



GOVERNMENT OF JAMMU AND KASHMIR

— १२३ —

THE JAMMU AND KASHMIR
Agro-Industries Development
Corporation Limited

J&K State
(A GOVT. OF ~~J&K~~ UNDERTAKING)

MEMORANDUM AND ARTICLES
OF
ASSOCIATION

1969

"INCORPORATED UNDER THE COMPANIES ACT, 1956"
COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION
OF
JAMMU AND KASHMIR AGRO-INDUSTRIES
DEVELOPMENT CORPORATION LIMITED

I. The name of the Company is "Jammu and Kashmir State Agro-Industries Development Corporation Limited".

II. The Registered Office of the Company shall be situated at Srinagar in the State of Jammu and Kashmir.

III. (a) The main objects of the Company to be pursued on incorporation are:—

To promote, develop, establish, execute, operate and otherwise carry on projects, schemes, industries, business and activities which in the opinion of the Company is likely to—

(i) accelerate and increase agricultural production;

(ii) contribute to the production of subsidiary and supplementary foods;

(iii) increase the availability of supplies of food whether principal, ancillary, supplementary or substitute, in particular in the State of Jammu and Kashmir;

(iv) contribute to the agro-Industrial development of Jammu and Kashmir.

(b) The objects incidental or ancillary to the attainment of the main objects are:—

(1) To promote, establish, execute and operate projects and schemes relating to industries based on agriculture horticulture, forestry, fruits, flowers, herbs and roots, farming and gardening, fishery, dairy, poultry, cattle-breeding and other such works, operations, and culture capable of producing goods, materials, things and substances which are and as may be used as food (whether principal, supplementary or subsidiary) for human beings or as other essentials of life for them and to own, establish, purchase, take over, take on lease or hire or otherwise acquire, run, manage, finance, superintend or control such industries, enterprises and businesses.

(2) To own, establish, purchase, take-over, take on lease or hire or otherwise acquire, run, manage, finance, superintend or control mills, factories and works for manufacture, processing, preservation and packaging of

(2)

food and food-grains, dairy, poultry, fishery, and other product seeds and other cereals and other products of land, soil and water and of other farming, culture and operations as in the foregoing sub-clause and for manufacture of food and other consumer and commercial products and by products from the products of the operations aforesaid.

- (3) To develop, organise, establish, purchase, take on lease or hire or otherwise acquire, own, run, manage, superintend and control, agriculture farms, fruits, flowers and herbs, gardens and plantations, fishery, cattle-breeding, poultry, dairy and other farms and enterprises capable of producing basic raw materials for the main manufactures of the Company or the by-products thereof or which may be considered expedient and conducive to the attainments of the objects and business or businesses of the Company.
- (4) To produce, manufacture, buy, import, export, sell, supply or otherwise deal in plants, machinery, tools, implements, equipments, accessories, fertilisers and manures, fumigants, insecticides, fungicides, pesticides, weedicides, chemical and pharmaceutical products and preparations, feed and fodder and other goods and substances as are or as may be required for or in connection with all or any of the business, operations or activities which the corporation is authorised to carry on or which may be required by others engaged in such business, operations, or activities.
- (5) To establish, provide maintain and conduct, subscribe to or become member of or otherwise subsidise research laboratories, experimental workshops, training and research institutions for scientific and technical research and experiments and to undertake and carry on with all scientific and technical researches, experiments and tests of all kinds and to promote studies and research both scientific and technical investigation and invention by providing, subsidising endowing or assisting laboratories, workshops, libraries, lecture meetings and conferences and by providing the remunerations of scientific or technical professors or teachers and by providing for the award of exhibitions, scholarships, prizes grants and bursaries to students or independent students or otherwise, and generally to encourage promote and reward studies, researches, investigation experiments, tests and invention of any kind that may be considered likely to assist any of the business which the company is authorised to carry on.
- (6) To carry on the business of sole or general agents or general representatives and sole or general stockists or distributors of manure, fertilizers, fertilizer mixture, drilling equipment, casting tubes, pesticides

(3)

and plant protection equipment, food preservation and processing equipment cold storage and refrigeration equipment dairy, poultry, and fisheries equipment, machine tools, fuel oil, lubricants, etc. or organisers of any industrial or commercial or agricultural enterprise.

- (7) To undertake, initiate campaigns, schemes, relating to agricultural activities, operations and services of interest, to agriculturists expected to give better and improved yield.
- (8) To develop the resources of and turn to account any lands and any rights over the land belonging to or in which the Company is interested by cleaning, drainage, fencing, irrigating, grazing and by promoting irrigation.
- (9) To make available, whether for value or free of charge the result of its researches or experiments which is likely to augment and increase production of food (whether principal, supplementary, subsidiary or substitute) and the supply thereof.
- (10) To employ and remunerate experts, foreign consultants for planning or development of all or any of the business which this company is authorised to carry on and to investigate and examine into the condition, prospects, value, character and circumstances of any business or industrial concern and undertaking and generally of any assets, property or rights relating thereto which this company is authorised to carry on.
- (11) To carry on and engage in the business of providing consultative and technical services in design, construction engineering and other technology relating to plants and equipments, process and manufacture concerning agro-industries and the planning development and improvement of the method or operation of such industries.
- (12) To organise, hold or carry on demonstrations, exhibitions, lectures and other activities to promote, propagate or otherwise advance the objects for which this company is established and the sale of its products or services.
- (13) To act as agents for government or other authorities or any manufacturers, merchants, and others and to transact and carry on agency business of every kind and of any description.
- (14) To acquire by concession, grants, purchase, lease license or otherwise, either absolutely or conditionally and either alone or jointly with others any lands, buildings, machinery, plant, utensils, works conveniences and other movable and immovable property of any description, and any patents, trade marks, concessions, privilege-

(4)

ges and others for the objects and business of the company, and to construct, maintain and alter any buildings or works necessary or convenient for the purpose of the company and to pay for such lands, buildings, works, property or rights purchased or acquired by the company by shares, debentures, debenture stock, bonds or other securities of the company, or by cash or otherwise, and to manage develop, sell, let on lease or for hire, or otherwise dispose of or turn to account the same, at such time or times, and in such manner, and for such consideration as may be deemed proper or expedient.

(15) To purchase, or otherwise, acquire, erect, maintain construct repair and alter any buildings, sheds, offices, plants, machinery, drains, roads, bridges, culverts, and railway sidings, stalls, godowns, fences, and boundaries and all other structures found necessary or convenient for the purposes of the company.

(16) To enter into partnership, or into any arrangement for sharing profits, amalgamation, union of interest, co-operation, joint ventures, reciprocal concession, or otherwise with any person or company carrying on or engaged in, or about to, carry on or engaged in any business or transaction which this Company is authorised to carry on or engage in or any business, undertaking or transaction which may seem capable of being conducted so as directly or indirectly to benefit this company, or to amalgamate with any other company having objects altogether or in part similar to those of this company, and to lend money to guarantee the contracts of or otherwise assist any such person or company and to place take or otherwise acquire or to be interested in hold sell deal in and dispose of shares, stock, debenture and other securities of any such company.

(17) To use trade marks or trade names or brands for the products and goods of the company and adopt such means of making known the business and products of the company or of any Company in which this Company is interested as may seem expedient and in particular by advertising in newspapers, magazines, periodicals, by circulars by purchase and exhibition of works of art or interest, by opening stalls and organising exhibitions, by publication of books and periodicals, diaries, almanacs, calendar and by distributing samples and by granting prizes, rewards and donations.

(18) (a) To borrow or raise loans or secure the payment thereof in such manner and on such terms and with such rights, powers and privileges as be considered fit and in particular by the issue of or upon bonds, debentures, bills of exchange, promissory notes or other obligations or securities of the company and with a

(5)

view thereto to mortgage and charge the undertaking and all or any of the immovable property present or future and all or any of the uncalled capital for the time being of the company, and to purchase, redeem or pay off any such securities.

(b) To receive grants, loans, advance or other moneys or deposits or otherwise from State or Central Government, Banks, Companies, Trusts, or individuals with or without allowances of interest thereon and upon such terms as may be considered fit provided that the company shall not carry on any business as defined in the Banking Companies Act, 1949.

(19) To guarantee or become liable for the performance of obligations of and the payment of interest or dividend on and on money unsecured or secured by or payable under or in respect of promissory notes, bonds, debentures, debenture stocks, contracts, mortgages, charges, obligations, instruments and securities of any company or of any authority, supreme, municipal, local or otherwise or of any person whatsoever whether incorporated or not incorporated and generally to guarantee or become sureties for the performance of any contracts or obligations.

(20) (i) To lend money or property on mortgage of immovable property or on hypothecation or pledge of movable property or on security to such person and on such terms as may seem expedient and in particular to customers of and persons having dealings with the company provided that the company shall not carry on any Banking business as defined in the Banking Companies Act, 1949.

(ii) (a) To invest any money of the company not for the time being required for any of the purposes of the company in such investments (other than shares or stocks in the company as may be considered proper and hold, sell or otherwise deal with such investments)

(b) To accumulate funds and to invest or otherwise employ moneys belonging to the company upon any shares, securities or other investments whatsoever upon such terms as may be thought proper and from time to time to vary such investment in such manner as the company may think fit.

(21) To open and operate upon any kind of banking account in any Bank and to make, accept, endorse, discount, negotiate and execute and to buy, sell and deal in promissory notes, bills of exchange, bills of lading and other negotiable or transferable instruments

- (22) To sell, let, exchange or otherwise deal with the undertaking of the company or any part thereof for such consideration as the company may think fit and in particular for shares, debentures or securities of any other company having objects altogether or in part similar to those of this company.
- (23) To insure any of the properties, undertakings and other risks and to secure guarantees for contracts or obligations of the company of any nature and kind in any manner whatsoever.
- (24) To distribute any of the property of the company among the members in specie or in kind in the case of winding up.
- (25) No distribution amounting to a reduction of capital shall be made except with the sanction (if any) for the time being required by law.
- (26) To train or to pay for the training in India or abroad of any member of the staff of the company either in the present or likely to be in the employment of the company in future, which training in the opinion of the company is likely to benefit the company in its day to day working knowledge, management administration including research either in the field or the laboratories.
- (27) To expend money in experimenting on, testing and in improving or seeking to improve any patents, rights, inventions, discoveries, processes or information in possession of or which the company may acquire or proposes to acquire and generally to carry out research in agricultural practices.
- (28) To do all or any of above things and all such other things as are incidental or as may be thought conducive to the attainment of the objects or any of them in India or any part of the World as principals, agents, contractors, trustees or otherwise and by or through trustees agents or otherwise and either alone or in conjunction with others, and so that the word 'company' in this Memorandum when applied otherwise than to this company shall be deemed to include any authority partnership or other body of persons whether incorporated or not incorporated and whether domiciled in India or elsewhere.
- (c) The other objects of the company are —
- (i) To aid, assist, finance by way of loans, grants subsidies or with capital, credit or other means or resources, individuals, firm, body corporate or other association of persons engaged in or about to engage in activities

- similar or akin to those which this company is authorised to carry on or which are likely to advance the objects of this company.
- (ii) To carry on the business of Minor Irrigation Works, in all its branches and to sink wells, pores and shafts and to make, build, construct, lay down and maintain reservoirs, water works, cisterns, culverts, fitter beds, mains and other pipes and appliances and to execute and do all other acts and things necessary for obtaining, storing, selling, delivering, measuring, and dealing in water for irrigation.
- (iii) To promote, form and register, and aid in the promotion, formation and registration of any company or companies, subsidiary or otherwise, for the purpose of acquiring all or any of the property, rights and liabilities of this company, or for any other purpose which may seem directly or indirectly calculated to benefit the company and to transfer to any such company any property of the company and to be interested in, or take, or otherwise acquire, hold, sell or otherwise dispose of shares, stock, debentures and other securities in or any of such company, or any other company for all or any of the objects mentioned in this memorandum and to subsidise or otherwise assist any such company.
- (iv) Generally to carry on or participate in any other trade or business, whether financial, commercial manufacturing or otherwise, which may seem capable of being conveniently carried on in connection with any of the above specified business or calculated directly or indirectly to enhance the value of or render profitable any of the company's rights.
- (v) To grant funds, annuities, pensions, allowances, gratuities and bonuses to any employees or ex-employees (including Directors and Ex-Directors) of the company or dependents of any such persons or its predecessors in business and to establish or support associations, institutions, clubs, schools, hospitals, dispensaries, canteens, hostels, restaurants, houses, dwellings, funds, schemes and trusts (scientific, educational, provident or otherwise) which may be considered or calculated to benefit any such persons or the public or otherwise advance the interest of the company or of its members and to establish and contribute to any scheme for the purchase by trustees of shares in the company to be held for the benefit of the company's employees and to lend money to the company's employees and to enable them to purchase shares of the company and to formulate and carry into effect any scheme for sharing the profit of the company with its employees or any of them and to subscribe or guarantee money for charitable or benevolent objects for any exhibition or for any public, general or useful object or earmark a portion of the

(8)

profit of the company or create a fund or funds for any such objects or purpose.

(vi) To aid pecuniarily or otherwise, any association, body for the promotion of industry or trade, and to subscribe or otherwise assist or to guarantee money to charitable, benevolent, scientific, national public, or other institutions which may seem directly or indirectly to benefit or otherwise conducive to the attainment of the objects of the company.

(vii) To dedicate, present or otherwise dispose of either voluntarily or for value, any property of the company deemed to be of national, public or local interest to any national trust, public body, museum, corporation or authority or any trustees for or on behalf of the same or of the public.

(viii) To appropriate, use or lay out land belonging to the company for streets, parks, pleasure grounds, allotments and other conveniences and to present any such land so laid out to the public or to any person or company conditionally or unconditionally as the company think fit.

(ix) To create any depreciation fund, reserve fund sinking fund, insurance fund or any special or other fund whether for depreciation or for repairing, improving extending or maintaining any of the property of the company or for redemption of debentures or redeemable preference shares or any other purpose whatsoever conducive to the interest of the company.

(x) To establish and maintain agencies, branch places and local registers and procure the company to be registered or recognised and to carry on business in any part of the world.

(xi) To cause the company to be registered or recognised in any part of the world.

(xii) To pay all costs, charges and expenses of and incidental to the promotion, formation, registration and establishment of the company and the issue of its capital and charges in connection therewith and to remunerate or make donations to (by cash or other assets or by allotment of fully or partly paid shares or debentures, debenture stock or securities of or this or any company or in any other manner, whether out of the company's capital or profits or otherwise) any person, persons or company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of any of the share in the company's capital or any debenture stock or other securities of the company or in the conduct of its business or in introducing any property or business to the company or for any other reason which the company may think proper.

(9)

(xiii) To start and maintain houses, libraries, co-operative societies, hostels, canteens, bus or other transport services and similar institutions for the benefit of the company's employees or otherwise:

(xiv) To establish centres of celebrations, fairs, market places or other activities of general interest.

(xv) To establish or support or aid in establishment or support of associations, institutions, funds, trusts and conveniences calculated to benefit the employees, or ex-employees of the company or the dependents of such persons and to grant pensions and allowances and to subscribe or guarantee money for charitable or benevolent objects, or for any exhibition, or for any public, general or useful objects.

IV The liability of the members is limited.

V The authorised share capital of the company shall be rupees 2,00,000,00 (Rupees two crores divided into 2,00,000 (two lacs) Equity shares of Rs. 100 (Rupees one hundred) each with the rights privileges and conditions attaching thereto as are provided in the Articles of Association of the company for the time being with power to increase and reduce the capital of the company and to divide the share in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges, or conditions as may be determined by or in accordance with the Articles of Association of the company for the time being and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Act or provisions provided by the Articles of Association of the company for the time being.

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

Name, address description and occupation of subscribers, his/her father's/ husbands name	No. of shares taken by each subscriber.	Signature of each subscriber.	Signature, name, address, description and occupation of witnesses

Dated this.....day of19

THE COMPANIES ACT, 1956
(COMPANY LIMITED BY SHARES)
ARTICLES OF ASSOCIATION OF
JAMMU AND KASHMIR AGRO-INDUSTRIES
DEVELOPMENT CORPORATION LIMITED

PRELIMINARY

1. *Definition.*—(1) In these Articles unless there be anything repugnant to the subject or context the following words shall have the meaning written against them:—

'The Company' means the Jammu and Kashmir Agro-Industries Development Corporation Limited.

'The Act' or the said Act means the Companies Act (I of 1956), and all rules made thereunder.

'The Government' means the Government of the State of Jammu and Kashmir.

'Month' means a calendar month.

'The Director' means the Director of the Company for the time being of the Company.

'Chairman' means the Chairman of the Board of Directors for the time being of the Company.

'The office' means the Registered office of the Company.

'The Register' means the register of members to be kept pursuant to section 150 of the Companies Act.

'Dividend' includes bonus.

'Executor' or 'Administrator' means a person who has obtained probate or letters of Administration, as the case may be, from some competent court.

'Capital' means the capital of the Company for the time being raised or authorised to be raised for the purposes of the Company and also includes the paid up capital of the Company.

'Shares' means the shares or stock into which the capital is divided and interest corresponding with such shares or stock.

'Board of Directors' or 'Board' in relation to the company means the Board of Directors of the Company.

'Persons' includes corporation and firms, as well as individuals.

'Seal' means the common seal for the time being of the Company.

'Ordinary Resolution' and 'Special Resolution' have the meaning assigned thereto respectively by section 189 of the Companies Act.

'Regulations of the Company' means the regulations for the time being in force for the management of the Company.

'Financial year' means the period in respect of which any profit and loss account of the Company laid before it in annual general meeting is made up, whether that period is a year or not but the period shall not exceed fifteen months.

'Bye-laws' means the Bye-laws which may be made by the Directors of the Company under these Articles and which may for the time being be in force.

'In writing' and 'written' include printing, lithography and other modes representing or reproducing words in a visible form.

Words importing the singular number include the plural number and vice versa.

Words importing the masculine gender also include the feminine gender.

Unless the context otherwise requires other words or expressions contained in these Articles shall bear the same meaning as in the Act.

2. *Table 'A' to apply except otherwise provided.*—The regulations contained in Table 'A' in the first schedule to the Act shall apply except in so far as they have been specifically excluded by or under these articles.

3. *Company to be governed by these Articles.*—The articles for the management of the Company and for the observance of the members thereof and their representatives shall subject to any exercise of the statutory powers of the Company in reference to the repeal or alteration of or addition to its articles by special resolution as prescribed or permitted by the Act, be such as are contained in these Articles.

4. *Company to be a Private Company.*—(1) The Company is to be a Private Company within the meaning of the provisions of the Act and accordingly.

(a) The number of members for the time being of the Company (exclusive of persons who are for the time being in the employment of the Company and persons who, having formerly been 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) is not to exceed fifty but where two or more persons hold one or more shares in the Company jointly, they shall for the purpose of this Article be treated as a single member.

(b) Any invitation to the public to subscribe for any shares in or stock or debentures or debenture stock of the Company is hereby prohibited.

(c) The right to transfer shares of the Company is restricted as hereinafter provided.

(ii) The Company shall be a Government Company as defined in section 617 of the Act so long as the Government of Jammu and Kashmir together with any other State Government or Governments and the Central Government hold (either in its own name or in the name of its nominee or nominees) fifty-one per cent of its paid up shares capital for the time being. Provided always that 51% of the total subscribed share capital of the Company for the time being shall be held by the Government of Jammu and Kashmir or its nominee or nominees, and the balance may be subscribed or held by Government of India, persons experienced in the field of business (which this Corporation is authorised to carry on) or such other person or persons to whom such shares may be allotted in terms of the provisions contained in that regard in these Articles.

5. *Capital.*—The authorised share capital of the Company is Rs. 2,00,00,000 (Rs. two crores) divided into 2,00,000 (two lacs) equity shares of Rs. 100 (rupees one hundred) each, with power to increase or reduce the capital.

6. *Power to issue redeemable preference shares.*—Subject to such directions as may be issued from time to time by the Government in this behalf and the provisions of the Companies Act and the Memorandum of Association of the company and, without prejudice to any special rights previously conferred on the holders of existing shares in the Company, new shares in the Company may be issued with such preferred, or other special rights, or such restrictions, whether in regard to dividend, voting rights of share capital, or otherwise, as the Company may, from time to time, by special resolution determine and any preference share may with the sanction of a special resolution be issued on the terms that it is or at the option of the Company is liable to be redeemed.

7. *Power to modify.*—If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act and whether or not the Company is wound up, be varied with the consent in writing of the holders of not less than three-fourth of the issued shares of that class, or with the sanction of special resolution passed at a separate general meeting of the holders of the shares of that class to every such separate general meeting the provisions of these regulations relating to general meeting shall *mutatis mutandis* apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class in question.

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

REGISTER OF MEMBERS

9. (1) The Company shall cause to be kept a Register of Members in accordance with section 150 of the Act.

(2) The register of members shall be kept open to inspection of members without any payment and to inspection of any other persons on payment of rupee one or such lesser sum as the Company may prescribe for each inspection. Any such member or person may take extracts therefrom.

(3) The Company shall send to any member or person on request extracts of the Register of Members or of the list and summary required under the Act on payment of forty Paise for every hundred words or fraction part thereof. The extract shall be sent within a period of ten days, exclusive of non-working days and days on which the transfer books of the Company are closed commencing on the day next after the day on which the members' request is received by the Company.

ALLOTMENT OF SHARES

10. Subject to the provisions of the Act and these Articles and subject to the directions of the Government in that behalf, the shares shall be under the control of the Board of Directors who may allot or otherwise dispose of the same to such persons on such terms and conditions and at such times as the Board of Directors may think fit and with full power to make calls of any shares whether at par or at a premium or (subject to the provisions of the Act) at a discount and for such time and for such consideration as the Board of Directors may think fit.

11. *Trust not recognised.*—Except as required by law, no person shall be recognised by the Corporation as holding any share upon any trust, and the corporation shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interests in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any shares except an absolute right to the entirety thereof in the registered holder.

SHARE CERTIFICATE

12. *Share certificate.*—(1) Every person whose name is entered as a member in the register of members shall be entitled to receive within three months after allotment and within two

months on registration of transfer (or within such other period as the conditions of issue shall provide)—

- (a) One certificate for all his shares without payment, or
- (b) Several certificates each for one or more of his shares, upon payment of one rupee for every certificate after the first.

(2) Every certificate shall be issued under the seal of the Company, and shall be signed by at least two Directors and the Secretary or some other person appointed by the Directors in that behalf and shall specify the number and denoting numbers of the shares in respect of which it is issued and the amount paid up thereon, subject to such rules and regulations, as may be prescribed by the law from time to time in this behalf.

(3) In respect of any share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of the several holders shall be sufficient delivery to all such holders.

13. *Issue of new certificate in place of one defaced, lost or destroyed.*—If a share certificate is defaced, lost or destroyed, it may be renewed on payment of such fee, if any, not exceeding fifty Paise and on such terms, if any, as to evidence and identity and the payment of out of pocket expense incurred by the Company in investigating evidence, as the Directors think fit.

14. *No purchase of loans on Company's shares.*—Except to the extent allowed by the Act no part of the funds of the Company shall be employed in the purpose of or, in loans upon the security of, the Company's shares.

LIEN

15. *Lien on shares for un-paid call.*—(1) The Company shall have a first and paramount lien—

- (a) on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share; and
- (b) on all shares (not being fully paid shares) as stand registered in the names of a single person, for all money presently payable by him or his estate to the Company: provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

(2) The Company's lien if any, on a share shall extend to all dividends payable thereon.

16. *Enforcement of lien by sale.*—The Company may sell in such manner as the Board thinks fit, any share on which the

Company has a lien provided that no sale shall be made:—

- (a) Unless a sum in respect of which the lien exists is presently payable; or
- (b) Until the expiration of 14 days after a notice writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holders for the time being of the shares or the person entitled thereto by reason of his death or insolvency.

17. *Sale of shares on which Company has lien.*—(1) To give effect to any such sale the Board may authorise some person to transfer the share sold to the purchaser thereof.

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

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

18. *Application of proceeds of sale.*—(1) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable

(2) The residue, if any, shall subject to a like lien for sums not presently payable as existed upon the share before the sale be paid to the person entitled to the share at the date of the sale.

CALL ON SHARES

19. *Call on shares.*—Subject to the provisions of section 91 of the Act the Director may from time to time make such calls as they think fit upon the members in respect of any moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by instalments.

(1) Each member shall be given at least fourteen days notice specifying the time or times and place of payment.

(2) A call may be revoked or postponed at the discretion of the Directors.

(3) A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.

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

21. *When interest on calls is payable.*—If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the persons from whom the sum is due shall pay interest upon the sum at the rate of five percent per annum or at such lower rate, if any, as the Directors may determine from the day appointed for the payment thereof to the time of the actual payment, but the Directors shall be at liberty to waive payment of that interest wholly or in part.

22. The provisions of these regulations as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue of a share becomes payable at a fixed time, whether on account of the amount of the share or by way of premium as if the same had become payable by virtue of a call duly made and notified.

23. *Payment in anticipation of calls may carry interests.*—The Directors may, if they think fit, receive from any member willing to advance the same all or any part of the moneys uncalled and unpaid upon any shares held by him, and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate (not exceeding, without the sanction of the Company in general meeting, six per cent per annum) as may be agreed upon between the members paying the sum in advance and the Directors.

FORFEITURE OF SHARES

24. *Forfeiture of shares.*—If a member fails to pay any call or instalment of a call on the day appointed for payment thereof the Directors may at any time thereafter during such time as any part of such call or instalment remains unpaid serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

25. The notice shall name a further day not earlier than the expiration of fourteen days from the date of service of the notice on or before which the payment required by the notice is to be made and shall state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

26. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time, thereafter, before the payment required by the notice has been made be forfeited by a resolution of the Directors to that effect.

27. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit and at any time before a sale or disposal, the forfeiture may be cancelled on such terms as the Directors may think fit.

28. *Effect of forfeiture.*—A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares, but his liability shall cease if and when the Company receives payment in full of all such moneys in respect of the shares.

29. *Declaration of forfeiture.*—A duly verified declaration in writing that the declarant is a Director, the Manager or the Secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and that declaration, and the receipt of the Company for the consideration, if any and the receipt of the Company for the sale or disposal thereof, shall constitute a good title to the share; and the person to whom the share is sold or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

30. *Provision regarding forfeiture to apply in the case of non-payment of sums payable at a fixed time.*—The provision of these Regulations as to forfeiture shall apply in the case of a non-payment of any such sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the amount of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

TRANSFER AND TRANSMISSION

31. *Transfer and transmission of shares.*—The right of members to transfer their shares shall be restricted as follows:—

(a) A share can be transferred by a member or other person entitled to transfer only to a person approved by the Government;

(b) Subject as aforesaid, the Board may, in its absolute and uncontrolled discretion, refuse to register any transfer of shares without assigning any reasons.

32. *Notice of refusal to register transfers.* Company not to recognise any interest in shares other than that of the Registered Holders.—If the Board refuses to register the transfer of any share it shall, within two months of the date on which the instrument of the transfer is delivered to the Company, send to the transferee and the transferor notice of the refusal. Save as herein otherwise provided, the Board shall be entitled to treat the person whose name appears on the register of members as the holder of any share, as the absolute owner thereof and

accordingly shall not (except as ordered by a court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable contingent or other claim to or interest in such share on the part of any person whether or not it shall have express or implied notice thereof.

33. *Execution of transfer.*—The instrument of transfer of any share in Company shall be executed both by the transferor and transferee, in the form prescribed in that behalf and the transfer or shall be deemed to remain holder of the share until the name of the transferee is entered in the register of members in respect thereof.

34. *Form of transfer.*—The shares in the Company shall be transferred in such form as may be prescribed under the Act or any rules thereunder.

35. *Instrument of transfer to be left at office and evidence of title to be given.*—Every instrument of transfer shall be left at the registered office of the Company for registration, accompanied by the Certificate of the shares to be transferred and such evidence as the Company may require to prove the title of the transferor or his right to transfer the shares. All instruments of transfer which the Board may decline to register shall on demand be returned to the person depositing the same.

36. *Boards' right to refuse registration.*—The Board shall have the same right to refuse to register a person entitled to the transfer by operation of law to any shares or his nominee, as if he were transferee named in an ordinary transfer presented for registration.

37. *Fee of transfer.*—A fee not exceeding two rupees may be charged for each transfer and shall accompany the instrument of transfer at the time of its delivery for registration.

38. *When register of members of debenture holders may be closed.*—The register of members or the register of debenture holders may be closed for any period or periods not exceeding in the aggregate of 45 days in each year but not exceeding 30 days at any one time after giving not less than 7 days previous notice by advertisement in some newspapers, circulating in the district in which the registered office of the Company is situated or in such other manner as the Board may deem fit.

39. *Provisions in case shares held by nominee of the Government.*—So far as concerns any shares held by any persons as a nominee of the Government, on the Government requiring him to transfer any such share to it or to any other person or persons nominated by it or on any such becoming of unsound mind or becoming or being adjudicated as insolvent or dying or on such person being a Company being wound up voluntarily or

by the court or subject to the supervision of the court, the following provisions shall take effect, namely:—

(a) The Government may at any time serve the Company with a requisition to enforce the transfer of any such share:

(b) The Company shall thereupon forthwith give to the holders of such share or where the holder has become of unsound mind, to his Committee or other guardian or where the holder has become or been adjudicated as insolvent, to the assignee or where the holder of his estate and effects, or where the holder is dead, to his heirs or legal representatives or where the holder being a company has been wound up as aforesaid to its liquidator, a notice in writing of the requisition and unless within 14 days afterwards, the holder or as the case may be the committee or guardian or assignee or heir or legal representatives or such holder shall execute in favour of the Government or any person or persons nominated by the Government a proper transfer form in respect of such share and hand over the same along with the relating certificate in respect of such share for and on behalf of such holder or such holder or his estate and the same shall be deemed to have been duly and properly executed for and on behalf of such holder or such holders of his estate, and thereupon the holder of his estate shall cease to have any interest whatever in such share and the certificate of such share, if not handed over as aforesaid shall thereupon stand cancelled and be and become void and of no effect and the Company shall be entitled thereafter to issue a new certificate in lieu thereof in favour of the Government or of such person as it may nominate.

INCREASE, REDUCTION AND ALTERATION OF CAPITAL

40. *Power to increase the Capital.*—Subject to the approval of the Government, the Board may with the sanction of the Company in general meeting, increase the share capital by such sum, to be divided into shares of such amount as the resolution shall prescribe.

41. *On what conditions new shares may be issued.*—Subject to such directions as may be issued by the Government in this behalf, new shares shall be issued upon such terms and conditions, and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct, and if no direction be given, as the Directors shall determine.

42. *New shares to be offered to members.*—The new shares shall be offered to the members in proportion to the existing shares held by each member and such offer be made by notice specifying the No. of shares to which the member is entitled and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of such time or on receipt of an intimation from the member to whom such notice is given that the declines to accept the share offered, the Board may dispose of the same in such manner as it thinks must be beneficial to the Company.

43. *How far new shares to rank with shares in original capital.*—Except so far as otherwise provided by the conditions of issue, or by these Articles, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the same provisions herein contained with reference to the payment of call, lien, transfer, transmission, forfeiture and otherwise.

44. Subject to the approval of the Government, the Company may from time to time by resolution in general meeting

- (a) consolidate and divide all or any of its share capital into shares of large amount than its existing shares,
- (b) sub-divide its existing shares or any of them into shares of smaller amount, than is fixed by the Memorandum of Association, subject, nevertheless, to the provisions of the Act,
- (c) cancel any shares which at the date of passing of the resolution have not been taken or agreed to be taken by any person.

45. *Reduction of capital.*—Subject to the provisions of the Act and to such direction as may be issued by the Government in this behalf, the Company may from time to time by special resolution reduce its capital by paying of capital or cancelling capital which has been lost or is unrepresented by available assets or is superfluous, or by reducing the liability on the shares or otherwise as may seem expedient, and capital may be paid off upon the footing that it may be called upon again or otherwise and Board may, subject to the Act, accept surrenders of shares.

BORROWING POWERS

46. *Power to borrow.*—Subject to such directives as may be issued by the Government in this behalf and subject to the provisions of the Act the Board may, from time to time, raise, borrow or secure the payment of any sum or sums of money for the purpose of the Company by means of resolution at the meeting of the Board.

47. *Conditions on which money may be borrowed.*—Subject to the approval of the Government, the Directors may by a resolution passed at a meeting of the Board raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, debentures or debenture stock or any mortgage, charge or other security on the undertaking or the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

48. *Securities may be assignable free from equities.*—The debentures, debenture-stock, bonds or other securities may be made assignable free from any equities between the Company and the persons to whom the same may be issued.

49. *Issue at discount or with special privilege.*—Subject to the approval of the Government and the provisions of the Act, any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privilege as to redemption, surrender, drawings, allotment of shares attending general meetings of the Company, appointment of Directors and otherwise.

50. *Persons not to have priority over any prior charge.*—Whenever any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge and shall not be entitled, by notice to the share holders or otherwise to obtain priority over such prior charge.

51. *Indemnity may be given.*—If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or effecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss of such liability.

GENERAL MEETING

52. *General meeting.*—The Company, shall in each year hold, in addition to any other meeting a general meeting as its annual general meeting and not more than fifteen months shall elapse between the date of one annual general meeting and that of the next. The first annual general meeting of the Company will be held within eighteen months from the date of its incorporation but not later than nine months after the expiry of the first financial year of the Company and thereafter, subject to the provisions of section 166 of the Act as amended, the annual general meeting of the Company shall be held within six months after the expiry of each financial year of the Company. It shall be held during business hours on a day that is not a public holi-

day and shall held at the registered office of the Company or at some other place within the city, town or village where the registered office is situated. The notice calling the general meetings shall specify it as annual general meeting. The other general meetings which may be called at such time and place as may be determined by the Directors shall be called extraordinary general meetings.

53. *When extraordinary meeting to be called.*—The Board may, whenever they think fit, and they shall on the requisition of the holders of not less than one-tenth of the paid up capital as at that date which carries the right of voting of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene an extraordinary general meeting of the Company and in the case of such requisition the following provisions shall have effect :—

- (1) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the office and may consist of several documents, in like form each signed by one or more requisitionists.
- (2) If the Board of the Company do not proceed within twenty-one days from the date of the requisition being so deposited to cause a meeting to be called, on a day not later than 45 days from the date of the deposit of the requisitions, the requisitionists or a majority of them in value may themselves convene the meeting, but any meeting so convened shall be held within three months from the date of the deposit of the requisition.
- (3) Any meeting convened under this Article by the requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by the Directors.

If after a requisition has been received, it is not possible for sufficient number of Directors to meet in time so as to form a quorum, any Director may convene an extraordinary general meeting in the same manner as early as possible as that in which meetings may be convened by the Directors.

PROCEEDINGS AT GENERAL MEETING

54. *Notice of meeting.*—Subject to the provisions of section 189 of the Act relating to special resolutions, twenty-one days clear notice (exclusive of the day on which the notice is served or deemed to be served in terms of section 53 of the Act, but inclusive of the day for which notice is given) specifying the place, the day and the hour of the meeting and, in case of special business, the general nature of that business shall be given in manner hereinafter mentioned, or in such other manner, if any, as may be prescribed by the Company in general meeting to such persons as are under the Act or the regulations of the

Company, entitled to receive such notice from the Company but the accidental omission to give notice to or the non-receipt of notice by any member shall not invalidate the proceedings at any general meeting with the consent in writing of the members as provided in section 171 of the Act, a meeting may be convened by a shorter notice than as aforesaid.

55. *Business of general meeting.*—The business of an annual general meeting shall be to receive and consider the profit and loss account, the balance sheet and the report of the Board and of the Auditors, to declare dividends, and to transact any other business which under these Articles ought to be transacted at an annual general meeting. All other business transacted at such meeting and all business transacted at any extraordinary meetings shall be deemed special. All business at annual general meeting shall be transacted in accordance with the provisions of the Act.

56. *Quorum.*—No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided, two members present in person or by duly authorised representatives as provided in section 187-A of the Act shall be quorum provided always that no quorum shall be deemed to be valid unless one person representing the share holding by the Government of Jammu and Kashmir is present at the meeting.

57. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting if called upon the requisition of members, shall be dissolved, but in any other case, it shall stand adjourned to the same day in the next week at the same time and place or to such other day and to such other time and place as the Board may determine, and if, at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.

58. *The Chairman of General Meeting.*—The Chairman, if any, of the Board of Directors shall preside as Chairman at every meeting of the Company.

59. If there is no such Chairman, or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as Chairman, the Vice-Chairman, if any, shall preside at the meeting. If there is no Vice-Chairman or, if at any meeting he is not present within the time, as aforesaid, or is unwilling to act as Chairman, then members present shall choose some one of their member to be Chairman of the meeting.

60. *Adjournment of meeting.*—The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from

time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for one month or more, notice of adjourned meeting shall be given as in the case of an original meeting, save as aforesaid, it shall not be necessary to give any notice of an adjournment of the business to be transacted at an adjourned meeting.

61. *How questions to be decided at meetings.*—At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded in accordance with the provisions of the Act, and unless a poll is demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried unanimsously, or by a particular majority, or lost and an entry to the effect in the books of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.

62. *In what case poll taken without adjournment.*—Any poll duly demanded on the election of the Chairman of a meeting or an any question of adjournment shall be taken at the meeting and without adjournment.

63. *Business may proceed notwithstanding the demand of poll.*—The demand of a poll shall not prevent the continuance of meeting for the transaction of any business other than the question on which a poll has been demanded.

64. *Chairman's decision conclusive.*—The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

65. *Casting vote.*—In the case of an identity of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall be entitled to a second or casting vote.

66. *In what cases poll takes without adjournment.*—Subject to the provisions of section 180 of the Act, a poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs.

VOTE OF MEMBERS

67. *Vote of members.*—Subject to any rights or restriction for the time being attached to any class or classes, on a show of hands every member present in person shall have one vote. On

a poll every member shall have one vote in respect of each share held by him. Provided, however that so far as the Government is concerned, a vote may be given on its behalf on a show of hands or on a poll by any person, whether a member or not, authorised by it to be present and vote at all or any of the meetings of the Company. The Government may at any time revoke or cancel the authority of any person to vote on its behalf as aforesaid and make fresh authorisation. An order of the Government authenticated as provided by the Constitution of the State in respect of any such authorisation or revocation thereof as aforesaid shall be sufficient and conclusive evidence thereof.

68. *Representative's power to appointment proxy or substituted authority.*—Any person authorised by the Government to vote on its behalf as aforesaid may, if so authorised by any order of the Government as aforesaid, appoint any other person (whether a member or not) as a proxy or substituted authority, whether special or general to vote on behalf of the Government as aforesaid and such proxy or substituted authority shall be entitled also to vote on a show of hands or on a poll.

69. *Joint holders.*—Where there are joint registered holders of any share any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share if he were solely entitled thereto, and if more than one of such joint holders be present at any meeting personally or by proxy then one of the said persons present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purpose of this clause be deemed joint holders thereof.

70. *Votes in respect shares of members of unsound mind.*—A member of unsound mind or in respect of whom an order has been made by the Court having jurisdiction in lunacy may vote whether on a show of hands or on poll by his committee or other legal guardian and, any such committee or guardian may, on a poll vote by proxy.

71. *Proxies permitted on polls.*—On a poll, votes may be given either personally or by proxy provided that no Company shall vote by proxy as long as a resolution of its Board authorising any person to act as its representative at any meeting of the Company passed in accordance with the provisions of the Act is in force.

72. *No member entitled to vote while call due to Company.*—No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of share in the Company have been paid.

73. *Instrument of proxy.*—Subject as aforesaid, the instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or,

if the appointer is a corporation either under the common seal or under the hand of an officer of attorney so authorised. Any person shall act as a proxy whether he is a member of the Company or not.

74. *Instrument appointing proxy to be deposited at office.*—The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notari-ally certified copy of that power or authority shall be deposited at the registered office of the Company not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposed to vote or in the case of a poll not less than 24 hours before the time appointed for taking of the poll, and in default the instrument of proxy shall not be treated as valid.

75. *Form of proxy.*—An instrument appointing a proxy may be made in the following form, or in any other form which the Board shall approve:—

I, of in the district of..... hereby appoint..... of..... in the district of..... or failing him..... of..... in the district of..... as my proxy to vote for me and on my behalf at the annual general meeting/ general meeting (not being annual general meeting) of the Company to be held on the..... day of..... and at any adjournment thereof.

Signed this..... day of.....

76. *When vote by proxy valid though authority revoked.*—A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy provided no intimation in writing of the death or revocation shall have been received at the office of the Company before the meeting.

77. *No member entitled to vote etc., while call due to Company.*—No member shall be entitled to be present or to vote on any question either personally or by proxy, or as proxy for another member, at any general meeting or upon a poll or be reckoned in a quorum whilst any call or other sum shall be due and payable to the Company in respect of any of the shares of such member.

78. *Time for objection to vote.*—No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes for such meeting or poll whatsoever.

79. *Resolution in writing of Board.*—Any resolution passed by the Board, notice whereof shall be given to the members in the manner in which notices are hereinafter directed to be given and which shall within one month after it shall have been so passed, be ratified and confirmed in writing by members entitled at a poll to 3/5th of the vote shall be as valid and effectual as resolution of a general meeting but this clause shall not apply to resolution for winding up of the Company or to a resolution passed in respect of any matter which by the statute or by these Articles ought to be dealt with by a special resolution.

BOARD OF DIRECTORS

80. *Number of Directors.*—(a) Subject to the provisions of section 252 of the Act, the Government shall determine in writing from time to time, the number of Directors which shall not be less than three and more than fifteen.

(b) Subject to the provisions of the Act, if any application in this behalf, as and when the Government shall so determine, such of the institutions, bodies, authorities, whether corporate or established by any law or otherwise, whom the Government shall direct, authorise or otherwise, empower, shall be entitled to nominate one Director each on the Board of the Company and to remove or replace them from time to time. Such Directors shall hold their respective offices as Director of the Company for such period as they are nominated for or until removed or replaced as aforesaid subject nevertheless to the provisions of disqualification, or otherwise removal, cessation or vacation of their respective offices as contained in clause 92 and others as in these presents or as under the provisions of the Companies Act.

(c) Subject to the provisions of the Act applicable if any in this behalf, in addition to the Directors as in the foregoing sub-clause (b) hereof, the Government shall appoint such number of Directors and for such period as may determine from time to time, provided, however, that the total number of Directors in office for the time being shall not exceed the maximum limit as laid down in sub-clause (a) hereof. The Government shall be entitled from time to time to remove any Director from the office and in the event of such removal or in the event of any vacancy in the office of the Directors caused by resignation, death or otherwise, in terms of Articles 92 hereof or section 283 of the Act, the Government shall be entitled to appoint another in the vacancy.

(d) *First Director.*—Until the Directors are appointed in the manner as laid down in sub-clauses (b) and (c) hereof the subscribers to the memorandum shall be deemed to be the first Directors of the Company.

(e) *Alternate Director.*—In place of a Director who is out of India or is about to go out of India or who expects to be absent for not less than three months from the State in which meet-

ings of the Directors are ordinarily held, the Board may, subject to the provisions of section 313 of the Act, appoint with the prior approval of the Government any person to be an Alternate Director during his absence out of India or his absence of not less than three months from the State in which the meetings of the Directors are ordinarily held, and such appointment shall have effect and such appointee whilst he holds office as an Alternate Director shall be entitled to notice of meetings of the Directors and to attend and to vote thereat accordingly, and he shall *ipso facto* vacate office if and when the original Director returns to India or the State in which the meetings of the Directors, are ordinarily held or on the expiry of the period of office of the original Director.

81. *Directors not liable to retirement by rotation.*—Subject to the provisions of the Act, if any applicable in this behalf, the Directors including the Chairman, the Vice-Chairman, or men, the Managing, Executive or other whole-time Director or Directors shall hold the respective office for such period as they are appointed for or until they are removed or replaced or otherwise cease to hold the office in the manner as provided in these presents and they shall not be liable to retirement by rotation.

82. *No qualification share.*—The Directors shall not be required to hold any qualification shares.

83. *Remuneration of Directors.*—The remuneration of the Directors shall from time to time be determined by the Government. Subject to the provisions of section 314 of the Act, such reasonable additional remuneration as may be fixed by the Government may be paid to any one or more of the Directors for extra or special services rendered by him or them or otherwise.

POWERS AND DUTIES OF DIRECTORS AND MANAGEMENT

84. *General powers of Company vested in Directors.*—Subject to the provisions of the Act and the directives or instructions, if any, as the Government may issue from time to time as contained in Article 95, the business of the Company shall be managed by the Directors who may pay all expenses incurred in setting up and registering the Company, and may exercise all such powers of the Company as are not, by the Act, or any statutory modification thereof for the time being in force, or by these Articles, required to be exercised by the Company in general meetings, subject nevertheless to any regulation of these Articles, to the provision of the said Act, and to such regulations or provision, as may be prescribed by the Company in general meeting but no regulation made by the Company in the general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

85. *To make Bye-laws.*—The Directors may as, and when they think fit, make any bye-laws not inconsistent with the

objects of the Company as set out in the Memorandum of Association nor with these Articles for the conduct and regulation of the business of the Company and its Directors and its officers and servants and may in like manner vary and repeal any such bye-laws.

86. *Appointment as Chairman, Vice-Chairman, Managing, Executive or other whole-time Director or Directors.*—The Government shall appoint, from amongst the members, of the Board for the time being:

(i) A Chairman of the Board,

(ii) One or more Vice-Chairmen of the Board, and

(iii) One or more Managing, Executive or other whole-time Director or Directors as it may determine from time to time, for such period and upon and subject to such terms and conditions and upon such remuneration (subject to the provisions of section 314 of the Act) as it thinks fit, and may from time to time remove, dismiss or replace him or them from office and appoint another or others in his or their place or places. Any such Director appointed to any such office shall if he ceases to hold the office of Director from any cause *ipso facto* and immediately cease to be such Chairman, Vice-Chairman, Managing, Executive or other whole-time Director.

87. *Delegation of powers.*—(a) The Government may from time to time, entrust to and confer upon the Chairman, Vice-Chairman and/or the Managing or Executive or other whole-time Director or Directors for the time being such of the powers exercisable under these Articles by the Directors as it may think fit and may confer such powers for such time and to be exercised for such subjects and purposes and upon such terms and conditions and with such restrictions as he may think expedient, and he may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

(b) The Government may appoint General Managers, or a Financial Adviser and Chief Accounts Officer or any other officer or officers of the Company on such terms and at such remuneration as may think fit and may from time to time remove them from office and appoint others in their place. The Directors may from time to time entrust to and confer upon a General Manager or Financial Adviser and Chief Accounts Officer or other officers for the time being such of the powers of the Directors as they may think fit and may confer such powers for such time and to be exercised for such subjects and purposes for such terms and conditions and with such restrictions as they may think expedient and from time to time revoke, withdraw, alter or vary all or any of such powers.

88. Subject to the approval of the Government and the provisions of sections 292 to 297 of the Act, the Directors may from time to time entrust to and confer upon and delegate to the Chairman, Vice-Chairman, Managing, Executive or other whole-time Director or Directors for the time being such of their powers exercisable under these Articles as they may think fit.

89. *Directors to cause to statutory books.*—The Board shall duly comply and cause to be complied with the provisions of the Act or any statutory modification thereof for the time being in force, and in particular with the provisions in regard to the maintenance of statutory Registers and Books of Accounts, and holding of general meetings and submission and filing of Returns and Accounts.

90. *Directors to cause minutes to be made in books.*—The Board shall cause minutes of the Board, its Committee and general meetings to be made in books provided for the purposes as required under section 193 to the Act.

91. *The common seal and its custody and use.*—(i) The Board shall provide a common seal for the purpose of the Company, and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof, and the Directors shall provide for the safe custody of the seal for the time being. The seal shall never be used except by the authority of the Directors or a Committee of Directors previously given, and save as hereinafter provided, except in the presence of two Directors at the least and of the Secretary or some other person appointed for the purpose by the Board.

(ii) *The common seal how to be affixed.*—Every deed or other instrument to which the seal of the Company is to be affixed shall be sealed in the presence of two Directors and Secretary or other person appointed as aforesaid who shall sign the same.

92. *Disqualification of Directors.*—(i) The office of the Director shall be vacated if—

- (a) he is found to be of unsound mind by a court of competent jurisdiction; or
- (b) he applied to be adjudicated insolvent; or
- (c) he is adjudged insolvent; or
- (d) he or any firm in which he is a partner or any private Company of which he is a Director fails to pay calls made on him in respect of shares held by him, the firm, or the private Company as the case may be within six months from the date of such calls being made; or

(e) he, or any firm in which he is a partner, or any private Company of which he is a Director without the sanction of the Company in general meeting accepts or holds any office of profit under the Company other than that of a Managing Director or Manager a Legal or Technical Adviser or a banker in contravention of section 314 of the Act; or

(f) he absents himself from three consecutive meetings of the Directors or from all meetings of the Directors for a continuous period of three months, whichever is longer, without leave of absence from the Board of Directors; or

(g) he is concerned or participates in the profit of any contract with the Company provided, however, no Director shall vacate his office by reason of his becoming a member of any Company which has entered into contract with or done any work for the Company of which he is a Director but a Director shall not vote in respect of any such contract or work, and if he does so his vote shall not be counted; or

(h) he fails to disclose the nature of his concern or interest in any contract or arrangement, or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company as required under section 299 of the Act;

(i) he becomes disqualified by an order of court under section 203 of the Act;

(j) he is removed in pursuance of section 284 of the Act or is removed by the Government.

(ii) The disqualification referred to in sub-clauses (c) and (i) above shall not take effect—

(i) for thirty days from the date of adjudication, sentence or order;

(ii) where any appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or

(iii) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order and the appeal or petition if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.

93. *Meeting of Directors.*—(a) Subject to the provisions of section 285, the Directors shall at least once in every three

months meet for the despatch of business, adjourn and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman shall have second casting vote.

(b) *Directors may summon meetings.*—A Director may, as the Secretary on the requisition of a Director shall, at any time summon a meeting of Directors in the manner provided in section 286 of the Act.

94. *Resolution without Board meeting valid.*—Save otherwise expressly provided in section 289 of the Act, a resolution in writing signed by all the Directors or all the members of a Committee of Directors for the time being in India shall be as valid and effectual as if it had been passed at a meeting of the Directors or Committee of Directors duly called and constituted. Provided that such resolution shall be signed by at least two officers of the Government of Jammu and Kashmir who may for the time being be Directors of the Company.

95. *Quorum.*—The quorum necessary for the transaction of the business of the Directors shall be one-third of the total strength or two, Directors whichever is higher as provided in section 287 of the Act, provided that such quorum shall not be deemed to be completed unless two Directors nominated by the Government of Jammu and Kashmir are present as Directors.

96. The continuing Directors may act notwithstanding a vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to these articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of summoning a general meeting of the Company, but for no other purpose.

97. *Who to preside at Board meeting.*—The Chairman of the Board, if any, shall preside at Board meetings. If and whilst such Chairman is appointed or if at any meeting the Chairman is not present within ten minutes after the time appointed for holding the same, the Vice-Chairman shall preside at any such meeting, and if whilst no Vice-Chairman is also appointed or if at any meeting the Vice-Chairman is also not present within ten minutes after time appointed for holding the same, the Directors present may choose one of their member to be Chairman of the meeting.

98. *Delegation of powers to committee.*—Subject to the provisions of section 292 to 297 of the Act, the Directors may delegate any of their powers not reserved or otherwise exercisable as provided in these presents to Committee consisting of one member or members of their body as they think fit, and the committee so formed shall, in the exercise of the powers delegated, conform to any regulation that may be imposed on them by the Directors. The proceedings of such a committee shall be placed before the Board of Directors at its next meeting.

99. A committee may meet and adjourn as it may think proper. Questions arising at any meeting shall be determined by a majority of votes of the members present and in case of an equality of votes, the Chairman shall have a second or casting vote.

100. *When acts of Directors committee valid notwithstanding defective appointment etc.*—All acts done by any meeting of the Board or of a committee of Directors or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid or that they or any of them were disqualified or as if every such person had been duly appointed and was qualified to be a Director, provided that nothing in this Article, shall be deemed to give validity to acts done by the Director after his appointment has been shown to the Company to be invalid or to have terminated.

POWERS OF BOARD OF DIRECTORS

101. *General powers of the Company vested in Board.*—(1) Subject to the provisions of the Act, the Board of Directors of the Company shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and do:

Provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or by any other Act or by the Memorandum of Articles of the Company or otherwise, to be exercised or done by the Company in the general meeting:

Provided also that the Board shall not exercise any power or do any act in respect of the following matters without the approval of the Government—

- (a) matters reserved by the Chairman for a decision of the Government;
- (b) any programme of capital expenditure exceeding Rs. 1 lakh;
- (c) creation of and appointment to all posts whose maximum exceeds Rs. 1,000 p. m.
- (d) granting by the Company of a loan or the giving of a guarantee or any other financial assistance to any one particular concern:

Provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provision contained in that behalf in the Act or any other Act, or in the Memorandum or Articles of the Company or in regulation not inconsistent therewith and duly made thereunder including regulation made by the Company in general meeting.

(2) No regulation made by the Company in general meeting shall invalidate any prior act of the Board, which would have been valid if that regulation had not been made.

102. *Specific powers of the Board.*—Without prejudice to the general powers conferred by the last preceding Article, it is hereby expressly declared that the Directors shall subject to the provision of these Articles and of the Act, have the following powers, that is to say powers:—

- (1) To purchase take on lease or otherwise acquire for the Company, property, rights or privileges, which the Company is authorised to acquire at such price and generally on such terms and conditions as it thinks fit.
- (2) To authorise the undertaking of works of the capital nature subject to the condition that all cases involving a capital expenditure exceeding Rs. 1 lakh shall be referred to the Government for its approval before authorisation.
- (3) To pay for any property, rights or privileges, acquired by or service rendered to the Company either wholly or partly in cash or in shares, bonds, debentures or other securities of the Company and any such shares, may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon, and any such bonds, debenture or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
- (4) To secure the fulfilment of any contracts or engagements entered into by the Company mortgage or charge of any contracts or engagements entered in all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.
- (5) To appoint and at their discretion, remove or suspend such managers, secretaries, officers, clerks, agencies and servants for permanent, temporary or special services as it may from time to time think fit, and to determine its power and duties and fix their salaries or emoluments and to require security in such instances and to such amount as it thinks fit; provided that the appointment the maximum pay for which is more than Rs. 1,000 per mensem shall not be made without the prior approval of the Government.
- (6) To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company, any property belonging to the Company or in which it is interested or for any other purposes and of execute

and do all such deeds and other things as may be requisite in relation to any such trust and to provide for the remuneration of such trustee or trustees.

- (7) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company any of its officers, or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any claims or demands by or against the Company.
- (8) To refer any claim to demand by or against the Company to arbitration and observe and perform the awards.
- (9) To make and give receipt, release and other discharges for money payable to the Company and for the claims and demands of the Company.
- (10) To determine who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptances, endorsement cheques releases, contracts and documents.
- (11) To provide for time to time for the management of the affairs of the Company in such manner as it thinks fit, and in particular to appoint any person to be the attorney or agent of the Company with such powers (including power to sub-delegate) and upon such terms as may be thought fit.
- (12) To invest, subject to such general or special directives if any given by the Government in this behalf, in securities or in any other Scheduled Bank or Banks to be specifically decided by the Board for having call deposits and opening current accounts and deal with any of the moneys of the Company upon such investments authorised by the Memorandum of the Association of the Company (not being shares in this Company) and in such manner as it thinks fit, and from time to time to vary or release such investment.
- (13) Subject to the provision regarding consent of the Government to sell or dispose of or transfer the business or property, if any, of the Company or any part thereof for such consideration as the Company may deem proper and in particular for shares, debentures, or securities of any other Company having objects altogether or in part similar to those of the Company.
- (14) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any liability for the benefit of the Company such mortgages of the Company's property (present and future) as it thinks fit and such

mortgages may contain a power of sale and such other powers, covenants and provision as such shall be agreed upon.

(15) Subject to the approval of the Government to give any person employed by the Company a commission on the profits of any particular business transaction or any shares in the general profits of the Company and such commission or share of profits shall be treated as part of the working expenses of the Company.

(16) To make vary or repeal from time to time, bye-laws or the regulation of the business of the Company, its officers and servants.

(17) To establish from time to time and at any time any local Board for managing any of the affairs of Company in any specified locality in the State of Jammu and Kashmir or out of Jammu and Kashmir and to appoint any persons to be members of such local Board and to fix their remuneration and from time to time, and at any time to delegate to any person so appointed any of the powers authorities and discretion for the time being vested in the Board of Directors other than their power to make calls and to authorise, members for the time being of such local Board or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment of delegations may be made in such terms, and subject to such conditions as the Board of Directors may think fit, and the Board of Directors may at any time remove any person so appointed and may annul or vary any such delegation.

(18) To enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company.

(19) To delegate all or any of the powers, authorities and discretion for the time being vested in it subject, however, to the ultimate control of authority being retained by it.

103. Specific powers of Board to make Rules.—Without prejudice to the generality of the above provisions the Board shall reserve for decision of the Government:—

(1) Rules of the Company governing the conditions of the services of the employees, provident fund and other rules, creation of Reserve and Special funds;

(2) Sales, lease, or disposal otherwise of the whole or substantially the whole of the undertaking of the Company;

(3) Formation of a subsidiary Company.

104. Government directive or instructions regarding finance and conduct of business.—Subject to the provision of the Act if any applicable in this behalf, notwithstanding anything contained in any of these Articles, the Government may from time to time issue such directives or instructions as it may think fit in regard to the finances and the conduct of the business and affairs of the Company or Directors thereof and in like manner vary and annul any such directives and instructions and the Directors shall duly comply with and give immediate effect to such directives or instructions.

105. Appointment of Managing Directors.—The Government may appoint any one or more of the Directors of the Board to be the Managing Director or Managing Directors for such period and upon such terms as it may think fit for the conduct and management of the business of the Company subject to the control and supervision of the Board of Directors. The Managing Director or Managing Directors so appointed may be authorised by the Board to exercise such of the powers and discretion in relation to the affairs of the Company as are especially delegated to it by the Board and are not required to be done by the Board of Directors of the Company at the general meeting under the Act.

RESERVES AND DIVIDENDS

106. Reserve fund.—Subject to such directions as may, from time to time, be issued by the Government in this behalf, the Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve fund, to meet contingencies or for equalising dividends, or for special dividends, or for repairing, improving and maintaining any of the property of the Company, and for such other purposes as the Directors shall in their absolute discretion think conducive to the interest of the Company and may invest the several sums so set aside upon such investments (other than shares of the Company) as they may think fit and, from time to time, deal with and vary such investments, and dispose of all or any part thereof for the benefit of the Company, and may divide the reserve funds into such special funds as they think fit and employ the reserve funds or any part thereof in the business of the Company, and that without being bound to keep the same separate from other assets.

107. Dividends.—The profits of the Company available for payment of dividend subject to any special rights relating thereto created or authorised to be created by those present and subject to the provisions of these presents as to the reserve fund shall with the approval of the Government, be divisible among the members in proportion to the amount of capital held by them respectively, provided always that (subject as

aforesaid) any capital paid up on a share during the period in respect of which a dividend is declared shall only entitle the holder of such share to an apportioned amount of such dividend as from the date of payment.

108. *Capital paid up in advance.*—Where capital is paid up on any shares in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.

109. *Declaration of Dividends.*—The Company in general meeting may declare a dividend to be paid to the members according to their rights and interest in the profits, and may fix the time for payment but no dividend shall exceed the amount recommended by the Directors.

110. *Dividend out of profits only and not to carry interest.*—No dividend shall be declared or paid by the Company for any financial year except out of profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of sub-section (2) of section 205 or out of profits of the Company for any previous financial year or years arrived at after providing for the depreciation in accordance with these provisions and remaining undistributed or out of both or out of moneys provided by the Government for the payment of dividend in pursuance of any guarantee given by the Government.

111. *When to be deemed net profits.*—The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

112. *Interim dividend.*—The Directors may, from time to time, pay to the members such interim dividends as in their judgement the position of the Company justifies.

113. *Debts may be deducted.*—The Directors may retain any dividends on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities, or engagements in respect of which the lien exists.

114. *Dividend and call together.*—Any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but the call on each member shall not exceed the dividends payable to him and the call shall be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the call. The making of a call under this clause shall be deemed ordinary business of an annual general meeting which declares a dividend.

115. *Dividends or bonus payable wholly or partly in specific assets.*—Subject to the provisions of section 205 of the Act as amended, no dividend shall be payable except in cash.

116. *Effect of transfer.*—A transfer of share shall not pass the right to any dividend declared thereon after such transfer and before the registration of the transfer.

117. *Retention in certain cases.*—The Directors may retain the dividend payable upon shares in respect of which any person is under the transmission clause of these Articles entitled to become a member, or which person under that clause is entitled to transfer, until such person shall become a member in respect of such shares or shall duly transfer the same.

118. *Dividend to Joint holders.*—Any one of the several persons, who are registered as the Joint holders of any shares, may give effectual receipts for all dividends and payments on account of dividends in respect of such shares.

119. *Dividend to be in cash.*—Except as otherwise provided in section 205 no dividend shall be payable except in cash and shall be paid within 42 days of its declaration.

120. *Payment by post.*—Unless otherwise directed, any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled or in the case of joint holders to the registered address in respect of the joint holding and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.

121. *Notice of dividend.*—Notice of the declaration of any dividend, whether interim or otherwise, shall be given to the registered holders of share in the manner hereinafter provided.

122. *Unclaimed dividend.*—All dividends unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company and all dividends unclaimed for three years after having been declared may be forfeited by the Directors for the benefit of the Company until claimed, and if the Directors think fit, they may be applied in augmentation of the reserve fund.

ACCOUNTS

123. *Accounts to be kept.*—The Company shall in all respects comply with section 209 of the Act and cause to be kept and maintain proper books of accounts with respect to:—

- (a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place,
- (b) all sales and purchases of goods by Company,
- (c) the assets and liabilities of the Company.

124. *Inspection of Account Books.*—The books of account shall be kept at the registered office of the Company or at such other place in India as the Directors shall think fit and shall be open to inspection by the Directors during business hours.

125. *Inspection of members.*—The Directors shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations accounts and books of the Company or any of them shall be open to the inspection of members (not being Directors) and no member (not being a Director) shall have any right of inspecting any account or books or document of the Company except as conferred by law or otherwise by the Directors or by the Company in general meeting or as directed by the Government.

126. *Annual accounts and balance sheets.*—After the close of every financial year of the Company the Board shall lay before the Company at its annual general meeting a balance sheet as at the end of respective financial year and a profit and loss account for that financial year; in the case of the first financial period, within nine months of its expiry, and thereafter within six months after the expiry of each financial year subject to the provisions of section 210 of the Act.

127. *Annual report of Directors.*—The Directors shall be required per section 217 of the Act to make out and attach to every balance sheet a report with respect to the state of the Company's affairs, the amount, if any, which they recommend should be paid by way of dividend and the amount, if any which they propose to carry to the reserve fund, general reserve or reserve account shown specifically on the balance sheet or to reserve fund, general reserve or reserve account to be shown specifically in a subsequent balance sheet. The report shall be signed by the Chairman of the Directors on behalf of the Directors if so authorised in that behalf by the Directors, and when he is not so authorised, shall be signed by such number of Directors as are required to sign the balance sheet and the profit and loss account by virtue of sub-section (1) and (2) of section 215 of the Act.

128. *Contents of profits and loss accounts and balance sheet.*—The profit and loss account drawn subject to the provisions as laid down in section 211 of the Act and Schedule VI referred to therein, shall shown arranged under the most convenient heads, the amount of gross income distinguishing the several sources from which it has been derived, and the amount of gross expenditure, distinguishing the expenses of the establishment salaries and other like matters. Every item of expenditure fairly chargeable against the year's income shall be brought into account so that a just balance of profit and loss may be laid before the meeting, and in cases where any item of expenditure which may in fairness be distributed over several years has been incurred in any one year, the whole amount of such item shall be stated with the addition of the reason why only a portion of

such expenditure is charged against the income of the year, and the balance sheet drawn in accordance with the provisions of the said section shall give a true and fair view of the affairs of the Company as at the end of the period concerned.

129. *Balance sheet and profit and loss accounts to be sent to members.*—The Company shall send a copy of such balance sheet and profit and loss account together with a copy of Auditor's report and the report of the Directors and every other document required by law to be annexed or attached, as the case may be, to the balance sheet, to the registered address of every member of the Company in the manner in which notices are to be given hereinafter at least 21 days before the meeting (or if so agreed by all the members entitled to vote, less than twenty-one days before the meeting).

130. *Directors to comply with sections 209 to 211 and 205 to 222 of the Act.*—The Directors shall in all respects comply with the provisions of sections 209 to 211 and 215 to 222 of the Act or any statutory modification thereof for the time being in force.

131. *Accounts to be audited annually.*—Once at least in every financial year the accounts of the Company shall be examined and the correctness of the profit and loss account and balance sheet ascertained by one or more auditors.

132. *Appointment of Auditors.*—The Auditor/Auditors of the Company shall be appointed or reappointed by the Central Government on the advice of the Comptroller and Auditor General of India and the remuneration, rights and duties of such Auditor shall be regulated by sections 224 to 233 of the Act.

133. *Auditor's rights to attend meetings.*—The Auditors of the Company shall be entitled to receive notice of and to attend any general meeting of the Company at which any accounts which have been examined or reported on by them are to be laid before the Company and may make any statement or explanation they desire with respect to the accounts.

134. *Power of the Comptroller and Auditor General.*—The Comptroller and Auditor General of India shall have power—

- (I) to direct the manner in which the Company's accounts shall be audited and to give such Auditor/Auditors instructions in regard to any matter relating to the performance of his/their functions as such;
- (II) to conduct a supplementary or test audit of the Company's accounts by such person/persons as he may authorise in this behalf and for the purpose of such audit, to have access, at all reasonable times to all accounts, account books, vouchers, documents and other

papers of the Company and to require information or additional information to be furnished to any person or persons and in such form as the Comptroller and Auditor General may, by general or special order, direct.

135. *Comments upon or supplement to audit report by the Comptroller and Auditor General to be placed before the general meeting.*—The Auditor/Auditors aforesaid shall submit a copy of his/their audit report to the Comptroller and Auditor General of India who shall have the right to comment upon or supplement the audit report in such manner as he may think fit. Any such comments upon or supplement to the Audit report shall be placed before the annual general meeting of the Company at the same time and in the same manner as the audit report.

136. *Annual report to be laid before State Legislature.*—The State Government shall cause an annual report on the working and affairs of the Company to be :—

- (a) prepared within 3 months of its annual general meeting before which the audit report is placed ; and
- (b) as soon as may be after such preparation, laid before both the Houses of the State Legislature with a copy of the Audit report and comments or supplement referred to in the provisions of the Act.

137. *When accounts be deemed finally settled.*—Every account of the Company, when audited and approved by the general meeting, shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within the period, the account shall forthwith be corrected and thenceforth shall be conclusive.

138. *Rights of the Government.*—Notwithstanding anything contained in any of these Articles the Government may from time to time issue such directives to the Directors as they may consider necessary in regard to the conduct of the business of the Company including the entrustment to the Company of other items of work connected with agriculture production, and in like manner, may vary or annul such directives. The Board shall give immediate effect to the directives, so issued.

139. *Appointment of Secretary.*—A Secretary may be appointed by Board for such time at such remuneration and upon such conditions as it may think fit and any Secretary so appointed can be removed by the Board, if found or considered necessary.

140. *Board to cause minutes to be made in books.*—The Board shall cause proper minutes to be made of all general meetings of the Company and also of all appointments of officers and of the proceedings of the meetings of Directors and committees

at such meetings in accordance with the provisions of the Act and of attendance thereat and all the business transacted and any such minutes of general meetings, if purporting to be signed within 14 days from the conclusion of such general meeting by the Chairman of such meeting, and in case of minutes of Directors or committee of Directors by the Chairman of the meeting or Chairman of the succeeding meeting, shall be conclusive evidence without any further proof of the facts therein stated.

141. *Safe custody of the seal.*—(i) The Board shall provide for the safe custody of the seal.

(ii) The seal of the Company shall not be affixed to any instrument except by the authority of the resolution of the board or of a committee of the Board authorised by it in that behalf and except in the presence of at least two Directors and of the Secretary or such other persons as the Board may appoint for the purpose, and those two Directors and the Secretary or other person aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.

NOTICES

142. *How notice to be served.*—A notice may be given by the Company to any member either personally or by sending it by post to him to his registered address or (if he has no registered address), to the address if any, supplied by him to the Company for the giving of notice to him.

143. *Notification of address by holder of registered share having no registered place of address.*—A holder of registered shares who has no registered place of address, may from time to time, notify in writing to the Company an address, which shall be deemed his registered place of address, within the meaning of the last preceding Articles.

144. *When notice may be given by advertisement.*—If a member has no registered address and has not supplied to the Company an address for the giving of notice to him, a notice addressed to him and advertised in a newspaper circulating in the neighbourhood of the Registered Office of the Company, shall be deemed to be duly given to him on the day on which the advertisement appears.

145. *Notice to joint share holders.*—A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder named first in the register in respect of the share.

146. *How notice to be given to representative of a deceased or bankrupt member.*—A notice may be given by the Company to the persons entitled to a share in consequence of the death or insolvency of a member by sending through the post in a registered letter addressed to them by name, or by the title of representatives of the deceased, or assignees of the insolvent or

by any like description, at the address (if any) supplied for the purpose by giving notice in any manner in which the same might have been given if the death or insolvency had not occurred.

147. *To whom notice of general meeting be given.*—Notice of every general meeting shall be given in the manner hereinbefore authorised to (a) every member of the Company except those members who having no registered address and have not supplied to the Company address for the giving of notice to them and also to (b) every person entitled to a share in consequence of the death or insolvency of a member who, but for his death or insolvency, would be entitled to receive notice of the meeting, provided the Company has been given due notice.

148. *How notice to be signed.*—The signature to any notice to be given by the Company may be written or printed.

149. *Period of notice how circulated.*—Where a given number of days' notice or notice extending over any other period is required to be given the day of service shall, unless it is otherwise provided, be counted in such number of days or other period.

150. *Transferee, etc. bound by prior notice.*—Every person who by operation of law, transfer or other means whatsoever, shall become entitled to any share shall be bound by every notice in respect of such share which, previous to his name and address and title to the share being notified to the Company had duly been given to the person from whom he derives his title to such share.

151. *Distribution of assets on winding up.*—If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively. And if in a winding up, the assets available for distribution among members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital, at the commencement of the winding up paid up or which ought to have been paid upon the shares held by them respectively. But this clause is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

SECRECY

152. *Secrecy clause.*—No member shall be entitled to require discovery of or any information respecting any detail of

the Company's trading or any matter which may be in the nature of trade secret or process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interest of the members of the Company to Communicate the public.

INDEMNITY

153. *Indemnity.*—Subject to the provision of section 201 of the Act, every Director, Manager, Auditor, Secretary and other officer or servant of the Company shall be indemnified by the Company against, and it shall be duty of the Directors out of the fund of the Company to pay all costs losses and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into or act or thing done by him or such officer or servant, or in any way in the discharge of his duties, and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company, and have priority as between the members over all other claims.

154. *Individual responsibility of Directors.*—No Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer of the Company or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company, through the insufficiency or deficiency of title to any property acquired by the order of the Directors for or on behalf of the Company, or for the sufficiency or deficiency of any security in or upon which any of the money of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency, or tortuous act of any person with whom any moneys, securities or effects shall be deposited or for any loss occasioned by any error of judgement or oversight on his part or for any other loss, damage or misfortune whatever, which shall happen in the execution of the duties of his office in relation thereto, unless the same happens through his own negligence, default, misfeasance breach of duty or breach of trust.

We the several persons whose names and address are subscribed below are desirous of being formed into a Company in pursuance to these Articles of Association—

Name, address, description and occupation of the subscriber and his/her father's/husband's name	Signature of each subscriber	Number of shares taken by each subscriber	Name, occupation address and description of witnesses
-------------------------------------------------------------------------------------------------	------------------------------	-------------------------------------------	-------------------------------------------------------

Dated this day of 19