

**INCORPORATED UNDER THE  
THE COMPANIES ACT, 1956  
PRODUCER COMPANY LIMITED BY SHARES  
ARTICLES OF ASSOCIATION  
OF  
NOVEEAL COCONUT PRODUCER COMPANY LIMITED**

**I. PRELIMINARY**

1. Subject as hereinafter provided the provisions as contained in Part IXA of the Companies Act, 1956 shall apply. In case of any conflict with any other provision of the Act or the provision contained herein, the provisions contained in Part IX A of the Companies Act, 1956 will prevail.

**II. INTERPRETATIONS**

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

**“The Act”** or **“The Companies Act”** means the Companies Act, 1956 and its statutory modifications from time to time and all rules made there under.

**“The Company”** or **“this company”** when used with reference to this company shall mean **“NOVEEAL COCONUT PRODUCER COMPANY LIMITED”**.

**“Articles of Association”** means these articles, which may be amended by the Company with approval by a General Meeting and filed with the Registrar of Companies.

**“The Seal”** shall mean the Common Seal of the company approved by the Board of Directors from time to time.

**‘Member’** means a person admitted as a member of the Company under the provisions of these Articles.

**‘Active Member’** means a member who fulfills the quantum and period of patronage of the Company as may be determined by the Board.

**“Person”** shall include any Association, Corporation, Company as well as individual.

**‘Chairman’** means a member of the Board who has been elected as Chairman by the directors of the Board under the provisions of these Articles.

**“Chief Executive”** means an individual appointed as such under sub-section (1) of Section 581W of the Companies Act, 1956

**‘The Board’ or ‘The Board of Directors’** means the Directors collectively as elected and / or appointed in the manner as laid down under Part IXA of the Companies Act, 1956 read with these Articles.

**‘Commodity’** includes Cereal, Pulses, Oilseeds, Fruits, Vegetables, Seed, grains, milk, handicrafts, Milk Products and other allied products -raw or processed, other inputs, packaging material, equipment and machinery.

**“General Meeting”** includes annual and special general meetings.

**‘Managing Director’** an individual, who has been appointed by the Board as chief executive for the management of the affairs of the Company.

**‘Mutual Assistance Principles’** means the principles set out in these Articles.

**‘Patronage’** means the use of services offered by the Company to its Members by participation in its business activities;

**‘Patronage Bonus’** means payments made to members of the Company from out of the resultant surplus income to the members in proportion to their respective patronage

**“Primary Produce”** means—

- a. produce of farmers, arising from agriculture (including animal husbandry, horticulture, floriculture, pisciculture, viticulture, forestry, forest, products, re-vegetation, bee raising and Bio EnergyCrops farming, plantation products), or from any other primary activity or service which promotes the interest of the farmers or consumers; or
- b. produce of persons engaged in handloom, handicraft and other cottage industries;
- c. any product resulting from any of the above activities, including by-products of such products;
- d. any product resulting from an ancillary activity that would assist or promote any of the aforesaid activities or anything ancillary thereto;
- e. any activity which is intended to increase the production of anything referred to in sub-clauses (a) to (d) or improve the quality thereof;

**“Producer”** means any person engaged in any activity connected with or relatable to any primary produce;

**“Producer Company”** means a body corporate having objects or activities specified in section 581B and registered as Producer Company under this Act;

**“Producer institution”** means a Producer Company or any other institution having only producer or producers or Producer Company or Producer Companies as its member whether incorporated or not having any of the objects referred to in section 581B and which agrees to make use of the services of the Producer Company or Producer Companies as provided in its articles.

**“Withheld price”** means part of the price due and payable for various crop produces and inputs supplied by any Member to the Producer Company; and withheld by the Producer Company for payment on a subsequent date.

**“Auditors”** shall mean and includes those persons appointed as such for the time being by the company.

**“Special Resolution”, “Ordinary Resolution”** and “Resolution requiring Special Notice” respectively by the Act shall have the meaning assigned thereto.

**“Special User Right”** means any right relating to supply of additional produce by the active member or any other right relating to his produce which may be conferred upon a member by the Board.

**“The Office”** means the Registered Office for time being of the company.

**“The Registrar”** means the Registrar of Companies with whom the company is registered for the time being under section 2(4) of the Act.

**“Proxy”** includes attorney duly constituted under a power of attorney.

**“Ex-Officio Director”** means the Director appointed by some person by virtue of a power contained in these articles or in agreement between the company and the appointer.

Words importing the singular shall include the plural and the words importing the plural shall include the singular.

Words importing the masculine gender include the feminine gender and vice versa.

Unless the context otherwise requires, words or expressions contained in these Regulations shall bear the same meaning as in the Act or any statutory modification thereof in force.

### **3. THE COMPANY TO BE A PRIVATE LIMITED COMPANY:**

The Company shall become a body corporate as if it is a Private Limited Company to which the provisions contained in part IX A of the Act apply, without, however, any limit to the number of members thereof and the producer company shall not, under any circumstances, whatsoever, become or to be deemed to become a Public Limited Company under this Act.

#### **4. MUTUAL ASSISTANCE PRINCIPLES:**

The company shall adopt the following mutual assistance principles, namely:

- a. the membership shall be voluntary and is available to all eligible members who can participate and avail the facilities or services of the Producer Company;
- b. each member shall, save as otherwise provided in the Part IX A of the Companies Act, have only a single vote irrespective of the share holding;
- c. the Producer Company shall be administered by a Board consisting of persons elected or appointed as directors in the manner consistent with the provisions of the Part IX A of the Companies Act and the Board shall be accountable to the Members;
- d. save as provided in the Part IX A of the Companies Act, there shall be limited return on share capital;
- e. the surplus arising out of the operations of the Producer Company shall be distributed in an equitable manner by-
  - i. Providing for the development of the business of the Producer Company;
  - ii. Providing for common facilities; and
  - iii. Distributing amongst the Members, as may be admissible in proportion to their respective participation in the business;
- f. provision shall be made for the education of Members, employees and others, on the principles of mutuality and techniques of mutual assistance;
- g. the Producer Company shall actively co-operate with other Producer Companies (and other organizations following similar principles) at local, national or international level so as to best serve the interest of their Members and the communities it purports to serve.

#### **5. FUNDS:**

##### **i. Funds may be raised by:**

- a) Shares from new members;

- b) Additional shares in proportion to the business transacted with the Producer Company from time to time on the terms and conditions as decided by the Board of the Producer Company and communicated to the members
- c) Deposits and/or Debentures from members;
- d) Loans from any financial institution;
- e) Grants, aids and subsidies;
- f) Donations

The Funds of the kind specified in c) and d) above to be raised, shall not exceed twelve times the total of paid up share capital and reserve fund less accumulated losses.

The Producer Company may accept funds from any development agency or any other financing institution in the form of loans or grants or in any other forms except equity capital, as per the terms and conditions prescribed by such institutions as may be mutually agreed upon.

## **ii. CAPITAL**

- a) The Authorised Share Capital of the Company is such that stated in clause V of the Memorandum of Association of the company or altered thereat, from time to time. The Company has the power from time to time to increase or reduce its capital. Any of the said shares and new shares hereafter to be created may, from time to time, be divided. The shares may have or confer such preferential or other special rights and privileges may be issued under such restrictions and conditions whether in regard to dividend, voting, return of capital or otherwise as shall have been assigned thereto by or under provisions of the Articles of Association but so that the special rights or privileges belonging to holders of any share issued with preferred or other rights shall not be varied or abrogated or effected except with such sanction as is provided for hereinafter.
- b) The shares shall be under the control of the Board of Directors who may allot or otherwise dispose of the same to such institutions on such terms as the Board of Directors think fit and to give any persons any shares whether at par or at premium and for such consideration as the Board of Directors think fit.
- c) Subject to these Articles and the provisions of the Act, the shares of the Company whenever issued shall be under the control and the disposal of Board of Directors who may allot, issue or otherwise dispose of the same or any of them to such institutions or on such terms and conditions and at such times and at par or premium or discount as they may, from time to time, think fit and proper, may also allot and issue shares in capital of the Company in payment or part payment for any property sold or transferred to or for service rendered to the Company in or about the conduct of its business and the shares which may be so allotted may

be issued as fully paid up shares and if so issued deemed to be fully paid up shares.

## **6. MEMBERSHIP:**

### **6.1 Every member shall**

- a) hold at least one equity share in the company in his own interest and right
- b) supply commodities procured or pooled by them with the exception of what is retained for local consumption or otherwise, as may be mutually determined from time to time
- c) Buy shares and / or debentures in relation to the value of commodities handled through the company, as may be called upon by the boards with the provision that the maximum amount to be prescribed shall not exceed 20% of the value of the commodities supplied to the Company during the previous year.
- d) Follow directions issued by the Company for delivery of commodities such as place of delivery, time of delivery, transport and the like
- e) Collect commodities in pure and unadulterated condition
- f) Follow such direction as the company may otherwise issue and provide whatever information the company finds necessary for the promotion of the objectives of the company
- g) Failure on the part of the members to fulfill the above and such other obligations which shall make the member liable for consequential losses to the company as may be decided by the Board.

**6.2** The Board shall, from time to time determine the price payable for the produce or the products pooled in and every member shall initially receive only such proportion of the price, so determined by the Board, for the produce or products pooled and supplied as the Board or the Company may determine from time to time, and the withheld price may be disbursed later in cash or in kind or by allotment of equity shares, in proportion to the produce supplied or pooled to the company during the financial year to such extent and in such manner and subject to such conditions as may be decided by the Board.

**6.3** Subject to these articles, every member shall initially receive only such value for the produce or products pooled and supplied as the Board or Company may determine, and the withheld price may be disbursed later in cash or in kind or by allotment of equity shares, in proportion to the produce supplied to the Company during the financial year to such extent and in such manner and subject to such conditions as may be decided by the Board

**6.4** Every member shall, on the share capital contributed, receive only a limited return. Provided that every such member may be allotted bonus shares in accordance with the provisions contained in Section 581 ZJ of the Act

**6.5** The surplus, if any, remaining after making provision for payment of limited return and reserves referred to in Section 581 ZI of the Act, read with these Articles, may be disbursed as patronage bonus amongst the Members, in proportion to their participation in the business of the Company, either in cash or by way of allotment of equity shares, or both, as may be decided by the Members at the general meeting.

## **7. BENEFITS TO MEMBERS:**

**7.1** Every Member shall initially receive only such value for the produces supplied to the Producer Company as the Board may determine, and the withheld price may be disbursed at a later date during the financial year, in cash or in kind or by allotment of equity shares, in proportion to the value of various produces supplied to the Producer Company to such extent and in such manner and subject to such conditions as may be decided by the Board.

**7.2** The surplus, if any, arising after setting aside provision for payment of limited return and after making provisions for reserves as per the provisions of Article No. 18 may be disbursed as patronage bonus amongst the Members, in proportion to their participation in the business of the Producer Company, either in cash or by way of allotment of equity share or both, as may be decided by the general meeting.

## **8. PROVISIONS FOR SPECIAL USER RIGHTS:**

**8.1** The Board of the Producer Company may from time to time, based on measurable criteria, issue special user rights valid for a specific duration to the active members, to promote the business interests of the Producer Company. Such user rights shall be issued in the form of appropriate instruments.

**8.2** The instruments so issued shall, subject to the approval of the Board in that behalf, be transfer able to any other active member of the Producer Company.

## **9. TRANSFER AND TRANSMISSION OF SHARES**

- a. Save as otherwise provided herein the shares of a Member of the Company are not transferrable
- b. A Member of the Company may, after obtaining the previous approval of the Board, transfer the whole or part of his shares along with any special user rights
- c. Every member shall, within three months of his becoming a Member in the Company nominate, in the prescribed manner, a person to whom his shares in the Company shall vest in the event of his death

- d. The nominee shall, on the death of the Member, become-entitled to all the rights in the shares of the Company and the Board of that Company shall transfer the shares of the deceased Member to his nominee:

Provided that in case where such nominee is not a producer, the Board shall direct the surrender of shares together with Special User Rights, if any, to the Company at par value or such other value as may be determined by Board

- e. Save as hereinafter provided and without prejudice to these Articles, no shares shall be transferred to any person who is not a member of the Company so long as any Member is willing to purchase the same at a fair value as determined in accordance with (h) hereof
- f. A member may transfer its his/her share or shares to other member with the approval of the Board, after holding the share for at least one year
- g. No transfer shall be considered complete, until the name of the transferee has been entered in the share transfer register
- h. The fair value of the shares shall be the value of share as may be determined by the Board
- i. Except where the transfer is made pursuant to (q) hereof, the person proposing the transfer of any share (hereinafter call “the proposing transferor”) shall give notice in writing (hereinafter call a “transfer notice”) to the Board that he desires to transfer the same, such notice shall specify the sum he fixes as the fair value, and shall constitute the Board his agent for the sale of the shares to any member of the Company holding shares as beneficial owner (either solely or jointly with others) and not merely as an Executor or Trustee or in any other fiduciary capacity or person selected as aforesaid willing to purchase the shares (hereinafter called “Purchasing Member”) at any price so fixed or at the option of the purchasing member at the fair value to be fixed by the Company in accordance with (h) hereof. A transfer notice shall not be revocable except with the sanction of the Board
- j. If the Board shall within the span of three months after being served with a transfer notice, find a purchasing member and shall give notice thereof to the proposing transferor he shall be bound, upon payment of the fair value as fixed in accordance with (h) hereof to transfer the share to the purchasing member. If the Board does not within the span of three months after being served with a transfer notice, find a purchasing member and one month afterwards be at liberty, subject to these Articles, to sell and transfer the shares (or where there are more shares than one those not placed) to any person and at any price not below the price mentioned in the transfer notice
- k. If in any case the proposing transferor, after having become bound as aforesaid, makes default in transferring the share, the Board may receive the purchase-money, and the proposing transferor shall be deemed to have appointed any one Director or the Secretary of the company as his agent to execute a transfer of the share to the

purchasing member and upon the execution of transfer the Board shall hold the purchase-money in trust for the proposing transferor. The receipt of the Board for the purchase-money shall be a good discharge to the purchasing member and after his name has been entered in the register of members in purported exercise of the aforesaid power the proceedings shall not be questioned by any persons

- l. The shares comprised in any transfer notice shall be offered by the Board in the first place to the existing members of the company in proportion to the existing shares held by them respectively, and the offer shall in each case limit the time within which the same if not accepted will be deemed to be declined and may notify to the members that any member, who desires an allotment of shares, should in his reply state how many excess shares he desires to have and, if all members do not claim in their proportions, the unclaimed shares shall be used for satisfying the claims in excess. If any shares shall be not capable, without fractions, of being offered to the members in proportion of their existing holding of shares, the fractions shall be ignored. The excess shares not taken up by any member may be allotted by the Directors to such person as they deem fit.
- m. Subject to Section 581D of the Act shares held by deceased member may be transferred to his executor or administrator or to a person named by the deceased member in his will to succeed to the shares by the deceased member on the production of probate or letter of administration or succession certificate or any other legal representation as the case may be from a court of competent jurisdiction in India.

#### **PROVIDED NEVERTHELESS**

As the Board in any case may dispense with this requirement upon such terms as to indemnity or otherwise as it may deem fit and register the name of any person who claims to be absolutely entitled to the shares standing in the name of the deceased member.

- n. Subject to the provision of Section 111 of the Act, the Directors may in their absolute discretion refuse to register the transfer of share:
  - i. Where the Company has lien on that share
  - ii. Where the Directors are of the opinion that the proposed transferee is not a desirable person
  - iii. Where the proposed transferee is indebted, or under any liability to the Company
- o. The Directors shall state their reasons for any refusal based on the above ground
- p. A person entitled to a share in consequence of the bankruptcy of a member shall bound, at any time, if and when called upon in writing by the Directors to do so, to give a transfer notice in respect of all the shares then registered in the name of the bankrupt member, and all the consequential articles under this chapter shall apply

- q. No share shall in any circumstances be allotted to or transferred to an insolvent or a person of unsound mind and no shares shall be allotted or transferred to a minor
- r. Any share can be held in joint names not exceeding four and the survivor in the order recorded shall be entitled to those shares in the event of death of first holder. Provided that the joint holders shall be persons who are by themselves eligible to become a shareholder of the company
- s. Neither the Company nor the Board of Directors shall incur any liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of share made or purporting to be made by an apparent legal ..... thereof (as shown as appearing in the Register of Members) to the prejudice of any person or persons having or claiming any equitable right, title or interest to or in the same shares, notwithstanding that the company or the Board of Directors may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto any book of the Company, neither the Company nor the Board of Directors shall be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the company, but the board shall nevertheless be at liberty to regard and to attend to any such notice and give effect thereto in its absolute discretion, as it shall so think fit
- t. In case of the death of any one or more of the joint-holders of any shares the survivors shall be the only persons recognized by the Company as having any title to or interest in such shares

## **10. CESSATION OF MEMBERSHIP:**

**10.1** A member shall cease to be a member:

- a) On resignation
- b) On liquidation
- c) On expulsion
- d) On failure to fulfill the obligation mentioned in these Articles

**10.2** A member ceasing to be a member shall be entitled to get back the amount not exceeding the actual sum paid by the member, on account of shares within a period of one year from the date of cessation of membership, which shall be paid by the Company and the paid up share capital shall accordingly stand reduced.

**10.3** No person, subject to these Articles, who has business interest, which is in conflict with business of the company, shall become a member of that company

**10.4** A member, subject to these Articles, who acquires any business interest which is in conflict with the business of the Company, shall cease to be member of that company and be removed as a member in accordance with these articles

**10.5** Where the Board of the company is satisfied that

- a) any member has ceased to be a primary producer; or
- b) any member has failed to retain his qualification to be a member as specified in these articles, the Board shall direct the surrender of shares together with special user rights, if any, to the company at par value or such other value as may be determined by the Board: provided that the board shall not direct such surrender of shares unless the member has been served with a written notice and given an opportunity of being heard

## **11. VOTING RIGHTS OF THE MEMBERS:**

Every active member shall have a minimum of one vote.

## **12. GENERAL MEETINGS**

**12.1** The Chairman of the Producer Company shall preside over the general meeting. In case of his absence, the members present and entitled to vote shall elect one of among them as Chairman for the meeting.

**12.2.** The **first general meeting** shall be held within 90 days from the date of its incorporation and have the same powers as are given to the annual general meeting.

## **13. ANNUAL GENERAL MEETING:**

The Annual General meeting shall be called once in every year within quarter ending 30th September. However, not more than 15 months shall elapse between the date of one general meeting and that of the next.

**13.1** The annual general meeting of the Producer Company shall be called by the Board with not less than fourteen days' notice, which shall specify the date, time, venue and the agenda. The notice of the annual general meeting shall be sent to each member along with the following documents.

- i. The agenda of the meeting;
- ii. Minutes of the previous annual general meeting or extra ordinary general meeting, whichever occurred later;
- iii. Names of candidates for election, if any, to the Board of Directors including a copy of a statement of qualifications in respect of each candidate;
- iv. Audited balance sheet and profit and loss accounts of the Producer Company and its subsidiary if any, together with a report of the Board of Directors with respect to:
  - a) the state of the Producer Company's affair,

- b) the amounts proposed to be carried to reserves,
- c) the amount to be paid as return on share capital,
- d) material changes and commitments, if any, affecting the financial position of the Producer Company and its subsidiary, if any, which have occurred in between the date of the annual accounts of the Producer Company to which the balance sheet relates and the date of the report of the Board and
- e) the text of the draft resolution for appointment of the auditors,
- f) any other matter of importance relating to energy conservation and environmental protection, foreign exchange earnings or outgo, etc.
- g) The text of any resolution or proposed amendment to the Memorandum of Association or articles of association to be considered at the annual general meeting along with the recommendations of the Board with respect to each;
- h) Any other matter that is required to be, or may be, specified by the board.

**13.2** The proceedings of every annual general meeting along with Directors' Report, the audited balance sheet and the profit and loss account of the Producer Company and its subsidiary, if any, shall be filed with the Registrar within thirty days from the date on which the annual general meeting is held, with an annual return along with the filing fees as applicable to a Producer Company.

**13.3** The notice of annual general meeting and extra-ordinary general meeting shall be placed on the notice board of the Producer Company and will also be published atleast in one news paper.

**13.4** Attendance of one fourth of the total number of active members shall form a quorum for the general meeting.

If there is no quorum within half an hour from the time of meeting, the meeting shall stand dissolved if it was called upon requisition. But in other cases the meeting is automatically adjourned to reassemble on the same day in next week. And if at the reassembled meeting also quorum is not present within half an hour, as many members as are actually present shall constitute the quorum.

**13.5** Functions of the General Meeting:

The annual general meeting shall, among other things, deal with the following:

- i. Confirm the proceedings of the previous General Meeting.
- ii. Declare the names of Board of Directors elected as per the election rules.
- iii. Approve the excess expenditure over the sanctioned budget.
- iv. Receive from the Board the Annual report together with profit and loss account and balance sheet as on 31st March of preceding financial year of the Producer Company and sanction the appropriation of profits.
- v. Approve the budget and program of activities of the Producer Company for the next year as recommended by the Board.

- vi. Consider and adopt the audit memorandum and audit rectification report.
- vii. The limit of the outside borrowings subject to the conditions specified in the Articles.
- viii. Fix the allowances to be paid to the members of the Board and the members attending the Board meeting and other meetings.
- ix. Appoint auditors and fix their remunerations.
- x. Amendment of the Articles as and when necessary.
- xi. To take note of admission of new member during the year.
- xii. Approve the expenditure incurred on any of the elected members of the Board.
- xiii. Remove member(s) of the Board by simple majority of the active members present and voting at the General Meeting in accordance with provisions of section 284 of the ACT.
- xiv. Consider any other business brought forward by or with the consent of the Chairman.
- xv. With the permission of 2/3rd of the members present at the General Meeting any member may bring forward any matter not specified in the notice of the meeting provided that he may not propose an amendment in the Articles and removal of a director of the Board of the Producer Company.

#### **14. EXTRA ORDINARY GENERAL MEETING:**

An Extra Ordinary general meeting may be called at any time:

- i. by a majority of the Board or
- ii. by the Chairman/Managing Director within one month of requisition in writing from not less than 1/3rd of the active members of the Producer Company;

An extra ordinary meeting of the Producer Company shall be called by the Board with not less than fourteen days' notice, which shall specify the date, time, venue and the agenda.

#### **15. BOARD OF DIRECTORS:**

**15.1** The Company shall have at least five and not more than fifteen directors

**15.2** The Following Persons shall be the first directors of the Company.

- 1. Sri Rama Chandra Raju Dantuluri
- 2. Sri Kasi Viswanadha Raju Nadimpalli
- 3. Sri Mudunuru Bala Rama Raju
- 4. Sri Illa Satyagopala Krishna
- 5. Sri Narayana Raju Inampudi

- 15.3** The First Directors hereinabove shall be confirmed at the First Annual General Meeting of the Company, which shall be held within ninety days of Registration of the Company.
- 15.4** Every person shall hold office of a director for a period not less than one year but not more than five years as may be specified in the articles
- 15.5** Every director, who retires in accordance with these articles, shall be eligible for re-appointment as a director.
- 15.6** Save as provided in Section 581 P (2), the directors of the Board shall be elected or appointed by the Members in the annual general meeting.
- 15.7** The Board may co-opt one or more expert directors or an additional director not exceeding one-fifth of the total number of directors or appoint any other person as additional director for such period as the Board may deem fit.
- Provided that the expert directors shall not have the right to vote in the election of the Chairman but shall be eligible to be elected as Chairman
- 15.8** Provided further that the maximum period, for which the expert director or the additional director holds office shall not exceed five years at one time, however, shall be eligible for reappointment
- 15.9** The Chairman / Vice-Chairman appointed pursuant to these articles shall preside at all board meetings. In the absence of both the Chairman / Vice-Chairman the directors present will elect any one of them to be the Chairman of the Meeting.
- 15.10** The Chairman of the Board of Directors or the chairman of the meeting, as the case may be, shall have a casting vote.
- 15.11** The Board of Directors shall have the power at any time and from time to time, to fill a casual vacancy occurring on account of the office of any director being vacated. Any person appointed to fill a casual vacancy shall hold office only up to the date which the Director in whose place he is appointed would have held office or holding of next Annual General Meeting whichever is earlier.
- 15.12** The Board may meet together for the dispatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the Chairman shall have a second or casting vote. A director may, and the Secretary on the requisition of a Director shall, at any time summon a Meeting of the Board.
- a) The quorum necessary for the transaction of the business in a meeting of the board shall be one-third of the total strength of directors, subject to a minimum of three. A duly convened meeting of board at which a quorum is

present shall be competent to exercise all powers and discretions for the time being exercisable by the board or by the Directors generally.

- b) The Board may elect a chairman and a Vice-Chairman of its meetings and determine the period for which they have to hold office, but, if not such Chairman or Vice-Chairman is elected, or if in any meeting neither the chairman nor the vice-chairman is present, the Directors present shall choose one among them to be Chairman of the meeting.
- c) Not less than seven days notice of every meeting of the board shall be given to every director. Provided that a meeting of the Board may be called by giving a shorter notice for reasons to be recorded in writing
- d) The Board may delegate any of its powers to committees consisting of such member or members of its body as it thinks fit. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that might be imposed on it by the board, or contained in these Articles.

## **16. POWERS AND DUTIES OF BOARD OF DIRECTORS**

Subject to the provisions of this Act and Articles, the Board of Directors of the Company shall exercise all such powers and to do all such acts and things, as that company is authorized so to do. The management of the business of the company shall be vested in Board of Directors. The Board of Directors may exercise all such powers and do all such acts and things as the company is by Memorandum of Association or otherwise authorized to exercise and do, and are not hereby or by statute directed or required to be exercised or done by the company in a General Meeting but subject nevertheless to the provisions of the Act, and of these articles and to any regulations not being inconsistent with these articles from time to time made by the company in a General Meeting, provided that no such regulation shall invalidate any prior act of the Board of Directors which would have been valid if such regulation had not been made. In particular and without prejudice to the general powers hereby conferred it is hereby expressly declared that the Board of Directors shall have the following powers that is to say:

- a) Determination of the dividend payable
- b) Determination of the quantum of withheld price and recommend patronage to be approved at general meeting
- c) Admission of new members
- d) Pursue and formulate the organizational policy, objectives, establish specific long-term and annual objectives, and approve corporate strategies and financial plans
- e) Appointment of Chief Executive and such other officers of the company as may be specified in the articles
- f) Exercise superintendence, direction and control over Chief Executive and other officers appointed by it
- g) Cause proper books of account to be maintained, prepare annual accounts to be placed before the annual general meeting with the auditors' report and the replies on qualifications, if any, made by the auditors.

- h) Acquisition or disposal of property of the company in its ordinary course of business
- i) Investment of the funds of the company in the ordinary course of its business
- j) Sanction any loan or advance, in connection with the business activities of the company to any member, not being a director or his relative and accordingly, may provide financial assistance to the members of the company by way of:
- k) Credit facility, to any member, in connection with the business of the company, for a period not exceeding six months
- l) Loans and advances, against security to any member, repayable within a period exceeding three months but not exceeding seven years from the date of disbursement of such loan or advances

Provided that any loan or advance to any director or his relative shall be granted only after the approval by the members in general meeting

- m) To pay the preliminary expenses incurred in the promotion, and registration of the company
- n) To purchase or otherwise acquire for the company any property, rights or privileges which the company is authorized to acquire at such price and on such terms and condition as they may think fit
- o) At their discretion to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly in cash, or in shares, bonds, debentures or other securities, of the company, any such shares may be issued as either fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds. Debentures or other securities may be either specially charged upon all or any of the property of the company and its uncalled capital or not so charged
- p) To establish branches and to appoint agents or sub-agent in India or elsewhere at such powers and authorities and powers of sub-delegation or otherwise as they shall think fit
- q) Subject to Section 58A of the Act, to raise or borrow monies, to receive monies on deposits with or without security or allowances of interest either from Member or Directors or employees of the Company or from any other person, firm or corporation for the purpose of the company's business or in connection therewith in such manner and upon such term and conditions as the Board of Directors may think fit and in particular by the issue of debentures or debenture-stock convertible in to shares of this or any other company and to give security for any such money so borrowed, raised or received. To mortgage, pledge or charge the whole or any part of the property, assets or revenue of the company, present or future including its uncalled capital by special assignment or otherwise or to transfer or assign the same absolute or in trust and to give the lender power of sale or other powers as may seem expedient
- r) To secure the fulfillment of any contracts or engagements entered into by the company by mortgage or charges of all or any part of the assets of the Company, and its unpaid capital for the time being or in such other manner as they think fit
- s) To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any goods or other property belonging to the Company or in which it is interested or for any other purpose and to execute and do all such deeds and things as may be requisite in relation to any such trusts and to provide the remuneration of such trustee or trustees

- t) To execute in the name and on behalf of the Company in favour of any member, director or other person who may incur any personal liability for the benefit of the company's property present or future as they think fit, a mortgage and such mortgage may contain power of sale and such other powers, covenants and provisions as shall be agreed upon.
- u) To provide for the welfare of the directors or ex-directors or the employees or ex-employees of the Company and the wives, widows and families or dependents of such persons, by building or contributing to the building of houses, dwellings or chawls, or by grants of moneys, pensions, gratuity, allowances, bonus or other payment, or by creating and from time to time subscribing or contributing to provident, gratuity and other funds, associations, institutions or trusts any by providing or subscribing or contributing towards places of instructions, recreation hospitals, dispensaries and other assistance as the Board of directors shall think fit
- v) To subscribe or contribute or otherwise assist or to donate money to charitable, benevolent, religious, scientific, national or other institution of public and general utility including those having approved programmes of rural development or otherwise whether connected with the business of the Company or not
- w) To make, vary and repeal bye-laws for the regulation of the business of the Company and its officers and employees

## **17. CHIEF EXECUTIVE**

**17.1** The business of the Company shall be carried out by a Chief Executive, within the meaning of Section 581W of the Act, to be appointed by the Board, who may also be designated as Managing Director or Executive Director or Working Director or Whole time Director.

**17.2** The Board may from time to time appoint Managing Director, Executive Director, Working Director and/or Whole time Director and shall likewise fix his/their term, remuneration, duties, authorities and powers.

**17.3** without prejudice to the generality of the foregoing, the Chief Executive (Managing Director, Executive Director, Working Director and/or whole time Director) may exercise the powers and discharge the functions, namely:-

- a) Do administrative acts of a routine nature including managing the day-to-day affairs of the Company;
- b) Operate bank accounts or authorize any person, subject to the general or special approval of the Board in this behalf, to operate the bank account;
- c) Make arrangements for safe custody of cash and other assets of the Company;
- d) Sign such documents as may be authorized by the Board, for and on behalf of the Company;

- e) Maintain proper books of account; prepare annual accounts and audit thereof; place the audited accounts before the Board and in the general meeting of the Members;
- f) Furnish Members with periodic information to appraise them of the operation and functions of the Company;
- g) Make appointments to posts in accordance with the powers delegated to him by the Board;
- h) Assist the Board in the formulation of goals, objectives, strategies, plans and policies;
- i) Advise the Board with respect to legal and regulatory matters concerning the proposed and ongoing activities and take necessary action in respect thereof;
- j) Exercise the powers as may be necessary in the ordinary course of business;
- k) Discharge such other functions, and exercise such other powers, as may be delegated by the Board.

**17.4** The Chief Executive (Managing Director, Executive Director, Working Director and/or Whole time Director) shall have such of the powers as the Board may delegate including the powers and full discretion as to the engagements and dismissal of managers technicians, legal advisors and servants and the general discretion, management and supervision of the business of the company with full power to do all acts, matters and things deemed necessary, proper or expedient for carrying on the business and concerns of the Company and to exercise all powers, authorities and discretions of the Company except only such of them as by the Act or by these presents are directed to be exercised by the Directors in Board Meeting or by the Shareholders in General Meeting.

**17.5** The Chief Executive (Managing Director, Executive Director, Working Director and/or Whole time Director) may with the previous authority of the Board of Directors delegate all or any of the powers, authorities and discretion for the time being vested in him and in particular from time to time to provide for the appointment of an attorney or attorneys for the management and transactions of the Company in Such manner as he shall think fit.

**17.6** Subject to the provisions of Section 297 of the Act, notwithstanding anything contained in these Articles and notwithstanding the relation (if any) to and the position with the Company a Chief Executive (Managing Director, Executive Director, Working Director and/or Whole time Director) is expressly allowed to work for the Company and especially to do the work of the Company as provided

by such terms and conditions and on such remuneration as the Board of Directors shall form time to time decide.

**17.7** Whenever there shall be Directors of the Company in office and no chief Executive (Managing Director, Executive Director, Working Director and/or Whole time Director), the Board shall have and exercise all the powers and perform all the duties hereby expressed by these presents to be vested in Managing Director.

**17.8** The Chief Executive (Managing Director, Executive Director, Working Director and/or Whole time Director) shall manage the affairs of the Company under the general superintendence, direction and control of the Board and be accountable for the performance of the Company.

## **18. APPOINTMENT OF THE COMPANY SECRETARY:**

**18.1** If the average annual turnover exceeds five crore rupees in each of three consecutive financial years, the Producer Company shall have a whole-time secretary.

**18.2.** No individual shall be appointed as whole time secretary unless he possesses membership of the Institute of Company Secretaries of India constituted under the Company Secretaries Act, 1980.

## **19. APPROPRIATION OF NET PROFIT:**

The Producer Company shall maintain a general reserve fund in which 10% of the Net profit or Rs. One lakh, whichever is more, shall be transferred to the general reserves:

**19.1.** There shall be a limited return up to 3% per annum, or as may be specified by the Board and approved by the General Body from time to time, on fully paid share capital;

**19.2** The surplus arising out of the operations of the Producer Company shall be distributed in an equitable manner by-

- 1) 5% for development of the business of the Producer Company on year to year basis;
- 2) 1% for common services;
- 3) 5% withheld price
- 4) distributing amongst the Members of the excess, as may be admissible in proportion to their respective participation in the business;

- 5) 1% for the education of Members, employees and others, on the principles of mutuality and techniques of mutual assistance;

**20. MISCELLANEOUS:**

- 20.1** In addition to the sum as provided in the provisions of these articles of association all subsidies, entrance fees, receipts on account of forfeited shares and fines other than those collected from the employees shall be carried to the Reserve Fund.
- 20.2** Any other income other than normal trading income, excess provisions and reserves, donations other than those for specific purposes etc. can be carried to a General Reserve Fund and shall be utilized with the permission of the Board from time to time.
- 20.3** The accounting year of the Producer Company shall be from 1st April to 31st March. The books of accounts and other records shall be maintained as prescribed.
- 20.4** The Producer Company shall not alter the conditions contained in its memorandum except in the cases, by the mode and to the extent for which express provision is made in the Act.
- 20.5** The Producer Company may, by special resolution, not inconsistent with section 581B, alter its objects specified in its memorandum.

A copy of the amended memorandum, together with a copy of the special resolution duly certified by two directors, shall be filed with the Registrar within thirty days from the date of adoption of any resolution.

- 20.6** Any amendment of the articles shall be proposed by not less than two-thirds of the elected directors or by not less than one-third of the Members of the Producer Company, and adopted by the Members by a special resolution. A copy of the amended articles together with the copy of the special resolution, both duly certified by two directors, shall be filed with the Registrar within thirty days from the date of its adoption.

**21. THE SEAL**

The Board of Directors shall select a common seal for the Company and provide by resolution for the safe custody and affixing thereof. Unless otherwise determined, the Director may use and affix the Common seal of the company to any document and the Director in accordance with these articles sign every document to which the seal is so affixed.

**22. SECRECY CLAUSE**

Subject to the provisions of the Act, no member shall be entitled to visit or inspect works of the Company without the permission of the Director or Managing Director or of the officer authorised by the Director to grant such permission or to require inspection of any books of accounts or documents of the Company or any discovery of any information or any details of the Company's business or trading or any other matter which is or may be in the nature of a trade secret, mystery of trade or secrete process\_ or which may relate to the conduct of business of the Company and which in the opinion of the Managing Director or the Directors will not be expedient in the collective interest of the members of the Company to communicate to the public or any member.

### **23. DIRECTORS AND OTHERS' RIGHT TO INDEMNITY:**

(a) Subject to the provisions of section 201 of the Act, every director and officer of the company shall be indemnified by the company and it shall be the duty of the Directors to pay out of funds of the Company all costs, losses and expenses (including travelling expenses) which any such director, officer or employee may incur or become liable to by any reason of any contract, or deed entered into by him as such Director, Officer or servant or in any way in the discharge of his duties.

(b) subject to aforesaid every Director, Managing Director, Manager, Secretary, or other officers or employees of the company shall be indemnified against any liability incurred by him/them in defending any proceedings whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under section 613 of the Act in which relief is given to him by the Court.

### **24. FINANCE, ACCOUNT AND AUDIT**

- a. The Company shall keep at its registered office proper books of accounts with respect to:
  - i. All sums of money received and expended by the Company and the matters in respect of which the receipts and expenditure take place
  - ii. All sales and purchase of goods by the Company: The instruments of liability executed by or on behalf of the Company:
  - iii. The assets and liabilities of the Company:
  - iv. In case of the Company engaged in production, processing and manufacturing the particulars relating to utilization of materials or labour or other items or costs.
- b. The balance sheet and profit and loss account of the Company shall be prepared as far as may be in accordance with the provision contained in section 211 of the Act.
- c. The Company shall have internal audit of its accounts carried out, on half yearly intervals, by a chartered accountants as defined in clause (b) of sub-section (I) of section 2 of the institute of Chartered Accountants Act, 1949.

- d. Without prejudice to the provision contained in section 227, the auditor shall report on the following additional matters relating to the Company, namely.
  - i. The amount of debts due along with particulars of bad debts if any;
  - ii. The verification of cash balance and securities;
  - iii. The details of assets and liabilities;
  - iv. All transaction which appear to be contrary to the provision of this part;
  - v. The loan given by the Producer Company to the directors;
  - vi. The donations or subscriptions given by the Producer Company;
  - vii. Any other matters as may be considered necessary by the auditor.

## **25. DONATIONS, GENERAL AND OTHER RESERVES**

The Company may, by special resolution, make donation or subscription to any institution or individual for the purposes of-

- a. Promoting the mutual assistance principles;
- b. Promoting the social and economic welfare of producer members or producers or general public: or
- c. The aggregate amount of all such donation and subscriptions in any financial year shall not exceed three percent of the net profit of the Producer Company in the financial year immediately preceding the financial year in which donation or subscription was made.
- d. The Company shall not make directly or indirectly to any political party or for any political purpose to any person any contribution or subscription or make available any facilities including personal or material.
- e. The Company shall maintain a general reserve in every financial year, in addition to any reserve maintained by it.
- f. In case where the Company does not have sufficient fund in any financial year for transfer to maintain the general reserves, the contribution to the general reserve shall be shared amongst the Members in proportion to their patronage in the business if that company in that year.
- g. Provided that the maximum amount, to be contributed to such reserve shall be a maximum of Rs. 50, 000/- for the year, which shall be shared among the members in the manner as provided aforesaid.

The Company may, upon recommendation of the Board and passing of resolution in the general meeting, issue bonus shares by capitalization of amount from general reserves referred to in articles in proportion to the shares held by the members on the date of the issue of such shares.

## **26. LOANS TO MEMBERS AND INVESTMENTS**

- a. The Board may provide financial assistance to the Members of the Producer Company by way of
  - i. Credit facility, to any Member, in connection with the business of the Producer Company, for a period not exceeding six months;

- ii. Loans and advances, against security specified in articles to any Member, repayable within a period exceeding three months but not exceeding seven years from the date of disbursement of such loan or advances;

Provided that such financial assistance shall be limited to the maximum of 10% of the value of produce supplied by the member during previous financial year.

- iii. Any loan or advance to any director or his relative shall be granted only after the approval by the Members in general meeting.

- b. The general reserves to the Company shall be invested to secure the highest return available from approved securities, fixed deposits, units, bonds issued by the government or co-operative or scheduled bank or in such other mode as may be prescribed.
- c. The Company may, for promotion of its objective acquire the shares of another Producer Company.
- d. The Company may subscribe to the shares capital or, or enter into any agreement or other arrangement, whether by way of formation of its subsidiary company, joint venture or in any other manner with anybody corporate, for the purpose of promoting the objects of the Producer Company by special resolution in this behalf.
- e. The Company, either by itself or together with its subsidiaries, may invest, by way of subscription, purchase or otherwise, shares in any other company, other than the Producer Company specified under articles 82, or subscription or capital under article 83, for an amount not exceeding thirty percent of the aggregate of its paid up capital and free reserves:
- f. The Company may, by special resolution passed in its general meeting and with prior approval of the Central Government, invest in excess of the limits specified in Article 84.
- g. All investment by the Producer Company may be made if such investments are consistent with the objects of the Company.
- h. The Board of the Company may, with the previous approval of Members by a special resolution, dispose of any of its investments referred to in articles.

## **27. AMALGAMATION, MERGER OR DIVISION**

- a. The Producer Company may, by a resolution passed at its general meeting-
  - i. Decide to transfer its assets and liabilities, in whole or in part, to any other Producer Company, which agrees to such transfer by a resolution passed at its general meeting, for any of the objects specified in section 5818 of the Act.
  - ii. Divide itself into two or more new Producer Companies:

- b. Every resolution of the Producer Company under this article shall be passed at its general meeting by a majority of total Members, with right of vote not less than two-thirds of its member's present and voting and such resolution shall contain all particulars of the transfer of assets and liabilities, or division, amalgamation or merger as the case may be.
- c. Before passing a resolution under this section, the Producer Company shall give notice thereof in writing together with a copy of the proposed resolution to the Members and creditors who may give their consent.
- d. Notwithstanding anything contained in articles or in any contract to the contrary, any Member or any creditor not consenting to the resolution shall, during the period of one month of the date of service of the notice on him, have the option-
  - i. To transfer his shares with the approval of the Board to any active Member hereby ceasing to continue as a Member of the company or
  - ii. In the case of a creditor, to withdraw his deposit or loan or advance, as the case may be.
- e. Any Member or creditor, who does not exercise his option within the period specified in article 91, shall be deemed to have assented to the resolution.
- f. A resolution passed by the Company under Article 90 shall not take effect until the expiry of one month or until the assent there to of all the Members and creditors has been obtained, whichever is earlier.

## **28. RESOLUTION OF DISPUTES**

- a. Where any disputes relating to the formation management or business of the company arises.
  - i. Amongst Members, former Members or persons claiming to be members or nominees of deceased members: or
  - ii. Between a Member, former Member or a person claiming to be a Member or nominee of deceased Member and the Company, its board of Directors, office-bearer or liquidator, past or present: or
  - iii. Between the Company or its Board, and any director, office bearer or any former director, or the nominee heir or legal representative or any deceased director of the Company.

Such disputes shall be settled by conciliation or by arbitration as provide under the Arbitration and Conciliation Act 1996 (26 of 1996) as if the parties to the dispute have consented in writing for determination of such disputes by arbitration and the provisions of the said act shall apply accordingly.

Explanation: For the purpose of this section, a dispute shall include:-

- i. A claim for any debt or other amount due:
- ii. A claim by surety against the principal debtors where the Company has recovered from the surety amount in respect of any debtor or other amount due to it from the

- principle debtor whether such debt or amount due be admitted or not:
- iii. A claim by Company Against a Member for failure to supply produce as required of him:
  - iv. A claim by a Member against the Company for not taking goods supplied by him.
- b. If any question arises whether the dispute relates to formation management or business of the company the question shall be referred to the arbitrator, whose decision there on shall be final.

**29. RIGHTS OF MEMBERS TO OBTAIN INFORMATION**

- a. At every annual general meeting the Board shall lay before the Producer Company a Balance Sheets and Profit and loss account made up in accordance with the provision of section 210 of the Act and such Balance Sheet and Profit and Loss Account shall comply with the requirements of section 210, 211, 212, 215 and 216 and or Schedule VI of the far as they are applicable to the Company.
- b. There shall be attached to every balance sheet laid before the Producer Company a report by the Board complying with section 217 of the Act

**30. DISTRIBUTION & DISPOSAL OF FUNDS AFTER MEETING LIABILITIES IN THE EVENT OF DISSOLUTION OR UQUIDATION OF THE COMPANY.**

- a. If the company shall be wound up, whether voluntarily or otherwise, the liquidators may divide among the contributories, in specie or in any part of the assets of the Company as the liquidators shall think fit, as provided under part IX-A of the Act.

Sl. No.	Name, address, description, Occupation & Signature of Subscribers	Signature of subscriber	Name, address, description, occupation & signature of witness
1	<p>Rama Chandra Raju Dantuluri S/o Narayana Raju Dantuluri Door No.4-3-24, Ground Floor, Konkapalli, Beside LIC Office, Amalapuram East Godavari District, Andhra Pradesh-533201</p> <p>OCC: <b>Farmer</b></p> <p>(Camp at Hyderabad)</p>		
2	<p>Kasi Viswanadha Raju Nadimpalli S/o Jagga Raju Nadimpalli D. No. 3-25, Vanne Chintalapudi, Samanasa post, Amalapuram Mandal E.G.District , AP-533213 D.O.B : 01-06-1952 OCC: <b>Farmer</b></p> <p>(Camp at Hyderabad)</p>		
3	<p>Mudunuru Bala Rama Raju S/o Mudunuru Ramakrishnam Raju</p> <p>H. No. 1-20/A, Geddanapalli, East Godavari, Andhra Pradesh-533212 D.O.B: 15/11/1951 OCC: <b>Farmer</b></p> <p>(Camp at Hyderabad)</p>		

4	<p>Illa Satyagopala Krishna S/o Illa Venkata Satyanarayana</p> <p>H. No. 4-76, Main Road, Bhatnavelli, East Godavari Andhra Pradesh-533222 D.O.B: 19-05-1973 OCC: <b>Farmer</b></p> <p>(Camp at Hyderabad)</p>		
5	<p>Inampudi Narayana Raju S/o Inampudi Satyanarayana Raju</p> <p>H.No. 2-116, Srirammurthygari Veedhi, Nedunuru, East Godavari Andhra Pradesh-533211 D.O.B : 05-07-1951 OCC: <b>Farmer</b></p> <p>(Camp at Hyderabad)</p>		
6	<p>Pochanapeddi Rama Subrahmanyam S/o Narasimha Murthy R/o D.No.16-100, Chippalapalem, Mummidivaram Mandal, East Godavari District, Andhra Pradesh-533216 Occ: Farmer</p>		
7	<p>Kadali Venkata Lakshmi W/o Sri Atchuyutha Satya Prasad R/o D.No.2-16, Godi Village, Allavaram Mandal, East Godavari District, Andhra Pradesh-533217 Occ: Farmer</p>		

8	Gadiraju Viswanadha Raju S/o Sri G.Satyanarayana Raju R/o D.No.13-181, Kesanakurupalem,I.Polavaram Mandal, East Godavari District, Andhra Pradesh-53322 Occ: Farmer		
9	Gunturi Bala Raju S/o G.Krishnam Raju R/o D.No.1-18, Gundipudi, Allavaram Mandal, East Godavari District, Andhra Pradesh-533217 Occ: Farmer		
10	Buddharaju Janaki Rama Raju S/o Satyanarayana Raju R/o 4-144/1 , Rajupalem Mummidivaram PO EG district, AP-533216  Occ: Farmer		

Place: Hyderabad

Date: