

The Companies Act, 1956
Company Not for Profit under Section 25 of the
Companies Act, 1956
Articles of Association
of
The Himachal Pradesh Minorities Communities Finance and Development Corporation.

1. INTERPRETATIONS. 1. In these articles, unless the context otherwise require:

(a) “Act” means the Companies Act, 1956 (Central Act 1 of 1956).

(b) “Minorities Community Organization means a firm registered under the Partnership Act, 1932, as Association/or Society registered under the Societies Registration Act, 1860, or a Cooperative Society, at least three fourth of the membership of which in constituted by members of the minorities and at least 75% of the paid up share capital, if any, excluding share capital contributed by the Govt. or any statutory/Corporate body, is held by the members of Minorities Communities as may be specified by the State Government from time to time.

(c) “Board” means the Board of Directors;

(d) “Bye-laws” means the bye laws which may be made by the Directors of the Company under these articles and which may be for the time being in force;

(e) “Capital means the capital for the time being raised or authorized to be raised for the purpose of the Company”.

(f) “Chairman” and “Vice Chairman” means the Chairman and the Vice Chairman of the Board of Directors for the time being of the Company”.

(g) “Company” means the Himachal Pradesh Minorities Communities Finance & Development Corporation;

(h) “Cooperative Society” means a society registered or demand to be registered under the Himachal Pradesh Cooperative Societies Act, 1968;

(i) “Director” means the Director of the Company;

(j) “Dividend” includes bonus’

(k) “Economically weaker sections” in relation to an individual means the individual belonging to a family as defined and adopted by the State Govt. on the basis of the income of the income of the family from time to time for determining the poverty line;

(l) “Government” means the Government of Himachal Pradesh;

- (m) “Governor” means the Governor of Himachal Pradesh;
- (n) “Family in relation to a person means the person himself, the wife or husband, as the case may be such person, and in case of a person dependent upon his parents, such parents provided that a married person of the family of his parents;
- (o) “month” means the calendar month;
- (p) “Register of member” mean the register of members to be kept pursuant to Section 150 of the Act;
- (q) “Regulations” means the regulations in force for the management of the Company;
- (r) “Seal” means the common seal of the Company;
- (s) “Socially and educationally Minorities Communities” means such castes or communities as are notified by the State Govt. from time to time and are included in the list of Minorities communities. A person shall be deemed to belong to a Minorities Communities if he belongs to any of the castes, roces or tribes specified by the State Govt. from time to time as Minorities communities, considering the social educational and economic conditions of the members thereof;
- (t) Unless the context otherwise requires words or expressions contained in these articles but are not defined in these articles and are defined in the Act shall bear the same meanings as assigned to them in the Act or any statutory modification thereof in force on the date on which these articles become binding on the company;
- (u) Words importing the muscling gender also include the feminine gender and vice-versa; and words importing the singular also include the plural number and vice-versa;

COMPANY TO BE PRIVATE COMPANY

2. The Company is a private Company and accordingly

- (a) The number of members of the company shall not exceed fifty excluding
- (i) Persons who are for the time being in the employment of the Company;
- (ii) Persons who, having been primarily in the employment of the Company; where numbers of the Company while in that employment and have continued to be members after the employment ceased, but where two or more persons hold one or more shares in the Company jointly, they shall for the purpose of these articles, be treated as a single members;

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

(c) the right of transfer of shares shall be restricted as hereinafter provided.

GOVERNMENT COMPANY.

3. The Company shall be Government Company within the meaning of section 617 of the Act.

Table –a not to apply.

4. The regulations contained in Table –A in the First Schedule to the Act shall not apply to the Company in so far as provided here-under;

COMPANY TO BE GOVERNED BY THESE REGULATIONS.

5. The regulations for the management of the Company and for the observance of the management of the Company and for the observance of the members thereof and their representation shall subject to any exercise of the statutory power the Company in reference to the repeal or alteration of or addition to its regulations by special resolution as prescribed by the Act be such as are contained in these articles.

2. SHARE CAPITAL

CAPITAL.

6. The authorized share capital of the Company is Rs.10,00,00,000 divided into 10,00,000 equity share of Rs.100/- each.

COMPANY'S SHARES NOT TO BE PURCHASED.

7. To 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.

ALLOTMENT OF SHARES;.

8. Subject to the provisions of the Act and in these articles and to the rights of Government, the shares shall be under the control of the Board of Directors, who may allot or otherwise dispose of the same to such persons on such terms and conditions as they think fit;

9. The shares shall be issued in the ratio of 51:49 to the Govt. of Himachal Pradesh and the Govt. of India respectively unless otherwise decided mutually by the both of the Governments.

10. Every person whose name is entered as a member in the register shall, without payment of any fee or charge, be entitled to a certificate under the Seal of the Company specifying the share or shares held by him and the amount paid thereon;

Provided that, in respect of share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a share certificate to one of the several joint-holders shall be sufficient delivery to all;

11. Every certificate of shares shall specify the number and denoting number of the shares in respect of which it is issued and shall be signed by at least two Directors including the Managing Director and any other person authorized by the Board, subject to the Companies (issue of share certificates Rules, 1960);

12. (a) If any, share certificate is defaced, torn or old descript, worn out or there is no further space on the backs thereof for endorsement of transfer, then upon the surrender thereof to the Company, it may order the same to cancel and issue a new certificate in lieu thereof.

(b) If any share certificate is lost or destroyed, it may be renewed on obtaining prior consent of the Board and on payment of a fee of 50 paise and on such reasonable terms, if any, as to evidence and indemnity and the payment of our of pocket expenses incurred by the Company investigating evidence as the Board think fit.

3. CALLS ON SHARES.13. The Board of 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 time or times of payment and each member shall pay to the Company at the times specified the amount called on his shares.

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

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 the allots 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% (six percent) per annum as the Board shall fix, from the day appointed or the Board may waive payment of such interest, wholly or in part.

15. The Board, may, if it thinks 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 of the sums actually called for and upon the moneys so paid in advance or so much thereof as from time to time exceeds the amount of calls then made upon the shares in respect the of which such rate not exceeding 6% percent amount so advanced upon giving to such member three month's notice in writing;

16. The joint holders of the share shall be jointly and severally liable to pay all calls in respect thereof;

17. No person shall be recognized by the Company as holding any shares upon any trust and the company shall not be bound by or required to recognize any equitable, contingent future or partial interest in any share of any right whatsoever in respect of any share other than an absolute right to the entirety thereof in the registered holder except as by these Articles otherwise expressly provided or as by Act required or pursuant to any order of a Court.

3. LIEN18. he Company shall have the first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or net) called or payable after a fixed time in respect of that share, and the Company shall also have a lien on all shares name of single person, or all money presently by him or from his estate to the Company, but the Board may, at any time, declare any share to be wholly or in part exempt from the provisions of this article. 4. TRANSFER AND TRANSMISSION19. The right of members to transfer their shares shall be restricted as follows:-

(a) a share may be transferred by a member to other persons entitled to transfer only to a person approved by the Government.

(b) subject to Section-III of the Act and subject as aforesaid, the Board may in its absolute and uncontrolled discretion, refuse to register any proposed transfer of shares.

20. If the Board refuses to register the transfer of any shares it shall, within two months of the date on which the instrument of transfer is delivered to the Company, send to transferee and the transferor, notice of the refusal giving reasons for such refusal.

21. Save as herein otherwise provided, the Board shall be entitled to treat the person whose name appears on the register of members as the holder of any share, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required to bound to recognize any by name trust or equity or equitable contingent or other claim to or interest in such share on the part of any persons, whether or not it shall have express or implied notice thereof;

22. The instrument of transfer of any share in the Company shall be executed both by the transfer to 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.

23. Shares in the Company shall be transferred in the form prescribed by the rules.

24. Every instrument of transfer shall be left at the office for registration, accompanied by the certificate of shares to be transferred and such evidence as the company may require to prove the title of transferor his right to transfer the shares. All instruments of transfer shall be retained by the Company, but any instrument of transfer which the Board may decline to register shall, on demand, be return to the persons depositing the same.

25. Nothing contained in Article-21 shall prejudice any power of the company to register as share holder and person to whom the right to any shares in the Company has been transmitted by operation of law.

26. The Register of Members or the Register of debenture holders may be closed for any period or periods not exceeding in the aggregate 45 days in any year, but not exceeding 30 days at any one time after giving not less than 7 days previous notice by advertisement in some newspaper circulation in the District in which the registered office of the Company is situated.

27. The Board shall have the same right to refuse to register the name of a person entirely by transmission to any shares or his nominee, as if he were the transferee named in any ordinary transfer presented for registration.

6. ALTERATION OF CAPITAL.

POWER TO INCREASE SHARE CAPITAL.

28. Subject to the approval of the Government the Board with the sanction to the Company in General Meeting may increase the share capital by such sum, to be divided into shares of such amount as may be specified in the resolution.

ON WHAT CONDITION NEW SHARES MAY BE ISSUED.

29. Subject to such direction as may be issued by the Government in this behalf, new shares shall be issued upon such terms and conditions and with issued upon such terms and conditions and with such rights and privileges annexed thereto as the Company may in its general meeting direct and if not such direction be given as Board shall determine.

HOW FOR SHARES RANK WITH SHARES IN ORIGINAL CAPITAL.

30. 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 subjected to the provisions herein contained with reference to the payment of calls and installments, transfer and transmission lien, voting, render and otherwise.

NEW SHARES TO BE OFFERED TO MEMBERS.

31. The new shares shall be offered to the members proportion to the existing shares held by each member such offer be made by notice specifying the member shares or which the member is entitled and limiting a time within and after the expiry of such time or on receipt of an intimation from the member to whom such notice is given that he declines to accept the shares offered, the Board may dispose of the same in such manner as it thinks most beneficial to the Company.

REDUCTION OF CAPITAL ETC.

32. Subject to the provisions of Sections 100 to 104 of the Act, and to such direction as may be issued by Government in this behalf, the Company, may from time to time by a special

resolution, reduce its capital by paying of capital or canceling capital which has been lost or is underrepresented by available assets, or is superfluous or by reducing the liability on the share or otherwise as may seem expedient and capital may be paid off upon the footing that it may be called up again or otherwise and the Board may subject to the provisions of the Act, accept surrender of shares.

SUB DIVISION AND CONSOLIDATION OF SHARES.

33. Subject to the approval of the Government, the Company, in its general meeting may, from time to time, sub divide or consolidate its shares or any of them and exercise any of the other powers conferred by section 94 of the Act, and shall file with the Registrar, such notice of exercise of any such power as may be required by the Act.

POWER TO MODIFY.

34. If at any time the capital, by reason of the issue of preference shares or otherwise is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of section 106 and 107 of the Act be modified, abrogated or dealt with the agreement between the Company and by any person purporting to contract on behalf of that class, provided such agreement is (a) ratified in writing by the holders of the issued shares of that class of at least three fourths of the nominal values of them or (b) confirmed by a resolution passed at a separate general meeting and supported by the votes of at least three fourths of the holders of shares of that class and all the provisions hereinafter contained as to general meeting shall mutatis mutandis apply to every such meeting, except that the quorum there of shall be members holding, or representing by proxy on fifth of the nominal amount (if the issued shares of the class. This article shall not by implication curtail the power of modification which the company would have if the Article were omitted.

7. BORROWING POWERS.

POWER TO BORROW

35. Subject to the approval of the Government, and subject to the provisions of section 292 of the Act, the Board may from time to time, borrow or secure the payment of any sum or sums of money for the purpose of the Company by means of a Resolution passed at a meeting of the Board.

CONDITION ON WHICH MONEY BE BORROW.

36. The Board may subject to the approval of the Government secure the repayment of such moneys in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds per actual or redeemable debentures or debenture stocks or any mortgagee, charge of other security on the undertaking of any part the whole or of the property of the company (both present and future) including its uncalled capital for the time being.

SECURITIES MAY BE ASSIGNED FREE FROM EQUITIES.

37. Debentures, debenture stocks, bonds, or other securities may be made assignable free from any equities between the Company and persons to whom the same may be issued.

ISSUED AT DISCOUNT ETC. OR WITH SPECIAL PRIVILEGE.

38. Subject to the approval of the Government and the provision of sections 3 and 117 of the Act, any debentures, debenture premium or otherwise, and with any special privileges as to redemption, surrender drawings, allotment of shares, attending general meeting of the Company, appointment of Directors and otherwise.

PERSONS NOT TO HAVE PRIORITY OVER ANY PRIOR SHARES.

39. Whenever any uncalled capital of the Company is charges all persons taking any subsequent charges here on shall take the same subject to such prior charge and shall not be entitled by notice to the share holder or otherwise to obtain priority over such prior charge.

IDEMNITY MAY BE GIVEN.

40. If the Board of Directors or any of them or any other persons shall become personally liable for the payment of any sum primarily due from the Company, the Board 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 many loss in respect of such liability.

8. GENERAL MEETING.

GENERAL MEETING.

41. The first Annual General Meeting of the Company shall be held within eighteen months of its incorporation. The Company shall in each calendar year held in addition to any other meetings, one Annual General Meeting, not more than 15 months shall elapse between the date of one Annual General Meeting and that of the next. The first Annual General Meeting and subsequent Annual Meeting of the Company shall be held in accordance with the provisions of section 166 of the Act. All meetings of the Company any other than the Annual General Meeting shall be called extraordinary meetings.

WHEN EXTRA ORDINARY MEETING TO BE CALLED.

42. Subject to the provisions of section 169 of the Act, the Board may whenever it think fit, and shall on the requisition of the holders of not less than one tenth of the paid up capital of the Company as at that date carried a right of voting in regard to that matter on all calls or other sums than due have been paid forthwith, proceed to convene an extraordinary meeting of the Company and the following provisions shall have effect:

(1) The requisition in the case of such 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 Board of the Company does not proceed within twenty one days, from the date of the deposit of the valid requisition to cause a meeting to be called for the consideration of those matters on a day not later than forty five days from the date of the deposit of the requisition, the requisitionists or a majority of them on 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 these Articles by the requisitionists shall be convened in the manner as nearly as possible as that in which meetings are to be convened by the Directors;

NOTICE OF MEETING.

43. A general meeting of the Company may be called by giving not less than twenty one days notice in writing specifying the place, day and hour of meeting, with a statement of the business to be transacted at the meeting. Such notice 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.

Provided, however, that where any resolution is intended to be passed as Special Resolution at any general meeting as required by sub-section (2) of the intention to propose the resolution as Special Resolution shall be served.

OMMISSION TO GIVE NOTICE.

44. The accidental omission to give notice to, or the non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.

9. PROCEEDING OF GENERAL MEETINGS.

BUUSINESS OF ANNUAL GENERAL MEETING.

45. The business of an Annual General Meeting shall be to receive and consider the income and expenditure Account, the Balance Sheet, and the report of the Directors and the Auditors to

appoint Directors in the place of those retiring and to transact any other business with under these articles ought to be transferred at an Annual General Meeting. All other business transacted at extraordinary meeting shall be deemed special.

QUORUM.

46. To members present in person shall be a quorum for a General Meeting.

RIGHT TO APPOINT ANY PERSON AS ITS REPRESENTATIVE

47(1) The Government so long as it is a shareholder of the Company may from time to time, appoint one or more persons (who need not be a member of the Company) to represent it at all or any meeting of the Company.

(2) Any one of the persons appointed under sub-clause (1) of this Article who is personally present at the meeting shall be deemed to be member entitled to represent the Government at all or any such meeting and to vote on his behalf whether on show of hands or on a poll.

(3) The Government may, from time to time, cancel any appointment made under sub clause (1) these Articles and make fresh appointment

(4) The production at the meeting of an order of the Government shall be accepted by the Company as sufficient evidence of any such appointment or cancellation as aforesaid.

(5) Any person appointed by the Government under this article may, if so authorized by such order, appoint a proxy whether specially or generally.

CHAIRMAN OF GENERAL MEETING.

48. The Chairman of the Board of Directors shall be entitled to take the 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 after the time appointed for holding such meeting or is unwilling to act as Chairman, the Vice Chairman shall take the chair and in his absence too, the members present shall choose another Director as Chairman and if no Director shall be present, or if all the Directors present decline to take the Chair, the members present shall choose one of their members to be the Chairman.

IF QUORUM NOT PRESENT WHEN MEETING TO BE DISSOLVED AND WHEN TO BE ADJOURNED.

49. If within fifteen minutes from the time appointed for the meeting a quorum is not present, the meeting 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 of the same time and place, and if at such meeting a quorum is not present those members who are present shall be a quorum and may transact the business for which the meeting was called.

HOW QUESTIONS TO BE DECIDED AT MEETING

50. Every question submitted at a meeting shall be decided by a show of hands and in the case of an equality of votes the Chairman shall have a casting vote in addition to the vote or votes to which he may be entitled as member.

WHEN IS TO BE EVIDENCE OF PASSING OF A RESOLUTION.

51. At any general meeting a resolution put to vote of the meeting shall be decided on a show of hands, unless a poll is, before or on the declaration of the result of the show of hands, demanded by member present in person or proxy or and unless a poll is so or has not, on a show of hands, been carried or carried unanimously or by a particular majority, 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 vote recorded in favour of or against that resolution.

52. If a poll is duly demanded, it shall be taken 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 resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.

POWER TO ADJOURN GENERAL MEETING.

53. The Chairman of General Meeting may, with the consent of the members 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.

IN WHAT CASES POLL TAKEN WITHOUT ADJOURNMENT.

54. Subject to the provisions of section 100 of the Act, any poll duly demanded of the election of a Chairman of a meeting or of any question of adjournment shall be taken at the meeting and without adjournment.

BUSINESS MAY PROCEED NOTWITHSTANDING DEMAND OF POLL

55. The demand of 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.

CHAIRMAN'S DECISION CONCLUSIVE AS TO VOTE OF MEMBERS.

56. The Chairman of any meeting shall be sole judge of a 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.

10.VOTES OF MEMBERS.

VOTE OF MEMBERS

57. Upon a show of hands every member present in persons shall have one vote and upon a poll every member present in person or by proxy or by duly authorized representative shall have voting right in proportion to his share of the paid up equity capital of the Company.

PROXY ON SHOW OF HANDS

58. A proxy shall not be entitled to vote in a show hands.

VOTES IN RESPECT OF SHARE OF DECREASED AND BANKRUPT MEMBERS

59. Any person entitled under the transmission clause to share any vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares provided that forty eight hours atleast before the time of holding or adjourned meeting as the case may be, at wh9ichich he proposes to vote, he shall satisfy the Board of his right to such shares, unless the Board shall have previously admitted his right to such share of his right to vote at such meeting in respect thereof.

JOINT HOLDERS

60. 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 such joint holder be present than joint holder whose name stands first on the register in respect thereof. Several executors or administrators of a decreased member in whose name any share stand shall for the purpose of this clause be deemed joint holders thereof.

VOTES IN RESPECT SHARES OF MEMBERS OF UNSOUND MIND.

61. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy may vote either on a show of hands or on poll by his committee or other legal guardian any such committee or guardian may on a poll, vote by proxy.

PROXIES TO BE IN WRITING.

62. On a poll, votes may be given either personally or by proxy.

INSTRUMENTS APPOINTING PROXY TO BE IN WRITING.

63. A member entitled to attend and vote at a meeting may appoint another person (whether a member or not) as his proxy to attend a meeting and vote on appoll. The instrument appointing a proxy shall be in writing and be signed by the person appointing or his attorney duly authorized in writing or if the appointer/is a body corporate, be under its seal or be signed by an officer or an attorney duly authorized by it.

INSTRUMENTS APPOINTING PROXY TO BE DEPOSITED AT OFFICE.

64. The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or a materially 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 or adjourned meeting at which the person named in the instrument proposes to vote.

WHEN VOTE BY PROXY VALIED THROUGH AUTHORITY REVOKED

65. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or the revocation of the proxy or the authority under which the proxy was executed or the transfer of the shares in respect of which the proxy is given provided that no intimation in writing of such death, insanity, revocation of transfer or transmission shall have been received at the office of the Company before the commencement of the meeting of adjourned at which the proxy is used.

FORM OF PROXY

66. An instrument appointing a proxy may be in the following form or in any other form as per schedule-IX of the Act;

HIMACHAL PRADESH MINORITIES FINANCE AND
DEVELOPMENT CORPORATION

I _____ of _____ in the District of _____ being a member of the above named Company hereby appoint _____ of _____ in the District of _____ as my proxy to vote for me on my behalf at the annual or extra-ordinary (as the case may be) general meeting of the Company to be held on the _____ day of _____ and at any adjournment thereof. _____ Signed this _____ day of _____

NO MEMBER ENTITLED.

(f) The Government shall have the power to remove any Director including the Chairman and Managing Director from office at any time subject to the terms of appointment of the Chairman and/or Managing Director of whole time Directors.

(g) The Government shall have the right to fill any vacancy in the office of the Director caused by removal, resignation death or otherwise.

11. POWER OF BOARD OF DIRECTORS.

GENERAL POWER OF COMPANY VESTED IN BOARD.

72. The business of the Company shall be managed by the Board of Directors who may pay all expenses incurred in getting the Company registered and may exercise all such powers of the Company as are not, by the Act or any statutory modification thereof for the time being in force or by these articles required to be exercised by the Company in general meeting subject nevertheless to the provisions of these Articles, to the provisions of the Act and to such regulations being not inconsistent with provisions, as may be prescribed 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 POWER OF THE BOARD.

73. Without prejudice to the general powers conferred by Articles 72 and the other powers conferred by these Articles, and subject to the provisions of sections 291 and 294 and 297 of the Act, the Board shall have the following powers namely:-

1. to purchase, take on lease or otherwise acquire for the company, property rights or privileges which have the Companies authorized to acquire at such price and generally on such terms and conditions as they think fit.
2. to authorize the undertaking of work of a capital nature.
3. To pay for any property, rights or privileges acquired by or services rendered to the company either securities of the company and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon, and any bonds, 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 net so charged.
4. To secure the fulfillment 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 manner as they may think fit.
5. To create any post or posts and to appoint managers, Secretaries Officers, Clerks, Stenographers, Peons, Agents or any other employees provisionally, permanently or on probation, or on contract basis to hire, suspend, remove, reduce in rank or dismiss any of them or otherwise punish them in any manner deemed fit by the Board of Directors of the Company to determine their powers, duties and obligations, fix their salaries, allowances and other emoluments or peculiar benefits and to require any of them to furnish suitable security. The principles of reservation in service as applicable to Government appointments should be followed in the matter of all appointments.

6. To appoint any person or persons (whether incorporation or not) to accept and held in trust, for Company and property belonging to the company or in which it is interested or for any other purpose and to execute and to such deeds and things as may be requisite in relation to any such trust and provide for the remuneration of such trustee or trustees?
7. To institute, conduct, defend, compound or abandon any legal proceedings by or against the company or its officers or otherwise concerning the affairs of the company and also to compound and slow time for payment of satisfactions of any claims or demands by or against the company?
8. to refer any claims or demands by or against the company to arbitration and observe and perform the awards ?
9. to made and give receipts, releases and other discharges for money payable to the company and for the claim and demands of the company ?
10. to determine the person who shall be entitled to sign on the Company's behalf, bills, notes, receipts, acceptance, endorsements, cheques, releases contracts and documents;
11. to appoint any person to be the attorney or agent of the Company with such powers (including power to sub-delegate) and upon such terms as may deed fit;
12. to invest in securities or in any other scheduled Bank or Banks of institution(s) to be specifically decided by the Board for having call, deposits and opening current and/or savings accounts and deal with any of the moneys of the Company upon such investment authorized by the Memorandum of Association of the Company (not being shares in the Company) and in such manner as it thinks fit and from time to time vary or release such investment.
13. subject to the provisions regarding consent of the Government, to seller dispose of or transfer the business or property, if any, of the Company or may part thereof such consideration as the company may deem proper and in particular for shares, debentures or in part similar to those of the company.
14. to execute in the name and on behalf of the Company in favour of Director or other person who may incurer be about to in our any person liability for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit and any such mortgage may contain a power of sale and such other powers covenants and provisions as shall be agreed upon.
15. from time to time, to make, vary and repeal by laws for the regulation of the business of the Company its officers and the servants.
16. to give award or allow any bonus, pension gratuity or compensation to any employee of the Company or his widow, children or dependents that may appear to the Director just or proper, whether such employee, his widow, children or dependents have or have not a legal claim upon the Company.

17. From time to time at any time to establish any local board for managing any of the affairs the Company in any specific locality in the State of Himachal Pradesh or out of the State and to appoint any person to be member of such local Board and to fix their remuneration and from time to time and at any time to delegate to any person so appointed any of the powers, authorities and desecration for the time being vested in the Directors other than their power to make call and to authorize 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 Board may think fit and the Board may at any time remove and person so appointed and may annual or very any such delegation.

18. To enter into all such negotiations and contracts and rescind any or all such contracts and execute and do a all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for on in relation to any of the purposes of the Company; and

19. Subject to section 292 of the Act to delegate 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.

12. MANAGING DIRECTOR.

APPOINTMENT OF MANAGING DIRECTOR.

74. 1. The Government may appoint any one of the Director to be the Managing Director of the Company on such terms and for such period as they may think fit, for the company subject to the control and supervision of the Board of Directors. The Managing Director appointed shall be authorized to entrusted by the Board to exercise such powers in relation to the affairs of the Company as or not required to be done by the Company at the General Meeting under the Act.

5. The Managing Director shall be paid such salary and allowances as may be fixed by the Government.

6. In the absence of the Managing Director on leave or otherwise the Boar may with the previous approval of the Government power any other Director or any principal officer of the Company to perform all or any of his functions and duties, provided that where such absence is not likely to exceed three months, the previous approval of the Government shall not be necessary.

POWER OF THE GOVERNMENT.

75 Without prejudice of the generality of the above provisions the Board shall reserve for decision of the Govt.

1. Sale, lease, transfer or disposal otherwise of the whole or substantially the whole of the undertaking of the Company.

2. Formation of Subsidiary Company.

13. MINUTES.

BOARD TO CAUSE MINUTES TO BE MADE IN THE BOARD.

76. The Board shall cause minutes to be made in books provided for the purpose of:-

- a) all appointments of officers made by the Board;
- b) of the names of the Director present at each meeting of the Board and of any Committee of the Board;
- c) of all resolutions and proceedings at all meetings of the Company and of the Board and of the committee of the Board, and every Director present at any meeting of the Board of Committee of the Board shall sign his name in a Book to be kept for the purpose;

14. SEAL.

SEAL

77. The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board of Director including Managing Director and such other person as the Board may appoint for the purpose, and the said Directors and the person aforesaid shall sign every instrument to which the seal is so affixed in their presence.

15. DISQUALIFICATION OF DIRECTOR.

78. The office of Director shall become vacant if,

- a) he is found to be unsound mind by a court of competent jurisdiction;
- b) he applied to be adjudicated as an insolvent;
- c) he is adjudged in 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 fails to pay any call in respect of shares of company held by him whether alone or jointly with others, within six months from the last date fixed for the payment of call;

f) he absents himself from three consecutive meeting of the Board of Director 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;

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

h) he become disqualified by an order of Court under section 203 of the Act.

i) he is removed in pursuance of section 284 of Act;

j) he is concerned or participates in the profits of any contract with the Company:

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

Provided further that the disqualification referred to in sub-clause (c), (d) and (h) above shall not take effect.

a) For thirty days from the date of adjudication;

b) Where any appeal or petition is preferred within the thirty days aforesaid against the adjudicative 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, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order and the appeal or petition, if allowed result in the removal of the disqualification, until such further appeal or petition is disposed of.

16. ALTERNATIVE DIRECTORS.

79. The Board of the Directors of the Company may by resolution passed by the Company in general meetings appoint an alternative Director to act for a Director (hereafter in this article called the original Director) during his absence from this State for a period of not less than three months. Such Director shall not hold office as such for a period long than that permissible to the original Director in whose place he has been appointed, such appointment shall have effect and such appointee while he holds office as an alternate Director shall be entitled to notice of the meetings of the Director and to attend to vote there at accordingly but he shall not require any qualification and he shall in fact vacate office when the original Director returns to this State. Any provision for the automatic reappointment of the retiring Director in default of another appointment shall apply to the original, and not to the alternative Director.

17. PROCEEDINGS OF BOARD OF DIRECTORS.

80. The Board of Director may meet together for the transaction of business once atleast in every six months and atleast two such meetings shall be held every year. They may adjourn and otherwise regulate their meetings and proceedings as they think fit and may determine the quorum necessary for the transaction of the business. Until otherwise determined, either 8 members or 1/4th of its total strength (any faction contained in that 1/4th being rounded off as one) whichever is less provided a minimum two disinterested Directors, shall be the quorum.

81. The meeting of the Board may be held at the registered office or anywhere else if it is in the interest of the Company.

82. A director may at any time convene a meeting of the Directors and questions arising at any meeting shall be decided by majority of votes. The Chairman shall have a second or casting vote.

83. A meeting of the Board at which quorum is present shall be competent to exercise all or any of the authorities, powers and discretion by or under these Articles of the Company for the time being vested in or exercisable by the Board generally.

84. The Government may nominate a Director as Chairman of the Board and determine the period for which he is to hold office if do such Chairman is nominated or if at any meeting the Chairman is not present within ten minutes after the time for holding the same, the Vice Chairman will preside over and in his absence too, the Directors present may choose one of the members to be Chairman of the meeting.

85. The Board may, subject to the restriction laid down in section – 292 of the Act, delegates any of powers to its committees consisting of such member or member of their body as they think fit and may, from time to time revoke such delegation. Any committee so formed shall, in the exercise of the powers so delegated, confirm to any restrictions that may, from time to time, be imposed upon it by the Board.

86. A Committee may elect a Chairman of their meetings, if no such Chairman is elected or if at any meeting the Chairman is not present within ten minutes after the time appointed for holding the same the members present may choose one of their members to be Chairman of the meeting.

87. All acts done by any meeting of the Board or of a Committee of Directors, or by any person action as a Director, shall not withstanding that it be afterwards discovered that there was some defect in the appointment of such Directors or persons action as aforesaid, or that they or any of them were disqualified be as valid as if every such person had been appointed and was qualified to be a Director.

Provided that nothing in this article shall be deemed to give validity to acts as done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

RESOLUTION WITHOUT BOARD'S MEETING VALID

88. Save as otherwise expressly provided in the Act, a resolution in writing signed by all the Directors then in India or by a majority of such of them as are entitled to vote on the resolution shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted.

18. RESERVE FUND

RESERVE FUNDS

89. Subject to such directions as may from time to time be issued by the Government in this behalf, the Board may set aside out of the excess of income over expenditure such as they think proper as a Reserve Fund to meet contingencies or for repairing improving and maintaining any of the property of the Company, and for authorization of capital and for such other purposes as the Board 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 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 Fund into such special funds as they think fit and employ the Reserve Fund or any part thereof in the business of the Company and without being bound to keep the same separate from the other assets.

19. DIVIDENDS

DIVIDENDS.

90. 1. The income and property of the Company whenever and howsoever derived shall be applied solely in the promotion of its objects as set forth in the Memorandum;

2. No portion of the income or property aforesaid shall be paid or transferred directly or indirectly, by way of dividends bonds or otherwise by way of profit to persons who at any time are or have been, members of the Company or to any one or more of them or to any persons claiming through any one or more of them.

20. ACCOUNTS.

ACCOUNTS TO BE KEPT.

91. The Company shall cause to be kept proper books of accounts with respect to :

a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure take place :

b) all sales and purchases of goods by the Company.

c) The assets of account of goods by the Company.

INSPECTION OF ACCOUNT BOOKS.

92. The books of account shall be kept at the registered office of the Company or at such other place as the Board shall think fit and shall be open to inspection by the Directors during business hours.

INSPECTION BY MEMBERS.

93. The Board shall from time to time determine whether and to what extent and at what times and place 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 Director) and no member (not being a Director) have any right of inspecting any account of books or document of them Company except as conferred by law or authorized by the Directors or by the Company in General Meeting.

ANNUAL ACCOUNTS AND BALANCE SHEET.

94. The board shall at some date not later than 18 months after the incorporation of the Company and subsequently once at least every year lay before the Company in general meeting a Balance sheet and income and expenditure Account in the case if that first account since the incorporation of the Company and ending with a day which shall not precede the meeting by more than nine months in any other case since the preceding account made upto not earlier than the date of the meeting by more than six months.

ANNUAL REPORT OF THE BOARD.

95. The board shall cause an Annual Report to be made out and attached to every Balance Sheet a report with respect to the State of the Company affairs, the amount, if any, which they propose to carry to the Reserve Fund, General Reserve or Reserve Account shown specifically on the Balance sheet to be shown specifically in a subsequent Balance sheet, the report shall be signed by such number of Directors as are required to sign the Balance Sheet and income and expenditure account by virtue of sub-sections (1) and (2) of the Section – 215 of the Act.

CONTENTS OF INCOME AND EXPENDITRE ACCOUNT.

96. a) The Balance Sheet shall give a true and fair view of the state of affairs of the Company as at the end of period of account.

(b) The income and expenditure Account shall be given a true and fair view of the excess of income over expenditure or excess of expenditure over income of the Company for the period of Account.

BALANCE SHEET AND INCOME AND EXPENDITURE ACCOUNT TO BE SENT TO MEMBERS.

97. The Company shall send a copy of such Balance Sheet and Income and Expenditure Account together with a copy of the Auditors Report to the registered address of every member of the Company in a manner in which notice are to be given hereunder at least twenty one days before the meeting at which it is to be laid before the members of the Company and shall deposit a copy at the registered office of the Company for inspection of the member of the Company during a period of at least twenty one days before the meeting.

BOARD TO COMPLY WITH SECTION – 209 TO 222 OF THE ACT.

98. The Board shall in all respect comply with the provisions of section 209 to 222 of the Act, or any statutory modification thereof for the time being in force as may be application to the Company.

21. AUDIT.

ACCOUNT TO BE AUDITED ANNUALLY.

99. Once at least in every year the account of the expenditure shall be examined and the correctness of the income and Expenditure Account and Balance Sheet ascertained by one or more auditors as provided in the Act.

APPOINTMENT OF AUDITORS.

100. The auditors of the Company shall be appointed or re-appointed by the Central Government on the advice of the Controller and Auditor General of India and their rights and duties shall be regulated by section 224 to 233 of the Act.

AUDITOR'S RIGHT TO ATTEND MEETING.

101. The Auditors of the Company shall be entitled to receive a 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.

102. The Comptroller and Auditor General of India, shall have power.

POWER OF THE COMPTROLLER AND AUDITORS GENERAL OF INDIA.

a) To direct the manner in which the Company's Accounts shall be audited by the Auditors appointed in pursuance of Article 103 hereof and to give such auditors instructions in regard to any matters relating to the performance of their functions as such;

b) To conduct a supplementary or test audit of the Company's account by such person or persons as he may authorize in his behalf, and for the purposes of such audit to have access at all reasonable

Times, to all accounts books vouchers, documents and other papers of the Company and to require information of additional information to be furnished to any person so authorized, on such matters, by such person or persons and in such form, as the Comptroller and Auditor General of India may, be general or special order direct.

COMMENTS UPON OR SUPPLEMENT TO AUDIT REPORT BY COMPTROLLER AND AUDITOR GENERAL OF INDIA.

103. The Auditors aforesaid shall submit a copy of their audit report to the Comptroller and Auditor General of India who shall have the right to comments upon or supplement the audit report in such manner as he may think fit. Any such comments upon or supplement to the audit report shall be placed before the Annual General Meeting or the Company at the same time and the same manner as the audit report.

ANNUAL REPORT TO BE LAID BEFORE STATE LEGISLATURE.

104. The Government of Himachal Pradesh shall cause an Annual Report on the working and affairs of the Company to be prepared within three months of its Annual General Meeting before which the audit report is placed and, as soon as may be, after such preparation, laid before the State Legislature with a copy of Audit Report and comments or supplement referred to in Article-103

RIGHTS OF THE GOVERNMENT.

105. Notwithstanding anything contained in any of these articles the Government may, from time to time, issue such directives as it may consider necessary in regard to the conduct of the Business of the Company or Director there if and in like manner may vary and annul any such directly. The Directors shall give immediate effect to directive so issued.

22. NOTICES.

HOW NOTICE TO BE SERVED ON MEMBERS.

106. 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.

NOTIFICATION OF ADDRESS BY A HOLDER OF REGISTERED SHARE HAVING NO REGISTERED PLACE OF ADDRESS.

107. A holder of registered share 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 Article-109.

WHEN NOTICE MAY BE GIVEN BY ADVERTISEMENT.

108. If a member has no registered and has not supplied to the Company an address for the giving of notice to him, a notice advertised in newspapers circulation in the neighborhood of the registered office of the Company shall be deemed to be duly given to him on the date on which the advertisement appears.

HOW NOTICE TO BE GIVEN TO REPRESENTATIVES OR A DECEASED OR BANKRUPT MEMBER.

109. A notice may be given by the Company to persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by title or 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 person 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 has not occurred.

NOTICE TO JOINT HOLDERS

110. A notice may be given by the Company to the joint holders of a share by giving the notice to their joint holders named first in the register in respect of the share.

TO WHOM NOTICE OF GENERAL MEETING TO BE GIVEN.

111. Notice of every general meeting shall be given in the same manner hereinbefore authorized to every member of the company except these members who the company an address for the giving of notice to them, and also to (b) every person entitled to receive notice of the meeting provided the company has due notice.

TRANSFERS ETC. BOUND BY PRIOR NOTICE.

112. Every person who by operation of law transfer of other means whatsoever, shall become entitled to any shares shall be bound by every notice in respect of such share which previously to his name and address and title to the share being notified to any registered by the company, shall be duly given to the person from whom he derives his title to such share.

HOW NOTICE TO BE SIGNED.

113. The signature to any notice to be given by the company may be written or printed.

HOW TIME TO BE COUNTED.

114. Where a given number or days notice or notice extending over any other period required to be given the day of service shall not be counted in such number of days or other period.

23. WINDING UP.

DISTRIBUTION OF ASSETS ON WINDING UP.

115. If upon winding up or dissolution of the Company there remains, after the satisfaction of all the debts and liabilities, any property whatsoever, the same shall not be distributed amongst the members of the Company but shall be given or transferred to such other body having objects altogether similar to the objects of the Company to be determined by the members of the Company at or before the time of dissolution or in default thereof by the High Court of judicature that has no may require jurisdiction in the matter.

24. SECRECY CLAUSE.

SECRECY CLAUSE

116. No member shall be titled to require discovery of any information respecting any detail of 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 in expedient in the interest of the members of the Company to communicate to the public.

25. INDEMNITIES.

INDEMNITIES.

117. Subject to the provision of section 201 of the Act, every Director: Auditor, secretary and other officer or servant of the Company shall be indemnified by the Company against liability incurred by him in faithful discharge of his duties/responsibilities as such and it shall be the duty of the Director out of the funds of the Company all costs losses and expenses which may such officer or servant may incur or become liable to pay 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 member over all other claim.

INDIVIDUAL RESPONSIBIOITY OF DIRECTORS.

No Director, or other officers 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 expenses happening to the Company through the insufficiency or deficiency of title to any security in or upon which any of the money of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with when any moneys, securities or affect shall be deposited 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 negligence, default, misfeasance, breach of duty or breach of trust.