

MEMORANDUM  
AND  
ARTICLES  
OF  
ASSOCIATION

JAMMU & KASHMIR  
SCHEDULED CASTES  
SCHEDULED TRIBES  
AND  
BACKWARD CLASSES  
DEVELOPMENT CORP., LIMITED  
JAMMU.

REGD. OFFICE :  
ROMESH MARKET, SHASTRI NAGAR,  
JAMMU – 180 004

**MEMORANDUM OF ASSOCIATION OF J&K SCHEDULED CASTES, SCHEDULED TRIBES AND BACKWARD CLASSES DEVELOPMENT CORPORATION, LIMITED  
INCORPORATED UNDER THE COMPANIES ACT, 1956.  
COMPANY LIMITED BY SHARES**

- i) The name of the Company is J&K Scheduled Caste, Scheduled Tribes and Backward classes Development Corporation Limited.
- ii) The registered office of the Company will be situated in the State of Jammu and Kashmir.
- iii) The objects for which the company is established are :-

**(A) Main objects to be pursued by the Company :**

1. To do and undertake task of socio-economic and educational upliftment of the Scheduled Castes, Scheduled Tribes and Backward classes in the State of Jammu and Kashmir.
2. To manage, establish, operate and conduct establishments, undertakings and enterprises of any description whatsoever which in the opinion of the company are likely to facilitate or accelerate the development of Scheduled Castes, Scheduled Tribes and Backward Classes in establishing industrial, agricultural forest produce, business, professions etc. in the State.
3. To advance loans to such members or the Scheduled Castes, Scheduled Tribes and Backward Classes as are necessary to start professions of doctors, engineers, chartered Accountants and such other professions as may be recognized by the J&K Government or as may be approved by the Board of Directors of Corporation to each individual or a group of individuals on furnishing, a personal securities.
4. To advance loans to members of Scheduled Castes, Scheduled Tribes and Backward Classes in each or in kind, stand guarantee or surety to assist in getting on hire purchase or otherwise on easy terms for commercial purposes stage carries, auto-rickshaws, mini-buses, taxis or any other kind of vehicle upto 75% of the cost, thereof on furnishing surety and security in respect of that amount as well as pledging the vehicle so to be purchased to the Corporation.
5. To advance loans to members of Scheduled Castes, Scheduled Tribes and Backward Classes upto a limit to be fixed by the Board of Directors in individual cases and upto a limit of Rs. 5.00 lacs in respect of partnership firms, registered under the Partnership Act or to an association registered under the Societies Registration Act or a Cooperative Society registered under the J&K Cooperative Societies Act, 1960 or such other organizations as the Board of Directors may think fit for industrial, agricultural or any

other trade or skill which are likely to help in the promotion and improvement of the economic conditions of these sections of the society on the terms and conditions as may be specified by the Board of Directors in this behalf.

6. To plan promote and undertake either on its own or in collaboration with any other organization as may be decided by the Board of Directors for augmenting resources of the community and providing employment to them in respect of such programmes and projects as may helping providing employment to them and in marketing, processing, supply and storage of agricultural produce, small scale industry, building construction, transport or any other industrial activity, business trade or likewise.
  7. To provide financial, technical, managerial, marketing or any other assistance or guidance to any other establishment, undertaking or enterprise as is likely to facilitate or accelerate the development of Scheduled Castes, Scheduled Tribes and Backward Classes in the State.
  8. In addition to the Classes of people eligible for assistance from the Corporation in terms of object A (1) to A (7), the Corporation may also render the same kind of assistance to Weaker Sections of Notified National Minorities and State Minorities.
- (B) The object incidental or ancillary to the attainment of the above main objects :
1. To give on hire agricultural or industrial machinery or equipment to the members of Scheduled Castes, Scheduled Tribes and Backward Classes either collectively or individually.
  2. To borrow money from different agencies including institutional agencies on such terms and conditions as the Board of Directors may specify, and receive gifts, grants & donations, and to issue bonds and debentures.
  3. To undertake construction of housing colonies to be sold to members of the communities on hire purchase basis.
  4. To assist the members of Scheduled Castes and other Backward classes by advancing loans to them or to organization entirely devoted to their welfare either in cash or in kind or in some other way in setting up of undertaking agriculture development by manufacturing, repairing, servicing selling and buying, importing and exporting, manipulating, giving on lease or hiring, converting or doing any thing else, the agricultural implements for all types of agricultural produce and land of whatsoever kind and taking up the activities in the field of dairy, poultry, sheep, cattle breeding live stock farms, horticulture, pisciculture, sericulture etc.
  5. To assist Scheduled Castes and other Backward Classes in bringing up agro-industries, other small or large scale or cottage industries of every type and

other skills setting up of brick-kilns, khandsari, shellers, shoemaking and processing, finishing and doing such other activities relating to hides and skins or any other item for keeping, in view the maximum utilization of the skill of the community.

6. To give financial help to purchase and reclaim agricultural land and setting up of Tube wells, purchase of tractor, improved seeds, insecticides and pesticides, fertilizers and agricultural implements for the furtherance agricultural pursuits and to grant loans for such other activities as are conducive to the promotion of economic, social and educational welfare of this community.
7. The Corporation may undertake the following activities :
  - (a) The Corporation may undertake such projects which assure quick and adequate returns such as running of cinemas, petrol pumps, tanneries, shoe-factories, private transport, public carriers etc.
  - (b) Carry on the business of export of commodities produced by the Corporation or the Members of the Community or other projects financed by the Corporation and Import of goods of any type including plant and machinery and other implements, through the approved channels of the Government of India and the State.
  - (c) Enter into contract with the Government of India, the State Govt. and other bodies of individuals and supply of goods, materials and equipments of any description.
  - (d) Undertake to establish or grant agencies in different parts of the State / India for the Sale/purchase of goods and produce manufactured by the Corporation and the Enterprises financed by the Corporation.
  - (e) The Corporation may undertake to establish own seed / Agricultural Farms by purchasing the land from the Rehabilitation Department and other sources to provide employment to the landless workers of these castes on daily wages-with some share in the projects of such farms. These people, may be transferred ownership rights after some specific time as decided by the Corporation at no loss or no profit basis.
8. To acquire the goodwill of any business within the objects of the company, and any lands, privileges, rights contracts, property or effects and upon any such purchase to undertake the liabilities of any company, association or persons.
9. To advertise and give publicity to the business of the company in all legitimate and proper ways.
10. To enter into any arrangement with any Govt. or authorities, Municipal, local or otherwise that appears to the company conducive to the company's objects or any of them and to obtain from any such government or

authorities any rights, privileges and concessions which the company may think desirable to obtain and to carry out, exercise and to comply with any such arrangements, rights, privileges and concessions.

11. To establish or support or aid in establishment 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 pension, and allowances.
  12. To promote or assist in promotion of company or companies for the purpose of acquiring all or any of the properties, rights and liabilities of the company.
  13. To construct, maintain or alter buildings or factories and works necessary or convenient for the purpose of the company or for the officers or servants of the company.
  14. To establish provide maintain or conduct or otherwise subsidies research laboratories and experimental workshops for scientific and technical research and experiments and to undertake and carry on all scientific and technical research, experiments and tests of all kinds and to promote study and research, both scientific and technical, investigations and inventions by providing subsidies and endowing or assisting laboratories, workshops, libraries, lectures, meetings, and conferences and providing for the remunerations to scientific or technical professors or teachers and by providing for the award of scholarships, prizes, grants subsidies to Scheduled Castes and other backward classes students or otherwise and generally, encourage, promote and reward studies, researches, investigation, experiments test and invention of any kind they may be considered likely to assist of the business which the company is authorized to carry on.
- (C) Other objects not included in objects (A) and (B) above :
1. To advance loans (interest free or otherwise) on easy terms, sanction subsidy and meet high rate of interest or other loans to the members of these communities and also to act as an agent of the Government for distribution of loans and subsidies.
  2. To open agricultural and training schools and public books, reports journals, magazines, newspapers, periodicals and to have printing presses and block making devices and accessories and to do business as such for furtherance of the main objects of the company.
  3. To make, draw, accept, negotiate, endorse, discount execute and issue cheques, promissory-notes, bills of lading, warrants, debentures and other negotiable or transferable instruments.
  4. To accumulate funds and to invest or otherwise employ journeys belonging to or with the company in the purchase or acquisition of any shares, securities or other investments whatsoever, whether moveable or immovable

upon such terms as may be thought proper and from time to time vary all or any such investments in such manner as the company may think fit subject to section 77 of the Companies Act, 1956.

5. Subject to section 391 to 394 of the Companies Act, 1956 to enter into partnership or into any arrangements for joint working, sharing or pooling profits, amalgamation, union of interest, cooperation, joint adventure, reciprocal concession, assistance, subsidy or otherwise or amalgamate with any persons or company carrying on or otherwise in or about to carry on or engage in any business or transaction which the company is authorized to carry on or engage in or any business undertaking of transaction which may seem capable of being carried on or conducted so as directly or indirectly to benefit this company.
6. To acquire any shares stocks debenture, stocks, bonds, obligations or securities by original subscription in syndicates, tender purchase, exchange or otherwise and to guarantee the subscription thereof and to exercise and enforce all rights and powers conferred by or incidental to the ownership thereof.
7. To adopt such means of making known the business or the company or of any company in which this company is interested as may seem expedient and in particular by advertising in the press, by circulars, by purchase and exhibition of works of the art or interest by publication of books and periodicals and by granting prizes rewards, and donations but not intended to any political or cause.
8. To do all or any of the above things, and all such other things as are incidental or as may be thought conducive to the attainment of the above objects or any of, them in India either as principals, agents, trustees, contractors or otherwise and either by or through agents, contractors trustees or otherwise.
9. To do all or any of the things, herein before authorized either alone or in conjunction with or as factors, trustees or agents for other or by or through factors, trustees or agents.
10. To apply for, purchase, or otherwise acquire any trade marks, patents, brevets invention licence, concessions, and the like, conferring any exclusive or non-exclusive or limited right to use, or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the company or the acquisition of which may seem calculated directly or indirectly to benefit the company and to use, exercise, develop or grant licences in respect of or otherwise turn to account the property-rights, or information so acquired.

11. To undertake payment of all rents and performance and observance of all convenient conditions and agreements contained in or reserved by any lease or leases which may be granted or assigned to or may be granted or assigned to or may be otherwise acquired by the company.
12. Subject to provisions of Section 58-A of the Companies Act and also other relevant provisions of law, to borrow money or to receive money on deposits for the purpose of financing the business of the Company either without or secured by debentures stock security (perpetual or terminable), mortgage or other security charged on the undertaking or all or any of the assets of the Company including uncalled capital and to increase, reduce, or payoff any such securities.
13. To lend money on mortgage to immovable property or on hypothecation or pledge of movable property or without security and to invest money of the Company pay in such manner (other than in the shares of the Company) as the Board of Directors think fit and to sell, transfer or deal with the same, provided that the Company shall not carry on the business of banking as defined under Banking Regulation Act, 1949.
14. To pay for any properties right or privileges acquired by the Company, either in shares of the Company or partly in shares, and partly in cash or otherwise.
15. To create any depreciation funds reserve funds, sinking fund, insurance fund or any special or other fund whether for depreciation or for repairing, improving extending or for redemption or maintaining any of the property of the Company or for redemption of debenture or redeemable preference shares or for special dividends, or equalizing or dividends or for any other purpose whatsoever, and to transfer any such fund or part thereof to any of the other funds here in mentioned.
16. To establish and maintain agencies, branch places and local registers to procure registration or recognition of the Company and to carry on business in any part of the world and to take such steps as may be necessary to give the Company such rights and privileges in any part of the world as are possessed by local companies or partnerships or as any be thought desirable.
17. To dedicate present, subscribe to or otherwise aid out of profits and assets of the Company any benevolent charitable national or other instructions, or objects of a public character or which have any moral or other claims to support or aid by the Company by reason of the locality or nature of its operations or otherwise.
18. To make donations to any National Memorial Funds or any other Funds constituted for a charitable or National purpose.

19. To carry on the other trade or business that may seem to the Company capable of being conveniently carried on in connection with the objects of the Company or calculate directly or indirectly to enhance the value of or render any of the Company's property or rights profitable or which it may be advisable to undertake with a view of improving developing, rendering valuable or of turning to account any property movable or immovable belonging to the Company or in which the Company may be interested.
  20. To promote and establish such companies, associations advisory board and other suitable bodies as may be deemed necessary to carry out the objects of this company effectively.
  21. To promote and operate schemes for the benefit of Scheduled Castes and other weak and under privileged classes and for that purpose to prepare or get or cause to be prepared reports, blue prints, statistics and other information.
  22. To employ and remunerate experts to investigate and conditions prospect value and circumstances of any such Welfare of Scheduled Castes and other weak and under privileged and generally of any assets, property and rights of any person to these communities of a group of such persons registered firms or society or company or not.
  23. To enter into any partnership or arrangements for joint working Company, Firm or persons carrying on business with same objects as this Corporation.
  24. To invest the money of the Corporation not immediately requires manner other than in the share of this company as from time to be determined.
  25. To create any depreciation fund, sinking fund or any special or other fund whether for depreciation or for repairing improving, expending or maintaining any of the project of Corporation or for special preference shares or for special dividends redemption or debentures or redeemable preference shares dividends or for equalizing dividends or for any other purpose and to transfer any such funds or part there-of to any of the herein mentioned.
- (IV) The liability of the members is limited.
- (V) The Authorized Share Capital of the Corporation is Rs. 200,00,000.00 (Rupees twenty corers) divided into 20,00.000.00(Twenty lac) shares of Rs. 100/- (Rupees one hundred only) each, with increase or reduction of the share capital in accordance with the present law.

We, the several persons whose names and addresses are mentioned below are desirous of being formed into a Company in pursuance to the Memorandum of association, and we respectively agree to the number of shares in the capital of the Company set against respective name.

**THE COMPANIES ACT, 1956**  
**(A COMPANY LIMITED BY SHARES)**  
**ARTICLE OF ASSOCIATION OF JAMMU AND KASHMIR SCHEDULED**  
**CASTES, SCHEDULED TRIBES AND BACKWARD CLASSES**  
**DEVELOPMENT CORPORATION LIMITED.**

Unless the context otherwise requires:

- i. “The Company” means Jammu and Kashmir Scheduled Castes Scheduled Tribes and Backward Classes Development Corporation Ltd.
- ii. “The Act” means the Companies Act, 1956 (1 to 1956) as amended from time to time.
- iii. “The Director” means the Director of the Corporation for the time being and includes an ex-officio Director.
- iv. “The Board” or “Board of Directors” means the Board of Directors for the time being of the Company.
- v. “Chairman” means the Chairman of the Board of Directors for the time being of the Company.
- vi. “Month” means a month reckoned according to British Calendar.
- vii. “Office” means registered office of the Company.
- viii. “Register” means register of members to be kept pursuant to the Company Act, 1956.
- ix. “Managing Director” means a Director who by virtue of an agreement with the Company or on the basis of a resolution passed by the Company in General meeting or by the Board of Directors or by virtue of the Memorandum or Articles of Association of the organization is entrusted with substantial powers of management which would not otherwise be exerciseable by him, and includes a Director occupying the position of a Managing Director, by whatever name called.
- x. “Persons” includes Corporation or Company or association of persons or body of individuals, whether incorporated or not.
- xi. “Seal” means common seal of the company.
- xii. “Dividend” includes bonus.
- xiii. “Capital” means the capital for the time being revised for authorized to be raised for the purpose of the Company.
- xiv. “Scheduled Castes” means the castes which have been specified as Scheduled Castes under the constitution (Jammu & Kashmir) Scheduled Castes order 1956 subject to ‘addition of more castes and or deletions of some or all castes duly approved by State of Jammu and Kashmir and are for the time being indicated below”.

01. Barwala
02. Basith
03. Batwal
04. Chamar or Ramdasia
05. Chura
06. Dhyar
07. Doom or Mahasha
08. Gardi
09. Jolaha
10. Megh or Kabirpanthl
11. Ratal
12. Saryara
13. Watal

XV- A: Scheduled Tribes -

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**As declared vide constitution (J&K) Scheduled Tribes order, 1989 (as amended vide order no. 3 of 1991 and order no. 36 of 1991):**

- 1. Balti,**
- 2. Beda,**
- 3. Botboto ,**
- 4. Brokpa Drokpa, Dara, Shin,**
- 5. Changpa,**
- 6. Garra ,**
- 7. Mon,**
- 8. Puripa,**
- 9. Gujjar ,**
- 10. Bakarwal,**
- 11. Gaddi,**
- 12. Sippi**

xvi. “Backward Classes” (Weak and under privileged classes) shall be such classes of society as have been declared as such vide SRO-272 dated. 3-7-1982 and SRO-316 dated. 18-7-1985 and for the time being include the following subject to insertion of new classes and or deletion of all or some of the existing classes:-

- 01.
02. Bahach, Hanjies and Shikara wallas not attached with House Boats or owned by House Boat owners.
03. Fishermen including Gada Hanz
04. Markabans whose sole livelihood depends on Markabani
05. Vilage Potters (Kumhars)

06. Shaksaz
07. Shoe repairers (working without the aid of machines)
08. Bhangies Khakroobs (Sweepers)
09. Barbers 9rural only)
10. Village washerman
11. Bhands
12. Mirasis
13. Madari / Bazigars
14. Kulfaqir
15. Dambali faqir
16. Doods
17. Shupriwattal
18. Sansis
19. Sikligars
20. Jheewars
21. Telies (Rural only)
22. Ghraties
23. Lohar
24. Tarkhan

Words importing the singular number shall include the plural number and vice versa and words imploring masculine gender shall include feminine gender and vice versa.

- xvi. "Shares" means the share or stock into which capital is divided and, the interest corresponding to such shares or stock.
- xvii. "Public Holiday" means a public holiday within the meaning of Negotiable instruments Act, 1881 (26 of 1881).

Provided that no day declared by the Central Govt. to be a public holiday shall be deemed to be such a holiday in relation to any meeting unless the declaration was notified before the issues of the notice convening such meeting.

2. The Company is a Private Company within the meaning of Section 3 (1) (iii) of the Companies Act, 1956 and accordingly.
  - (a) Restricts the right to transfer its shares in the manner and to the extent herein after appearing.
  - (b) Limits the number of its members to fifty not including.
    - i. Persons who are in the employment of the Company, and
    - ii. Persons who having been formerly in the employment of the Company were members of the company, while in that employment and have continued to be members after the employment ceased; and

(c) Prohibits any invitation to the public to subscribe for any share of debentures of the company.

Provided that where two or more persons hold one or more share in the company jointly, they shall for the purpose of this definition be treated as a single member.

3. Subject to the provisions of the Act and these Articles and to the rights of the Govt. the allotment of 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 time as the Board may think fit either at par or at a premium and for such consideration as the Board may think fit, subject to the provisions, if any, in that behalf on the Memorandum of Association of the Company.
4. The Company may exercise the powers of paying commission conferred by section 76 of the Act, provided that the rate of the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the said section and shall not exceed five percent of the price which the shares in respect where of the same is paid, are issued and in case of debenture 2% of the price at which the debentures are issued. Such commission may be paid in cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other. The company may also, on any issue of shares or debentures, pay such brokerage as may be lawful.
5. With the previous authority of the Company in the general meeting and other sanction required under law and upon otherwise complying with section 79 of the Act, the Board may issue at a discount shares of a-class already issued.
6. If by the conditions of allotment of any share, the whole or part of the amount or issue price thereof, shall be payable by installment, every such installment shall when due, be paid to be company by the person who for the time being shall be the member registered in respect of the share or by his executor or administrator.
7. Members who are registered jointly in respect of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share.
8. Save as herein otherwise provided, the Company shall be entitled to treat the members registered in respect 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 recognize (even when having) notice thereof any equitable, contingent future of partial interest in any share except an absolute right to the entirety thereof in the person from time to time registered as owner thereof.

9. Shares may be registered in the name of any persons, company or other body corporate, unless the Board otherwise consents, not more than four persons shall be registered jointly as members in respect of any shares. No. shares shall however, be registered in the name of a minor or person of unsound mind.

#### **INCREASE AND REDUCE OF SHARE**

10. Subject to approval of the Govt. the company in general meeting may, from time to time, increase its capital by the creation of new shares and of such amount as may be specified in that resolution.
11. Before the issue of new shares, the company in general meeting may make provisions as to the allotment and issue of new shares. And in particulars may determine to whom the same shall be offered in the first instance and whether 'at par or at premium or subject to the provisions of section 79 of the Act, at discount. In default of any such provisions or so far as the Act shall permit, how new shares may be issued in conformity with the provisions of Article 4.
12. Except in so far as otherwise provided by the conditions of issue or by the Articles, any capital raised by the creation of new shares shall be considered part of the provisions herein contained with reference to the payment of calls and installments, transfer and transmission, forfeiture, lien, voting, surrender and otherwise.
13. If owing to any inequality in the number of new shares to be issued and the number of shares held by members entitled to have the offer of such shares, any difficulty shall arise in the apportionment of such new shares or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the shares, be determined by the Board.
14. Subject to the provisions of Section 100 to 104 of the Act and such directions as may be issued by the Govt. in this behalf the company may from time to time by special resolution reduce its capital and ay capital Redemption Reserve Account or shares Premium Account in any manner of the time being authorized by law.

#### **ALTERATION OF SHARE CAPITAL**

15. The Company in general meeting may alter the condition of its Memorandum of Association as follows, that is to say, it may :-
  - (a) Consolidate and divide all or any of its share capital into shares or larger amount than its existing shares;
  - (b) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by Memorandum, subject to the provisions of section 91 (1) (d) the Act;

- (c) Cancel any shares which, on the date of the passing of the resolution, have not been taken or agreed by any person, and diminish, the amount of its share capital by the amount of the shares so cancelled.
16. Where any share capital is sub-divided, the Company in general meeting, subject to the provisions of sections 35, 87, 88 and 106 of the Act, may determine that as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preferential or special right as regards dividend, repayment of capital voting or otherwise,
17. Subject to the provisions of section 100 to 105 of the Act, the Board may accept from any member the surrender, on such terms and conditions as shall be agreed, of all or any of his shares.

### **VARIATION OF SHARE HOLDERS RIGHTS**

18. If at any time the share capital is divided into different classes of shares, the rights attached to shares of any class (unless otherwise provided by the terms of issue of the shares – of that class) may, subject to the provisions of sections 106 and 107 and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourth of the issued shares of that class, or with the sanction of special resolution passed at the separate meeting of the holders of the share of that class. To every such separate meeting the provisions of these Articles 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 class in question.
19. (a) Share Certificates shall be issued in accordance with the provisions of the Companies (issued of share certificate) Rules, 1960, or any statutory modification or re-enactment thereof for the time being in force.
- (b) The Company shall within three months after the allotment of its shares and within two months after receipt of application for the registration of the transfer of an of its shares (or within such other period as the conditions of issued shall provide) complete and have ready for delivery of the certificate of shares.
- (c) Every certificate shall be under seal and shall specify the name of the person in whose favour the certificate is issued, the shares to which it relates and the amount paid up thereof.
- (d) 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 share to one or several joint holders, shall be sufficient delivery to all such holders.
- (e) If any certificate be old descript wom out, torn or defaced or where the cages on its reverse side for recording transfers have been duly utilized

then upon the surrender thereof to the Company, the Board shall order the same to be cancelled and issue a new certificate in lieu thereof without any payment. If any certificate be lost or destroyed then upon proof of such loss or destruction to the satisfaction of the Board and on such indemnity and the payment of out of pocket expenses incurred by the Company investigating evidence, as the Board thinks fit, a new certificate in lieu thereof shall be given to the person entitled to such loss or destroyed certificate on a fee of Rs.2/- for each such certificate or such smaller fee as the Board may determine.

### **CALLS**

20. The Board may from time to time. Subject to the provisions of section 91 of the Act, make such calls as the Board thinks fit upon the members in respect of all 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 person or persons and the time (s) and places appointed by the Board. A call may be made payable by installments and shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed at a meeting of the Board.
21. No call shall exceed one-fourth of the nominal amount of a share or be made payable at less than one month from the date fixed for the payment of the last proceeding call. Not less than 'fourteen days notice of any call shall be given specifying the time and place of payment and the person or persons to whom such call shall be paid.
22. (a) If a sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the member for the time being in respect of the share, for which the call shall have been made or the installment shall be due, shall pay interest thereon at the rate of twelve percent per annum or at such lower rate as the Board may determine from the day appointed for the payment thereof to the time of the actual payment  
(b) The Board shall be at liberty to waive payment of any such interest either wholly or in part.
23. If by the terms of issue of any share or otherwise any sum becomes payable at any fixed time or by installments at fixed times, whether on account of the nominal value of the share or by way of premium, every such sum or installment shall be payable as if it were a call duly made by the Board of which due notice had been given, and all the provisions herein contained in respect of calls shall apply to such sum or installment accordingly.
24. On the trial or hearing of an action or suit brought by the Company against any member or his representative to recover any money claimed to be due to

the Company in respect of his share, it shall be sufficient to prove that the name of the member is, or was, when the claim arose in the Company's Register as a 'member or one of the members in respect of the share for which such claim is made, and that the amount claimed is not entered and as paid in the books of the Company, that the resolution making the call is duly recorded in the Minute book and that notice of such call was duly given to the member or his representative in pursuance of the Articles, it shall not be necessary to provide the appointment of Directors who made such call not that a quorum was present in the Board meeting at which any call was, made was duly convened or constituted not any other matter whatsoever but the proof of matters aforesaid shall be conclusive evidence of the debit.

25. Subject to the provisions of sub-section (2) of section 92 of the Act, the Board, may, if it thinks fit receive from any member, willing to advance the same all or any part of the money due upon the shares held by him beyond the sums actually called for and upon the money is paid in advance may pay interest at such rate not exceeding six percent per annum as may be agreed upon between the Board and the number paying the sum in advance. No such sum paid in advance of calls shall entitle the member paying such sum to participate in profits or to any portion of a dividend declared in respect of any period prior to the date upon which such sum would but for such payment become presently payable. The Board may at any time agree to repay become advanced or may at any time repay the sum so advanced upon giving to such member not less than three month's notice in writing.
26. A call may be revoked or postponed at the discretion of the Board.

#### **FORFEITURE AND LIEN**

27. (i) If a member fails to pay sum payable in respect of any call or any installment of a call on or before the day appointed for payment thereof, the Board may at any time thereafter during such time as any part of the said call or installment remains unpaid, serve a notice on such member requiring payment of so much of the call and installment as is unpaid together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
- (ii) The notice aforesaid shall name a further day, (not being earlier than expiry of fourteen days from the date of service of notice) on or before which the payment required by the notice is to be made and a place at which such calls or installments and such interest and expenses as aforesaid are to be paid. The notice shall state that in the event of nonpayment on or before the day so named / and at the place so appointed, the shares in respect of which such call or installment was payable shall be liable to be forfeited.

- (iii) If the requirements of any such notice as aforesaid are not complied with, any shares in respect of which such notices has been given may any time thereafter, but before, the payment required by the notice has been made, be forfeited by resolution of the Board to that effect. Forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the Forfeiture.
28. (i) When any share shall have been so forfeited, notice of forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof shall forthwith be made in the Register of Members, but no forfeiture shall in any manner be invalidated by any omission or failure to give such notice or to make such entry as aforesaid.
- (ii) Any share, so forfeited shall be deemed to be property of the Company and may be sold re-allot or otherwise disposed of, on such terms and in such terms and in such manner as the Board thinks fit.
- (iii) The Board may at any time before any shares so forfeited shall have been sold re-allot or otherwise dispose of annual the forfeiture there on such terms as it thinks fit.
29. A person whose share has been forfeited shall cease to be a member in respect of the forfeited share, but shall, notwithstanding such forfeiture, remain liable to pay and shall for with pay to the Company all calls or installments, interest and expenses owing upon or in respect of such share at the time of the forfeiture together with interest thereon from the time of forfeiture until payment at such rate not exceeding twelve percent per annum as the Board may determine and the Board may enforce such payment thereof without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.
30. (i) A duly verified declaration in writing that the declarant is a Director, the Managing Director or Secretary the Company, and that share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.
- (ii) The Company may receive the consideration if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and the transfer shall be registered as a member in respect of such share.
- (iii) The transferee shall not be bound to see the application of the purchase money nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of such share.

31. The provisions of these Articles as to forfeiture shall apply in the case non-payment of any sum which by the terms of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
32. The Company shall have a first and paramount lien on every share (not being a fully paid up share) for all money (whether presently payable or not) called or payable at a fixed time in respect of that share and the Company shall have a first and paramount lien on all shares (other than fully paid share) standing registered in the name of a single person for all moneys presently payable by him or his estate to the Company but the Board of Directors may at any time declare any share to be wholly or in part exempted from the provisions of this article. The Company's lien. If any, as a share shall extend to all dividends paid thereon.
33. The Company may sell in such manner as the Directors think fit, any share on which the Company has a lien but no sale shall be made until notice in writing for the intention to sell shall have been served on such member, his executor or administrator or other legal representative as the case may be and default shall have been made by him or them in payment of the sum payable as aforesaid in respect of such share or payment, fulfillment or discharge of such debts, liabilities or engagement for fourteen days after the date of service to such notice.
34. The net proceeds of any such sale shall be received by the Company and after payment of the costs of such sale be applied in or towards payments of such parts of the amount in respect of which the lien exists or in or towards the payment or satisfaction of debts, liabilities, or engagements, of the member concerned, and the residue, if any, shall be paid to the person entitled to the share on the date of the sale or his legal heir or representatives or executor or administrator or curator bonis or other legal curator as the case may be.
35. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before conferred the Board may appoint some persons to execute an instrument of transfer of the share sold and cause the purchaser's name to be entered in the Register of Members in respect of the share sold, and the purchaser shall not be bound to see to the regularity of the proceedings nor to the application of the purchase money and after his name has been entered in the Register in respect of such share, the validity shall not be impeached by any person on any ground whatsoever, and the remedy of any person aggrieved by such sale shall be in damages only and against the Company exclusively.

36. Where any share has been sold by the Board pursuant to these Articles and the certificate in respect thereof has not been delivered to the Company by the former holder of such share, the Board may issue a new certificate for such share distinguishing. It is such manner as it may think fit from the certificate in respect of the share forfeited and / or sold is not delivered and a new certificate for such share has been issued, the original certificate shall be treated as cancelled and no claim or title based on such certificate shall be binding on the company.

### **TRANSFER AND TRANSMISSION OF SHARES**

37. Save as provided in section 108 of the Act no transfer of a share shall be register unless a proper installment of transfer is duly stamped and executed by or on behalf of the transfer or by or on behalf of the relating to the shares or if no such certificate is in existence alongwith the letter of allotment or the shares in accordance with the provisions of section 108 of the Act.
38. Application for the registration of the transfer of a share may be made either by the transfer on the transferees, provided that where such application is made by the transfer no registration shall, in the cases of the partly paid share be affected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 110 of the Act and subject to provisions of these articles, the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice enter in the register the name of the transferee in the same manner and subject to the same conditions as if the application of the transfer was made by the transferee.
39. Every instrument of transfer of shares shall be in from prescribed by the Act or the rules made there under and shall be in accordance with the provisions of section 108 in the Act. No fee shall be charged in respect of any transfer or transmission of any number of shares.
40. The Board may in its absolute direction decline to register:
- a) The transfer of a share not being a full and paid share, to a person to whom they do not approve for
  - b) Any transfer of shares on which the Company has a lien.
41. No transfer shall be made to or registered in the name of a minor or person of unsound mind.
42. Every instrument of transfer shall be left at the office of the Company for registration accompanied by the Certificate of the share, or if no such certificate is in existence, by the letter of allotment of the share and such other evidence as the board may required to prove the little of the transfer or his right to transfer the share. Every instrument of transfer which shall be registered shall be retained by the Company but any instrument of transfer

which the Board may refuse to register shall be returned to the person depositing the same.

43. If the Board refuses, whether in pursuance of Article 40 or otherwise, to register the transfer of, or the transmission by the operation of law of the right to any share, the Company shall, within two months from the date on which the instrument of transfer or the intimation of such transmission as the case may be lodged with the Company, send to the transferee and the transfer or to the person giving intimation of such transmission, notice of such refusal.
44. In case of the death of member, the survivor or survivors where the deceased was a joint holder, and his legal representative where he was entitled to his interest in the shares; but nothing herein contained shall release the estate of deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons. The Board may require any person becoming entitled to shares in consequence of the death of any member to obtain a Grant of Probate of Letters of Administration or other legal representation as the case may be from a competent court in India. It shall be lawful for the board in its absolute discretion to dispose with the production of Probate or letter of administration or such other legal representation upon such terms as to indemnity or otherwise as the Board may think fit, without in any case being bound to do so.
45. Any person becoming entitled to a share in consequence of the death, insanity, bankruptcy or insolvency of a member may, upon production of such evidence as the Board thinks sufficient and subject as hereinafter provided, elect either to be registered as a member in respect of such share or to transfer such share to some other person.
46. Subject to the provisions of Section 205-A and 205-B of the Act, the Directors may retain the dividends payable upon share to which any person becomes entitled under Article 45 until such person or his transferee shall become a member in respect of shares. Save as is provided herein, dividends shall be paid by the Company to the registered holder as such shares or to his order or his bankers or in case a share warrant has been issued in respect of the shares In pursuance of section 114, of the Act to the bearer of such warrant or to his bankers.
47. (a) If the person becoming entitled to a share under Article 45 shall elect to be registered as a member in respect of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects,  
(b) if the person aforesaid shall elect to transfer the share, he shall testify his selection by executing an instrument of transfer of the share.

- (c) All the limitations, restrictions and provisions of these articles relating to the right to transfer and the registration of transfer of shares, shall be applicable to any such notice or transfer as aforesaid as if the death, insanity, bankruptcy or insolvency of the member has not occurred and the notice or transfer were a transfer signed by that member.
48. A person becoming entitled to a share by reason of the death, insanity, bankruptcy or insolvency of the member shall, subject to the provisions of Article 47 and a sections 205-A, 205-8 and 206 of the Act, be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder in respect of the share;  
Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter with-hold payment of all dividends, bonuses, or other moneys payable in respect of the share, until the requirements of the notice have been complied with.
49. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown in or appearing in the register of Members) to the prejudice of persons having or claiming any equitable right title or interest to or in the said shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice purporting to prohibit registration of such transfer and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give, effect to any notice which may be given to it of any equitable right, title or interest or so to do, though it may have been entered in or referred to in any book of the Company.
50. No fee shall be changed for registration of a Probate, Letters of Administration, Certificate of death or marriage, Power of Attorney or other instrument.

### **BORROWING POWERS**

51. Subject to approval of the, Govt. and in compliance with the provisions of section 58-A, 292 and 293 of the Act and, Rules framed there under and other relevant provisions of law the Board may from time to time at its discretion, by a resolution passed at a meeting of the Board accept deposits from members either in advance of calls or otherwise and generally raise or borrow and/or secure the payment of any sum or sums of money for purpose of the Company from any source.

52. The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular by the creation of any mortgage or charge on the undertaking of whose or any part of the property (both present and future) including its uncalled capital for the time being.
53. Subject to approval of Govt; and the provisions of section 117 of the Act, any debenture stock bonds of other securities may be issued as discount, premium or otherwise and with any special privileges as to redemption surrender, drawing and allotment of shares may be made assignable free from any equalities between the Company and the persons to whom the same may be issued. Debentures with the right of allotment of or conversion into shares shall not be issued except with the sanction of the Company in general meeting. Debentures with voting rights shall however, not be issued.
54. Save as provided in section 108 of the Act, no transfer of debentures shall be registered unless, a proper instrument of transfer, in the same form and on the same terms and conditions as are applicable to the transfer of share, duly stamped and executed by the transferer and transferee have been delivered to the Company together with the certificate or certificates of debentures.
55. If the Board refuses to register the transfer of any debenture, the Company shall, within two months from the date of which the instrument of transfer was lodged with the Company send to the transferee and the transferer notice of the refusal.
56. If any uncalled capital of the Company be included in or changed by an mortgage or other security, the Directors may, by instrument under Company's seal, authorize the person in whose favour such mortgage or security is executed or any other person in trust to him, to make calls on the members in respect of such uncalled capital and the provisions hereinbefore contained in regard to calls shall mutatis mutandis, apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally, and either presently or contingently and either to be exclusion of Director's power or otherwise and shall be assignable, if expressed so to be.

#### **GENERAL MEETING**

57. (A) The first annual general meeting of the Company, shall be held within 18 months of its incorporation and the subsequent annual general meeting shall be held within six months after the expiry of each financial year of the Company and not more than fifteen months shall elapse between the date of one general meeting and that of the next except where the Registrar, for any special reason, extends the time within which any such general meeting may be held. Each such general meeting shall be specified as such in the notice

convening the meeting. Any other general meeting of the Company shall be called an extraordinary general; meeting. Section 166 and 210 of the Companies Act, shall be duly complied with in respect of holding of Annual General meeting.

(b) Every such annual general meeting shall be held during business hours on a day other than a public holiday and shall be held either at the Registered Office of the Company or at such other convenient place in the city in which the Registered Office of the Company is situated as may be determined by the Board.

58. Subject to the provisions of the Act, Board may, whenever it thinks fit, call an extra-ordinary general meeting, & it shall be on the requisition of the holders of not less than one tenth of the paid up capital of the Company at that date carried the right of voting in regard to the matter to be considered at the meeting forthwith proceed duly to call an extra-ordinary general meeting of the Company and in the case of such requisition, the following provisions shall apply.

(a) The requisition must state the object of the meeting and must be signed by the requisitionists, and shall be deposited at the Registered Office. The requisition may consist of several documents in like form each signed by one or more requisitionists.

(b) Where two or more district matters are specified in the requisition, the requisition shall be valid on in respect of those matters in regard to which the requisition has been signed by the member of members hereinbefore specified.

(c) If the Directors of the Company do not within twenty one days from the date of requisition being so deposited, to cause a meeting to be called for the consideration for those matters on a day not later than forty five days from the date of the deposit of the requisition, 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.

(d) Any meeting convened under this Article by the requisitionists of any of them shall be called in the same manner as nearly as possible, as that in which meetings are to be convened by the Directors but shall be held at the registered Office.

(e) Where two or more persons held any shares jointly a request for notice calling a netting signed by one or more of them shall for the purposes of this Article have the same force and effect as if it had been signed by all of them.

(f) Any reasonable expenses incurred by the requisitionists by reason of the failure of this Board duly call a meeting shall be repaid to the requisitionists

by the Company and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their service to such of the Directors as were in the default.

### **PROCEEDINGS AT GENERAL MEETINGS**

59. (a) Save as is provided in sub-section (2) of section 171 of the Act, not less than twenty-one day's notice in writing shall be given for the every general meeting of the Company. Every notice of a meeting shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be treat.
- (b) Notice of every meeting of the Company shall be given to every member of the Company to the person entitled to a share in consequence of the death or insolvency of a member, to the Auditors for the time being of the Company in the manner hereinafter provided for the giving of the notice to such person. Provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighborhood of the Registered Office of the Company under Sub-section (3) of section 53 of the Act, the statement of material facts referred to in section 173 of the Act need not be annexed to the notice as required by that section, but it shall be mentioned in the advertisement that the statement of material facts has been forwarded to the members of the Company.
- (c) The accidental commission to give any such notice to or the non receipt of the notice by any member, or other person to whom it should be given, shall not invalidate the proceedings at the meeting.
- (d) The Company shall comply with the provisions of section 188 of the Act as to giving notice of resolutions and circulating statements of the requisition of members.
60. In the case of an annual general meeting, all business to be transacted at the meeting, with the exception of business relating to (i) the consideration of account balance-sheet, and the reports of the Board of Auditors (ii) the declaration of a dividend (iii) the appointment of Directors in the place of those retiring and (iv) the appointment of and the fixing of the remuneration of the auditors, and in the case of any other meeting, all business shall be deemed special.
61. Where any items of business to be transacted at the meeting are deemed to be special as defined in Articles 67, these shall be annexed to the notice of the meeting, a statement setting out of all material facts concerning, each such items of business, including in particular nature of the concern or interest, if any, therein of every Director. Where any item of business consists of the according of approval to any document by the meeting, the

time and place where the document can be inspected shall be specified in the statement of material facts. No General Meeting shall be competent to discuss or transact any special business which has not been specifically stated in the notice of the meeting.

62. No business shall be transacted at any General meeting of the Company 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 by proxy shall be the quorum for a meeting of the Company.
63. Any Act or resolution which, under these Articles or the Act, is permitted or required to be done or passed by the Company in general meeting, shall be sufficiently so done or passed, is affected by an ordinary Resolution as defined in section 189 (1) of the Act unless either the Act or the Articles specifically require such Act to be done or resolution to be passed by a specific majority of by special resolution as defined in section 189 (2) of the Act.
64. The Chairman, if any of the Board shall preside as Chairman at every General Meeting of the Company. If at any meeting, the Chairman is not present within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act as Chairman of the meeting, the members present shall choose another Director as Chairman, and if no Director be present shall Choose another Director as Chairman, or if all the Directors present decline to take the Chair; then the members present shall elect one of their members, being a member entitled to vote to be Chairman of the meeting.
65. (i) If within half an hour from the time appointed for holding a meeting of the Company, quorum is not present, the meeting if called upon, the requisition of members, shall stand dissolved; but in any other case the meeting shall stand adjourned to the same day in the next week, at the same time and place, or to such other, day and at such other time and, place, as the Board may by notice appoint. If at such adjourned meeting also a quorum is not present within half an hour from the time appointed for holding such meeting, or is unwilling to act as Chairman of the meeting, the members present shall choose another Director as Chairman, and no Director be present or if all the Directors present shall elect one of their member, being a member entitled to vote to be Chairman of the meeting.
66. Every question submitted to a meeting shall be decided in the first instance by a show of hands and in the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting shall be entitled to a

second or casting vote in addition to the vote to which he may be entitled as a member.

67. At any General meeting unless a poll is, before or on the declaration of the result of voting on any resolution on a show of hands, demanded by Chairman of his own motion, or by atleast five members having the right to vote on the resolution and present in person or by proxy, or by any member or members present in person or by proxy and having not less than 1/10<sup>th</sup> of total voting power in respect of the resolution by any member or members present in person or by proxy holding shares in the Company conferring a right to vote on the resolution being shares on which an aggregate sum has been paid up on all the shares conferring that right, a declaration by the Chairman that the resolution has or not been carried or has been carried either unanimously or by a particular majority, an entry to that effect in the books containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number of proportion of the votes accorded in favour of or against such resolution.
68. (a) If poll be demanded as aforesaid, it shall be taken forthwith on a question of adjournment or election of a Chairman of the meeting and on any other question it shall be taken at such time not being later than forty eight hours from the time when the demand was made, as the Chairman may direct.  
(b) The demand for a poll may be withdrawn at any time by the person or persons who, made the demand.  
(c) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers, at least one of whom shall be member (not being a officer or employee of the Company) present at the meeting provides such a member is available and willing to be appointed, to scrutinize the votes given on the poll and to report these on to him.  
(d) The result of the poll shall be deemed to be decision of the meeting on the resolution on which the poll was taken. One a poll a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes be used.  
(e) The demand for a poll shall not prevent the meeting from transacting any business other than the business, in respect of which a poll has been demanded.
69. (a) The Chairman of General meeting may adjourn the same 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.

(b) When a meeting is adjourned, it shall not be necessary to give an notice of adjournment or of the business to be transacted at the adjourned meeting; Provided that when a meeting is adjourned from thirty days or more, notice of adjourned meeting shall be given as in the case of an original meeting.

### **VOTED OF MEMBERS**

70. Subject to any right or restrictions for the time being attached to any class of shares, on a show of hands every member present in person including a body corporate represented by a duly authorized person in accordance with section 187 of the Act, and a member represented by a proxy as defined in Article 83 shall have one vote and on a poll every member present in person or by proxy, shall have voting rights in proportion to his share of the paid up equity capital of the Company as provided in section 87 of the Act.
71. a Company or a body corporate (hereinafter in this Article called “Member Company” which is a member of the Company, may vote by representative duly appointed in accordance with section 187 of the Act. A person duly appointed to present the member Company at any meeting of the Company or at any meeting of any class of members of the Company, shall be entitled to exercise the same rights and power (including the right to vote by proxy) on behalf of the member company which he represents, as that member company could exercise if it were an individual member.
72. Subject to section 187-A of the Act, the Governor of the State. If he is a member of the Company, may be an order signed by a Secretary to the Government authorize any person to attend and vote and act as his representative at an meeting of the Company or at any meeting of any class of members of the Company. A person authorized by the Secretary to Government as aforesaid shall be entitled to exercise the same rights and powers including the right to vote by proxy, on behalf of the Governor, whom he represents as that Governor could exercise as a member of the Company.
73. Any person entitled under Article 37 to transfer share may vote any General Meeting in respect thereon in the same manner as if he was the member registered in respect of such shares provided that forty-eight hours at least before, the time of holding the meeting or adjourned meetings as the case may be, at which he proposes to vote he shall satisfy the Board of his right to transfer such shares unless the Board shall have previously admitted his right to vote at such meetings in respect thereof. A member of unsound mind or in respect of whom an other has been made by any Court having jurisdiction in lunacy, may vote, whether all on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, or poll vote by proxy.

74. Where there are members registered jointly in respect of any shares, any one of such persons may vote at any meeting, either personally or proxy, in respect of such shares, as if he was solely entitled thereto and if more than one of such members be present at any meeting, either personally or by proxy, that one of the said member so present whose name stands first on the Register of members in respect of such shares alone shall be entitled to vote in respect thereof. Several executor or administrator or a deceased member in whose name any share is registered shall for the purpose of this Article be deemed to be members registered jointly in respect thereof.
75. Votes may be given either personally or by proxy, or in case of a body corporate or Government by duly authorized representative as aforesaid.
76. (a) The instrument appointing a proxy shall be in writing and be signed by the appointed or his attorney duly authorized in writing or, if the appointed is a representative of a body corporate, be signed by him or his attorney duly authorized by him by reason of the special statutory right given to him under sections 187 (2), 187-B of the Companies Act.
- (b) A person may be appointed a proxy though he is not a member of the Company and every notice of a general meeting served on a member shall state that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and that a proxy, need not be member of the Company.
77. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially 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 or adjourned meeting at which the person named in the instrument proposed to vote in thereof, and in default the instrument of proxy shall not be treated as valid.
78. A vote given in accordance with the terms of an instrument appointing proxy shall be valid notwithstanding the previous death or insanity of the Principal or the revocation of proxy or the transfer of the share in respect of which the proxy is given.
- Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its Registered Office before the commencement of the meeting or adjourned meeting at which the proxy is used: provided never the less that the Chairman of any meeting shall be entitled to, require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

79. Every instrument appointing a proxy shall be retained by the Company and shall, as nearly as circumstances admit, be in the following form :

**JAMMU AND KASHMIR SCHEDULED CASTES SCHEDULED TRIBES  
AND BACKWARD CLASSES DEVELOPMEN CORPORATION LIMITED**

I/We .....being a member/members of Jammu & Kashmir Scheduled Castes, Scheduled Tribes and Backward Classes Development Corporation hereby appoint:

of..... ( or failing him of as my/our proxy to attend and vote for me/us, and on my/our behalf at the Annual General Meeting / General meeting (not being and annual meeting) of the Company to be held of day of and at any adjournment it thereof.

Signed this.....day of.....20

(Revenue Stamp)

Provided always that an instrument appointing a proxy may be in either of the forms in Scheduled IX of the Act.

80. No member shall be entitled to exercise any voting right either personally or by proxy, at any meeting of the Company in respect of any shares registered in his name or which any calls or other sums presently payable by him have not been paid or in regard to which the company has exercise, any right or forfeiture or lien.
81. No objection shall be raised as to the qualification of any voter except at the meeting or adjourned meeting at which, the vote objected to is given or tendered any every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting who shall forthwith decide the same and such decision shall be final and conclusive,
82. (a) Until otherwise determined by the Govt; and the Company in general meeting the Board shall consist of not less than two and not more than 12 Directors excluding the Chairman, who shall be nominated by the Government.  
(b) The powers for the appointment or removal the Directors, the Managing Director and the Chairman shall vest in the Government.
83. At the incorporation of the Company the following persons shall be the first Directors of the company.

84. Unless otherwise determined by the Company in general meeting a Director shall not be required to hold any qualification shares.
85. Where any investment & Finance Corporations such as the Industrial Finance Corporation of India, Industrial Credit and Investment Corporation of India of NABARD or any other Corporation or Bank or the Central or State Government make loans to the Company or give guarantees in connection with the grant of loan to or the supply of machinery or other equipment for the company as such body shall be entitled to nominate a Director or Directors of the Company, who shall be called as nominee Directors of the Company if that be agreed to as condition of the grant of loan or giving of such guarantee. The Directors so appointed shall not be required to obtain any qualifications shares and the provisions of the Articles as to retirement of Directors shall not apply to him/them. The Directors so appointed shall have the same powers and privileges as other Directors of the Company. The said Directors shall hold office at the pleasure of and shall be removable or substituted by any other persons by such Corporation or Government.
86. (a) Subject to the provisions of section, 310 of the Act each Director shall be paid out of the funds of the Company by way of remuneration for his services per meeting of the Board or any Committee of the Board attended by him at such rate as the Board may in consultation with and subject to the prior approval of the Governor of Jammu and Kashmir from time to time decide.
- (b) The Board may allow any pay to any Director, who for the time being is resident out of the place at which any meeting of the Directors may be held and who shall come to that place for the purpose of attending such meeting, such sum actually incurred as the Board may consider, fair and reasonable for his expenses in connection with his attending.
87. If any Director, being willing, shall be called upon to perform services or to make any special exertions in going to or residing in any place for any of the purposes of the Company or as a member of a Committee of the Board then the Company may subject to prior approval of the Governor of Jammu and Kashmir remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled.
88. The continuing Directors may act notwithstanding any vacancy in the Board, but if the number falls below the quorum fixed by Articles for a meeting of the Board, the Director or Directors shall not except of the purpose of filling vacancies as to increase the number of Directors, to that fixed for the

quorum or of summoning a general meeting of the Company, act so long as the numbers below the minimum aforesaid, but for no other purpose.

89. The office of a Director shall ipso facto become vacant if:
- (a) He fails to obtain within the time specified in sub-section (1) of section 270 of the Act, or any time thereafter cases to hold the share qualification, if any, required of him or
  - (b) He is found to of unsound mind by a court of competent jurisdiction; or
  - (c) He applies to be adjudicated as an involving; or
  - (d) He is adjudged as an insolvent; or
  - (e) He is convicted by a Court of any offence involving moral turpitude and sentenced in respect – thereof to imprisonment for not less than six months or
  - (f) He fails to pay any call in respect of shares of the Company held by him, whether along or jointly with others, within six months from the last date fixed for the payments of the call unless the Government has, by notification in the Official Gazette removed the disqualification incurred by such failure;
  - (g) He absent himself from the consecutive meeting of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board ; or
  - (h) He (whether by himself for by any person in his behalf or on his account) or any firm which is a partner or any private Company or which he is a Directors, accepts a loan, or any guarantee or security for a loan, from the Company in contravention of section 295 of Act; or
  - (i) He acts in contravention of section 299 of Act; or
  - (j) He becomes disqualified buy an order of Court under section 203 of the Act; or
  - (k) He is removed in pursuance of section 284 of the Act, or
  - (l) Having been appointed a Director by virtue of his holding any Office or other employment in the Company he ceases to hold such office or other employment in the, Company, or
  - (m) By notice in writing to the Company he resigns his office; or
  - (n) Having been nominated a Director by Governor of Jammu and Kashmir is removed or substituted by the Governor of Jammu and Kashmir,

**Notwithstanding anything in clauses (d), (e) and (f), the disqualification referred to in those clauses shall not take effect:-**

- (a) For thirty days from the date of the adjudication of sentence or order;
- (b) Where any appeal or petition is preferred within thirty days aforesaid against the adjudication, sentence of conviction resulting in the sentence until the

- expiry of seven days from the date on which such appeal or petition is disposed, or
- (c) Where within the seven days foresaid any further appeal or petition is preferred in respect of the adjudication, sentence, or conviction and the appeal or petition, if allowed result in the removal of the disqualification, until such, further appeal or petition is disposed of.
90. Except with the consent of the Company accorded by a special resolution.
- (a) No Director of the Company shall hold any office or place of profit, and
  - (b) No partner, or relative of such a Director no firm in which such a Director or relative is a partner, no private Company of which such a Director is a Director or member, and no Director of Manager of such a Private Company shall hold my office or place of profit carrying a total monthly remuneration of five hundred rupees or more, except that of Managing Director, Manager, legal or Technical Adviser:-
    - (i) Under the Company, or
    - (ii) Under any Subsidiary of the Company unless the remuneration received from such subsidiary in respect of such office or place of profit is paid over to the Company or its holding Company, provide that it shall be sufficient if the special resolution according to the consent of the Company is passed at the general meeting of the Company held for the first time after the holding of such office or place or profit. Provided further that where a relative of a Director or a firm in which such relative is partner, is appointed to an office or place or profit under the Company, or a subsidiary thereof without the knowledge of the director the consent of the Company may be obtained either in the general meeting aforesaid or within three months from date of appointment which ever is later.
91. A Director of the Company may be or become a Director of any Company promoted by this Company or in which it may be interested as vendor, share holder or otherwise, and no such Director shall be accountable for any benefits receives as Director member of such Company.
92. Subject to the provisions of section 297 of the Act, a Director shall not be disqualified from contracting with the Company either as vendor, purchaser of otherwise of goods material, or services or from under writing the subscription of any shares or debentures the Company notwithstanding any such contract or arrangement entered into by or on behalf of the Company with a, relative of such Director or a firm in which such Director or relative is a partner or with any other partner in such firm or with a Private Company of which such Director so contracting or being of such member or so interested be liable to account to the Company for any profit released by any

- such contract or arrangement by reason of such Director holding office or of the relation thereby established.
93. Every Director who is in any way whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board as required by Section 299 of the Act.
  94. No Director shall, as a Director, take any part in the discussion of or vote on, any contract or arrangement entered into or to be entered into by or on behalf of the Company if he is in any way whether directly or indirectly concerned or interested in the contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote, this prohibition shall not apply to:
    - (a) Any contract of indemnity any loss which the Director or any one or more of them may suffer by reason of becoming or being sureties or a surely for the Company; or
    - (b) Any contract or arrangement entered into or to be entered into by the Company with a Public Company or with a Private Company which the interest of the Director aforesaid consists solely in his being a Director of such Company and of not more than shares of such number or value therein as in requisite to qualify him for appointment as a director thereof, he having been nominated as such Director by the Company or in his being a member holding not more than two percent of the paid-up share capital of such Company.
  95. No less than two-thirds of the total number of Directors shall be persons who are liable to retire by rotation, subject to section 255 and 256 of the Act.
  96. At every annual general meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three then, the number nearest to one third, shall retire from office. A retiring Director shall be eligible for reelection.
  97. The Directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who, are to retire shall, in default of and subject to any agreement among themselves, be determined by lot.
  98. Save as is permitted by section 263 of the Act, every resolution of the general meeting for the appointment of a Director shall relate to one named individual only.

99. At the annual general meeting at which a Director retires by rotation the Company may fill up the vacancy by appointing the retiring Director or some other person thereto. If the place of the retiring Director is not so filled and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is public holiday, till the next succeeding day which is not a public holiday at the same time and place. If at the adjourned meeting also the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill up the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless:
- (i) At the meeting or at the previous meeting, a resolution for the reappointment of such Director has been put to the meeting and lost; or
  - (ii) The retiring Director has, by a notice in writing addressed to the Company or the Board, expressed his unwillingness to be so reappointed; or
  - (iii) He is not qualified or is disqualified for appointment; or
  - (iv) A resolution whether special or ordinary, is required for his appointment; or
- Re-appointment by virtue of any provisions of the Act; or
- (v) The proviso to sub-section (2) of a section 263 of the Act is applicable to the case.
100. Subject to the provisions, of section 251, 252, 255 and 259 of the Act, the Company in general meeting may, from time to time by ordinary resolution increase or reduce the number of Directors within the limits fixed by Articles 89.
101. The Company may, subject to the provisions of section 284 of the Act by ordinary resolution of which special notice according to section 190 of the Act has been given, remove any Director (not being a Director appointed by the Central Government under section 408, of the Act or by the Government of Jammu and Kashmir) before the expiry of his period of office and may by ordinary resolution of which special notice has been given, appoint another person in his place. A director so appointed shall held office until the date upto which his predecessor would have held office if he had not been so removed. If the vacancy created by the removal of a Director under the provisions of this Article is no so filled by the meeting at which he is removed, the Board may at any time thereafter fill such vacancy under the provisions of Article 110.
102. If the office of any Director (other than the Director appointed by the Government of Jammu and Kashmir) appointed by the Company in general meeting is vacated before his term of office will expire in the normal course,

the resulting vacancy may be filled by the Board at a meeting of the Board, but any person so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been so vacated, provided that the Board shall not fill such a vacancy by appointing thereto any person who has been removed from the office of the Director under Article 109.

103. The Board shall have power at any time to appoint a person or persons as an additional Director (s) provided that the total number of Directors and additional Directors together shall not at any time exceed the maximum strength fixed for the Board by these articles. Such Additional Directors shall hold office only upto the date of next annual general meeting of the Company, but shall be eligible for appointment by the Company, at that meeting subject to the provisions of the Act.
104. (a) A person, who is not a retiring Director, shall subject to the provisions of the Act, be eligible for appointment to the office or director at any general meeting if he or some member intending to propose him, has not less than fourteen days before the meeting, left at the Registered Office of the Company, a notice in writing under his hand signifying this candidature for the office of Director or the intention of such member to propose him as a candidate for that office, as the case may be.
- (b) The Company shall inform, its members of the candidature of a person for the office of Director or the intention of member to propose such person as a candidate for that office by serving individual notices on the members not less than seven days before the meeting. Provided that it shall not be necessary for the Company to serve individual notice upon the members as aforesaid if the Company advertises such candidature or intention not less than seven days before the meeting, in the least two newspapers circulating in the place whether the Registered Office of the Company is located of which one is published in the language of that place.
- (c) Every person (other than a Director retiring by rotation or otherwise a person who has left the Registered Office of the Company a notice under section 257 signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director shall sign, and file with the Company, his consent in writing to act as a Director, if appointed.

#### **ALTERNATE DIRECTOR**

105. The Board may appoint an alternate Director to act for a Director (other than a Director appointed under Article 90, during his absence for a period of not less than three months from the State of J&K where the meetings of the Board shall ordinarily be held and such appointment shall have effect and such appointee, whilst he holds office as an alternate Director, shall be

entitled to all the rights, notice of meetings of the Board and to attend and vote thereat accordingly, but he shall not be required to hold any qualifying shares and shall ipso facto vacate office if and when the original Director returns to the State of Jammu and Kashmir or the original Director vacates office as a Director.

### **PROCEEDING OF THE Board**

- (a) The Board shall meet together for dispatch of business atleast once in every three calendar months and atleast four such meetings shall be held during any calendar year.
- (b) Notice of every meeting of the Board shall be given in writing to every Director for the time being at his usual address in India.
107. The Chairman Managing Director or Secretary may at any time, convene a meeting of the Board.
108. If at any meeting of the Board, the Chairman is not present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of their member to be chairman of the meeting.
109. Quorum: Subject to the provisions of section 387 of the Act, the quorum for a meeting of the Board shall be one third of its total strength, any fraction contained in the one-third being rounded off as (one) or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceed or is equal to two-thirds of the total strength, the number of the remaining Directors that is to say, the number of the Directors who are not interested present at the meetings, being not less than shall be the quorum during such time. For the purpose of this Act, an alternate Director in whose place he is appointed is not present. If a quorum is not present within fifteen minutes from the time appointed for holding meeting of the Board, the meeting shall stand adjourned till such date and time as the Chairman, of the Board shall appoint.
110. A meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, power, functions and discretion by or under these Articles for the time being vested in or exercisable by the Board.
111. Save as otherwise provided by the Act, questions arising at any meeting shall be decided by a majority of votes, and; in case of an equality of votes, the Chairman shall have second or casting vote.
112. Subject to the restrictions contained in section 292 of the Act, the Board may, from time to time delegate any of its powers to a Committee or Committee of the Board consisting of one or more Directors, and may from time to time revoke such delegation. Every Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations and or

restrictions that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purpose of their appointment, shall have the force and effect as if done by the Board.

113. The meeting and proceedings of any such Committee of the Board consisting of two or more Directors shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto and are not superseded by any regulation made by the Board under Article 120.
114. Act done by any meeting of the Board or by a Committee of the Board by or a person as a Director shall be valid notwithstanding that it may afterwards be discovered that the appointment of such Committee or of any defect or disqualification or had terminated by virtue of any provision contained in the Act in these articles. Provided that nothing in this article shall be deemed to validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.
115. Save as otherwise expressly provided in the act and in these cases where a resolution is required by section 293 of the Act to be passed at a meeting of the Board, a resolution shall be as valid and effectual as if it had been passed at a meeting of the Board, or Committee thereof in writing is circulated together with the necessary papers, if any, to all the Directors or to all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be), and to all other Directors or members at their usual address in India and has been approved by such of the Directors as are then in India or by a majority of such of them as are entitled to vote on the resolution.
116. (a) The Board shall, in accordance with the provisions of section 193 of the Act, call minutes of all proceedings of every general meeting and of all proceedings of every meeting of the Board and of every Committee of the Board to be kept by making within thirty days of the conclusions of every such meeting, entries thereof in books kept for that purpose with their pages consecutively numbered. Each page of every such book shall be initialed or signed at the last page of the record of proceedings of each meeting; and such book shall be dated and signed by the Chairman of the said meeting, or the Chairman of the succeeding meeting and, in the case of minutes of proceedings of a general meeting, by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of the Chairman, within that period, by a Director duly authorized by the Board for the purpose. In no case minutes of proceedings of a meeting shall be attached to any, such books as aforesaid passing or otherwise.

- (b) The minutes of such meeting shall contain a fair and correct summary of the proceedings there at and all orders made by the Board or Committees of the Board and all appointments of Directors and other officers of the Company made at the meetings aforesaid shall be included in the minutes of the meeting.

Provided that no matter need to be included in any such minutes which in the opinion of the Chairman of the meeting in his absolute discretion:

- (i) Is or could reasonably be regarded as defamatory to any person; or
  - (ii) Is irrelevant or immaterial to the proceedings; or
  - (iii) Is detrimental to the interests of the Company,
- (c) The minutes of each meeting of the Board or Committee of the Board shall also contain the names of the Directors present at the meeting and in the case of such each resolution passed at the meeting, the names of the Directors, if any, dissenting from, or not concurring in the resolution.
  - (d) Minutes of the meeting of the Board or Committee thereof or the Company in general meeting if kept in accordance with the provision of section 193 of the Act, shall be evidence of the proceedings recorded therein. The book containing the minutes of all proceedings of any general meeting of the Company shall in accordance with section 196 (1) of the Companies Act be kept at the Registered Office of the Company and shall be open to the inspection of any member without charge of the Company and shall be open to the inspection of any member without charge on all business days between the hours of 10.30 a.m. and 12.30 p.m.

### **POWERS OF THE BOARD**

117. Subject to the provisions of the Act, the control of the Company's affairs shall be vested in the Board, who shall pay all expenses incurred in promoting and registering the Company and shall be entitled to exercise all such powers and to do all such acts and things as the company is authorized to exercise and do provided that the Board shall not exercise any power or do any act or things which is directed or required whether by Act or any other Act or by the Memorandum of Association of the Company or by these Articles or otherwise, to be exercised or done by the Company in general meetings. Provided further that in exercising any such power or doing any such act or thing the Board shall be subject to the provisions contained in that behalf in the Act or any other Act or in the Memorandum of Association of the Company or in these Articles, or in any resolutions not inconsistent and therewith duly made thereunder, including regulations made by the Company in general meeting but no regulation made by the Company

in general meeting shall invalidate any prior act of the Board which would have been made;

Provided further that the Board shall not transfer whether by way of sales, gift, or mortgage or otherwise dispose of any immovable property of the Company without prior approval in writing of the Government.

118. Without prejudice to the general powers conferred by Article 124 and by or under any other Article or the provisions of the Act, the Board shall have following specific powers:-

(i) To carry out the objects of the Company and exercise the power in clause III of the Memorandum of the Association of the Company.

(ii) To have the superintendence, control and direction over Managers or Managing Director whole time Directors and all other officers of the Company.

(iii) To carry on business on the vacation of the office by the Managing Director or Manager of the Company, if any:

(a) Power to borrow otherwise than on debentures;

(b) The power to invest the funds of the Company;

(c) The power to make loans;

(d) The power to carry out the Company as contained in clause III of the Memorandum of the Company in respect of any particular unit owned, managed or run by the Company;

Provided that every resolution delegating power under clause (a) shall specify the total amount outstanding at any time upto which money can be borrowed the delegate; every resolution delegating / the power referred to in clause (b) shall specify the total amount upto which the funds may be invested and the nature of investments which may be made by the delegate; and every resolution delegating the power in clause (c) shall specify the total amount upto which the loans may be made and the maximum amount of loans which may be made for each purpose in individual cases.

Provided further that nothing in the Article shall be deemed to effect the right of the Company in general meeting to impose restrictions and conditions on the exercise by the Board of any of the power specified above

(v) To appoint at any time and from time to time by a power of attorney under seal, any person to be the Attorney of the Company for such purposes and with such powers, authorities and discretion (not exceeding those which are delegatable by the Board under the Act or these Articles) and for such period and subject to such conditions as the Board may from time to time think fit, with powers for such Attorney (s) to sub-delegate all or any of the powers, authorities and discretions vested in the Attorney (s) for the time being.

(vi) To acquire by lease, mortgage, purchase or exchange or otherwise any property rights or privileges which the Company is authorized to acquire at such price and generally on such terms and conditions as the Board may think fit.

(vii) Subject to the provisions of section 293 of the Act, to sell, let, exchange, or otherwise dispose of absolutely or conditionally any property rights or privileges and undertaking of the Company upon such terms and conditions and for such considerations as the Board may think fit.

(viii) To open any account or accounts with such Bank or Banks as the Board may select or appoint, to operate on such accounts, to make, sign, draw, accept, endorse or otherwise execute all cheques, promissory notes, drafts, Hundies, orders, bills of exchange, bills of landing and other negotiable instructions to make and give receipts releases and other discharges for money payable to the Company, to make contracts and to execute, deeds.

(iv) To appoint officers, clerks and servants for permanent, temporary or special services as the Board may from time to time think fit and to determine their powers and duties and to fix their salaries and emoluments and to require security in such instances and to such amount as the Board may think fit and to remove or suspend any such officers, clerks and servants:

Provided, however, that no post the basic pay of which either exceed Rs.2,500/- per mensem of the maximum of the scale of which exceeds Rs.2,500/- per mensem shall be created and filled without the prior approval of the Governor of Jammu and Kashmir, but in case it is found useful to avail the services of retired Government servants of good competence and experience this limit of 2,500/- may be raised to Rs.3,000/- inclusive of pension; Provided further that appointment of any foreign national shall not be made without the prior approval of the Governor of Jammu and Kashmir except the appointment of foreign technical personnel to any post without any ceiling of salary to such personnel and also when such appointment is in Board conformity with the policy of the Govt.

(x) To sanction, pay and re-imburse the officers and employees of the Company in respect of any expenses incurred by them on behalf of the Company.

(xi) To invest and deal with any of the moneys of the Company to release such investments subject to the provisions of section 49, 77, 292, 295, 370 and 372 of the Act.

(xii) To refer claims of demands, by or against the Company to arbitration.

(xiii) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers, of otherwise concerning the affairs of the Company and also to compound and allow time by or against the Company and to appoint solicitors Advocates, Council and other legal practitioners or advisors for such purposes or for any other purposes and pay their remuneration.

(xiv) To act on behalf of the Company in all matters to insolvency in which the Company is interested.

(xv) To pay and give gratuities, pensions and allowances to any person or persons including any director to his widow, children or dependents that may appear to the Board just or proper whether any such persons, widow, children or other dependents have or have not a legal claim up to the Company and whether such person is still in service of the Company or has any funds and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

(xvi) To establish, maintain, support and subscribe to any charitable or public object or any institution, society or club which may be for the benefit of the Company or its employees.

(xvii) To set aside portions of the profits of the Company to form funds, before recommending any dividends, for the objects mentioned above.

(xxii) To make and alter rules and regulations concerning the time and manner of payment of the contributions of the employees, and the Company respectively to any such fund and accrual, employment suspension and forfeiture of the benefits of the said fund and the management of such fund as the Board may from time to time think fit.

(xix) To exercise the powers conferred by section 50 of the Act with respect to having an official seal for use abroad.

(xx) To exercise powers conferred to the Company by section 157 and 158 of the Act with regard to the keeping of branch and foreign registers.

(xxi) To sell any goods or articles manufactured or produced by the Company or to purchase, obtain or acquire machinery, stores, goods when no longer required for those purposes.

(xxii) To determine by resolution from time to time the person or persons by name of office who shall be entitled to do all or any of the acts mentioned in these articles, of the Company; and

(xxiii) To accept the surrender of any share by way of compromise of any question as to the holder being properly registered in respect thereof subject to sections 100 to 104 of the Act.

119. The Company may exercise the Powers conferred on it by section 157 and 158 of the Act with regard to the keeping of fooling register, and the Board

may (subject to the provisions of these sections) make such regulations as it may think fit, respecting the keeping of any such register.

120. All cheques promissory notes, drafts, orders, hundies, bill of exchanges and other negotiable instruments and all receipts, release and other discharges for money paid or payable to the Company, shall be made, signed, drawn, accepted, endorsed or otherwise executed, as the cause may be, by such person and in such manner as the Board shall from time to time by resolution determine.

#### **CHAIRMAN**

121. (a) The Board shall, from time to time, with concurrence of the Governor of Jammu and Kashmir appoint any of the Directors to be the Chairman or the Same Director as the Chairman-cum-Managing Director of the Company.  
(b) Subject to the provisions of the Act and the superintendence, control and direction of the Board, the Chairman shall exercise such powers and carry out such duties as may be conferred or imposed upon him by resolution or resolutions of the Board passed in that behalf.

#### **MANAGEMENT**

122. Subject to the provisions of the Act and subject also to the control and superintendence of the Board the business and affairs of the Company shall be carried out and managed by the Managing Director for the time being of the Company.
123. Subject to the provisions of section 269 of the Act, the Board shall from time to time, with the concurrence of the Governor of the Jammu and Kashmir and save where the same person is appointed Chairman-cum-Managing Director under Article 121 (a), appoint any person of the Company who will be the Chief Executive Officer of the Company.
124. The Managing Director shall be paid such remuneration (where by way of salary or commission or participation in profits of partly in one way and partly in another), as may from time to time be determined by the Board.
125. Subject to the provisions of the Act and in particular to the prohibitions and restrictions contained in section 292 thereof, Board may from time to time, entrust to and confer upon the Managing Director for the time being such of the powers exercisable under these presents by the Board as it may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions as it thinks fit, and the Board may confer such powers, either collaterally with, or the exclusions of, and in substitution for all or any of the powers of the Board in, that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

126. The Company shall not appoint or employ or continue the appointment or employment of any person as its Managing Director or whole time Director who:-
- (a) is an undischarged involvement or has at any time been adjudged an insolvent.
  - (b) Suspense, or has at any time suspended payment to his creditors or makes, or has at any time made a deposition with them; or
  - (c) is, or has at any time been convicted by a Court of an offence involving moral turpitude.

### **LOCAL MANAGEMENT**

127. The Board may from time to time provide for the management of the affairs of the Company conducted outside its registered office in respect of individual units owned, managed or run by it or elsewhere and may in pursuance thereof appoint a person or persons to conduct and look after the business and affairs of the Company and may, subject to the general control, direction and superintendence authorize him or them to exercise such of the powers as the Board may deem necessary or expedient.
128. (a) The Company may have for use in any territory, district or place, not situated in India, an official seal which shall be facsimile of the Common Seal of the Company, with the addition on its face of the name of the territory, district or place where it is to be used, and may be writing under its Common Seal authorize any person appointed for the purpose in that territory, district or place where it is to be used, and may be writing under its Common Seal authorize any person appointed, for the purpose in that territory, district or place to affix seal to any deed or other document to which the Company is party in that territory, district or place.
- (b) The person, affixing the official seal by writing under the hand, certify on the deed or document to which the seal is affixed, the date on which and the place at, which it is affixed.

### **THE SEAL**

129. The Board shall provide for the safe custody of the common seal which shall not be used except by the authority of a resolution of the Board, and every instrument to which the Seal shall be affixed shall be signed by at least two Directors or by a Director and Secretary or some other person appointed by the Board for this purpose.
- Provided never the less that any instrument bearing the seal of the Company not withstanding any irregularity touching the authority of the Board to issue the same:
- Provided further that certificate of shares shall be signed and issued in accordance with the provisions of the Companies (issue of Share

Certificates) Rules or any statutory modification or re-enactment, thereof for the time being in force.

### **ANNUAL RETURNS**

130. The Company shall comply with the provisions of sections 159 and 161 of the Act as the making and filling of Annual Returns.

### **RESERVES**

131. The Board may, from time set apart any such portion of the profits of the Company as it thinks fit as Reserves applicable at its discretion and / or to meet contingencies or for the liquidation of the debentures, debts or other liabilities of the Company, for equalization of dividends, or rebuilding, restoring, replacing, altering, repairing, improving or maintaining the plant, building or any property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interests of the Company, and may, subject to the provisions of section 372 of the Act, invest the several sums so set aside upon such investments (other than shares of the Company) as it may think fit, and from time to time deal with a very such investments and dispose of all or any part thereof for the benefit of the Company, and may divide the Reserves into such special funds as it thinks fit, with full power to employ at Reserves or any part thereof in the business of or for the purpose of the Company.
132. All money carried to Reserves shall nevertheless remain and be profits of the Company subject to due provisions being made for actual loss or depreciation or for the payment of dividends, and such money and all other moneys of the Company may subject to the provisions of section 370 and 373 of the Act, be invested by the Board in or upon such investments or securities as it may select or may be used as working, capital or may be kept at any Bank on deposit or otherwise as the Board may, from time to time, think proper.

### **CAPITALIZATION OF RESERVES**

133. The Company in General meeting may upon the recommendation of the Board, resolve that any money investments or other assets roaming, part of the undivided profits of the Company, standing to the credit of the Reserves or, any Capital Redemption Reserve Account or in the hands of the Company and available for dividend or representing premiums received on the issue of share and standing to the credit of the share premium account be capitalized and distributed amongst such of the members as would be entitled to receive the same or distributed by way of dividend and in the same proportions as equity share capital held by them on the footing that they become entitled thereto capital and at that all or any part of such capitalized fund be applied on behalf of such members in paying up in full

any unissued share of the Company which shall be distributed accordingly and/or in or towards payment of the uncalled liability on any issued shares, and, that such distribution of payment shall be accepted by such members in full satisfaction or their interest in the said capitalized sum. Provided that any such standing to the credit of share Premium Account or a Capital Redemption Reserve Account, may for the purpose of this Article only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

134. The Company in General meeting may upon the recommendation of the Directors resolve that any surplus moneys arising from the realization of any capital assets of the Company or any investments representing the same or any other undistributed profit of the company not subject to change for income tax, be distributed among the members of the footing that they receive the same as capital.
135. For the purpose of giving effect to any resolution under Article 142, 143 and 153, the Board may settle any difficulty which may, arise in regard to the distribution as it thinks expedient and, in particular, may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalized fund as may deem expedient to the Board. Where required a proper contract in accordance with section 75 of the Act, the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund.

#### **INTEREST OUT OF CAPITAL**

136. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works of building, the provisions of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as it for the, time being paid up for the period, at the rate and subject to the conditions, and restriction imposed by section 208 of the Act and may change the sum so paid by way of interest to capital as part of the cost of construction of the work or building or the provisions of plant.

#### **DIVIDENDS**

137. Subject to the provisions of Article and the rights of members entitled to shares, if any, with, preferential or special rights attached there to the profit, which the Company from time to time decides to distribute in respect of any year or other period shall be applied in the payment of a dividend on the equity shares of the Company and all dividends shall be apportioned and

paid proportionately to the amount paid or credited as paid on the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly. Provided that where capital is paid up in advance of call upon the footing that the same shall carry interest such capital shall not rank for dividends or confer a right to participate in profits.

138. Subject to law of that land for the time being in force, the Company in general meeting may declare a dividend to be paid to the member according to their rights and interest in the profit and may subject to the provision of section 207 of the Act, fix the time for payment.
139. No longer dividend shall be declared than recommended by Board, but the Company in general meeting may declare a smaller dividend.
140. Subject to the provisions of section 205 of the Act, no dividend shall be payable except out of the profits of the Company or out of money provided by the Central or a State Govt; for the payment of the dividend in pursuance of any guarantee given by the such Government and no dividend shall carry interest against the Company.
141. The declaration of the Board as to the amount of the profits of the Company shall be conclusive.
142. Subject to law of the land for the time being in force the Board may, from time to time, pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company.
143. (a) The Board may deduct from any dividend payable to any members all sums of money, if any presently payable by him to the Company on account of Calls or otherwise in relation to the shares of the Company.  
(b) The Board may retain any dividend on which the Company had a lien and may apply the same in or towards satisfaction of the debts, liabilities of engagements in respect of which the lien exists.
144. Any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may be set off against the call.
145. No dividend shall be payable except in cash provided that nothing in the foregoing shall be deemed to prohibit the capitalization of profits or reserves of the Company for the purpose of issuing fully paid up bonus or paying up any amount for the time being unpaid on the shares held by the members of the Company.
146. A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer by the Company.

147. No dividend shall be paid in respect of any share except the member registered in respect of such share or to his order or to his bankers. But nothing contained in this Article shall be deemed to require the bankers of a member to make a separate application to the Company for the payment of the dividend.
148. Any one of several persons who are members registered jointly in respect of any shares may give effectual receipts for any dividends, bonuses and other payments in respect of such share.
149. Notice of any dividend, where interim or otherwise, shall be given to the persons entitled to share therein in the manner herein, after provided.
150. Unless otherwise directed in accordance with section 53 (2) (a) of the Act any dividend, interest or other money payable in cash in respect of a share may be paid by cheque or warrant sent through post within 42 days from the date of the declaration to the registered address of the member, or in the case of members registered jointly, to the registered address of the member who is first named in the Registered or to such person and to such address of the member or members as the case may, in writing direct, and every cheque or warrant shall be made payable to the order of the person who it sent except.
  - (a) When the dividend cannot be paid by reason of any law, or
  - (b) Where a member has given a direction to the Company regarding the payment of dividend and those directions cannot be complied with, or
  - (c) Where there is a dispute regarding the right to receive the dividend, or
  - (d) Where the dividend has been lawfully adjusted by the Company against any sum due to it from the member, or
  - (e) Where for any other reason, it is not possible to pay the dividend or to post the warrant within the period aforesaid.
151. In respect of unclaimed dividend, the provisions of section 205 and 205-B of the Companies Act shall be duly complied with.

#### **BALANCE SHEET AND ACCOUNT**

152. The Board shall cause to be kept in accordance with section 209 of the Act proper books of account respect to :-
  - (a) All sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure take place;
  - (b) All sales and purchases of goods by the Company;
  - (c) The assets and liabilities of the Company; and
  - (d) Such particulars relating to utilization of material or labour or to other items of cost as many be prescribed in the case of the Company and required by the Central Govt; to be included in the books of account.
153. The books of account shall be kept, at the Registered Office of the Company or at such other place in India as the Board may decide, and when the Board

so decides the Company shall, within seven days of the decision, file with the Registrar a notice in writing giving the full address of the other place. The books of account and other books and paper shall be opened to inspection by any Director during business hours, and shall also be open to inspection by the Registrar or by any office of Government authorized by the Central Government in this behalf.

154. The Board shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations the books of account and books and documents of the Company other than those referred to in Articles 124 (d) and 191 or any of them shall be opened to the inspection of the members not being Directors, and no member (not being a Director shall have any right of inspection of any books of account or book or document of the Company except as conferred by law or authorized by the Board or by the Company in general meeting; and no member (not being a Director) shall be entitled to require to receive any information concerned with the business, trading of or customers of the Company or any trade secret or secret process of or used by the Company.
155. Subject to sub-section (4-A) of section 209 of the Act, the books of account of the Company relating to a period of not less than eight year immediately proceeding the, current year together with the vouchers relevant to any entry in such books of the account shall be preserved in good order.

#### **BOOKS AND DOCUMENTS**

156. At every Annual General Meeting of the Company, the Board shall lay before the Company a Balance-Sheet and Profit and Loss Account made up in accordance with provisions of section 210 of the Act and such Balance Sheet and Profit and Loss Account shall comply with the requirements of section 210, 211, 212, 215 and 216 and of Scheduled VI to the Act so far as they are applicable to the Company but, save as aforesaid, the Board shall not be bound to disclose greater details of the result or extent of the trading and transactions of the Company than it may deem expedient.
157. There shall be attached to the Balance Sheet, a copy of all such documents, which are required to be so attached by section 212, of the Act in respect of subsidiary Company, if any.
158. There shall be attached to every Balance-Sheet laid before the Company in general meeting a report by the Board in accordance with the section 217 of the Act.
159. A copy of every Balance-Sheet (including the Profit and Loss Account, the Auditions Report and every other documents required by law to be annexed or attached to the Balance-Sheet), which is to be laid before the Company in general meeting shall, as required by section 219 of the Act, not less than

- twenty one days before the date of the meeting, be sent to every member, debenture holder, trustee for the holder of debenture issued by the Company and all other persons to whom the same is required to be sent by the said section.
160. The Company shall comply with section 220 of the Act as to filling with the Registrar copies of the Balance Sheet. Profit and Loss Account and documents required to be annexed or attached thereto.
  161. At least once in every year to books of account of the Company shall be examined by one or more Auditor or Auditors duly appointed, subject to the provisions of section 619 of the Act.
  162. Where the Company has a branch office, the provisions of section 228 of the Act shall apply.
  163. Wherever a vacancy in the office of the Auditor occurs the Company at its general meeting may nominate three persons for being appointed as the Auditors of the Company and may forward the names of the persons so nominated to the Controller and Auditor General of India and the Central Govt. for being considered for the appointment as a Auditor of the Company under section 619 of the Act.
  164. The Auditors shall be paid such remunerations as may be determined by the Central Government.
  165. The Auditors shall be paid such remunerations as may be determined by the Central Government.
  166. Every Auditor of the Company shall have a right of access at all time to the books and account and vouchers of the Company and shall be entitled to require from the Directors and other officers of the Company such information and explanation as stay be necessary for the performance of his duties as an Auditor.
  167. Every account of the Company when audited after approved by a General Meeting shall be conclusive.
  168. All notices and other communications relating to any general meeting of the Company which any member of the Company is entitled to have sent to him shall also be forwarded to the Auditor of the Company and the Auditor shall be entitled to attend any general meeting and to be heard at any general meeting which he attends on any part of the business which concern him as Auditor.
  169. The Auditor's Report (including the Auditor's separate special supplementary report, if any shall be read before the Company in General Meeting and shall be open to inspection by any member of the Company.

## **NOTICES AND DOCUMENTS**

170. (a) A notice or document may be served by the Company on any member either personally or by sending it by post to him to his registered address or if the member, not being a resident in India, to the address, if any supplied by such member to the Company for the giving of notice to him.
- (b) Where a notice or document is sent by post.
- (i) Service thereof shall be deemed to have been effected by properly addressing, pre-paying and posting a letter containing the documents. Provided that where a member has intimated to the Company in advance that documents should be sent him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sufficient to defray the expenses for doing so, service of the document shall not be deemed to be effected unless it is sent in the manner intimated by the member; and
171. A notice or document advertised in a newspaper circulating in the neighborhood of the Registered Office of the Company shall be deemed to be fully served on the day on which the advertisement appears on every member resident in India, who has no registered address in India and has not supplied to the Company an address for the giving of notices to him. Any such member who has no registered address in India shall, if so required to do by the Company, supply the Company with an address in India for giving notices to him.