in his place in accordance with the provisions of Article 29(b) above.
- 29(g) A member of any such Committee, who is a Trading Member of the Company, shall vacate office if he –
(i) ceases to be a Trading Member of the company; or
(ii) is suspended from Trading Membership of the Company; or
(iii) is declared a defaulter; or
(iv) is expelled.
- 29(h) A member of any such Committee, who is a Shareholder of the Company, shall vacate office if he ceases to be shareholder of the Company.

Code of Conduct for Directors	30	‘Code of Conduct’ as shall be framed by the Company in line with the SEBI (Criteria for Fit and Proper Person) Regulations,2004 shall be applicable to all the Directors on the Board of the Company.
Corporate Governance	31	The Company shall comply with all the norms of disclosures and corporate governance as may be prescribed by SEBI from time to time.
Individual Responsibility of Officers etc.	32	Subject to the provisions of the Companies Act, 1956 or any statutory modification thereof for the time being in force, any Director, Chief Executive Officer, Manager or Officer of the Company shall be liable only for so much

Money as he shall actually receive, and shall not be answerable for the acts or defaults of any other officer or servant or for any loss, damage or misfortune whatsoever which shall happen in the execution of the lawful duties of his office.

Rules, Bye-laws and Regulations	33	The Board shall, for effective management of the Company, make Rules, Bye-laws and Regulations in accordance with the provisions of the SCRA and SEBI Act subject to approval of SEBI. The Board may, from time to time, amend such Rules, Bye-laws and Regulation of the Company subject to prior approval of SEBI or when so directed by SEBI.
Recognition	34	For the purpose of continued function as a recognised Stock Exchange, the Company shall apply for and obtain the Recognition/renewal of Recognition from SEBI subject to the provisions of SCRA.
Utilisation of Assets and Reserves	35(a)	The Company shall not do anything contrary to the provisions of section 4B(3) of the Securities Contracts (Regulation) Act,1956.
	35(b)	Without prejudice to the generality of the provisions in Article 35(a), the Company shall not use its assets and reserves as on the date of publication of “The Bhubaneswar Stock Exchange (Coporatisation & Demutualisation) Scheme,2005” or the proceeds from disposal of such assets or the proceeds from disposal of successive species of assets acquired from the proceeds of disposal of such assets for any purpose other than discharging the current liabilities outstanding as on the date of publication of the said Scheme or the business operations of the Company.
Winding up	36(a)	If the company shall be wound-up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide among the shareholders, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
	36(b)	For the purpose of aforesaid Article 36(a), the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the shareholders or different classes of shareholders.
	36(c)	The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidators, with the like sanction shall think fit, but so that no shareholders shall be compelled to accept any shares or other securities whereon there is any liability.

Indemnity

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Subject to the provisions of Section 201 of the Act, every Director, officer or servant of the Company shall be indemnified by the Company and it shall be the duty of the Directors of the Company to pay all costs, losses, and expenses which such Director, or other officer or servant may incur or become liable to pay by reason of any contract entered into or act or things done by him as such Director, officer or servant or in any way in the discharge of duties including travelling expenses and the amount for which such indemnity is provided shall immediately attach as lien on the property of the Company and have priority as between the members over all other claims.