

# THE COMPANIES ACT, 2013

## COMPANY LIMITED BY SHARES

### ARTICLES OF ASSOCIATION OF

#### SHIVBELA FARMER PRODUCER COMPANY LIMITED

#### I. PRELIMINARY

The Regulations contained in Table “F” in the Schedule I to the Companies Act, 2013, shall apply to the Company except in as far as otherwise expressly incorporated hereinafter.

#### II. DEFINITIONS

In the Articles Association of the Company, unless the context otherwise requires, words or expressions shall have the meanings as provided below.

- (i) ‘The Companies Act’ means The Companies Act, 2013 and its statutory modifications from time to time, with following section 378A of the Companies Act, 2013, the provision of Chapter XXIA of the Companies Act, 2013 shall be applicable mutatis mutandis to a Producer Company Hence, reference in the Articles to section shall refer to the Companies Act, 2013
- (ii) ‘Active Member’ means a Member who fulfils the quantum and period of patronage of the Producer Company as may be required by the articles.
- (iii) ‘Articles’ means Articles of Association of the Company for the time being in force.
- (iv) ‘Board’ or ‘Board of Directors’ means the board of directors of the Company constituted under the provisions of the Act and the Articles.
- (v) ‘Chairman or Chairperson’ means Chairman of the Board of Directors, for the time being of the Company.
- (vi) ‘Chief Executive’ means an individual appointed as such under the provisions of the sub-section (1) of section 378W.
- (vii) ‘Limited Return’ means the maximum dividend, as may be specified by the Articles.
- (viii) ‘Member’ means a person or Producer Institution (whether incorporated or not) admitted as a Member of a Producer Company and who retains the qualifications necessary for continuance as such;
- (ix) ‘Officer’ includes any Director or Chief Executive or Secretary or any person in accordance with whose directions or instructions part or whole of the business of the business of the Producer Company is carried on.
- (x) ‘Mutual Assistance Principles’ means the principles set out in sub-section (2) of section 378G.
- (xi) ‘Patronage’ means the use of services offered by the Producer Company to its Members by participation in its business activities.
- (xii) ‘Patronage Bonus’ means payments made by the Company out of its surplus income to the Members in proportion to their respective Patronage.
- (xiii) ‘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 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; or
  - (c) any product resulting from any of the above activities, including by-products of such products; or
  - (d) any product resulting from an ancillary activity that may assist or promote any of the aforesaid activities or anything ancillary thereto; or
  - (e) any activity which is intended to increase the production of anything referred to in sub-clauses (i) to (iv) or improve the quality thereof..
- (xiv) ‘Producer’ means any person engaged in any activity connected with or relatable to any primary produce.
- (xv) ‘Producer Company’ means a body corporate having objects or activities specified in section 378B and registered as Producer Company under this Act.
- (xvi) ‘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 378B and which agrees to make use of the services of the Producer Company or Producer Companies as provided in its articles.

- (xvii) ‘Secretary’ means an individual appointed as such under the Provisions of the Act.
- (xviii) ‘Withheld Price’ means part of the price due and payable for goods supplied by any Member to the Producer Company; and as withheld by the Producer Company for payment on a subsequent date.

### **III. INTERPRETATION**

- (i) In these regulations—
- (a) “ the Act” means the Companies Act, 2013,
  - (b) “ the seal” means the common seal of the producer company.
- (ii) 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 at the date at which these regulations become binding on the producer company.

### **IV. THE COMPANY TO BE A PRIVATE LIMITED COMPANY**

- (i) the Company is a producer company within the meaning of Section 378A of the Companies Act, 2013.
- (ii) The Company is deemed to be a Private Company within the meaning of section 378A of the Companies Act, 2013 and accordingly,
- a. Restricts the right to transfer its shares in the manner and to the extent here in after provided;
  - b. Prohibits any invitation to the public to subscribe for any shares in, or debentures of, the Company; and
  - c. Prohibits any invitation or acceptance of deposits from persons other than its Members, directors or their relatives.

### **V. MUTUAL ASSISTANCE PRINCIPLES**

- (a) the membership shall be voluntary and available, to all eligible persons who, can participate or avail of the facilities or services of the Producer Company, and are willing to accept the duties of membership;
- (b) each Member shall, save as otherwise provided in this Chapter, have only a single vote irrespective of the shareholding;
- (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 this Chapter and the Board shall be accountable to the Members;
- (d) particulars on 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 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 organisations 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.

### **VI. MEMBERSHIP**

- (a) The Company may have individual Producers or Producer Institutions or a combination of both as its Members as decided by the Board.
- (b) Qualifications and procedure for obtaining Membership
- i. A member of any Producer Groups/Farmers Groups / Learning Group/Kisan Club / Self Help Groups /Water User Group or any non- member/individual belongs to the above category of producer or farmers and desirous to becoming a member shall subscribe at least one share to the Producer Company.
  - ii. Member who didn’t declared as defaulter in repayment of any advances or loans or services taken from the Producers Company or similar institutions and don’t have the possibility to repeat such act again and same guaranteed by the any member of the producer company, if already exists in the same area.
  - iii. He/ She did not convict by the Board/Committee formed by the board / any court in producer company matter and his membership seized.
  - iv. No person shall become a Member of the Company if, a. He/she has any business interest which is in conflict with business of the Company or

- v. Such an individual Producer or a Producer Institution shall become a Member after the Board of Directors passes a resolution accepting his/its admission as a Member.
- (c) Conditions for continuation and cancellation of Membership
  - i. Membership shall continue as long as a Member does not fail to meet the criteria as may be prescribed by the Board from time to time.
  - ii. In addition, the Member is not eligible to continue as a Member, if: a. the Member acquires any business interest which is in conflict with the business of the Company. b. the member is indulging / has indulged in an act which is detrimental to the functioning of the Company or which has damaged or likely to damage the interest and reputation of the company.
  - iii. Any Member who is not eligible to continue as a Member shall be served a written notice by the Company for removal as Member and given an opportunity of being heard. The Member would need to reply to the notice within the stipulated period as specified in the notice. Such notice shall be sent by Registered Post to the Member at his last known address and be deemed to be served five days after posting. Thereafter, the Board shall take a decision in the matter.
- (d) Voting Rights of Member
  - i. In a case where the membership consists solely of individual producers, the voting rights shall be based on a single vote for every Member.
  - ii. In a case where the membership consists of producer institutions only, the voting rights shall be determined on the basis of patronage i.e. their participation in the business of the Company in the previous year. Provided that during the first year of registration of the Company, the voting rights shall be determined on the basis of the shareholding by such producer institutions.
  - iii. In a case where the membership consists of both individual Producer and Producer institutions, the voting rights shall be computed on the basis of a single vote for every Member.
- (e) Price to be paid to the Members
  - i. The Company may pay a differential price to its Members for the procurement of commodity based on prevailing price in that area and any other criteria as may be decided from time to time. The Company may pay a lower price to its Non-members.
  - ii. A farmer may initially receive part of the price payable and due as may be decided 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 commodity supplied to the Company during the financial year or otherwise, to such extent and in such manner and subject to such conditions as may be decided by the Board.
  - iii. The Company may pay incentive/bonus to the members with such attributes and to such extent and in such manner and subject to such conditions as may be decided by the Board.
  - iv. The surplus, if any, remaining after making provision for payment of limited return and reserves referred to in section 378ZJ, may be disbursed as patronage bonus, amongst the Members, in proportion to their participation in the business of the producers 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.
- (f) Provisions For Special User Rights
  - i. 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.
  - ii. The instruments so issued shall, subject to the approval of the Board in that behalf, be transferable to any other active member of the Producer Company.
- (g) Active Member

The Board, if so desires, lay down the criteria with respect to quantum & period of Patronage for an Active Member.

## VII. FUNDS

Funds may be raised by

- i. issue of equity shares to Members,
- ii. admission fee and deposits from Members,
- iii. loans and advances and
- iv. grants, aid, subsidies and donations.

## **VIII. SHARE CAPITAL**

- (a) The authorized share capital of the Company shall be as stated in clause VI of the Memorandum of Association of the Company.
- (b) The share capital of the Company shall consist of fully paid-up equity shares only.
- (c) The shares held by the Member in the Company, shall as far as may be, be in proportion to his or its patronage.
- (d) The share capital of the Company shall be under the control of the Board who may allot or otherwise dispose of the same to such members in proportion to the Patronage, as far as may be, and on such terms and conditions against payment in cash or kind or in lieu of the whole or part of the sale proceeds of produce or products supplied by the Members, and at such times and for such consideration as the Board may decide.
- (e) The Company may, by Ordinary Resolution:
  - i. increase the share capital;
  - ii. consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - iii. sub-divide its existing shares or any of them, into shares of smaller amount than is fixed by the Memorandum of Association, subject, nevertheless, to the provisions of the Act; and
  - iv. cancel any shares which have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.
- (f) The Company may reduce in any manner in accordance with the provisions of the Act,
  - i. its share capital,
  - ii. balance in the securities premium account,
  - iii. capital reserves, and
  - iv. reserves arising out of amalgamation, merger, division, reorganization, reconstruction or in any other manner.
- (g) The Company may purchase its own equity shares in accordance with the provisions made under the Act.

**IX.** Transfer of equity shares Subject to the provision under Section 378ZC and Sec 378ZD of the Act, A Member may transfer the whole or part of his /its shares to a Member after obtaining the prior approval of the Board.

## **X. SURRENDER OF EQUITY SHARES**

- (a) Where the Board is satisfied that any Member has failed to retain the qualifications as a Member, the Board shall direct the Member to surrender his/its shares to the Company at par value or such other value as may be determined by the Board.
- (b) The Member also, if so desires, apply to the Company to surrender his/its equity shares. After the receipt of application from the Member, the Board may take a decision in the matter. The Board shall prescribe the procedure for surrender of equity shares.
- (c) A surrendered equity share shall be deemed to be the property of the Company and may be sold to members or otherwise cancelled as the Board thinks fit.

## **XI. AMENDMENT OF MEMORANDUM**

- (a) A 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 this Act.
- (b) A Producer Company may, by special resolution, not inconsistent with the Act, alter its objects specified in its memorandum.
- (c) 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 referred to in sub-section (2) Provided that in the case of transfer of the registered office of a Producer Company from the jurisdiction of one Registrar to another, certified copies of the special resolution certified by two directors shall be filed with both the Registrars within thirty days, and each Registrar shall record the same, and thereupon the Registrar from whose jurisdiction the office is transferred, shall forthwith forward to the other Registrar all documents relating to the Producer Company.
- (d) The alteration of the provisions of memorandum relating to the change of the place of its registered office from one State to another shall not take effect unless it is confirmed by the Company Law Board on petition.
- (e) To be read as 'National Company Law Tribunal'.

## **XII. AMENDMENT OF ARTICLES**

- (a) Any amendment of the articles shall be proposed by not less than two-third 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.
- (b) 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.

## **XIII. LIEN**

- (a) The producer company shall have a first and paramount lien—
  - (i) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
  - (ii) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the producer company:  
Provided that the Board of directors may at any time declare any share to wholly or in part exempt from the provisions of this clause.
- (b) The producer company's lien, if any, on a share shall extend to all dividend bonuses declared from time to time in respect of such shares.

## **XIV. CALLS ON SHARES**

- (a) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:  
Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.
- (b) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the producer company, at the time or times and place so specified, the amount called on his shares.
- (c) A call may be revoked or postponed at the discretion of the Board.
- (d) A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by installments.
- (e) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
- (f) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. Per annum or at such lower rate, if any, as the Board may determine.
- (g) The Board shall be at liberty to waive payment of any such interest wholly or in part.
- (h) (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.  
(ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
- (i) The Board—
  - a. may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and
  - b. upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the producer company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.

## **XV. SHARE CAPITAL**

- (i) The share capital of a Producer Company shall consist of equity shares only.
- (ii) The shares held by a Member in a Producer Company, shall as far as may be, be in proportion to the patronage of that company.

## **XVI. CAPITALISATION OF PROFITS**

- i) The company in general meeting may, upon the recommendation of the Board, resolve—
  - (i) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
  - (ii) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—
  - a) paying up any amounts for the time being unpaid on any shares held by such members respectively;
  - b) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
  - c) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);
  - d) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
  - e) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.
- (iii) 1) Whenever such a resolution as aforesaid shall have been passed, the Board shall—
  - a) Make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and
  - b) Generally do all acts and things required to give effect thereto.
- 2) The Board shall have power—
  - (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and
  - (b) to authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalization, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalized, of the amount or any part of the amounts remaining unpaid on their existing shares;
- 3) Any agreement made under such authority shall be effective and binding on such members.

## **XVII. BUY-BACK OF SHARES**

Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

## **XVIII. GENERAL MEETINGS**

All general meetings other than annual general meeting shall be called extraordinary general meeting.

- (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.
- (ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the producer company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

## **XIX. PROCEEDINGS AT GENERAL MEETINGS**

- a) (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.  
(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.
- b) The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the producer company.
- c) If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
- d) If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

## **XX. ADJOURNMENT OF MEETING**

- (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

## **XXI. VOTING RIGHTS**

Save as otherwise provided in sub-sections (1) and (3) of section 378D, every Member shall have one vote and in the case of equality of votes, the Chairman or the person presiding shall have a casting vote except in the case of election of the Chairman.

## **XXII. PROXY**

- a) The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarized copy of that power or authority, shall be deposited at the registered office of the producer company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
- b) An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.
- c) 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 of 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 or transfer shall have been received by the producer company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

## XXIII. BOARD OF DIRECTORS

### Number of Directors

Every Producer Company shall have at least five and not more than fifteen directors : Provided that in the case of an inter-State co- operative society incorporated as a Producer Company, such company may have more than fifteen directors for a period of one year from the date of its incorporation as a Producer Company

### APPOINTMENT OF DIRECTORS

- a) Board of Directors of the Producer Company shall consist of not more than 10 members as follows:
- 5 members elected from amongst the members;
  - There may be up to 3 co-opted directors drawn from amongst experts with relevant experience and proven competence in the main business dealt by the Producer Company and / or nominated by Financing institution(s);
  - Managing Director shall be the one among the Director as decided by the Board;
  - The Minimum and the Maximum number of Directors of the Company shall be 5 (Five) and 10 (ten) respectively.

The First Directors of the Company shall be:

S. NO.	NAME OF DIRECTOR
1	PRAVEEN REDDY KALLEM
2	SRI KANTH KANAKA WAR
3	SUNITHA RAMGIRWAR
4	KHATHLE GANESH
5	SRINIVAS KHADE

- b) Every person shall hold office of a director for a period not less than one year but not exceeding five years as may be specified in the articles.
- c) Every director, who retires in accordance with the articles, shall be eligible for re-appointment as a director.
- d) Save as provided in sub-section (2), the directors of the Board shall be elected or appointed by the Members in the annual general meeting.
- e) 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, if so provided by its articles : Provided further that the maximum period, for which the expert director or the additional director holds office, shall not exceed such period as may be specified in the articles.

### VACATION OF OFFICE BY DIRECTORS

- (i) The office of the director of a Producer Company shall become vacant if-
- 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;
  - the Producer Company, in which he is a director, has made a default in repayment of any advances or loans taken from any company or institution or any other person and such default continues for ninety days;
  - he has made a default in repayment of any advances or loans taken from the Producer Company in which he is a director ;
  - the Producer Company, in which he is a director,
  - has not filed the annual accounts and annual return for any continuous three financial years commencing on or after the 1st day of April,
  - has failed to, repay its deposit or withheld price or patronage bonus or interest thereon on due date, or pay dividend and such failure continues for one year or more ;
  - default is made in holding election for the office of director, in the Producer Company in which he is a director, in accordance with the provisions of this Act and articles ;
  - the annual general meeting or extraordinary general meeting of the Producer Company, in which he is a director, is not called in accordance with the provisions of this Act except due to natural calamity or such other reason.
- (ii) The provisions of sub-section (1) shall, as far as may be, apply to the director of a Producer institution which is a member of a Producer Company.



## **REMUNERATION**

- (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.
- (ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—
  - (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the producer company; or
  - (b) in connection with the business of the producer company.
- (iii) The Board may pay all expenses incurred in getting up and registering the producer company.
- (iv) The producer company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.
- (v) All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the producer company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.
- (vi) Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.
- (vii) (1) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.
  - (2) Such person shall hold office only up to the date of the next annual general meeting of the producer company but shall be eligible for appointment by the producer company as a director at that meeting subject to the provisions of the Act.

## **POWERS AND FUNCTIONS OF BOARD**

- (1) Subject to the provisions of this Act and articles, the Board of directors of a Producer Company shall exercise all such powers and to do all such acts and things, as that company is authorised so to do.
  - (2) In particular and without prejudice to the generality of the foregoing powers, such powers may include all or any of the following matters, namely: -
    - (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 a Chief Executive and such other officers of the Producer 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 auditor's report and the replies on qualifications, if any, made by the auditors ;
    - (h) acquisition or disposal of property of the Producer Company in its ordinary course of business;
    - (i) investment of the funds of the Producer Company in the ordinary course of its business;
    - (j) sanction any loan or advance, in connection with the business activities of the Producer Company to any Member, not being a director or his relative ;
    - (k) take such other measures or do such other acts as may be required in the discharge of its functions or exercise of its powers.
  - (3) All the powers specified in sub-sections (1) and (2) shall be exercised by the Board, by means of resolution passed at its meeting on behalf of the Producer Company.
- Explanation. - For the removal of doubts, it is hereby declared that a director or a group of directors, who do not constitute the Board, shall not exercise any of the powers exercisable by it.

## **LIABILITY OF DIRECTORS**

- (i) When the directors vote for a resolution, or approve by any other means, anything done in contravention of the provisions of this Act or any other law for the time being in force or articles, they shall be jointly and severally liable to make good any loss or damage suffered by the Producer Company.
- (ii) Without prejudice to the provisions contained in sub-section (1), the Producer Company shall have the right to recover from its director -
  - (a) where such director has made any profit as a result of the contravention specified in sub-section (1), an amount equal to the profit so made;
  - (b) where the Producer Company incurred a loss or damage as a result of the contravention specified in sub-section (1), an amount equal to that loss or damage;
- (iii) The liability imposed under this section shall be in addition to and not in derogation of a liability imposed on a director under this Act or any other law for the time being in force.

## **PROCEEDINGS OF THE BOARD**

- a) (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
  - (ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
- b) (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
  - (ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.
- c) The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the producer company, but for no other purpose.
- d) (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.
  - (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.
- e) (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.
  - (ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
- f) (i) A committee may elect a Chairperson of its meetings.
  - (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
- g) (i) A committee may meet and adjourn as it thinks fit.
  - (ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.
- h) All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
- i) Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

### **MEETINGS OF THE BOARD AND QUORUM**

- (i) A meeting of the Board shall be held not less than once in every three months and at least four such meetings shall be held in every year.
- (ii) Notice of every meeting of the Board of directors shall be given in writing to every director for the time being in India, and at his usual address in India to every other director.
- (iii) The Chief Executive shall give notice as aforesaid not less than seven days prior to the date of the meeting of the Board and if he fails to do so, he shall be punishable with fine which may extend to one thousand rupees :  
Provided that a meeting of the Board may be called at shorter notice and the reasons thereof shall be recorded in writing by the Board.
- (iv) The quorum for a meeting of the Board shall be one-third of the total strength of directors, subject to a minimum of three.
- (v) Save as provided in the articles, directors including the co-opted director, may be paid such fees and allowances for attendance at the meetings of the Board, as may be decided by the Members in the general meeting.

### **XXIV. ANNUAL GENERAL MEETINGS**

- (i) Every Producer Company shall in each year, hold, in addition to any other meetings, a general meeting, as its annual general meeting and shall specify the meeting as such in the notices calling it, and not more than fifteen months shall elapse between the date of one annual general meeting of a Producer Company and that of the next : Provided that the Registrar may, for any special reason, permit extension of the time for holding any annual general meeting (not being the first annual general meeting) by a period not exceeding three months.
- (ii) A Producer Company shall hold its first annual general meeting within a period of ninety days from the date of its incorporation.
- (iii) The Members shall adopt the articles of the Producer Company and appoint directors of its Board in the annual general meeting.
- (iv) The notice calling the annual general meeting shall be accompanied by the following documents, namely : -
  - (a) the agenda of the annual general meeting ;
  - (b) the minutes of the previous annual general meeting or the extraordinary general meeting ;
  - (c) the names of candidates for election, if any, to the office of director including a statement of qualifications in respect of each candidate ;
  - (d) the 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 of such Company with respect to -
    - (1) the state of affairs of the Producer Company ;
    - (2) the amount proposed to be carried to reserve ;
    - (3) the amount to be paid as limited return on share capital ;
    - (4) the amount proposed to be disbursed as patronage bonus ;
    - (5) the material changes and commitments, if any, affecting the financial position of the Producer Company and its subsidiary, 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 ;
    - (6) any other matter of importance relating to energy conservation, environmental protection, expenditure or earnings in foreign exchanges, any other matter which is required to be, or may be, specified by the Board ;
    - (7) the text of the draft resolution for appointment of auditors ;
    - (8) the text of any draft resolution proposing amendment to the memorandum or articles to be considered at the general meeting, along with the recommendations of the Board.
    - (9) The Board of directors shall, on the requisition made in writing, duly signed and setting out the matters for the consideration, made by one-third of the Members entitled to vote in any general meeting, proceed to call an extraordinary general meeting in accordance with the provisions contained in sections 169 to 186 of this Act.
- (v) Every annual general meeting shall be called, for a time during business hours, on a day that is not a public holiday and shall be held at the registered office of the Producer Company or at some other place within the city, town or village in which the registered office of the Company is situate.

- (vi) A general meeting of the Producer Company shall be called by giving not less than fourteen days prior notice in writing.
- (vii) The notice of the general meeting indicating the date, time and place of the meeting shall be sent to every Member and auditor of the Producer Company.
- (viii) Unless the articles of the Producer Company provide for a larger number, one-fourth of the total number of members of the Producer Company shall be the quorum for its annual general meeting.
- (ix) The proceedings of every annual general meeting along with the Directors' Report, the audited balance sheet and the profit and loss account shall be filed with the Registrar within sixty days of the date on which the annual general meeting is held, with an annual return along with the filing fees as applicable under the Act.

## **XXV. AMALGAMATION, MERGER OR DIVISION, ETC., TO FORM NEW PRODUCER COMPANIES**

- (i) A Producer Company may, by a resolution passed at its general meeting, -
  - (a) 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 the act;
  - (b) Divide itself into two or more new Producers Companies.
- (ii) Any two or more Producer Companies may, by a resolution passed at any general or special meetings of its Members, decide to-
  - (a) amalgamate and form a new Producer Company; or
  - (b) merge one Producer Company (hereafter referred to as "merging company") with another Producer Company (hereafter referred to as "merged company").
- (iii) Every resolution of a Producer Company under this section shall be passed at its general meeting by a majority of total Members; with right of vote not less than two-thirds of its Members 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.
- (iv) 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 all the Members and creditors who may give their consent.
- (v) 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, -
  - (a) in the case of any such Member, to transfer his shares with the approval of the board to any active Member thereby ceasing to continue as a Member of that company; or
  - (b) in the case of a creditor, to withdraw his deposit or loan or advance, as the case maybe.
- (vi) Any Member or creditor, who does not exercise his option within the period specified in sub-section (5), shall be deemed to have consented to the resolution.
- (vii) A resolution passed by a Producer Company under this section shall not take effect until the expiry of one month or until the assent thereto of all the Members and creditors has been obtained, whichever is earlier.
- (viii) The resolution referred to in this section shall provide for-
  - (a) the regulation of conduct of the Producer Company's affairs in the future;
  - (b) the purchase of shares or interest of any Members of the Producer Company by other Members or by the Producer Company;
  - (c) in the case of purchase of shares of one Producer Company by another Producer Company, the consequent reduction of its shares capital;
  - (d) termination, setting aside or modification of any agreement, howsoever arrived between the company on the one hand and the directors, secretaries and manager on the other hand, apart from such terms and conditions as may, in the opinion of the majority of shareholders, be just and equitable in the circumstances of the case;
  - (e) termination, setting aside or modification of any agreement between the Producer Company and any person not referred to in clause (d) :

Provided that no such agreement shall be terminated, set aside or modified except after giving due notice to the party concerned:

Provided further that no such agreement shall be modified except after obtaining the consent of the party concerned;

- (f) the setting aside of any transfer, delivery of goods, payment, execution or other act relating to property, made or done by or against the Producer Company within three months before the date of passing of the resolution, which would if made or done against any individual, be deemed in his insolvency to be a fraudulent preference;
  - (g) the transfer to the merged company of the whole or any part of the undertaking, property or liability of the Producer Company;
  - (h) the allotment or appropriation by the merged company of any shares, policies, or other like interests in the merged company,
  - (i) the continuation by or against the merged company of any legal proceedings pending by or against any Producer Company;
  - (j) the dissolution, without winding up, of any Producer company;
  - (k) the provision to be made for the Members or creditors who make dissent;
  - (l) the taxes if any, to be paid by the Producer Company;
  - (m) such incidental, consequential and supplemental matters as are necessary to secure that the division, amalgamation or merger shall be fully and effectively carried out.
- (ix) When a resolution passed by a Producer Company under this section takes effect, the resolution shall be a sufficient conveyance to vest the assets and liabilities in the transferee.
- (x) The Producer Company shall make arrangements for meeting in full or otherwise satisfying all claims of the Members and the creditors who exercise the option, within the period specified in sub-section (4), not to continue as the Member or creditor, as the case may be.
- (xi) Where the whole of the assets and liabilities of a Producer Company are transferred to another producer Company in accordance with the provisions of sub-section (9), or where there is merger under sub-section (2), the registration of the first mentioned Company or the merging company, as the case may be, shall stand cancelled and that Company shall be deemed to have been dissolved and shall cease to exist forthwith as a corporate body.
- (xii) Where two or more Producer Companies are amalgamated into a new Producer Company in accordance with the provisions of sub-section (2) and the Producer Company so formed is duly registered by the Registrar, the registration of each of the amalgamating companies shall stand cancelled forthwith on such registration and each of the Companies shall thereupon cease to exist as a corporate body.
- (xiii) Where a Producer Company divides itself into two or more Producer Companies in accordance with the provisions of clause (b) of sub-section (1) and the new Producer Companies are registered in accordance with the provisions of sub-section (8), the registration of the erstwhile Producer Company shall stand cancelled forthwith and that Company shall be deemed to have been dissolved and cease to exist as a corporate body.
- (xiv) The amalgamation, merger or division of companies under the forgoing subsections shall not in any manner whatsoever affect the pre-existing rights or obligations and any legal proceedings that might have been continued or commenced by or against any erstwhile company before the amalgamation, merger or division, may be continued or commenced by, or against, the concerned resulting company, or merged company, as the case may be.
- (xv) The Registrar shall strike off the names of every Producer Company deemed to have been dissolved under sub-sections (11) to (14).
- (xvi) Any member or creditor or employee aggrieved by the transfer of assets, division, amalgamation or merger may, within thirty days of the passing of the resolution, prefer an appeal to the High Court.
- (xvii) The High Court shall, after giving a reasonable opportunity to the person concerned, pass such orders thereon as it may deem fit.

(xviii) Where an appeal has been filed under sub-section (16), the transfer of assets, division, amalgamation or merger of the Producer Company shall be subject to the decision of the High Court.

## **XXVI. DISPUTES**

- (i) Where any dispute relating to the formation, management or business of a Producer Company arises -
- (a) amongst Members, former Members or persons claiming to be Members or nominees of deceased Members ; or
  - (b) between a Member, former Member or a person claiming to be a Member, or nominee of deceased Member and the Producer Company, its Board of directors, office-bearers, or liquidator, past or present ; or
  - (c) between the Producer Company or its Board, and any director, office bearer or any former director, or the nominee, heir or legal representative of any deceased director of the Producer Company, such dispute shall be settled by conciliation or by arbitration as provided 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 conciliation or by arbitration and the provisions of the said Act shall apply accordingly.
- Explanation. - For the purposes of this section, a dispute shall include -
- (a) a claim for any debt or other amount due;
  - (b) a claim by surety against the principal debtor, where the Producer Company has recovered from the surety amount in respect of any debtor or other amount due to it from the principal debtor as a result of the default of the principal debtor whether such debt or amount due be admitted or not ;
  - (c) a claim by Producer Company against a Member for failure to supply produce as required of him ;
  - (d) a claim by a Member against the Producer Company for not taking goods supplied by him.
- (ii) If any question arises whether the dispute relates to formation, management or business of the Producer Company, the question shall be referred to the arbitrator, whose decision thereon shall be final

## **XXVII. CHIEF EXECUTIVE OFFICER, MANAGER, PRODUCER COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER**

- a) Subject to the provisions of the Act,—
- a. A chief executive officer, manager, producer company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, producer company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
  - b. A director may be appointed as chief executive officer, manager, producer company secretary or chief financial officer.
- b) A provision of the Act or these regulations requiring or authorizing a thing to be done by or to a director and chief executive officer, manager, producer company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, producer company secretary or chief financial officer.

## **XXVIII. THE SEAL**

- (i) The Board shall provide for the safe custody of the seal.
- (ii) The seal of the producer company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least five directors and of the secretary or such other person as the Board may appoint for the purpose; and those five directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the producer company is so affixed in their presence.

## **XXIX. DIVIDENDS AND RESERVE**

- a) The producer company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
- b) Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the producer company.
- c) (i) The Board may, before recommending any dividend, set aside out of the profits of the producer company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the producer company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the producer company or be invested in such investments (other than shares of the producer company) as the Board may, from time to time, think fit.  
(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
- d) (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the producer company, dividends may be declared and paid according to the amounts of the shares.  
(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.  
(iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
- e) The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the producer company on account of calls or otherwise in relation to the shares of the producer company.
- f) (i) Any dividend, interest or other monies payable in cash in respect of shares maybe paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.  
  
(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
- g) Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
- h) Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
- i) No dividend shall bear interest against the producer company.

## **XXX. ACCOUNTS**

- (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the producer company, or any of them, shall be open to the inspection of members not being directors.
- (ii) No member (not being a director) shall have any right of inspecting any account or book or document of the producer company except as conferred by law or authorized by the Board or by the producer company in general meeting.

### **XXXI. WINDING UP**

Subject to the provisions of Chapter XX of the Act and rules made there under—

- a. If the producer company shall be wound up, the liquidator may, with the sanction of a special resolution of the producer company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the producer company, whether they shall consist of property of the same kind or not.
- b. For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- c. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

### **XXXII. INDEMNITY**

Every officer of the producer company shall be indemnified out of the assets of the producer company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.



V/c, the several persons, whose names, addresses and descriptions are hereunder subscribed, are desirous of formed into a company in pursuance of this Articles of Association.

S. No.	Names , Address, Descriptions, Occupation and Signature of the Subscribers	Photographs of Subscribers	Signature of Subscriber	Names , Address, Description, Occupation and Signature of the Witness
1	Kallem Praveen Reddy S/O Venkat roddy R/O: VIII- Pattan, Disst. Adilabad, Telangana, 504309  D.O.B : 8/8/1985 Occupation: Farmer PAN NO. : IUGPK4167Q			<p>" I witness to subscribers, Who have subscribed and signed in my presence date 20/02/2023, Place Delhi ,Further I Have verified their identity detail (ID) for their Identification, and satisfied myself of their identification particulars as filled In"</p> <p style="text-align: center;">                       CA Yogendra Kumar s/o Diggpal Singh                      FCA, MNNo. 415273                      C-04, Mitra Enclave, Greater Noida - 201310                 </p>
2	Kanka war Shrikanth S/O Vilthai R/O: VIII- Pattan, Disst. Adilabad, Telangana, 504309  D.O.B : 8/4/1989 Occupation: Farmer PAN NO. : FHDPK1251A			
3	Ramgirvar Sunitha S/O Gajanan R/o: VIII- Ponnala, Disst. Adilabad, Telangana, 504309  D.O.B : 5/3/1983 Occupation: farmer Pan no. CVKPR4270E			
4	Khathle Ganesh S/O Bagban R/O: VIII- Pattan, Disst. Adilabad, Telangana, 504309  D.O.B : 1/1/2000 Occupation: farmer Pan no. : DMGPG9294D			
5	Khade Srinivas S/O Nathuji R/o: Vill- Kobhai, Disst. . Adilabad, Telangana, 504309  D.O.B : 1/1/1986 Occupation: farmer Pan no. : FWTPK7615H			

<p>Thakri Amith s/o Vilas R/o: Vill- Mangrood, Disst. Adilabad, Telangana, 504309</p> <p>D.O.B: 12/27/1994 Occupation: farmer Pan no. : BIOPT7658C</p>		<p>1005</p>
<p>7 Naithin Mohanrao S/O Kishan R/O: Vill- Chaprala, Disst. Adilabad, Telangana, 504309</p> <p>D.O.B : 1/1/1949 Occupation: farmer Pan no. : CDAPN6352B</p>		<p>1012</p>
<p>8 Takri Sudarshan S/O Tukaram R/o: Vill- Pattan, Disst Adilabad, Telangana, 504309</p> <p>D.O.B : 1/1/1986 Occupation: Farmer Pan No. : BEEPT7468A</p>		<p>T. Sudarshan</p>
<p>9 Pendor Vaman S/O Malku R/o: Vill- Pittgaon, Disst. Adilabad, Telangana, 504309</p> <p>D.O.B : 8/4/1983 Occupation: Farmer Pan No. : CBCPP6774P</p>		<p>1005</p>
<p>10 Uyike Bheemrao S/O Ramaji R/o: Vill- Ponnala, Disst. Adilabad, Telangana, 504309</p> <p>D.O.B : 1/1/1980 Occupation: Farmer Pan No. : AITPU0559P</p>		<p>1005</p>

" I witness to subscribers, Who have subscribed and signed in my presence date 20/02/2023, Place: Delhi Further I Have verified their identity detail (ID) for their Identification, and satisfied myself of their identification particulars as filled In"



CA Yogendra Kumar s/o Dignpal Singh  
FCA, MNO. 415273  
C-04, Mitra Enclave, Greater Noida - 201310

Place: Delhi  
Date : 20/02/2023