

**THE COMPANIES ACT, 1956
COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION
OF
GILL BROTHERS PRODUCER COMPANY PRIVATE LIMITED**

TABLE 'A' SHALL APPLY

1. The Regulation contained in Table A in the schedule to the Companies Act 1956 so far as applicable to producer companies and to the extent not varied, altered or modified by the regulations hereafter contained shall apply to the Company.

INTERPRETATION CLAUSE

INTREPRETATION

2. In these presents the following words and expressions shall have the following meaning unless excluded by the subject or context.
 - a) **"THE ACT"** or **"COMPANIES ACT"** shall mean "Companies Act, 1956" or any statutory modifications or re-enactment thereof for the time being in force.
 - b) **"THE BOARD"** or **"THE BOARD OF DIRECTORS"** means the Board of Directors of the Company.
 - c) **"THE COMPANY"** or **"THIS COMPANY"** means **GILL BROTHERS PRODUCER COMPANY PRIVATE LIMITED**
 - d) **"DIRECTORS"** mean the directors including Alternate Directors for the time being of the company whether in meeting assembled or not.
 - e) **"In WRITING"** includes printing, lithography, typewriting, computer printouts and any other usual substitute for writing.
 - f) **"MEMBERS"** means a member of the company whose name appears in the register of members of the company.
 - g) **"MONTH"** means a Calendar month.
 - h) **"PAID-UP"** shall include "Credit as paid up".
 - i) **"PERSON"** shall include any Corporation or Company, Producer Institutions as well as individuals.
 - j) **"PRODUCER"** means any person engaged in any agricultural activity connected with and relatable to agriculture or as mentioned in 3 (K) of section 581A of the Act.
 - k) **"PRODUCER INSTITUTIONS"** means a producer company or any institutions 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 581 B and which agrees to make use of the services of the company.
 - l) **"These presents"** or **"these regulations"** or "These Articles" shall mean these articles of association as now framed or altered from time to time as shall include the memorandum where the context so requires.
 - m) **"REGISTER"** means the Register of Members to be kept as required by Section 150 of the Act and any other statutory registers to be kept by the Company under the provisions of the Act.

- n) **“THE SEAL”** means the common seal for the time being of the Company.
- o) **“SEC”** or **“SECTION”** means Section of the Act

PRODUCER COMPANY

- 3. (i) The company is a producer company within the meaning of section 581A(I) of the Act.
- (ii) All the limitations, restrictions and provisions of the Act, other than those specified in Part IXA of the Act, applicable to a private company shall, as far as may be apply to this Company, as if it is a private limited company in so far as they are not in conflict with the provisions of Part IXA of the Act.
- (iii) The company is deemed to be a private company within the meaning of Section 581C (5) of Companies Act, 1956.
 - a) Restrict the rights to transfer its shares , if any”-
 - b) Prohibits any invitations to the public to subscribe for any shares on, or debentures of, the company.
 - c) Prohibits any invitation or acceptance of deposits from persons other that its members , directors of their relatives.

SHARE CAPITAL

- 4. The authorized share capital of the company is Rs.100, 000/- (Rs. One Lakh only) divided into 10,000 (Ten Thousand) Equity Shares of Rs.10 (Rs Ten Only.).

ISSUE OF SHARES ONLY TO PRIMARY PRODUCERS.

- 5. Shares of the company shall be issued only to individual producers or producer institutions.

ISSUE OF SHARES OTHER THAN FOR CASH.

- 6. The board may issue and allot shares in the capital of the company as payment or part payment for any produce sold or goods supplied , or for services rendered or to be rendered to the company.

VOTING RIGHTS

- 7. Subject to the provisions of section 581 D of the Act , every member shall have one vote and in the case of equality of votes, the chairman or person presiding shall have a casting vote except in the case of election of the chairman.

TRANSFERABILITY OF SHARES AND ATTENDANT RIGHTS.

- 8. (i) Save as otherwise provided in sub-clause (ii) to (iv) the shares of the company to be transferable.
- (ii) A member after obtaining the previous approval of the board may transfer the whole or part of these shares along with any special right to an active member at par value.

- (iii) Every member shall, within three months of his becoming a member in the Producer Company, Nominate in the manner specified in articles, a person to whom his shares in the Producer Company shall vest in the event of his death.
- (iv) The nominees shall, on the death of the member, becoming entitles to all the rights in the shares of the producer company and the Board of the Company shall transfer the shares of the deceased Member to his nominees.
Provided that in case where such nominees is not a producer , the board shall direct the surrender of shares together with special rights if any to the company par value or such other value as may be determined by the board.

SURRENDER OF SHARES:

9. Where the Board id satisfied that :-

- a) Any member has ceased to be a primary producer, or
- b) Any member has failed to retain his qualification to be member as specified in the articles; the Board shall direct the surrender of shares together with special rights if any to the company at par value.
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.

CHIEF EXECUTIVE:

10. A Chief Executive officer shall be appointed to look after day to day matters in term of section 581 (W) of the Act. He will not be member of the Board but ex-officio member on the Board. The Chief Executive officer shall carry out all the administrative duties as may be assigned to him by the Board of Directors from time to time.

MEMBERSHIP

- 11. (a) The membership shall be voluntary and available to all eligible persons that is individual producers and producer institutions ho can participate or avail of the facilities or services of the Company, and are willing to accept the duties of membership .Active member means a member who fulfils the quantum and period of patronage of the company as required by Articles.
- b) A member shall not have business interest in conflict with companies' objects.

LIMITED RETURN

12. Save as provided in the Act and Articles, there shall be limited return on Share Capital.

DISTRIBUTION OF SURPLUS

13. The surplus arising out of the operations of the company shall be distributed in an equitable/patronage manner by –
- i. Providing for the development of the business of the Company.
 - ii. Providing for common facilities , and
 - iii. Providing for the education members, employees and others on the Principles of Mutuality and Mutual Assistance.
 - iv. Distribution amongst the Member, as may be admissible in proportion to their respective participation in the business.
14. The 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 Member and the communities it purports to serve.

DIRECTORS.

15. The company shall be administered by a board consisting of persons elected or appointed as directors in the manner consistent with the provisions of the Act and the Board shall be accountable to the members.
16. The company shall have at least 5 and not more than 15 directors.
17. The members who were mentioned in the Memorandum as the first directors are elected or appointed in accordance with the provisions of section 518P of the Act.
18. The following shall be the first directors of the company.

S.N.	NAME	ADDRESS	DESCRIPTION
1	BALTEJ SINGH	HNO.86 VILL.MANGEWAL, THE.PAYAL.DISTT.LUDHIANA	FARMER
2	JAGTAR SINGH	VILL.NIZAMPUR.THE.PAYAL, DISTT.LUDHIANA	FARMER
3	HARINDER SINGH	HNO.13,VILL.SIHAUHARHA, THE.PAYAL.DISTT.LUDHIANA	FARMER
4	GURDEEP SINGH	HNO.34A.VILL.NAJAMPUR, THE:PAYAL.DISTT.LUDHIANA	FARMER
5	SUKHVIR SINGH	HNO.49.VILL.NIJAMPUR, THE.PAYAL.DISTT.LUDHIANA 141413	FARMER

19. The director shall hold office for a period not less than 1 year and not more than 5 years.
20. (a) The directors shall be elected or appointed by the members in the Annual General Meetings.
- (b) A member shall be eligible to the office of directors at any general meeting, if he or some other member intending to propose him has , not less than 7 days before the meeting , left at the office of the company a

notice in writing under his hand signifying his candidature for that office, as the case may be along with a deposit of Rs.500/- which shall be refunded to such member or to such other member, as the case may be, if the member succeeds in getting elected as a director.

On receipt of a notice as above, the company shall move a resolution for his appointment as a director at the meeting.

21. The board may co-opt one or more expert directors or additional directors not exceeding one fifth of the number of directors or appoint any other person as additional director for a period not exceeding 3 years provided such appointment is approved in the immediately following Annual General Meeting. Such expert directors shall not have the right to vote in the election of the chairman but shall be elected as chairman.
22. The office of the directors shall become vacant if-
- a) He is convicted by the court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for less than 6 months.
 - b) The company has made a default in repayment of any advances or loans taken from any company or institution or any person and such default continues for ninety days.
 - c) He has made a default in repayment of any advances or loans taken from the Company.
 - d) The Company –
 - i. Has not filed the Annual Accounts and Annual return for any continuous three financial years commencing on or after the first day of April 1999.
 - ii. Has failed to repay its deposit or with held prices or patronage bonus or interest thereon on due date, or pay dividend and such failures continues for one year or more.
 - iii. The annual general meeting or extraordinary general meeting of the company is not held in accordance with the provisions of the act except due to natural calamity or such other valid reason.

POWERS AND FUNCTIONS OF BOARD.

23. (a) Subject to the provisions of the Act and Articles, the Board of Directors of the Company shall exercise all such powers and to do all such acts and things, as the company is authorized so to do.
- b) In particular and without prejudice to the generality of the foregoing powers, such powers may include all or any of the following matters namely:-
- i. Determination of the dividend payable.
 - ii. Determination of the quantum of withheld price and recommend patronage to be approved at general meeting;
 - iii. Admission of new members.
 - iv. Pursue and formulate the organizational policy, objectives, establish specific long-term and annual objectives and approve corporate strategies and financial plans.
 - v. Appointment of a chief executive and such other officers of the company, as may be specified in the articles.

- vi. Exercise superintendence, direction and control over Chief Executive and other officers appointed by it.
 - vii. Cause proper books of accounts 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.
 - viii. Acquisitions or disposal of property of the company in the ordinary course of its business,
 - ix. Investment of the funds of the company in the ordinary course of its business.
 - x. Sanction any loan or advance, in connection with the business activities of the company to any member , not being a director or his relative.
 - xi. Take such measures or do such other acts as may be required in the discharge of its functions or exercise of its powers.
- c) All the powers specified in sub-sections (a) and (b) shall be exercised by the board , by means of a resolution passed at its meeting an behalf of the company.
24. A meeting of the board shall be held not less than once in every three months and atleast four such meetings shall be held in every year.
25. 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 , not less than 7 days prior to the date of meeting .Provided that a meeting of a board may be called at shorter notice and the reasons thereof shall be recorded in writing by the board.
26. The quorum for a meeting of the Board shall be one-third of the total strength of directors or 3 directors, which ever is higher.
27. Directors including co-opted directors may be paid such fees ad allowances or attendance at the meetings of the board as may be decided by the members in general meeting, subject to the provisions of the Act.
28. a) The Board of Directors of the company may appoint alternate Director to act for a director (hereinafter called in this cause the original Director) during his absence for a period of not less than three months from the state of Punjab.
b) An alternate Director appointed under sub clause (a) shall not hold office as such for a period longer than that permissible to the original director in whose place he has been appointed and shall vacate office if and when the original director returns to the state of Punjab.
29. The Board of Directors may, if they so desire , appoint one of their members to be the Managing Director , Joint Managing or Joint Managing Directors or other whole time Directors and fix their powers , responsibilities and remuneration.
30. The Board of Directors may, if they so desire appoint one of their members to be chairman of the Board. Mr Sukhvir Singh would be the first Chairman, to hold office until he resigns or for 5 years whichever is earlier.

31. The Board shall exercise following powers only by means of resolutions passed at the Annual General Meeting of its members namely ,
- a) Approval of budget and adoption of annual accounts of the producer company.
 - b) Approval of patronage bonus.
 - c) Issue of bonus shares.
 - d) Declaration of limited returns and decision on the distribution of patronage.
 - e) Specify the conditions and limits of loans on the distribution of Patronage.
 - f) Approval of any transaction of the nature as is to be reserved in the Articles for approval by the members.
32. 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 company.
33. (a) The board may constitute such number of committees as it may deem fit for the purpose of assisting the Board in the efficient discharge of its functions. Provided that the Board shall not delegate any of its powers or assign the powers of the chief executive, to any committee.
- (b) A committee constituted as above may with the approval of the Board co-opt such a number of persons as it deem fit as members of the committee.
 - (c) Every such committee shall function under the general superintendence, direction and control of the board for such duration and in such manner as the Board may direct.
 - (d) The fee and allowance to be paid to the members of the committee shall be such as may be determined by the Board.
 - (e) The minutes of each meeting of the committee shall be placed before the Board at its next meeting.

GENERAL MEETINGS

34. In each year the company shall hold in addition to any meetings a general meetings as its annual general meetings and shall specify the meetings as such in the notices calling it and not more 15 months (or such other extended period as may be permitted by the registrar) shall elapse between the date of one annual general meeting and that of the next.
35. The first annual general meeting of the company shall be held within a period of 90 days from its incorporation, in which the members shall adopt the articles of the company and appoint directors.
36. The quorum of the general meetings shall be one fourth of the total membership of the company .
37. The Board of Directors shall , on the requisitions made in writing , duly signed and setting out the matters for the considerations , made by one-third of the members entitled to vote in any general meetings, proceed to call as extraordinary general meeting in accordance with the provisions contained in section 169 to 186 of the Act.

38. Every annual general meeting shall be called , fro a time during business hours, on a day that its 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 situated .
39. A general meeting of the company shall be called by giving not less than 14 days prior notice in writing.
40. The notice of the general meeting indicating the date , time and place of the meeting shall be sent to every member and the auditor of the company.
41. The memorandum and articles of association of the company shall be laid before a General Meeting to be held within 90 days of the Registration of the Company.

ACCOUNTS AND AUDIT

42. The company shall keep at his registered office proper books of accounts in terms of section 581ZE of the Act.
43. The company shall have internal audit of accounts carried out on a continuous basis by a Chartered Accountant.

RESERVES

44. The company shall maintain a general reserves equivalent to atleast 20 percent of the net profit of the company each year . The company shall also maintain a special reserve equivalent to atleast 10 % of the withheld price each year. Any shortfall in the special reserve due to inadequacy of profit shall be made good by the member in the ration of their percentage out of the withheld price.

LONS TO MEMBERS

45. The Board may provide financial assistance to the members subject to the provisions of section 581ZK of the Act.

DEBTS

46. The Boards may raise funds by borrowings subject to the provisions of section 293(1)(d) of the act.

INVESTMENTS

47. The reserves of the company shall be invested to secure the highest returns 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 by the Act. The company may for promotion of its objectives acquire the shares of another Producer Company.
48. The company may subscribe to the share capital of 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 any body Corporate , for the purpose of promoting the objects of the company by special resolution.

49. The investment in shares as per clause 47 and 48 shall be section 581ZL(4) of the Act.
50. The Board may with the previous approval of members by a special resolution dispose of any of the investment referred to clause 47 and 48.

WITHHELD PRICE

51. The company shall withhold a portion not exceeding 10% of the value of the produce or products pooled from members. Such withheld price may be determined by the Board from time to time and distributed to the members at such intervals as may be decided by the Board.

PATRONAGE BONUS.

52. The Board shall :
- a) Evolve a system for ascertaining the patronage that is , use of services offered by the company and participation in the business activities of the company, of each member.
 - b) Determine the patronage bonus to each member in the ratio of patronage.
 - c) Disburse such bonus either in cash or by issue of equity shares or partly in cash and partly by shares.

SPECIAL USER RIGHTS

53. The Board may provide special user rights to active members of the company may accordingly issue appropriate instruments to the members in respect of such special rights. A member who transacts with the company for a value equivalent to such sum as may be determined by the Board of Directors from time to time in that year, shall be considered as active member.

BONUS SHARES

54. The company may upon recommendation of the Board and passing a resolution in general meeting issue shares by capitalization of amounts from general reserve or special reserves in proportion to the shares held by the members.

DIVIDEND

55. The board of directors shall have power, subject to the provisions of the Act, to determine and distribute dividend to the members out of the profits of the company.

AMALGAMATION, MERGER OR DIVISION

56. The 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.
 - b) Divide itself into two or more New Producer Companies.

57. Any member or any creditor not considered to the resolution fro amalgamation , merger or division shall , during the period of one month of the date of service of the notice on him have the option:
- a) In case of any such member , to transfer his shares with the approval of the Board to any active member there by ceasing to continue as a member of the Company.
 - b) In case of the creditor to withdraw his deposits, loan or advance as the case may be.
58. Any member or creditor who does not exercise his option within the period of one month shall be deemed to have consented to the resolution.
59. A resolution under clause 56 shall not take effect until the expiry of one month or until the assent there to of all the member and creditors has been obtained , which ever is earlier.

DISTRIBUTION OF FUNDS.

60. Funds if available, after meeting liabilities in the event of dissolution or liquidation of the company shall be disposed of or distributed as may be resolved by the member in the General meeting .

RIGHT FOR INFORMATION

61. The member shall be entitled to obtain information relating to general business of the company if requisition in righting. The Board may however refuse to divulge any information which the Board considers confidential in the interest of the Company.

SECRECY CLAUSE

62. a) No member shall be entitled to visit or inspect the company's work without the permission of the Directors or to require discovery of or any information respecting any detail of the company's trading or any matter which is or may be the nature of a trade secret, mystery of trade or secret process or which may relate to the conduct of the business of the company which in the opinion of the Board or the Secretary it will be inexpedient in the interest of company of communication to the public.
- b) Every director , Manager , Secretary , trustee, Member of the Committee , officer, servant, Agent , Accountant or other person employed in the business of the company shall if so require by the Board, before entering upon his duties, or at any time during his time of office , sigh a declaration pledging himself to observe strict secrecy respecting all transactions of the company and the state of accounts and in matters relating thereto , and shall by such declaration pledge himself not to reveal any matters which may come to his knowledge in the discharge of duties except hen required so to do by the Board of Directors or by any General Meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions contained in these articles.
63. a) Subject to the provisions of section 202 of the act every Director , auditor , secretary and other officer or servant of the company (all of whom are herein after referred to a officer or servant) shall be indemnified by the company and it

shall be the duty of the directors out of the funds of the company to pay , all bonafide costs , losses and expenses which any such officer or servant may incur or become liable to be reason of any contract entered into or Act or thing done or omitted by him as such officer or servant or in any way in the discharge of the duties and in particular and so as not to limit the generality of the foregoing provisions, agent any liability incurred by such officer or servant in defending any bonafide proceedings whether civil or criminal in which a judgment is given in his favor or in which he is acquitted or in discharged or in connection with any application under section 633 of the Act in which relief is granted to him by the court. The amount for which such indemnity is provided shall immediately attach as a charge on the property of the company.

- b) Subject to the provisions of the no director, auditor or other officer of the company shall be liable for the acts , receipts , neglects or default of any directors or officers or for joining in any receipt or other act for conformity or for any loss or expenses incurred by the company through the insufficiency or deficiency in title to any property acquired by order of the directors for or on behalf of the company or for the insufficiency or deficiency of any security in or up to which any of the moneys of the company shall be invested or for any loss or damages arising from the insolvency or tortuous act of any person , firm or company to or with whom any money , securities or effects of the company shall be entrusted or deposited or for any loss occasioned by any error or judgments , omission , default or oversight on his part or for any other loss , damage or misfortune whatever which shall happen in relation to the execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

ARBITRATION

64. Whenever any difference or dispute arises between the Company on the one hand and any of the members or their heirs, executors, administrators, nominees or assignees on the other hand or between the members inter-se or their respective heirs, executors, administrators, nominees or assignees inter-se touching the true intent, constructions or incidents or consequences of these articles or touching any thin done, executed, omitted or suffered in pursuance thereof or to any affairs of the Company, every such dispute or difference shall be referred to the sole arbitration of the Chairman for the time being of the Company or to some person appointed by both parts and it is only after an award is given by such Arbitrator that the parties will be entitled to take any other proceedings relating to such dispute, differences and award. The award made by such Arbitrator shall be final and binding on the parties. The arbitration shall be conducted according to the provisions of The Arbitration and Conciliation Act, 1996

AMENDMENTS

65. Any of these articles may be amended as per the provisions of Section 581-I of the Act.

