



# MEMORANDUM AND ARTICLES OF ASSOCIATION

**Rashtriya Chemicals and Fertilizers Limited**  
(A Government of India Undertaking)  
"Priyadarshini", Eastern Express Highway, Sion, Mumbai-400 022.



## CERTIFICATE OF INCORPORATION

No. 20185 of 1978.

I hereby certify that RASHTRIYA CHEMICALS AND  
FERTILIZERS LIMITED.

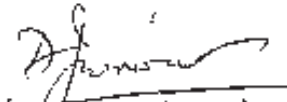
is this day incorporated under the Companies Act, 1956 (No. 1 of 1956)  
and that the Company is Limited

Given under my hand at BOMBAY

this SIXTH day of MARCH

One thousand nine hundred and SEVENTY-EIGHT.



  
(D. O. BISWAS),  
Registrar of Companies,  
Maharashtra.

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MEMORANDUM  
OF  
ASSOCIATION

# Memorandum of Association

of

## Rashtriya Chemicals And Fertilizers Limited

- I. The name of the company is **RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED**.
- II. The Registered Office of the Company will be situated in the State of MAHARASHTRA.
- III. The main objects for which the Company is established are :

### **A. MAIN OBJECTS OF THE COMPANY TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION**

1. To carry on in India or in any part of the world all kinds of business relating to fertilizers, heavy chemicals, heavy water and their by-products, all organic and inorganic chemical Compounds and products of any nature or kind whatsoever, including by-products, derivatives and mixtures there-of and in particular to carry on the business of manufacturing, storing, packing, distributing, transporting, converting, maintaining and rendering assistance and services of all and every kind or any description, buying, selling, exchanging, altering, improving and dealing in fertilizers, including artificial chemicals, heavy chemicals, heavy water and their by-products, organic and inorganic chemical compounds, cement, coke and their by products and products of any nature or kind whatsoever, of every description whether required for civil, commercial or military defence purposes and requirements or otherwise.
2. To carry on the business of chemical, mechanical, civil and electrical engineering in all their branches in India or in any part of the world.

### **B. THE OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF MAIN OBJECTS**

3. To manufacture, store, maintain, sell, buy, barter, repair, alter and exchange, hire, let on hire, export, import and deal in all kinds of articles and things (including all kinds of conveyances, and all component parts, fittings, tools, implements, accessories, materials and all articles and things used in connection therewith in any way whatsoever) which may be required for the purposes of any of the businesses of the Company or are commonly supplied or dealt with by persons engaged in any such business or which may seem capable or being profitably dealt with in connection with any of the businesses of the Company.
4. To acquire, establish, construct, provide and maintain and administer factories, townships, estates railway sidings, buildings, yards, wells, water reservoirs, channels, pumping installations, purification plants, pipelines, landing grounds, hangers, garages, storage sheds and accommodation of all description connected with the business of the Company.
5. To acquire, build, provide and maintain wells, tubewells, reservoirs, canals, embankments, aqueducts, dams, barrages, infiltration galleries and like contrivances for the purpose of securing adequate supply of water required in any way in connection with the business of the Company or as incidental thereto.
6. To acquire, establish construct, provide and maintain facilities for the generation of steam power and other utilities required in connection with the business of the Company.
7. To manufacture, buy, sell, exchange, instal, work, alter, improve, manipulate, prepare for market, import or export and otherwise deal in all kinds of plant and machinery, wagons, rolling stock, apparatus, tools, utensils, substances, materials and things necessary or convenient for carrying on any of the business which the Company is authorised to carry on or which is usually dealt in by persons engaged in such business.

8. To carry on in India and elsewhere the business of colliery proprietors, miners, contractors, merchants, importers and farmers, in all their respective branches to attain the main objects.
9. To carry on the business of carriers of goods manufactured by or purchased by or belonging to the Company by land, sea and air.
10. To purchase, take on lease under licence of concession or otherwise, lands, buildings, works, mines, mineral deposits, mining rights, Plantations, forests and any rights and privileges or interests therein and to explore, work, exercise, develop and to return to account the same.
11. To carry on the business of manufacturers of and dealers in explosives, ammunitions, fire works and other explosive products and accessories of all kinds and of whatsoever composition and whether for military, sporting, mining, industrial or any other purpose.
12. To search for and to purchase or otherwise acquire from any Government State or authority any licences, concessions, grants, decrees, rights, powers and privileges whatsoever which may seem to the Company capable of being turned to account and to work, develop, carry out, exercise and turn to account the same.
13. To purchase, take on lease or in exchange or under amalgamation, reconstruction, arrangement or rearrangement, licence or concession or otherwise, absolutely or conditionally, solely or jointly with others and to make, construct, maintain work, hire, hold, improve, alter, manage, let, sell, dispose of, exchange, roads, canals, water courses, ferries, piers aerodromes, lands, buildings, warehouses, works, factories, mills, workshops, railway sidings, tramways, engines, machinery and apparatus, water rights, way leaves, trade marks, patents and designs, privileges or rights of any description or kind for the business of the Company.
14. To construct, execute, carry out, improve, work, develop, administer, manage or control in India and elsewhere, works and conveniences, of all kinds which expression in this Memorandum includes railways, tramways, ropeways, docks, harbours, piers, wharves, canals, reservoirs, embankments, irrigations, reclamation, improvement, sewerage, drainage, sanitary, water, gas, electric light, telephonic, telegraphic and power supply works and hotels, warehouses, markets and buildings, private and public and all other works or conveniences whatsoever.
15. To apply for, tender, purchase or otherwise acquire any contract and concessions for or in relation to the construction, execution, carrying out improvement, management, administration or control of works and conveniences and to undertake, execute, carry out, dispose of or otherwise turn to account the same.
16. To establish, maintain and operate training institutions, to obtain trained personnel to meet the requirements of the Company or any other organisations, companies, authorities or governments connected with the business of the company.
17. To establish, provide, maintain and conduct or otherwise subsidise research laboratories, design cells and experimental workshops for scientific and technical research, design work and experiments to undertake and carry on scientific and technical research, experiments and tests of all kinds, to promote studies and researches both scientific and technical investigations and inventions by providing, subsidising, endowing or assisting laboratories, workshops, libraries, lectures, meetings and conferences and by providing or contributing to the remuneration of scientific or technical professors or teachers and by providing or contributing to the award of scholarships, prizes, grants to students or otherwise and generally to encourage, promote and reward studies, researches, investigations, experiments, tests and inventions of any kind that may be considered likely to assist any business which the Company is authorised to carry on and to enter into any arrangements with Government or any other party in India or elsewhere for the aforesaid purpose.
18. To act as agents for Governments or authorities or for any manufacturers, merchants and others and to carry on agency business of every kind and of any description connected with the business of the Company.
19. To take or otherwise acquire and hold shares in any other company having objects altogether or in part, similar to those of this Company and to underwrite solely or jointly with another or others, shares in any such company to take or otherwise acquire shares in any other company if the acquisition of such shares seems likely to promote further or benefits the business or interests of this Company.

20. To acquire or take over with or without consideration and subject to the provisions of the Act to carry on the business of managers, and agents by themselves or in partnership with other companies or partnerships or concerns whose objects may be similar, in part or in whole, to those of this Company.
21. To amalgamate or enter into partnership or any joint purpose or profit sharing arrangement with and to cooperate in any way with or assist or subsidise any company firm or person.
22. To promote or concur in the promotion of any company the promotion of which shall be considered desirable.
23. To enter into any contract or arrangement for the more efficient conduct of the business of the company or any part thereof and to sublet any contracts from time to time.
24. To acquire and undertake the whole or any part of the business, property and liabilities of any person, firm or company carrying on any business which the Company is authorised to carry on or possessed of property suitable for the purposes of this Company.
25. To enter into partnership or into any arrangement for sharing or pooling of profits, amalgamation, union of interests, co-operation, joint venture, reciprocal concession or otherwise or amalgamate with any person or company carrying on or engage in or about to carry on or engage in any business or transaction which this company is authorised to carry on or engage or in any business, undertaking or transaction which may seem capable of being carried on or conducted so as directly or indirectly to benefit this Company.
26. To pay for any properties, rights or privileges acquired by the Company, either in shares in this Company or partly in shares and partly in cash or otherwise.
27. To promote and undertake the formation of any institution or company for the purpose of acquiring all or any of the property and liabilities of this company or for any other purpose which may seem directly or indirectly calculated to benefit this Company or from any subsidiary company or companies, to carry on any business which may seem capable of being carried on conveniently with the business or objects of the Company and to acquire any interest in any industry or undertaking.
28. To purchase or by any other means acquire and protect, prolong and renew, whether in India or elsewhere, any patents, patent rights brevets d' inventions, licences, protections and concessions which may appear likely to be advantageous or useful to the Company and to use and turn to account and manufacture under or grant licence or privileges in respect of the same and to spend money in experimenting upon and testing and improving or seeking to improve any patents, inventions or rights which the Company may acquire or proposes to acquire.
29. To lend money or mortgage of immovable property or on hypothecation or pledge of movable property or without security to such persons and on such terms as may seem expedient and in particular to customers of and persons having dealings with the Company.
30. To let out on hire all or any of the property of the Company whether immovable or movable including all and every description of apparatus or appliances.
31. To guarantee payment of money unsecured or secured, to guarantee or become sureties for the performance of any contracts or obligations.
32. To make, draw, accept, endorse, execute and issue Cheques, promissory notes, Bills of Exchange, Bills of lading, Debentures and other negotiable or transferable instruments.
33. To invest and deal with the moneys not immediately required by the Company in any securities, Shares, investments and properties movable and immovable in such manner as may from time to time be determined and to sell, transfer or deal with the same.
34. To borrow, raise money or to receive money on deposit at interest or otherwise in such manner as the Company may think fit and in particular by the issue of debentures or debenture stock, perpetual or otherwise, including debentures or debenture stock-convertible into shares of this Company or perpetual annuities and in security of any such money so borrowed, raised or received to mortgage, pledge or charge the whole or any part of the property, assets or revenues of the Company, present or future, including its uncalled capital, by assignment or otherwise or to transfer or convey the same, absolutely, or in trust, and to purchase, redeem or pay off any such securities.

35. To create any depreciation fund, reserve fund, sinking fund, insurance fund or any special or other funds whether for depreciation or for repairing, improving, extending or maintaining any of the properties of the Company or for redemption of debentures or redeemable preference shares or for special dividends or equalising dividends or for any other purpose whatsoever and to transfer any such fund or part thereof to any of the other funds herein mentioned.
36. To apply for membership or become a member of any company, association, society or body corporate having any objects similar to or identical with those of the Company or likely directly or indirectly to promote the interests of the Company.
37. To obtain order or Act of Legislature in India or other places, or order, Act or authority from the authorities of any country, State or Dominion for enabling the Company to obtain all powers and authorities necessary or expedient to carry out or extend any of the objects of the Company or for any other purpose which may seem expedient and to oppose any proceedings on applications which may seem calculated directly or indirectly to prejudice the Company's interests.
38. To enter into any arrangements with the Government of India or any Local or State Government in India or with the Government of any other State, country or Dominion or with any authorities, local or otherwise or with any other persons, firms, Associations and Corporations that may seem conducive to the Company's objects or any of them and to obtain from them any rights, powers and Privileges, licences, grants and concessions which the Company may think fit desirable to obtain and to carry out exercise and comply with any such arrangements, rights, privileges and concessions.
39. To adopt such means of making known the business of the Company or of any company in which this Company is interested as may seem expedient and in particular by advertising in the press, radio, television and cinemas, by circulars, by purchase and exhibition of works of art or interest, by publication of books and periodicals, by establishing competitions, and granting prizes, rewards, premia and donations, by laying out field demonstrations and organizing such other promotional activities as may be deemed necessary.
40. To provide for the welfare of employees or ex-employees of the Company and the wives and the families or the dependants or connections of such persons by building or contributing to the building of houses, dwellings or chawls or by grants of money, pensions, allowances, bonuses or payments or by creating and from time to time subscribing or contributing to Provident Fund and other associations, institutions funds or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Company may think fit and to subscribe or otherwise to assist or to donate money to charitable, benevolent, religious, scientific, national, public or othr institutions or objects or purposes.
41. To distribute any of the properties of the Company among the members in specie or kind in the event of winding up of the Company so that no distribution amounting to reduction of capital be made except with the sanction (if any) for the time being requiered by law.
42. To remunerate any person, firm or company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of any of the shares in the Company's capital or any debentures or debenture stock or other securities of the Company or in or about the formation or promotion of the Company or the conduct of its business.
43. To support, subscribe and contribute to any charitable or public purpose or to any scheme in connection with the resettlement and rehabilitation of persons displaced on account of acquisition of land for the pupose of the company and to any institution, society and association of persons which may be for the benefit of the Company and in which the Company may be interested in connection with its business or in attainment of its objects, and
44. To do all or any of the above things and all such other things as are incidental or may be thought conducive to the attainment of the above objects or any of them and as principals, agents, contractors, trustees or otherwise and either alone or in conjuction with others.
45. To buy, sell, manufacture and deal in goods, stores, consumable stores, chattels and effects of all kinds, both in wholesale and in retail as may be required for the implementation of the main objects of the company.

**C. OTHER OBJECTS**

- 46. To carry on business of electrical supply company and to do all things incidental to such business.
- 47. To acquire or hold shares in any undertaking or company, to acquire the right to use or manufacture and to put up telegrams, telephones, phonograms, radio transmitting or receiving station or sets dianamo, accumulators and all apparatus in connection with the generation accumulation, distribution, supply and employment of electricity or any power that can be used as a substitute. Therefore, including all cables, wires or appliances for connecting apparatus at a distance with other apparatus and including the formation of exchanges or and
- 48. To construct, maintain, letdown, carry out, work, sell, leton hire and deal, in telephonic and kinds of works, machinery apparatus, conveniences and in particular any cables, wires, lines, stations, exchanges, reservoirs, acumulators, motors and engines.

It is hereby declared that the word 'Company' in this Memorandum when applied otherwise than to this Company shall be deemed to include any authority, partnership, or any other body of persons whether incorporated or not incorporated.

The object set forth in any sub-clause of this clause shall not be in any way limited or restricted by reference to or inference from the terms of any other sub-cluse or by the name of the Company. None of such sub-clauses or the objects therein specified or the powers thereby conferred shall be deemed subsidiary or auxiliary merely to the objects mentioned in the first sub-clause of this clause but the company shall have full powers to exercise all or any of the powers conferred by any part of this clause in any part of the world and notwithstanding that the business, undertaking, property or the acts proposed to be transacted, acquired, dealt with or performed do not fall within the objects of the first sub-clause of this clause.

- IV. The liability of the Members is limited.
- V. The authorised share capital of the Company is Rs. 800 crores (Rupees Eight Hundred Crores only) divided into 80,00,00,000 (Eighty Crores only) Equity shares of Rs.10/- (Rupees Ten only) each.

(Stamp duty, registration charges and other expenses in respect of this instrument shall be bome by the Government of India)

We the several persons, whose names and address are subscribed, are desirous of being formed into a Company in pursuance of these Memorandum of Association and we respectively agree to take the number of shares in the capital of the Company set opposite to our respective names :

S. No.	Name of Subscriber	Description, Occupation & Address	No. of Shares	Signature of Subscriber	Name,description, address occupation & Signature of the witness
1.	S. M. Kelkar	On behalf of the President of India through Shri S.M. Kelkar Jt. Secy., Ministry of Chemicals and Fertilizers, New Delhi.	3 (Three)	S. M. Kelkar	K. P. Srivastava Deputy Secretary Ministry of Chemicals and Fertilizers, New Delhi.
2.	Ramaswamy R. Iyer	On behalf of the President of India through Shri Ramaswamy R. Iyer, Joint Secy. & Financial Advisor, Ministry of Chemicals and Fertilizers, New Delhi.	2 (Two)	Ramaswamy R. Iyer	
Total No. of Shares 5 (Five)					

Dated : 4th March, 1978



ARTICLES  
OF  
ASSOCIATION



# Articles of Association

## of

### Rashtriya Chemicals and Fertilizers Limited

#### PRELIMINARY

- |     |                                                                                                                                                                                                                                                                                                                  |                                    |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| 1.  | Unless the context otherwise requires, words and expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which the Articles become binding on the company.                                                               | Interpretation                     |
|     | The marginal notes hereto are inserted for convenience and shall not affect the construction hereof and in these presents, unless there be something in the subject or context inconsistent therewith:                                                                                                           | 'Definitions of'                   |
| (a) | "The Act" means the Companies Act, 1956, and includes any statutory modification or re-enactment thereof for the time being in force.                                                                                                                                                                            | 'The Act'                          |
| (b) | "Annual General Meeting" means a General Meeting of the members held in accordance with the provisions of Section 166 of the Act.                                                                                                                                                                                | 'The Annual General Meeting.'      |
| (c) | "Board" or "Board of Directors" means a meeting of the Directors duly called and constituted, or, as the case may be, the Directors assembled at a Board or the requisite number of Directors entitled to pass a resolution by circulation in accordance with these Articles.                                    | 'Board' or<br>'Board of Directors' |
| (d) | "Capital" means the capital for the time being raised or authorised for the purpose of the Company.                                                                                                                                                                                                              | 'Capital'                          |
| (e) | "The Company" or "This Company" means the Rashtriya Chemicals and Fertilizers Limited.                                                                                                                                                                                                                           | 'The Company' or 'This Company'    |
| (f) | "Directors" means the Directors for the time being of the Company or as the case may be, the Directors assembled at a Board.                                                                                                                                                                                     | 'Director's'                       |
| (g) | "Dividends includes bonus.                                                                                                                                                                                                                                                                                       | 'Dividend'                         |
| (h) | "Extraordinary Meeting" means an Extraordinary General Meeting of the members duly called and constituted and any adjourned holding thereof.                                                                                                                                                                     | 'Extraordinary Meeting'            |
| (i) | "Executor" or "Administrator" means a person who has obtained probate or letters of Administration, as the case may be, from a competent court.                                                                                                                                                                  | 'Executor'                         |
| (j) | "Financial Year" means, subject to sub-section 4 of Section 210 of the Act, such period in respect of which any profit and loss account of the Company laid before the Company in an Annual General Meeting is made up as the Board of Directors shall determine, whether that period is a year or not.          | 'Financial Year'                   |
| (k) | "General Meeting" or "Meeting" means a meeting of the members.                                                                                                                                                                                                                                                   | 'General Meeting'                  |
| (l) | "Member" means the duly registered holder from time to time, of the shares of the Company including the person whose name is entered as beneficial owner in respect of the dematerialized shares, in the records of the depository and includes the subscribers of the Memorandum of Association of the Company. | 'Member'                           |
| (m) | "Month" means a calendar month, reckoned according to the Gregorian calendar.                                                                                                                                                                                                                                    | 'Month'                            |
| (n) | "Office" means the registered office for the time being of the Company.                                                                                                                                                                                                                                          | 'Office'                           |

Ordinary Resolution' 'Special Resolution'	(o) "Ordinary Resolution" and "Special Resolution" have the meanings assigned thereto respectively by Section 189 of the Companies Act.
'Paid up'	(p) "Paid up" includes amount credited as paid up.
'Person(s)'	(q) "Person(s)," includes any Government - Central or State Corporations, Associations, Firms, Co-operative Societies, other Societies, as well as individuals.
'President'	(r) "President" means President of India.
'Proxy'	(s) "Proxy" means an instrument whereby any person is authorised to vote for a member at a general meeting of the Company.
'Public Holiday'	(t) "Public Holiday" means public holiday within the meaning of the Negotiable Instruments Act, 1881, provided that no day declared by Central Government to be a public Holiday shall be declared to be such a holiday in relation to any meeting unless such declaration was notified before the issue of notice convening such Meeting.
'Register of Members'	(u) "Register of Members" means the Register of Members to be kept pursuant to Section 150 of the Act.
'The Registrar'	(v) "The Registrar" means the Registrar of Companies of the State in which the office of the Company is for the time being situated.
'Regulations of the Company'	(w) "Regulations of the Company" means the regulations for the time being in force for the management of the Company.
'Seal'	(x) "Seal" means the common seal for the time being of the Company.
'Secretary'	(y) "Secretary" includes a temporary, Assistant or Deputy Secretary and any person or persons appointed by the Board to perform any of the duties of the Secretary.
'Shares'	(z) "Shares" means the shares in the share capital of the Company, and includes stock except where a distinction between stock and share is expressed or implied.
'Statutes'	(aa) "Statutes" means the Companies Act, 1956 and every Act for the time being in force affecting the Company.
'Singular' Number and 'Gender'	(bb) "Singular" Number and "Gender" : Words importing singular number include the plural number and vice- versa. Words importing masculine gender includes feminine gender.
"Written" And "In Writing"	(cc) "Written" and "In writing" include printing, lithography and other modes representing or reproducing words in a visible form.
'Year'	(dd) "Year" means the calendar year reckoned according to the Gregorian calendar.
'Company to be a public Company'	2. The Company is a Public Company.
'Table "A" to apply'	3. The Regulations contained in Table - A of Schedule-I of the Act, in so far as the Articles do not exclude or modify the Regulations contained in the Table aforesaid, shall be the regulations of the Company in the same manner and the same extent as if they were contained in duly registered articles.
'Company to be governed by these Regulations'	4. The regulations for the management of the Company and for the observance of the members thereof and their representatives shall, subject to any exercise of the statutory power of the Company in reference to the repeal or alteration of or addition to its regulations by special resolution as prescribed or permitted by the Act, be such as are contained in these Articles.

## CAPITAL

- |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                             |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| 5.  | The Authorised Share Capital of the Company is Rs. 800 crores (Rupees Eight hundred crores only) divided into 80,00,00,000 (Eighty crores only) Equity shares of Rs.10/- (Rupees ten only) each.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 'Capital of the Company'                                                    |
| 6.  | The Company shall cause to be kept a Register of Members and an Index of Members in accordance with the Act.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 'Register of Member and Index of Members to be kept'                        |
| 7.  | Each share shall be distinguished by its appropriate number, provided that the same is held in the physical form. The shares held with a depository shall not have any distinctive number.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 'Shares to be numbered progressively and no shares to be sub-divided'       |
| 8.  | (a) Subject to the provisions of the Act, and these Articles, and to the rights of the President, the shares shall be under the control of the Board of Directors who may subject to the approval of the President allot or otherwise dispose of the same to such persons on such terms and conditions as they think fit.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 'Allotment of Shares by the Board'                                          |
|     | (b) The Directors shall cause to be made the return as to all allotments from time to time in accordance with the provisions of Section 75 of the Act.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 'Return of allotment'                                                       |
| 9.  | The Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures or debenture stock of the Company or for procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares, debenture stock of the Company, so that if the commission in respect of shares shall be paid or payable out of capital, the statutory conditions and requirements shall be observed and complied with and the amount or rate of Commission in the case of shares, does not exceed 5% of the price at which the shares are issued, and in the case of the debentures 2½% of the price at which the debentures are issued. The commission may be paid or satisfied in cash or in shares, debentures, or debenture stock of the Company. | 'Commission for placing shares'                                             |
|     | No part of the funds of the Company shall be employed in the purchase of or in loans upon the security of the Company's shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 'Company not to purchase its own Shares'                                    |
| 10. | Any application signed by or on behalf of an applicant for shares in the Company followed by allotment of any share therein notified to the applicant, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register of members shall for the purposes of these Articles, be a member.                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 'Acceptance of Shares'                                                      |
| 11. | Every person whose name is entered as a member in the Register shall, without payment, be entitled to a certificate in marketable lot of 100 shares under the common seal of the Company specifying the share or shares held by him and the amount paid thereon.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 'Share Certificate'                                                         |
|     | Provided that, in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate for a share to one of several joint-holders shall be sufficient delivery to all.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                             |
| 12. | If a Share Certificate is defaced, lost or destroyed it may be renewed on such terms, if any, as to evidence and indemnity as the Directors think fit. However, no fee will be charged for issue of duplicate Share/Debenture Certificate in replacement of those which are old, decrepit, worn out or where the pages on reverse for recording transfers have been completely exhausted and for sub-division or consolidation of the Share/Debenture Certificate corresponding to the market unit of trading.                                                                                                                                                                                                                                                                                                                                       | 'Issue of new share certificate in place of one defaced lost or destroyed.' |
| 13. | The Directors may, from time to time, make calls upon the members in respect of any moneys unpaid on their shares and specify the time or times of payments, and each member shall pay to the Company at the time or times so specified the amount called on his shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 'Calls on Shares'                                                           |

Provided, however, that the Directors may from time to time at their discretion, extend the time fixed for the payment of any call.

- 'When interest on calls payable'
14. If the sum payable in respect of any call be not paid on or before the day appointed for payment thereof, the holder for the time being or allottee of the share in respect of which a call shall have been made, shall pay interest on the same at such rate not exceeding 6 percent per annum as the Directors shall fix, from the day appointed for, the payment thereof to the time of actual payment, but the Directors may waive payment of such interest wholly or in part.
- "Payment in anticipation of calls may carry interest".
15. The Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys due upon, the shares held by him beyond the sums actually called for and upon the moneys so paid in advance or so such thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate not exceeding 6 percent per annum as the members paying such sums in advance and the Directors agree upon, and the Directors may, at any time, repay the amount so advanced upon giving to such member three months' notice in writing. Money paid in advance of calls shall not in respect thereof confer a right to dividend or to participate in the profits of the Company.
- Forfeiture of shares'
16. (1) If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of call or instalment as is unpaid, together with any interest which may have accrued.
- (2) The notice aforesaid shall :-
- (a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
- (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made will be liable to be forfeited.
- (3) If the requirements of any such notice as aforesaid are not complied with, any shares in respect of which the notice has been given may, at any time thereafter before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
- (4) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
- (5) At any time before a sale or disposal as aforesaid the Board may cancel the forfeiture on such terms as it thinks fit.
- Effects of forfeiture'
17. (1) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.
- (2) The liability of such person shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.
- 'Declaration of forfeiture'
18. (1) A duly verified declaration in writing that declarant is a Director, the Manager or the Secretary of the Company and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

- (2) The Company may receive the consideration, if any, given for the shares 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.
- (3) The transferee shall thereupon be registered as the holder of the share.
- (4) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
19. The provision of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if by virtue of a call duly made and notified. 'The provisions regarding forfeiture to apply in the case of non-payment of sums payable at a fixed time.'
20. The joint holders of the share be jointly and severally liable to pay all calls in respect there of. 'Liability of Joint holders of Share.'
21. The Company shall have first and paramount lien upon all the shares (other than fully paid-up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such share and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The Directors may at any time declare any shares wholly or in part to be exempt from the provisions of this clauses. 'Company's lien on shares'.
22. The Company may sell in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being, of the share or the person entitled by reason of his death or insolvency to the share. 'Enforcement of lien by sale.'
23. The proceeds of the sale shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the date of the sale. The purchaser shall be registered as the holder of the shares and he shall not be bound to see the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the sale. 'Application of Sale proceeds'
24. Subject to section 111 of the Companies Act, 1956, Directors may, in their absolute and uncontrolled discretion, refuse to register any proposed transfer of shares. Nothing contained in this Article shall prejudice any power of the Company to register as shareholder, any person to whom the right to any shares in the company has been transmitted by operation of law. 'Transfer of Shares'
25. The Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee, as if he were the transferee named in an ordinary transfer presented for registration. 'Directors' right to refuse registration'
26. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act, 1956, and of any statutory modification thereof for the time being shall be duly completed with in respect of all transfers of shares and registration thereof. 'Instrument of Transfer'

- 'Execution of Instrument of Transfer'
27. The instrument of transfer of any share in the Company shall be executed both by the transferor and the transferee and the transferor shall be deemed to remain holder of the share until the name of the transferee is entered in the register of members in respect thereof.
- 'Instrument of Transfer to be left at office with certificate of evidence of title'
28. Every instrument of transfer shall be left at the office for registration accompanied by the certificate of the shares to be transferred and such evidence as the Company may require to prove the title of the transferor, or his right to transfer the shares. All instruments of transfer shall be retained by the Company, but any instrument of transfer which Directors may decline to register shall, on demand, be returned to the person depositing the same.
- 'No fee for transfer'.
29. The Company shall not charge any fee for transfer/ transmission of Shares/ Debentures or for registering any letter of probate, letter of administration and similar other documents.
- 'Register of transfers'
- 29.(A)The Company shall keep a 'Register of Transfers' and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.
- 'Closure of Transfer Books and Registers of Members and Debenture holders'.
30. The transfer books and the register of members or the register of debenture holders may be closed for any time or times not exceeding in the whole 45 days in each year but not exceeding 30 days at a time after giving not less than 7 days, notice by advertisement in the newspaper circulating in the district in which the Registered Office of the Company is situated.
- 'Effect of transfer, transmission and refusal of Directors of Directors to register transfer.'
31. Subject to the provisions of the Companies Act, 1956 and the Securities Contract (Regulation) Act 1956, the transfer, transmission, sub-division or consolidation of share certificates will be effected within one month of lodgement thereof. If the Directors refuse to register the transfer of any shares, they shall within one month from the date on which the instrument of transfer is delivered to the Company, send to the transferee and the transferor, notice of such refusal. Save as herein otherwise provided, the Directors shall be entitled to treat the person whose name appears on the register of members as the holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable contingent or other claim to or interest in such share on the part of any person whether or not it shall have express or implied notice thereof provided registration of a transfer shall not be refused on grounds of the transferor being either alone or jointly with another person or persons indebted to the Company on any account whatsoever.

#### **INCREASE AND REDUCTION OF CAPITAL**

- 'Increase of Share Capital'
32. Subject to the approval of the President, the Directors may, with the sanction of the Company in general meeting, increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe.
- 'New Capital same as existing Capital'
33. Except so far as otherwise provided by the conditions of issue, or by these Articles, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provision herein contained with reference to the payment of calls and instalments, transfer and transmission, lien voting, surrender and otherwise.
- 'Issue of new capital'
34. Subject to such directions as may be issued by the President in this behalf, new shares shall be issued upon such terms and conditions and with such rights and privileges annexed there to as the general meeting resolving upon the creation thereof shall direct and if no direction be given, as the Directors shall determine.
- 'Offer of new shares to members'
35. The new shares shall, unless otherwise decided by the Company by Special Resolution and in accordance with the provisions of Section 81 of the Companies Act, 1956, be offered to the Members in proportion to existing shares held by each Member and such offer shall be made by notice specifying the number of shares to which the member is entitled and limiting a time within which the



- Securities assignable from equity'
42. Debentures, debenture-stock, bonds or other securities may be assignable free from any equities between the Company and the person to whom the same may be issued.
- 'Issue of Securities at discount or with special privilege'
43. Subject to the approval of the President and subject to the provisions of Section 76 of the Act, any debentures, debenture-stock bonds or other securities may be issued at a discount, premium or otherwise, and with any special privileges as to redemption, surrender drawing, allotment of shares, appointment of Directors or otherwise, provided that debentures debenture stock, bonds or other securities with a right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in a General Meeting.
- 'Persons not to have priority over any prior charge'
44. Whenever any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge and shall not be entitled by notice to the shareholders or otherwise, to obtain priority over such prior charge.
- 'Indemnity to secure Directors or persons from any loss in respect of liabilities'
45. If the Directors or any of them, or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

#### **RESERVE AND SPECIAL FUNDS**

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

#### **MEMBERS' MEETINGS**

- 'Annual General Meeting'
47. The first annual general meeting of the Company shall be held within 18 months of its incorporation. The next annual general meeting of the Company shall be held within 6 months after the expiry of the financial year in which the first annual general meeting was held and thereafter an annual general meeting shall be held by the Company within 6 months after the expiry of each financial year. Except in a case when, for any special reason, time for holding any annual general meeting (not being the first annual general meeting) is extended by the Registrar under Section 166 of the Act, no greater interval than 15 months shall be allowed to elapse between the date of one annual general meeting and that of the next. The time and place for the meeting shall be fixed by the members by a resolution All other meetings of the Company shall be called "Extraordinary general meetings."
- 'Extra ordinary meeting of members to be called on requisition'.
48. The Directors may, whenever they think fit and they shall, on the requisition of the holders of not less than one tenth of the paid up capital as at that date carry the right of voting of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene an extraordinary meeting of the Company, and in the case of such requisition, the following provisions shall have effect:-

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

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

### **NOTICES**

49. Subject to the provisions relating to special resolution hereinafter contained, at least 21 days' notice in writing specifying the place, day and hour of meeting with a statement of the business to be transacted at the meeting shall be served on every member in the manner hereinafter provided, but with the consent in writing of all the members entitled to receive notice of same, any particular meeting may be convened by such shorter notice and in such manner as those members may think fit,
 

'Notice of the meeting'.

Provided, however, that where any resolution is intended to be passed as a special resolution at any general meeting as required by Section 189(2) of the Act, not less than twenty one days' notice of such meeting specifying the intention to propose the resolution as a special resolution shall be served. Provided further that if all the members entitled to attend and vote at such meeting so agree, a resolution may be proposed and passed as a special resolution at a meeting of which less than 21 days' notice has been given.
50. Notice of every general meeting shall be given in the same manner hereinbefore authorised, to (a) every member of the Company (including bearers of share warrants) except those members who having no registered address, have not supplied to the Company an address for giving of notice to them, and also to (b) every person entitled to a share in consequence of the death or insolvency of a member who, but for his death or insolvency, would be entitled to receive notice of the meeting.
 

'To whom notice is required to be served'.
51. An accidental omission to give any such notice to or non-receipt of any such notice by any member shall not invalidate the proceedings at any meeting.
 

'Accidental omission to give notice shall not invalidate the meeting'
52. The business of an Annual General Meeting shall be to receive and consider the Profit and Loss Account, the Balance Sheet, and the Report of the Directors and of the Auditors, and to declare dividends. All other business transacted at such meeting and all business transacted at an extraordinary meeting shall be deemed special.
 

'Business to be transacted at meeting'.

### **PROCEEDINGS AT GENERAL MEETINGS**

53. Five members present in person one of whom is a representative of the President of India, shall constitute a quorum for a general meeting.
 

'Quorum'
54. (1) The President, so long as he is a shareholder of the Company may, from time to time, appoint one or more persons (who need not be a member or members of the Company) to represent him at all or any of the meetings of the Company.
 

'President's representative at the meeting'

- (2) Only one of the persons appointed under Sub-Clause (1) of this Article shall be entitled to vote and be present and exercise the same rights and powers (including the right to vote by proxy) as the President could exercise as a member of the Company.
- (3) The President may, from time to time, cancel any appointment made under sub-clause (1) of this Article and make fresh appointments.
- (4) The production at the meeting of an order of the President as provided in the Constitution of India shall be accepted by the Company as sufficient evidence of any such appointment or cancellation as aforesaid.
- (5) Any person appointed by the President under this Article may, if so authorised by such order appoint a proxy whether specially or generally.

'When meeting is dissolved adjourned, if quorum is not present'.

55. If within 15 minutes from the time appointed for the meeting a quorum is not present, the meeting if convened upon such requisition as aforesaid, shall be dissolved but in any other case it shall stand adjourned to the same day in the next week at the same time and place, and if at such adjourned meeting a quorum is not present those members who are present shall be quorum and may transact the business for which the meeting was called.

'Resolution passed at an adjourned meeting'.

56. Where a Resolution is passed at an adjourned meeting of the Company the Resolution shall for all purpose be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

'Chairman of the General Meeting'.

57. The Chairman or the Directors shall be entitled to take chair at every general meeting or, if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes or is unwilling to act as Chairman, the members present shall choose another Director as Chairman, and if no Directors shall be present, or if all the Directors present decline to take the Chair, then the members present shall choose one of their members to be Chairman.

'How questions are to be decided at the meeting.'

58. 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, the Chairman shall, both on a show of hands and at a poll (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a member.

'Passing of Resolutions'

59. At any general meeting a resolution put to the vote of the meeting shall be decided on show of hands, unless a poll is, before or on the declaration of the result on the show of hands, demanded by a member present in person or proxy or by duly authorised representative, and unless a poll is so demanded a declaration by the Chairman that a resolution has, on a show of hands been carried or carried unanimously or by a particular majority or lost, and an entry to that effect in the book of proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.

59.(A) Where the Central Government, by notification, prescribes that a particular business shall be conducted only by postal ballot, such a business shall be conducted and the resolution be passed by means of a postal ballot, instead of transacting the business in general meeting of the Company and the provisions of Sec. 192-A of the Act shall be applicable.

'Poll'

60. If a poll is duly demanded, it shall be taken subject to the provisions of the Act in such manner and at such time and place as the Chairman of the meeting directs, and either at once, or after an interval or adjournment or otherwise, and the result of the poll shall be deemed, to be the resolution of the meeting at which the poll was demanded. The demand of a poll may be withdrawn.

'Where, poll taken without adjournment'

61. Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting and without adjournment.

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| 62. The Chairman of a general meeting may with the consent of the meeting, 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.                                                                                                                                                                                                                                                                                                                               | 'Adjournment of meeting'                                                 |
| 63. The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 'Business to proceed notwithstanding demand of poll.'                    |
| 64. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.                                                                                                                                                                                                                                                                                                                                                                                        | 'Chairman's decisions shall be conclusive'                               |
| 65. Upon a show of hands, every member present in person shall have one vote, and upon a poll, every member present in person or by duly authorised representative shall have one vote for every share held by him.                                                                                                                                                                                                                                                                                                                                                                                                              | 'Vote of members'                                                        |
| 66. No member not personally present or by duly authorised representative shall be entitled to vote on a show of hands.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 'No voting by proxy, by show of hands'                                   |
| 67. Any person entitled under the transmission clause to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that seventy two hours at least before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to transfer such shares, unless the Director shall have previously admitted his right to transfer such shares of his right to vote at such meeting in respect thereof.                                                  | 'Vote in respect of shares by persons entitled to transfer any shares'   |
| 68. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto, and if more than one of such joint holders be present at any meeting personally or by proxy, then one of the said persons present whose name stands first on the register in respect of such shares shall alone be entitled to vote in respect thereof. Several executors or administrators of deceased member in whose name any share stands shall for the purposes of this clause be deemed joint-holders thereof. | 'Vote of joint registered holders or deceased members'                   |
| 69. A member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy may vote whether on a show of hands or on poll, by his Committee or other legal guardian, and any such Committee or guardian may, on a poll, vote by proxy.                                                                                                                                                                                                                                                                                                                                                | 'Vote of member of unsound mind'                                         |
| 70. On a poll, votes may be given either personally or by proxy or by duly authorised representative.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 'Proxies permitted on a poll'                                            |
| 71. On a poll, the voting rights of every member present in person or by proxy or by authorised representative under Article 54 shall be in proportion to his share of the paid up capital.                                                                                                                                                                                                                                                                                                                                                                                                                                      | 'On a poll voting rights shall be in proportion to his share of capital' |

**PROXY**

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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| 72. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney or if such appointer is a Corporation, under its common seal or other authority. Subject to the provisions of Article 54(5), no person shall be appointed a proxy who is not a member of the Company and qualified to vote, save that a Corporation being a member of the Company may appoint as its proxy one of its officers though not a member of the company. | 'Appointment of proxy' |
| 73. An instrument appointing a proxy may be in the following form, or in any other form which the Directors shall approve:-                                                                                                                                                                                                                                                                                                                                                     | 'Instrument of proxy'  |

"I..... of ..... being a member of the  
 .....  
 hereby appoint ..... of  
 ..... as my proxy to vote for me and on my  
 behalf at the ordinary/extraordinary general meeting of the Company to be  
 held on the ..... day of ..... and at any adjournment thereof"

Signed this day of .....

- 'Deposit of instrument appointing a proxy'
74. 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 of authority, shall be deposited at the Registered Office of the Company not less than forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
- 'Voting by proxy in the event of death of the principal'
75. A vote given in accordance with the terms of instrument of proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy provided no intimation in writing of the death or revocation shall have been received at the office of the Company before the meeting.
- 'No member is entitled to vote when calls are due'
76. No member shall be entitled to be present or to vote on any question either personally or by proxy, or as proxy for another member, at any general meeting or upon a poll, or be reckoned in quorum whilst any call or other sum shall be due and payable to the Company in respect of any of the shares of such members.
- 'When validity of vote is objected to'
77. No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or whatsoever.

### RESOLUTIONS

- 'Every Resolution must be proposed and seconded'
78. No Resolution submitted to a meeting unless proposed by the Chairman of the meeting, shall be discussed, nor put to vote until the same has been proposed by a member present and entitled to vote on such resolution and seconded by another member present and entitled so to vote.
- 'When Board resolution be valid and effectual as resolution at General Meeting'
79. Any resolution passed by the Directors, notice whereof shall be given to the members in the manner in which notices are hereinafter directed to be given and which shall within one month after it shall have been so passed, be ratified and confirmed in writing by members entitled at a poll to three fifths of the vote shall be as valid and effectual as a resolution of a general meeting; but this clause shall not apply to a resolution for winding up of the Company or to a resolution passed in respect of any matter which by the statute or by these Articles ought to be dealt with by special resolution.
- 'President shall determine the number of Directors.'
80. The President shall, from time to time, determine in writing, the number of Directors of the Company which shall not be less than three and not more than twelve.
- 'Appointment of part-time Chairman/ Chairman and Managing Director and wholetime Directors'.
81. (1) (a). The Part-time Chairman/Chairman and Managing Director/Managing Director and Wholetime Directors shall be appointed by the President of India subject to the provisions of Section 255 of the Companies Act, 1956. All other Directors of the Company shall be appointed at the General Meeting of the Company.
- 'Retirement of Directors.'
- (2) The Part-time Chairman/Chairman and Managing Director/ Managing Director and Wholetime Director(s) shall retire on his/their ceasing to hold the office of the Part-time Chairman/Chairman and Managing Director/ Managing Director/Wholetime Director(s). All other Directors shall retire by rotation at the Annual General Meeting of the Company as per the provisions of Section 256 of the Companies Act, 1956.

- (3) The President shall have the power to suspend/remove the Chairman/ Chairman and Managing Director / whole time Director from office at any time and in his absolute discretion. All other Directors may be removed from their office by the Company in pursuance of the provisions of Section 284 of the Companies Act, 1956. 'Removal of Directors'
- (4) The President shall have the right to fill any vacancy in the office of Chairman/Chairman and Managing Director/ whole time Director caused by retirement, removal, resignation, death or otherwise. The vacancy caused by retirement, removal, resignation, death or otherwise of any other Director shall be filled by the Board of Directors at its meeting subject to the provisions of Section 262 of the Companies Act, 1956. 'President right to fill vacancy'
- (5) The Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles. Such person shall hold office only upto the date of the next Annual General Meeting of the Company". 'Appointment of Additional Director'
82. The office of a Director shall become vacant if :- 'Disqualifications of a Director'
- (a) he is found to be of unsound mind by a court of competent jurisdiction;
- (b) he applies to be adjudicated as an insolvent;
- (c) he is adjudged an insolvent;
- (d) 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;
- (e) he absents himself from three consecutive meetings of the Board of Directors or from all meetings of the Board for a continuous period of three months whichever is longer, without obtaining leave of absence from the Board;
- (f) he (whether by himself or by any person for his benefit or on his account), or any firm in which he is partner or any private company of which he is a director, accepts a loan or any guarantee of security for a loan from the Company in contravention of Section 295;
- (g) he acts in contravention of Section 299;
- (h) he becomes disqualified by an order of Court under Section 203;
- (i) he is removed in pursuance of Section 284;
- (j) he retires or is removed as provided in Article 81;
- (k) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call, unless the Central Government has, by notification in the Official Gazette removed the disqualification incurred by such failure;
- (l) he having been appointed a Director by virtue of his holding any office or other employment in the Company or as a nominee of the managing agent of the Company, he ceases to hold such office or other employment in the Company, or as the case may be, the managing agency comes to an end.
- Notwithstanding any thing in clauses (c), (d) and (g), qualifications referred to in those clauses shall not take effect;
- (a) for thirty days from the date of adjudication, sentence or order;

- (b) where any appeal or petition is preferred within thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order, until the expiry of seven days from the date on which such appeal or petition is disposed of; or
- (c) where within the seven days aforesaid a further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.

'Alternate Director'.

83. The Board may appoint an alternate Director in place of Chairman / Managing Director / whole time Director, if he is out of India or he is about to go out of India or who is expected to be absent for not less than three months from the State in which meetings of Directors are ordinarily held, with prior approval of the President. In case of any other Director appointed at the General Meeting of the Company, the Board may appoint an alternate Director without the approval of President during the absence of such Director from the State in which the meetings of Directors are ordinarily held for not less than three months. An alternate Director shall be entitled to notice of meetings of Directors and to attend and vote there at while holding the office of alternate Director; but he shall not require any qualification and he shall ipso facto vacate the office, if and when, the Director in whose place he is appointed returns or vacates the office as a Director.

#### POWERS OF DIRECTORS

'General Powers of Company vested in Directors'

84. Subject to the provisions of the Act and directives, if any, President may issue from time to time as contained in Article 127, the Board of Directors of the Company shall be entitled to exercise all such powers, and to do all such acts and things, as the Company is authorised to exercise and do.

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

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 this or any other Act or in the Companies Act, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the Company in general meeting.

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

'Specific powers of Directors'

85. Without prejudice to the general powers conferred by the last preceding Article and the other powers, conferred by these Articles and subject to the provisions of Section 292-294 and 297 of the Act, the Directors shall have the following powers that is to say, power : —

"Acquisition of Property."

- (1) to purchase, take on lease or otherwise acquire for the Company, property, rights or privileges which the Company is authorised to acquire at such price and generally on such terms and conditions as they think fit.

"Sanction of Capital expenditure"

- (2) To approve all capital projects and to incur capital expenditure on new projects estimated not exceeding Rs. 300 crore and to modernise, purchase equipment, issue contracts without obtaining the approval of President.

However, approval of President of India would be required to incur capital expenditure if the estimated cost of the individual project exceeds Rs. 300 crore.

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| (3) To authorise the undertaking of works of Capital nature in advance of the preparation and approval of a detailed Project Report with estimates or otherwise as individual works or for replacement and renewal of assets due to normal wear and tear subject to the condition that all cases involving a Capital Expenditure exceeding Rs.300 Crore shall be referred to the President for his approval.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | "Works of Capital Nature".                             |
| (4) To pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures or other securities of the Company and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon, may be agreed upon and any such bond, debentures or other securities may be either specifically charged upon all, or any part of the property of the Company and its uncalled capital or not so charged;                                                                                                                                                                                                                                                                                                                                                                                                                                   | 'To pay for Property in debenture'                     |
| (5) To secure the fulfilment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such other manner as they may think fit;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 'To secure fulfilment of contracts by mortgage charge' |
| (6) To appoint and at their discretion, remove or suspend such General Manager, Managers, Secretaries, Officers, Clerks, Agents and Servants, for permanent, temporary or special services, as they may from time to time think fit and to determine their powers and duties and fix their remuneration, salaries or emoluments and to require security in such instances and to such amount as they think fit. However, the power of creation of post of Chairman, Managing Director, Functional Directors and/or any other member of the board of Directors will vest with the President. In the case of persons who have attained the age of 58 years whether they be from Public or private Sector, no appointment shall be made without the prior approval of the President, other than foreign technical personnel, whose pay proposed to be fixed including pension and pensionary equivalent of other retirement benefits exceeds Rs. 2500/- per month. | 'Appointment of Officers'                              |
| (7) To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company, any property belonging to the Company or in which it is interested or any other purposes, and to execute and do all such deeds and things as may be requisite in relation to any such trust and to provide for the remuneration of such trustee or trustees;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 'To appoint Trustees'                                  |
| (8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its Officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any claims or demands by or against the Company;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 'To institute and defend legal proceedings'            |
| (9) To refer any claims or demands by or against the Company to arbitration, and observe and perform the awards.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 'To refer any claims to Arbitration'                   |
| 10) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 'To make and give receipts'                            |
| (11) To determine who shall be entitled to sign on the Company's behalf bills, notes receipts, acceptances, endorsements, cheques, releases, contracts and documents;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 'To authorise acceptance'                              |
| (12) From time to time to provide for the management of the affairs of the Company in such manner as they think fit, and in particular to appoint any person or persons to be the attorneys or agents of the Company with such powers (including power to sub-delegate) and upon such terms as may be thought fit;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 'To appoint Attorneys' agents'                         |

- 'To invest moneys'
- (13) To invest in the Reserve Bank of India or in such securities as may be approved by the President and deal with any of the moneys of the Company upon such investments authorised by the Memorandum of Association of the Company (not being shares in this Company) and in such manner as they think fit, and from time to time vary or realise such investments;
- 'To give security by way of indemnity'
- (14) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit and any such mortgages may contain a power to sell and such other powers, covenants and provisions as shall be agreed upon;
- 'To give commission on profits'
- (15) Subject to the approval of the President, to give to any person employed by the Company a Commission on the profits of any particular business transaction or a share in the general profits of the Company and such commission or share of profits shall be treated as part of the working expenses of the Company;
- 'To make rules regulations and by laws'
- (16) From time to time, to make, vary and repeal Rules, regulations and bye-laws for the regulation of the business of the company, its officers and servants;
- 'To give bonus'
- (17) To give, award or allow any bonus, pension, gratuity or compensation to any employee of the company or his widow, children or dependants, that may appear to the Directors just or proper, whether such employee, his widow, children or dependants have or have not a legal claim upon the Company;
- 'Rules and Regulations for conduct of Company's business'
- (18) To formulate and bring in force rules and regulations for conduct of business of the Company, in accordance with the guidelines issued by Government, if any, from time to time.
- 'To create Provident Fund'
- (19) Before declaring any dividend and subject to approval of the President, to set aside such portion of the profits of the Company as they may think fit, to form a fund to provide for such pensions, gratuities or compensations or to create any provident fund in such manner as the Directors may deem fit;
- 'To establish Local Board'
- (20) From time to time and at any time to establish any Local Board for managing any of the affairs of the Company in any specified locality in India, or out of India, and to appoint any persons to be members of such Local Board and to fix their remuneration, and from time to time and at any time to delegate to any persons so appointed any of the powers, authorities and discretion for the time being vested in the Directors other than their power to make call; and to authorise the members for the time being of any such Local Board or any of them, to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made in such terms and subject to such conditions as the Directors may think fit, and the Directors may at any time remove any person so appointed and may annul or vary any such delegation;
- 'To enter into Contracts'
- (21) To enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company; and
- 'To sub-delegate powers'
- (22) To sub-delegate all/any of the powers, authorities and discretion for the time being vested in them subject, however, to the ultimate control and authority being retained by them;
- 'Where President's prior approval is required'
- (23) Subject to the prior approval of the President of India as may be necessary;
- (a) to sell, lease or otherwise dispose of whole or substantially the whole of the undertaking of the Company;

- (b) to promote a Company;
  - (c) to divide capital into different classes of shares;
  - (d) entering into partnership and/or arrangement for sharing profits;
  - (e) winding up of the Company;
  - (f) to make rules of the Company governing General conditions of service of the employees, Employees' Provident Funds and rules connected thereto, and create reserves and special funds.
- (24) To structure and implement schemes relating to personnel and human resource management, training, voluntary and/or compulsory retirement schemes and to make rules governing the general conditions of service of the employees, Employees' Provident Funds and any other terminal benefit Funds and to create reserves and special benefit funds.
- (25) To establish Joint Ventures and subsidiaries in India with investments not exceeding Rs. 100 Crore in any one project provided that such investment shall not exceed 5% of the net worth of the Company in each case and further subject to an overall limit of 15% of the net worth of the Company in all the Joint Ventures and subsidiaries put together. Establishment of Joint Ventures /Subsidiaries/Branch offices abroad shall be with the prior concurrence of the administrative Ministry.
- (26) To enter into technological Joint Ventures, strategic alliances and to obtain technology and know-how by purchase or other arrangements subject to the guidelines laid down by Government from time to time.
86. (a) The Board may, from time to time, delegate such of its powers as it may think fit and as are not required to be exercised by the Board at a meeting to the Standing/Executive Committee of Directors, Chairman, the Managing Director, whole time Director subject to such terms, conditions and restrictions as the Board may think fit to impose; and the Board may, from time to time, revoke, amend or vary all or any of the powers so delegated. 'Delegation of Powers'
- (b) The Managing Director as Chief Executive of the Company may from time to time sub-delegate his powers to the Functional Directors and/or General Managers and/or to any other officer of the Company as he may deem it fit.

#### **MEETINGS OF DIRECTORS**

87. The Directors may meet together for the despatch of the business, adjourn or otherwise regulate their meeting and proceedings as they think fit. A meeting of the Board, however, shall be held at least once in every three calendar months; as provided under Section 285 of the Act and the quorum necessary for the transaction of business shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher. 'Meeting of Directors and quorum'
88. The meetings of the Board may be held at the Registered Office or any where else within India as the Board may decide from time to time in this behalf. 'Place of Meeting'
89. A Director may at any time convene a meeting of the Directors. Questions arising at any meeting shall be decided by the majority of votes. The Chairman shall have a second or casting vote. 'Directors may summon meeting How questions to be decided'
90. The President shall appoint a Director as the Chairman of the Company/ Directors meeting and determine the period or which he is to hold office, subject to the provisions of the Act. If the Chairman is not present at any meeting within 15 minutes after the time for holding the same, the Directors present may choose one of the members to be Chairman of the meeting. 'Chairman of Directors Meeting'

- 'Powers of Board when Quorum is present'
91. A meeting of the Directors for the time being of which a quorum is present shall be competent to exercise all or any of authorities, Powers and discretion by or under the Articles of the Company for the time being vested in or exercisable by the Directors generally.
- 'Powers of Chairman'
92. The Chairman shall reserve for the decision of the Central Government any proposals or decisions of the Board of Directors or any matter brought before the Board which raises, in the opinion of the Chairman, an important issue and which is on that account fit to be reserved for the decisions of the Central Government.
- No action shall be taken by the Company in respect of any proposal or decision of the Directors reserved for the approval of the Central Government as aforesaid until its approval to the same has been obtained.
- 'Chairman of meetings'
93. A Committee may elect a Chairman of its meeting If no such Chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of the members present to be Chairman of the meeting.
- Directors to cause minutes to be made in books'
94. The Directors shall cause minutes to be made in books provided for the purpose in accordance with the provisions of Section 193 of the Act:-
- (a) of all appointments of officers made by the Directors;
  - (b) of the names of the Directors present at such meeting of the Directors and of any committee of the Directors;
  - (c) of all resolutions and proceedings at all meetings of the Company and of the Directors and of the Committees of Directors;
- and every Director present at any meeting of Directors or Committee of Directors shall sign his name in a book to be kept for that purpose.
- 'Presumption to be drawn where minutes have been duly signed'
95. Where the minutes of the proceeding of any General Meeting of the Company or of any meeting of the Board or of a Committee of Directors have been kept in accordance with the provisions of Section 193 of the Act until the contrary is proved, the meeting shall be deemed to have been duly called and held and all proceedings thereat to have duly taken place and in particular all appointments of Directors or liquidators made at the meeting shall be deemed to be valid.
- 'When acts of Directors or Committee valid notwithstanding defective appointments'
96. All acts done by any meeting of the Directors or of a Committee of Directors, or by any person acting as a Director shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.
- Provided that nothing in this Article shall be deemed to validate the acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.
- 'Delegation of powers to Committee'
97. Subject to the provisions of Section 292 and 297 of the Act, the Directors may delegate any of their powers to Committees consisting of such member or members of their body as they think fit and may, from time to time revoke such delegation. Any Committee formed shall, in the exercise of powers so delegated, conform to any regulations that may, from time to time be imposed upon it by the Directors. The proceedings of such a Committee shall be placed before the Board of Directors at its next meeting.
- 'Resolution by circulation without Board meeting valid'
98. Subject to restrictions placed under Section 292 of the Act, resolutions of the Board of Directors can be passed by circulation and they shall be as valid and effective as if they have been passed at a meeting of the Directors duly called

and constituted. No resolution shall, however, be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors 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.

99. (1) Except with the consent of the Board of Directors of the Company, a Director of the Company or his relative, a firm in which such a Director or relative is a partner, any other partner in such a firm or a private company of which the Director is a member or Director, shall not enter into any contract with the Company;
- (a) for the sale, purchase or supply of any goods, materials or services, or
  - (b) for underwriting the subscription of any shares in the Company.
- (2) Nothing contained in the foregoing clause (1) shall affect:
- (a) the purchase of goods and materials from the Company or the sale of goods and materials to the Company by any Director, relative, firm partner, or private Company as aforesaid for cash at prevailing market prices; or
  - (b) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private Company on the other for sale, purchase or supply of any goods materials and services in which either the company or the Director, relative, firm, partner or private company as the case may be. regularly trades or does business;
- Provided that such contract or contracts do not relate to goods and materials the value of which or if services the cost of which exceeds five thousand Rupees in the aggregate in any year comprised in the period of the contract or contracts.
- (3) Notwithstanding anything contained in the foregoing clauses (1) and (2), a Director, relative, firm, partner or private Company as aforesaid, may, in circumstances of urgent necessity enter, without obtaining the consent of the Board, into any contract with the company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or cost of such services exceeds five thousand rupees in the aggregate in any year comprised in the period of the contract but in such a case, the consent of the Board shall be obtained at a meeting within three months of the date on which the contract was entered into.
- (4) Every consent of the Board required under this Article shall be accorded by a resolution passed at a meeting of the Board and not otherwise; and the consent of the Board required under Clause (1) above shall not be deemed to have been given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.
- (5) If consent is not accorded to any contract under this Article, anything done in pursuance of the contract shall be voidable at the option of the Board.
- (6) The Directors, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established.

'Board resolution  
necessary for certain  
Contracts'

## COMPANY SEAL

- 'Company Seal'
100. The seal shall not be affixed to any instrument (other than a share certificate) except by the Authority of a resolution of the Board of Directors and in the presence of one Director at the least provided, however, the Board of Directors may authorise by resolution the Managing Director or any other Director to affix the seal on any instrument (other than a Share Certificate) wherever it is legally required. In the case of share certificate the seal shall be affixed in the presence of (i) two Directors or persons acting on behalf of the Directors under duly registered power of attorney; (ii) the Secretary or some other person appointed by the Board for the purpose.

## DIVIDENDS

- 'Dividends'
101. The profits of the Company available for payment of dividend subject to any special rights relating thereto created or authorised to be created by these presents and subject to the provisions of these presents as to the reserve fund, shall with the approval of the President, be divisible among the members in proportion to the amount of capital held by them respectively. Provided always that (subject as aforesaid) any capital paid up on a share during the period in respect of which a dividend is declared shall only entitle the holder of such share to an apportioned amount of such dividend as from the date of payment.
- 'Capital Paid up in advance'
102. Where capital is paid up on any shares in advance of calls upon the footing that the same shall carry interest such capital shall not, whilst carrying interest confer a right to participate in profits.
- 'Dividend out of Profits only and not to carry interest'
103. No dividend shall be payable otherwise than out of the profits of the year or other period or any other undisturbed profits of the Company and no dividend shall carry interest as against the Company.
- 'Declaration of Dividends'
104. The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may fix the time for payment, but no dividend shall exceed the amount recommended by the Directors.
- 'Interim Dividend'
105. The Directors may from time to time, pay to the members such interim dividends as in their Judgment the position of the Company justifies.
- 'Debts may be deducted'
106. The Directors may retain any dividends on which the Company has lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect which the lien exists.
- 'Dividend and call together'
107. Any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but the call of each member shall not exceed the dividends payable to him and the call be made payable at the same time as the dividend and the dividend may if so arranged between the Company and the members be set off against the call. The making of a call under this clause shall be deemed ordinary business of an annual general meeting which declares a dividend.
- 'Dividends or bonus payable wholly or partly in specific assets'
108. Any general meeting declaring a dividend may resolve that such dividend be paid wholly or in part by the distribution of specific assets and in particular of paid-up shares, debenture or debenture-stock of the Company or paid-up shares, debenture-Stock of another company, or in any one or more of such ways, any general meeting may resolve that any moneys, investments, or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve fund or in the hands of the Company and available for dividend or representing premium received on the issue of shares and standing to the credit of the share premium account be capitalised and distributed amongst the shareholders in accordance with their rights on the footing that they become

entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of the shareholders in paying up in full any unissued shares of the Company and that such unissued shares so fully paid be distributed accordingly amongst the shareholders in the proportion in which they are entitled to receive dividends, and shall be accepted by them in full satisfaction of their interest in the said capitalised sum. For the purpose of giving effect to any resolution under this Article, the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificates and may fix the value for distribution of any specific assets, and may determine that cash payment shall be made to any members upon the footing of the value so fixed or that fraction of less than Re. 1 may be disregarded in order to adjust the rights of all parties and may vest any such cases of specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalised fund as may seem expedient to the Directors. Where requisite, proper contract shall be filled in accordance with Section 75 of the Act, the Directors may appoint any person to sign such contract on behalf of the person entitled to the dividend or capitalised fund, and such appointment shall be effective.

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| 109. | A transfer of share shall not pass the right to any dividend declared thereon after such transfer and before the registration of the transfer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 'Effect of Transfer'         |
| 110. | Subject to the provisions of the Act, the Directors may retain the dividend payable upon shares in respect of which any person is under the transmission clause [Article 24 (b)] entitled to become a member or which any person under that clause is entitled to transfer, until such person shall become a member in respect of such shares or shall duly transfer the same.                                                                                                                                                                                                                                                                 | 'Retention in certain cases' |
| 111. | Any one of the several persons who are registered as the joint holders of any share, may give effective receipts for all dividends and payments on account of dividends in respect of such shares.                                                                                                                                                                                                                                                                                                                                                                                                                                             | 'Dividends to Joint-holders' |
| 112. | Notice of the declaration of any dividend, whether interim or otherwise, shall be given to the holders of registered shares in the manner hereinafter provided.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 'Notice of Dividends'        |
| 113. | Unless otherwise directed, any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or Person entitled or in the case of joint holders to the registered address of that one whose name stands first on the register in respect of the Joint holding and every cheque or warrant so sent shall be made payable to the order of the Person to whom it is sent. No unclaimed dividend shall be forfeited by the Board unless the claim thereto becomes barred by law and the Company shall comply with all provisions of section 205-A of the Act in respect of unclaimed or unpaid dividend. | 'Payment of Dividend'        |

### ACCOUNTS

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| 114. | The Company shall in all respects comply Section 209 of the Act and cause to be kept and maintain proper books of accounts with respect to:-<br><br>(a) All sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure take place.<br><br>(b) All sales and purchases of goods by the Company.<br><br>(c) The assets and liabilities of the Company. | 'Accounts to be kept'         |
| 115. | The books of accounts shall be kept at the Registered Office of the Company or at such other place in India as the Director shall think fit and shall be open to inspection by the Directors during business hours.                                                                                                                                                                                          | 'Inspection of account books' |

	116. The Directors shall, from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members (not being Directors) and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Directors or by the Company in general meeting.
'Annual Accounts and Balance Sheet.'	117. The Directors shall at some date not later than 18 months after the incorporation of the Company and subsequently once at least in every financial year, lay before the Company in Annual General Meeting a Balance Sheet and profit and loss account in case of the first account since the incorporation of the Company and in any other case since the preceding account made upto date not earlier than the date of the meeting by more than six months or in cases wherein an extension of time has been granted for holding the meeting under the second provision to subsection (1) of Section 166 of the Act, by more than six months and the extension so granted.
'Annual Report of Directors'	118. The Directors shall as per Section 217 of the Act make out and attach to every Balance Sheet a report with respect to the state of the Company's affairs, the amount, if any which they recommended should be paid by way of dividend and the amount, if any, which they propose to carry to Reserve Fund, General Reserve or Reserve Account shown specifically on the balance sheet or to a Reserve Fund, General Reserve Account to be shown specifically in a subsequent balance sheet. The Report shall be signed by the Chairman of the Board of Directors on behalf of the Directors if authorised in that behalf by the Directors.
Contents of Profit and Loss Account'	119. The profit and Loss account shall subject to Provisions as laid down in Section 211 of the Act and Schedule VI referred to therein, show, arranged under the most convenient heads, the amount of gross income, distinguishing the several sources from which it has been derived, and the amount of gross expenditure, distinguishing the expenses of the establishment salaries and other like matters Every item of expenditure fairly chargeable against the year's income shall be brought into account so that a just balance of profit and loss may be laid before the meeting, and in cases where any item of expenditure which may in fairness be distributed over several years has been incurred in any one year, the whole amount of such item shall be stated, with the addition of the reasons why only a portion of such expenditure is charged against the income of the year.
'Balance Sheet and Profit and Loss Account to be sent to Members'	120. The Company shall send a copy of such balance sheet and profit and loss account together with a copy of the auditor's report and every other document required by law to be annexed or attached, as the case may be, to the registered address of every member of the Company in the manner in which notices are to be given hereunder.
'Directors to comply with Sections 209 to 211 and 215 to 222 of the Act.'	121. The Directors shall in all respects comply with the provisions of Sections 209 to 211 and 215 and 222 of the Act or any statutory modification thereof for the time being in force.
'Accounts to be audited annually'	122. Once at least in every year the accounts of the Company shall be examined and the correctness of the profit and loss account and balance sheet ascertained by one or more auditors.
'Appointment of Auditors'	123. The Auditor shall be appointed or re-appointed by the Company Law Board on the advice of the Comptroller and Auditor General of india and his remuneration shall be fixed by the Company Law Board.
'Auditor's right to attend meetings'	124. The auditors of the Company shall be entitled to receive notice of and to attend any general meeting of the Company at which any accounts which have been examined or reported on by them are to be laid before the Company and may make any statement or explanation they desire with respect to the Accounts.

125. The Comptroller and Auditor General of India shall have power:-
- (a) to direct the manner in which the Company's accounts shall be audited by the auditor, appointed in pursuance of Article 123 and to give such auditor instructions in regard to any matter relating to the performance of his functions as such;
- (b) to conduct a supplementary or test audit of the Company's Accounts by such person or persons as he may authorised in this behalf, and for the purposes of such audit; to require information or additional information to be furnished, to any person or persons so authorised on such matters, by such person or persons, and in such form, as the Comptroller and Auditor General may by general or special order, direct.
126. The auditor/auditors aforesaid shall submit a copy of his/their audit report to the Comptroller and Auditor General of India who shall have the right to comment upon or supplement the audit report in such manner as he may think fit. Any such comments upon or supplement to the audit report shall be placed before the General meeting of the Company at the same time and in the same manner as the audit report.

'Power of the Comptroller and Auditor General'

'Comments upon or Supplement to Audit Report by the Comptroller and Auditor General to be placed before general meeting'

#### **POWER OF PRESIDENT TO ISSUE DIRECTIONS**

127. Notwithstanding anything contained in any of these Articles, the President may, from time to time, issue such directives as he may consider necessary in regard to the conduct of the business and affairs of the Company or Directors thereof and in like manner may vary and annul any such directive. The Directors shall give immediate effect to directives so issued. The President shall have powers to:—
- (i) give directions to the Company to the exercise and performance of its functions in matters involving national security or substantial public interest and to ensure that the Company give effect to such directions;
- (ii) call for such returns, accounts and other information with respect to the property and activities of the Company as may be required from time to time;
- (iii) authorise the amount of capital to be raised and the terms and conditions on which it may be raised;
- (iv) approve the company's 'Five Years', and annual plan of development and the Company's capital budget;
- (v) approve the Company's revenue budget in case there is an element of deficit which is proposed to be met by obtaining funds from the Government;
- (vi) approve agreements involving foreign collaboration proposed to be entered into by the Company and to approve purchases and contracts of a major nature involving substantial capital outlay which are in excess of the powers vested in the Company.

'Rights of the President to issue directives'

#### **NOTICES**

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

'How notice to be served on members'

- 'Notification of address by share holder of registered shares having no registered place address'
129. A holder of registered shares, who has no registered place of address may from time to time notify in writing, to the Company an address, which shall be deemed his registered place of address, within the meaning of the last preceding Article.
- 'When notice may be given by advertisement'
130. If a member has no registered address and has not supplied to the Company an address for the giving of notices to him a notice addressed to him and advertised in a newspaper circulating in the neighbourhood of the Registered Office of the Company shall be deemed to be duly given to him on the day on which the advertisement appears.
- 'Notice to joint holders'
131. A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder named first in the register in respect of the share.
- 'How notice to be given to representative of a deceased or bankrupt member'
132. A notice may be given by the Company to the persons entitled to a share in consequence of the death or insolvency of a member by sending through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased or assignee of the insolvent or by any like description at the address (if any) supplied for the purpose by the persons claiming to be so entitled or (until such an address has been so supplied) by giving notice in any manner in which the same might have been given if the death or insolvency had not occurred.
- 'Transferees bound by prior notice'
133. Every person who, by operation of law, or other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share, which previously to his name address and title to the share being notified to the Company, shall be duly given to the person from whom he derives his title to such share.
- 'How notice to be signed'
134. The signature to any notice to be given by the Company may be written or printed.
- 'How time to be counted'
135. Where a given number of days notice or notices extending over any other period is required to be given, the day of service shall, unless it is otherwise provided, be counted in such number of days or other period.

#### **WINDING UP**

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

#### **SECRECY**

- 'Secrecy Clause'
137. No member shall be entitled to require discovery of or any information respecting any detail of the Company's trading or any matter which may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interest of the members of the Company to communicate to the public.

## INDEMNIFICATION

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

139. No Director, or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer of the Company or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by the Order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any moneys, securities or effects shall be deposited or for any loss occasioned by any error of judgment/or oversight on his part, or for any other loss, damage or misfortune whatever, which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own negligency or dishonesty. 'Individual responsibility of Directors'

(Stamp duty, registration charges and other expenses in respect of this instrument shall be borne and paid by the Government of India)

We the several persons, whose names and address are subscribed, are desirous of being formed into a Company in pursuance of these Memorandum of Association and we respectively agree to take the number of shares in the capital of the Company set opposite to our respective names :

S. No.	Name of Subscriber	Description, Occupation & Address	No. of Shares	Signature of Subscriber	Name, description, address occupation & Signature of the witness
1.	S. M. Kelkar	On behalf of the President of India through Shri S.M. Kelkar Jt. Secy., Ministry of Chemicals and Fertilizers, New Delhi.	3 (Three)	S. M. Kelkar	K. P. Srivastava Deputy Secretary Ministry of Chemicals and Fertilizers, New Delhi.
2.	Ramaswamy R. Iyer	On behalf of the President of India through Shri Ramaswamy R. Iyer, Joint Secy. & Financial Advisor, Ministry of Chemicals and Fertilizers, New Delhi.	2 (Two)	Ramaswamy R. Iyer	
Total No. of Shares 5 (Five)					

Dated : 4th March, 1978



**Rashtriya Chemicals and Fertilizers Limited**

(A Government of India Undertaking)

"Priyadarshini", Eastern Express Highway, Sion, Mumbai-400 022.

