

EXPORT MARKETING GROUPS

Their Feasibility and Constitutions

INDIAN INSTITUTE OF FOREIGN TRADE



**REPORT
ON
EXPORT MARKETING GROUPS**

Their Feasibility and Constitutions

**By
The Sub-Committee appointed by the
Standing Committee on Export Promotion
of
Small Scale Industries**

**ISSUED BY
INDIAN INSTITUTE OF FOREIGN TRADE
H-24 GREEN PARK EXTENSION
NEW DELHI-16**

F O R E

Export business is a specialised and complex activity. Success in foreign markets calls for proper understanding of market and marketing conditions abroad, special marketing skills and organisational set-up in order to meet world wide competition. There are various procedural formalities and problems in regard to documentation, transportation, shipping, pricing etc which all exporters - large or small - have to reckon with. Small manufacturers in particular find it more difficult to deal with all these procedures and formalities because of their inadequate resources.

The handicaps of small industries in relation to exports can be overcome to a large extent by promoting the concept of collective functioning among them. The collective functioning can be in the form of export marketing groups in which a number of small enterprises operate together either in the form of a formalised enterprise or a loose combination for a variety of pre-determined purposes. Because of their larger turn-over and wider product range the combined groups would be able to function in a more effective manner.

Export marketing groups or export consortia have reportedly been operating successfully in countries like France, Netherlands, Sweden, Singapore, U.S.A. etc. Sporadic efforts have been made in India for the establishment of export marketing groups and export consortia. Besides the organisation of export consortia of manufacturers in the large-scale sector, some efforts have been made to organise export marketing groups by the small manufacturers. The small manufacturers are, however, handicapped in their

efforts on account of lack of knowledge about the form which these groups could adopt. In order to overcome this handicap, the Standing Committee on Export Promotion of Small Scale Industries constituted by the Ministry of Industrial Development, Company Affairs and Internal Supply, of which I have the privilege of being Chairman, set up a Sub-Committee to study and prepare the model constitutions of export marketing groups. The Sub-Committee consisted of the following:

- | | | |
|----|--|----------|
| 1) | Dr. Nau Nihal Singh
Director (IMT)
Office of the Development
Commissioner
Small Scale Industries
New Delhi. | Convener |
| 2) | Shri M.W.K. Yusufzai
Director of Industries
Delhi. | Member |
| 3) | Shri M.S. Parthasarathi
Standard Pencil Factory
Guindy Industrial Estate
Madras. | Member |
| 4) | Shri G.P. Bhutani
Empire Trading Company
3778, Netaji Subhas Marg
Delhi. | Member |
| 5) | Shri Paras Ram
Research Officer
Indian Institute of Foreign Trade
H-24, Green Park Extension
New Delhi. | Member |

The constitution of export marketing groups would depend upon the objectives for which they are formed. If the objectives are limited to the collection of export market information and its dissemination among

the member-firms, the appropriate form could be a Registered Society under the Societies Registration Act. In case the group is proposed to be established for dealing with the entire range of operations involved in export marketing, it might be advantageous to constitute the group as a Private Company or Public Company under the Companies Act. If the export marketing group is proposed to be constituted for an ad hoc purpose, it can be a loose combine as a partnership firm. The Sub-Committee has attempted to prepare three model constitutions which can be adopted by small manufacturers in accordance with their requirement.

The three model constitutions are for: (i) Registered Society, (ii) Public Company Limited by Shares and (iii) Private Company Limited by Shares. The model constitution of a Registered Society consists of two parts: (i) Memorandum of Association and (ii) Rules and Regulations. Similarly, each constitution of a private company as well as public company consists of two parts, viz., (i) Memorandum of Association and (ii) Articles of Association. According to Section 26 of the Companies Act., 1956, there may in the case of "a public company limited by shares" and there shall in the case of "a private company limited by shares" be registered with the "Memorandum", "Articles of Association" signed by the subscribers of the "Memorandum", prescribing regulations of the Company. Although the views of the concerned Government departments, namely, the Registrar of Societies, Delhi, and the Company Law Board have been secured in preparing the three model constitutions, it would be essential to secure legal guidance while framing the constitution of an export marketing group.

Besides the preparation of three constitutions, the Sub-Committee has attempted to explain the scope and feasibility of collective functioning in the export field in the introductory chapter "Export Marketing Groups for Export Promotion of Small Industry Products". This information would help in generating thinking among the small manufacturers to examine the feasibility of setting up export marketing groups. A beginning in the formation of such groups could be advantageously made in the industries indicated in the Report.

I convey my grateful thanks to the convener and members of the Sub-Committee for their contribution in promoting the concept of collective functioning among the small manufacturers in the field of export marketing. We are deeply grateful to Shri J.K. Lal, Registrar of Companies, Delhi, Shri C.R. Mehta, Under Secretary, Company Law Board, Shri K.D. Dutta, Registrar of Societies, Delhi, the Registrar of Cooperative Societies, Delhi, and the officers of the Central Small Industries Organisation, State Directors of Industries, Export Promotion Councils, Commodity Boards etc. for the help and cooperation which they extended to the Sub-Committee.

The model constitutions of export marketing groups were drafted by Shri Paras Ram, Research Officer of the Indian Institute of Foreign Trade. I record my appreciation of the work done by the members of the Sub-Committee in preparing the constitutions.

New Delhi
May, 1969

H.D. SHOURIE
DIRECTOR GENERAL
Indian Institute of Foreign Trade
and
Chairman
Standing Committee on Export Pro-
motion of Small Scale Industries.

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EXPORT MARKETING GROUPS FOR EXPORT PROMOTION OF SMALL INDUSTRY PRODUCTS

From the stage a product is conceived to the time it is consumed, a wide range of operations are involved, not the least important of which is marketing. In fact, in the present day trends of buyers' market economies, the marketing activities, responsibilities and difficulties are multiplying, making it more and more difficult for the "lone hand" marketers to survive. These facts operate in the case of export marketing to a more acute degree owing to more intense competition and a greater number of unknown factors to be reckoned with.

It, therefore, takes extra resources, larger experience, greater know-how and a strength of sheer numbers to undertake such activities as identification of markets, overseas market research, product development, packing and packaging, export pricing, negotiation of actual sales, quality control, publicity and sales promotion, export finance, transportation, insurance of cargo, export documentation and after-sales service. These functions are very difficult to be carried out efficiently by the small scale exporting units because of their small establishments and lack of resources. The problems of assessing, breaking into, sustaining and developing markets abroad are comparatively complicated than selling at home.

Export Marketing Groups

The handicaps of small industries in relation to exports can be overcome to a large extent by promoting the concept of collective functioning among them. This would enable the small enterprises to combine together for undertaking the various activities of selling abroad. The

collective functioning can be in the form of export marketing groups in which a number of small enterprises operate together either in the form of a formalised enterprise or a loose combination for a variety of pre-determined purposes. The combination of functions of various units as one group can result in lowering of costs involved in various marketing operations, facilitate procurement of finance and credit, procurement and fulfilling of bulk export orders, etc. The combined groups, through their larger turnover and wider product range, would command more economic and efficient functioning. The members of the groups, by entrusting the various functions of export marketing to the groups, would be in a position to devote greater attention to the problems of designs, quality, cost and production programme. The export marketing groups will, moreover, be able to wean the member units away from the governmental assistance and institutional facilities for export over a period of time. This is necessary in view of the fact that such subventions and props are essentially temporary in nature and, ultimately, the exporting units will have to stand on their own feet and survive by nature of their inherent strength against the ever-growing competition in international markets.

The concept of collective functioning is not new. In a number of countries, export marketing groups or export consortia have been operating successfully. Their functioning has demonstrated what can be achieved by the development of specialisation of the export work at the central/group level relieving the individual units from the complexities of export marketing and yet making available to the participating units all the benefits accruing from the combined or centralised operations. Though instances of Export Marketing Groups operating abroad can be multiplied, a few of them are discussed below:

The General Export Association of Sweden

There is a General Export Association in Sweden which is a central organisation for promoting country's exports. It is a private organisation, founded in 1887, and based on individual membership by private enterprises^{1/}. The activities of this Association are of varied types, one of which is to 'find buyers abroad for individual Swedish exporters, to enlighten them on market conditions including such matters as customs duties, licence arrangements, sales possibilities and distribution methods; and to provide them with opportunities to show their products at international trade fairs^{2/}. The Association attempts to provide stimulus to its members to become more active in their export business.

The Zeta Groups in Netherlands

About 500 industrial art firms in Netherlands have joined to form a group known as the Zeta Group. It was established in its present form in 1948 for the purpose of building up an export trade in industrial art products. Its members are divided into two categories; the largest one consists of small family companies with five to ten employees, the other category comprises larger factories mass-producing industrial art products^{3/}.

Since few members could handle export trade on their own, Zeta performs these functions for most of them. Products

^{1/} Manual of Export Promotion Techniques - Geneva, 1966, Page 18

^{2/} Ibid.

^{3/} Export Marketing Organisations, Document No. ID/CONF.1/B.24, July 4, 1967 pages 23-24, United Nations Industrial Development Organisations.

are exported in Zeta's name and its trade marks. Since export orders are often executed with products manufactured by several members, and careful packing of industrial art products is important, all exports are packed at a Central Plant under Zeta's supervision. The group prepares all shipping documents and collects payments^{4/}.

Large Scale Export Associations

These Associations have been set up in the United States under the Webb-Pomerene Act. Some of these Associations are limited to specific products or specified markets; others provide for shipment to any foreign country. Most of the groups were formed to develop a regular export business, year in and year out. In certain cases, an Association may be organised to meet a special need or temporary situations. Occasionally, an Association operates only when there is surplus to be disposed of in foreign markets. Membership agreements may be permanent or drafted for a limited period with provision for extension; in the latter case, they have usually been extended for longer periods^{5/}.

Other Examples

In France, an export group for bicycles and bicycle parts has been operating successfully. It consists of twelve medium-sized manufacturers of motor cycles, bicycles and bicycle parts. It is registered as Cooperative Society

^{4/} Ibid

^{5/} Export Marketing Organisations, op. cit.

and has a central sales office in Paris, where practically all export work, including the issue of quotations, taking of orders, completion of shipping documents and receiving of payments, is undertaken. Out of a total range of about 600 different products manufactured by the participating members of the group, about half have been selected for export marketing. These are non-competitive products. For example, bicycle spokes of only one selected manufacturer are offered. The individual brand names are permitted, though there is joint participation in advertising, exhibitions and sales efforts^{5/}.

In Singapore, small manufacturers have promoted an export consortium with a view to pooling their resources for better selling abroad. In Israel, there are three central marketing organisations which export greater part of the bye-products of citrus industry. In Taiwan, the Wood and Bamboo Marketing Development Centre exports wood craft and furniture on cooperative basis.

Export Marketing Groups in India

Sporadic efforts have been/are being made in India for the establishment of export marketing groups/export consortia. Another medium adopted for providing the common facility of export marketing to small and medium industries is the setting up of State Export Corporations, opening of Export Wings in the State Small Industries Corporations and the operation of a Export Aid to Small Industries (EASI) Scheme by the State Trading Corporation of India. Several

^{5/} Shourie, H.D., Export Marketing Groups - A Measure for Greater Export Effort, "Foreign Trade Review", July-September, 1967.

of the attempts made in the direction of collective effort in the sphere of export marketing have been quite successful. These are discussed below:

Export Aid for Small Industries (EASI) Scheme

This Scheme being operated by the State Trading Corporation is basically designed to function as a group service for the small industries. The manufacturers can join the scheme voluntarily and derive the benefits of its assistance on various aspects of export marketing. The Scheme provides assistance in finding customers, selection of products for exports, export pricing, credit, sampling, documentation, shipping, marine insurance etc. The significant feature of the EASI Scheme is that the participating manufacturers even when they export through it, continue to get all the benefits under the various export promotion/incentive schemes. The Scheme also provides a liaison service to assist participating units to obtain export incentives to which they are entitled. The Scheme charges a small commission of 3% to 5% for all the services rendered.

The Scheme has been operating successfully. Its total exports since its inception in 1962 to 1967-68, have been reported to be about Rs 1.40 crores. These exports have been effected on behalf of 84 participant manufacturers in the Scheme. The number of products exported is placed at 67. Over 1,000 units have been assisted on different aspects of export marketing. EASI's target of export of major items during 1968-69 has been fixed at Rs 1.57 crores^{7/}.

^{7/} Export Development in Industrial Estates, Annexure XLIII, IIFT, 1968.

Export Corporations

Another instance of group effort for the promotion of exports from the small scale sector, is the establishment of Export Corporations in several States of India. These Corporations have already been established in Gujarat, Punjab and Uttar Pradesh. The Government of Kerala is also reported to have sanctioned the setting up of Kerala Commercial Corporation. A provision of Rs 50 lakhs has been made in the State's Fourth Five Year Plan, and a special officer has already been appointed to attend to preliminary work. The Government of Madras has also plans to set up an Engineering Export Corporation during the Fourth Plan period. The State Government has tentatively provided Rs one crore in the Fourth Plan for the proposed corporation. Under its auspices, a consortium of engineering units based in Madras will be formed for the preparation of feasibility and location studies and to design, engineer and erect plants in the developing countries of Africa and South East Asia.

The functions of the Export Corporations include the procurement of orders from abroad and their fulfillment by purchasing the goods from their associates most of whom are small scale manufacturers. The Corporations also render assistance to organise production more efficiently with a view to gearing it towards exports. The assistance rendered by the Corporations include (i) technical assistance, (ii) raw materials assistance, (iii) financial assistance, (iv) packaging assistance, (v) production adaptation assistance and such other assistance which may further the objectives of enlarging exports from the small scale sector.

To help organise exports from the small scale sector, some of the State Small Industries Corporations have also started undertaking exports. These Corporations include the Maharashtra State Small Industries Development Corporation (MSSIDC), the Haryana State Small Industries and Export Corporation and the Rajasthan Small Industries Corporation. They are, by and large, functioning on the lines of the State Export Corporations discussed earlier. Among all these Corporations, the performance of the MSSIDC has probably been more creditable. It has during a period of three years from April, 1965 to February, 1968 effected exports/booked export orders for Rs 24 lakhs^{8/}.

In addition to the effort of collective functioning in regard to exports through the State Export Corporation and State Small Industries Corporations, made through the initiative and participation of State Governments, attempts have also been/are being made to organise export marketing groups by the industry itself. Besides the consortia of large^{9/} manufacturers like the Indian Consortium for undertaking Transmission Line Projects, the Indian Consortium for Aluminium Conductors and the Consortium for Power Cables, efforts are also being made to organise export marketing groups/consortia of the small manufacturers.

^{8/} Export Development in Industrial Estates, op; cit.

^{9/} These Consortia are considered to be of large manufacturers because minimum sales turnover and exports have been prescribed to become their members. For instance, Indian Consortium for Aluminium Conductors stipulates that to join the consortium, the manufacturers should have an annual export performance of Rs 1 lakh (fob) and local sales turnover of Rs 25 lakhs or 400 tonnes of conductors.

The manufacturers of hardware items like locks and electrical goods etc in Aligarh (U.P.) are reported to have decided to form an export consortium. The cotton hosiery manufacturers in Belgaum (Mysore), have also reportedly agreed to form an export marketing society to channelise their production towards export. Similarly, it is proposed to form a consortium of handloom goods exporters consisting of all those exporters who have a substantial turnover. This is planned to avoid competition among the exporters. As a promotional measure, the Government of India is likely to allow the consortium to appoint a representative, with adequate commercial/technical knowledge and competence, in Europe. To help increase the export of solvent extracted groundnut oil cakes, a central agency known as Groundnut Exporters' Development Association has also been formed. The Indian Machine Tool Manufacturers' Association (IMTMA) has chalked out plan to form an export consortium of machine tool manufacturers. It would help an export drive and establish an organisation to look after sales and after sales service.

Functions of the Groups

The successful functioning of an export marketing group necessitates that its scope and functions and the products that it will handle are determined very carefully in the beginning itself. Functions will vary from product to product, depending upon the needs of the member-firms and their products. The cooperative effort can initially be limited to the areas of collection and dissemination of market information from abroad, participation in exhibitions and trade fairs, joint market surveys and market research. Further fields of cooperative endeavour after initial

exploration of the scope, can include the common utilisation of foreign sales personnel, sales tours abroad, product development, common sales policies, packaging service, joint publicity and sales promotion programmes, etc. The ultimate goal can be the entrustment to the group of all the problems involved in organising a complete marketing survey, including the determination of distribution channels, appointment of agents, procurement of orders, shipping the supplies, providing after-sales service etc. The group, thus, has to be tailored to the requirements of its members. Small industries will need more centralised group export effort right from the very beginning, whereas the larger firms, which possess their own resources and expertise, can benefit from initial pooling together in relation to limited and specific functions. The various functions which can be performed by the groups for the collective benefit of the component members are discussed hereunder^{10/}.

(i) Collection and Dissemination of Market Information. Collection, interpretation and dissemination of market information is a function which is very well suited for being carried out jointly. Information regarding the markets would be of interest to all members of the group who have a common range of products to offer and is, therefore, one of the basic functions which almost all export groups can undertake.

(ii) Market Surveys and Marketing Research. Field studies comprising market surveys and marketing research are expensive operations. They constitute a basic requirement for determining the action which would need to be taken for

^{10/} Shourie, H.D., Export Marketing Groups - A Measure for Greater Export Effort, op. cit.

export of selected products and commodities. Whereas it may not be possible for individual companies to undertake market surveys and marketing research in the export markets, this requirement could be met through joint operations of the group. In undertaking the surveys it can be prescribed that the objective should be to secure information which would be useful to all the members and simultaneously to collect more detailed information which would be required in relation to the products of individual members of the group.

(iii) Selection of Products. On the basis of data collected through market surveys and marketing research, the group can identify and select the range of products out of those manufactured by the component members. The group of biscuit manufacturers of Switzerland has selected the best products of the individual members for joint export effort. In making selection of the products there would inevitably be some difficulties. Some of the firms may not have exported their goods and may not be aware of the potential of their products. The requirements of foreign markets may call for adaptation of the existing products which would involve expenditure without any definite guarantee of return. Initially, the firms may be reluctant to incur the expenditure, and accordingly it would be better to make selection out of existing products of the firms, gradually making attempts to effect adaptation of the products. An appropriate selection of the products will determine whether the group would be able to successfully function. In some cases the groups may have to deal with the same or similar products of their members and in other cases, the products may have to be analogous, complementary and non-competitive.

(iv) Brand Names. An export group can either maintain the individual brand names of the manufacturers and sell the products under these names or it may decide to market the products under a joint brand name. The choice will vary with the reputation of the brands of the individual manufacturers. If these are well-established, the first alternative might be better. On the other hand, if the brand names are not well-known, it may be better to have common brand name for the product. This would also facilitate supply where large quantity orders are secured by the group. The disadvantage and danger in this procedure would be that if any of the manufacturers produces sub-standard products, the brand name of the group can be jeopardised. The biscuit manufacturers of Switzerland and industrial art firms of Netherlands market their products under a common brand name, while the French bicycle manufacturers prefer to market under individual brand names.

(v) Designing and Packaging. The importance of designing and packaging for the purpose of exports cannot be over-emphasised. These functions necessitate investment and could be advantageously handled under a system of collective functioning. As distinct from the individual manufacturers, the group would be in a better position to employ competent designers for adapting the products to the export markets. It would also be in a position to provide the packaging services to the constituent units for ensuring high standards of packaging and packing. The jewellery group in Austria employs competent designers for continuously evolving new designs of jewellery for the export markets.

(vi) Sales Literature. Designing, preparation and printing of sales literature is a specialised function involving considerable expenditure. For sale of the goods abroad, the sales literature and promotional work are indispensable. Through the group, it may be possible to bring out joint catalogues and sales literature for the products of the group, thereby reducing the cost. The sales literature can project the common brand of the group or publicise individual brands of the member-firms. The bicycle group of France has a common catalogue mentioning individual brands, while Austrian jewellery group publicises a joint catalogue with common brand.

(vii) Pricing Policy. If the range of products of the group comprises complementary products, which do not compete in prices, pricing can be left to the individual firms. However, even in this case a uniform pricing policy would be necessary so that the discount and credit structure remain uniform. If the group's products include competing products, the pricing policy has to be based on a uniform formula which takes into account the different levels of manufacturing costs. A uniform price will have to be mutually agreed upon by the group. In determining the export prices, the group will necessarily take into account the various facilities, concessions and benefits available in relation to exports of individual products.

(viii) Participation in Trade Fairs and Exhibitions. An important operation of the group can be collective participation in exhibitions and trade fairs abroad. Facilities can be provided by the group to enable individual members to display their products in a common stand, alternatively

the group can exhibit its products directly. The industrial art firms of Netherlands maintain a permanent exhibition at home, while the Danish group of textile manufacturers have established one in New York.

(ix) Sales Tours and Foreign Offices. Group functioning enables greater concentration of sales tours abroad by competent sales personnel employed by it. The range of products marketed by a group would provide a convenience for buying in foreign markets. Whereas it would normally be difficult for individual firms to establish offices abroad, it would be more feasible for a group to explore the possibility of setting up such offices. The group would also be entitled to receive assistance from the government for the purpose of setting up foreign offices.

(x) Execution of Orders. The group sales office may either procure the products from the members or divide the orders if they are to be executed individually by the constituent members. It would be necessary for the group, however, to maintain strict watch by laying down the quality standards, production schedules, packaging specifications and the movements of goods to the ports in time for catching selected vessels. It may also be possible to have a common shipping agent so that the products of different manufacturers can be shipped together.

(xi) Quality Control. Control on quality of the products and the standards of packaging will necessarily have to be ensured in the interest of maintenance of reputation of the group. Centralised operation would facilitate the inspection of quality and packaging. Services can be provided by the group for conducting inspections in the

factories of the members where exports are effected directly by them.

(xii) Documentation and Receiving Payments. Exports necessitate preparation of a number of export documents and their negotiations through banks. Preparation of export documents is a specialised task as the documents have to meet the requirements of exchange control and customs regulations of the exporting and importing countries. It will, therefore, be advantageous to centralise the functions of documentation and negotiations even though shipments may be made individually by the member firms. Where the sales are effected directly by the group, the documents will be prepared and payments received by the group itself.

(xiii) Export Finance. The group can render positive assistance by providing finance to the member-firms, by arrangement with the banks where necessary. Arrangements for checking of credit references, securing of export credit risk insurance cover and arranging the finance would be undertaken by the group where the selling functions are centralised. Where the firms export and receive payments directly, they would need to make their own arrangements for securing credit.

(xiv) Benefits of Government Concessions and Facilities. The group can render invaluable assistance to the member-units in securing the benefit of various concessions and facilities which are given by the government and which become difficult for individual members to secure without considerable time and effort. These benefits can then be passed on to the members. Where the exports take place directly from the group, these benefits would help to reduce the export prices and the cost of group operations.

(xv) After-Sales Service. It plays a very important role in maintaining exports to overseas markets. In the case of consumer products the after-sales service may merely comprise the processing of complaints and their expeditious settlement. In the case of technical products, it may be necessary to provide after-sales service in the shape of maintenance of spare parts in the overseas countries either through the group's own organisation or by employing an agent for the range of products.

Constitution of the Groups

The constitution of an export marketing group would depend upon the objectives for which they are established. If the objectives are limited to the collection of market information and its dissemination among the member-firms, the best form would be a Registered Society under the Societies Registration Act. Such a society would be non-trading and non-profit making body. It is easy to constitute a 'Society' than a 'Company' because there are lesser legal and other formalities that have to be observed under the Societies Registration Act than under the Companies Act. A model constitution of an export marketing group to be formed as a "Registered Society" has been prepared by the Sub-Committee. This Constitution contains two parts, viz., (i) "Memorandum of Association" and (ii) "Rules and Regulations".

In case the group is proposed to be established for dealing with the entire range of operations involved in export marketing, it may be advantageous to constitute it either as a Private Ltd Co. or Public Ltd. Co. under the Companies Act. The company would be a separate entity with

its own seal and perpetual succession. The major advantage in constituting an export marketing group as a Public Company is that the group so constituted can also raise capital by inviting the public to subscribe to its shares or debentures. According to the Companies Act, 1956 "Public Company" means a company which is not a private company^{11/}. The Act defines^{12/} "Private Company" as a company which, by its articles,

- (a) restricts the right to transfer its shares, if any;
- (b) limits the number of its members to fifty not including-
 - (i) persons who are in the employment of the company, and
 - (ii) persons who, having been formerly in the employment of the company, were members of the company while in the employment and have continued to be members after the employment ceased; and
 - (iii) prohibits any invitation to the public for any shares in or debentures of, the company;

Provided that where two or more persons hold one or more shares in a company jointly, they shall for the purposes of this definition, be treated as a single member.

Further, it has been stipulated in the Act^{13/} that any seven or more persons, or where the company to be formed will be a private company, any two or more persons, associated

^{11/}The Companies Act, 1956, Section 3 (i) (iii) (iv)

^{12/}The Companies Act, 1956, Section 3(i) (iii) (a, b & c)

^{13/}The Companies Act, 1956, Section 12 (1)

for any lawful purpose may, by subscribing their names to a memorandum of association and otherwise complying with the requirements of this Act in respect of registration, form an incorporated company, with or without limited liability. Such a company may be either "a company limited by shares" or "a company limited by guarantee" or "an unlimited company" as defined in Section 12(2) of the Act mentioned above.

The Sub-Committee has drafted two model constitutions one each for "a public company limited by shares" and "a private company limited by shares". Each of these constitutions contains two parts, viz; (i) "Memorandum of Association" and (ii) "Articles of Association". According to the Act,^{14/} there may in the case of "a public company limited by shares" and there shall in the case of "a private company limited by shares", be registered with the "Memorandum", "Articles of Association" signed by the subscribers of the "Memorandum", prescribing regulations for the company.

If the export marketing group is proposed to be constituted for an ad hoc purpose, it can be a loose combine as a partnership firm. Such a group may, however, be possible and operate successfully only when the firms either mutually know each other or are sister-concerns and wish to combine for collective functioning in defined spheres.

In all the export marketing groups whether constituted as a "Registered Society" or "Private/Public Ltd. Co." or "Partnership Concern", the basic essential is that some firms, small or large, combine together their export activities on

^{14/}The Companies Act, Op; cit, Section 25.

a voluntary basis in order to develop greater strength for their marketing effort abroad. The firms coordinating in this manner remain legally and financially independent. Export marketing functions, to the extent mutually agreed upon, are combined and carried out centrally by the group.

Promotion of Groups

In certain parts of the country there is concentration of small scale units manufacturing similar or allied items. Some of these items have been found to have export potential and are non-traditional items, export of which needs to be encouraged. A beginning in formation of the export marketing groups can, therefore, be made in the following industries:-

I. Mechanical Engineering Products:

- a) Builders' Hardwares
- b) Cycles and Cycle Parts
- c) Hand Tools and Small Tools
- d) Industrial Machinery and Parts
- e) Machine Tools and Accessories
- f) Scientific and other Instruments
- g) Steel Furniture
- h) Sewing Machines and Parts
- i) Wire Products.

II. Electrical Products

- a) Electrical Household Appliances
- b) Electrical Instruments
- c) Electrical Light Fittings and Accessories
- d) Wireless and Radio Receiver Sets.

III. Chemicals and Allied Products

- a) Paints and Varnishes
- b) Batteries
- c) Adhesives
- d) Colours
- e) Pharmaceuticals and Drugs
- f) Plastic Products
- g) Rubber Products
- h) Toilet Articles and Cosmetics

IV. Footwear and Leather Goods

- a) Rubber and Leather Footwear
- b) Leather Bags, Suitcases, etc.

V. Sports Goods

To help the speedy organisation of Groups and their successful functioning, the recommendations of the Sub-Committee^{15/} of the First Standing Committee on Export Promotion of Small Scale Industries need to be considered for implementation. These recommendations are given below:

- i) The officer-in-charge of export promotion work in the Directorates of Industries should endeavour and exhort the small manufacturers to organise themselves into export marketing groups. The Sub-Committee considers that this concept can be immediately promoted among the 41 units manufacturing sports goods in the Okhla Industrial Estate. Some of these units are already engaged in export business, and others can be initiated with a little effort.
- ii) State Governments may provide matching capital to the export marketing groups. This step will immediately help in organising the sports goods manufacturers of Okhla Estate, in an export marketing group as most of them are not presently working even to half of their capacity due to financial problems.
- iii) All export marketing groups organised in the small scale sector should be recognised as 'Export House' irrespective of their export performance.
- iv) Ad hoc grants/subsidies may be provided from the Marketing Development Funds for the period the groups are not able to establish themselves well.

^{15/} Export Development in Industrial Estates, op; cit.

MODEL MEMORANDUM OF ASSOCIATION
AND
MODEL RULES AND REGULATIONS FOR
THE FORMATION
OF
EXPORT MARKETING GROUP
AS
A REGISTERED SOCIETY

(Under the Societies Registration Act, 1950 (21 of 1960))

Note: The Model Memorandum of Association and Model Rules and Regulations have been prepared having due regard to the provisions of the Societies Registration Act, 1960 (21 of 1960) and vetted by the Registrar of Societies, Delhi. Despite these facts, it is essential to secure legal guidance while framing the Memorandum and Rules and Regulations of an Export Marketing Group to be constituted as a Registered Society.

MODEL MEMORANDUM OF ASSOCIATION
OF
AN EXPORT MARKETING GROUP
To be Constituted as
A Registered Society

- I. The name of the Society shall be "The....."
....."
- II. The Registered Office of the Society shall be situated in the State of.....
- III. The objects for which the Society is established are to organise, support, protect, maintain, increase and promote export from India of.....by such methods as may be necessary or expedient and without prejudice to the generality of the above by:
- (i) acting as a coordinating body for facilitating the exports of products manufactured or traded by the members of the Society;
 - (ii) assisting the members of the Society by such methods and manners as may promote, protect, maintain and increase the exports of the products manufactured/traded by the members;
 - (iii) providing information and assistance on product-development in the fields of designing, pricing, packaging etc;
 - (iv) maintaining a common facility centre for the product manufactured by the members of the Society from where they get drawings, dies, tools etc.;
 - (v) undertaking or assisting research in methods designs etc; and schemes of technological nature designed to improve the efficiency of the products manufactured by the members of the Society and/or traded by the Society;
 - (vi) establishing or assisting the maintenance of research bureaus, institutions or laboratories for conducting research and for growth of knowledge and technique in the manufacture/ trade of the products handled by the members of the Society;

- (vii) providing and securing information and assistance of all sorts and on all aspects for the members of the Society which may help them to undertake exports, through correspondence, personal discussions, lectures, brochures, magazines or in any other manner as may be necessary or expedient;
- (viii) collecting, analysing and disseminating information on various aspects of trade including foreign trade of the products of interest to the Society;
- (ix) undertaking and/or commissioning specialised agencies, Indian or foreign, to undertake market studies, market surveys, area surveys etc; on regular as well as ad hoc basis abroad;
- (x) sending out and sponsoring trade missions, study-cum-sales teams, delegations etc., composed of the members of the Society or any such person as the Society may decide from time to time to foreign countries or to different centres in India;
- (xi) appointing representatives, agents or correspondents in foreign markets for the purpose of continuously and regularly reporting the prices, market preferences, designs, packaging, or any other aspect, reaction of foreign customers to products exported by the members of the Society;
- (xii) selecting in foreign countries, firms, persons etc. who might serve as agents of the manufacturers and exporters of the products manufactured/traded by the members of this Society;
- (xiii) adopting such means of making known abroad the articles, goods, products, appliances manufactured or dealt in by the members of the Society as may seem expedient;
- (xiv) encouraging, organising, promoting and participating in exhibitions, competitions and demonstrations of any kind or variety, cinema, dramatic performances, clubs, associations, organisations, merchants or associate activities of any kind or variety likely to promote the interest of the Society and to adopt such means of making known abroad the products traded/manufactured by members of the Society as may seem expedient and, in particular, by advertising in all possible ways;

- (xv) purchasing, hiring, or otherwise acquiring and maintaining suitable buildings, apartments, furniture and other fittings in any country for the establishment of showrooms, emporia, or other agencies for publicity in regard to products of interest to members of the Society for the purpose of achieving any of the objects for which the Society is established;
- (xvi) organising publicity work in foreign countries through different advertisement media, and appointing advertising agents;
- (xvii) preparing sales literature, price lists etc. for the members of the Society in relation to the exports of their products;
- (xviii) arranging combined participation of the members of the Society in trade fairs and exhibitions abroad;
- (xix) deputing the representatives of the Society to witness the inspection of goods exported by the members of the Society where such inspection is being conducted by the authorities in the importing countries;
- (xx) deputing the representatives of the Society to witness the survey of the products exported or imported for exports by the members of the Society in foreign countries or in India, as a result of any dispute or differences between the parties to a contract for sale and purchase of products;
- (xxi) enquiring and investigating into complaints received from foreign importers or Indian exporters in respect of quality, description or other particulars of products handled by the members of the Society or the non-performance or non-observance of the terms and conditions of contract

relating to such exports and other connected matters and advising the manufacturers, dealers or traders of products handled by the members regarding the methods to be adopted to obviate such complaints or of a similar nature;

(xxii) Making such recommendations as may be necessary or expedient to Government and public bodies like Associations or Chambers of Commerce where the Society, on investigation of a complaint received by it, is satisfied about its genuineness and that the same has been caused by the wilful or negligent act or acts of manufacturers, dealers, or traders of the products handled by the members of the Society;

(xxiii) acting as arbitrators or nominating arbitrators or valuers in the settlement of disputes and differences arising out of the transactions relating to exports of products handled by the members of this Society between parties who agree to refer the disputes to the Society;

(xxiv) securing various benefits such as import replenishment/entitlement licences, and obtaining drawback of customs duty and refund of excise duty, claiming railway freight and postal concessions, cash subsidies, and all other assistances that may be available on the exports of the products of the members for and on behalf of the members of the Society;

(xxv) arranging supply of liquid finance to members against confirmed export orders to enable them to execute the orders;

2. To enunciate just and equitable principles to govern the export trade in products handled by the members of the Society and to set up a code or codes of practices for the general guidance of exporters and manufacturers of these products and further to simplify transactions relating to their exports.

3. To advise or represent to Central and State Governments, Local Bodies and Public Bodies on:

- (i) the policies and other measures including direct and indirect taxation adopted by them in relation to their effect on industry or commerce of the products handled by the members of the Society;
- (ii) the steps to be taken by them to prevent any contravention of the codes of practices laid down by this Society by any person, where such contravention would affect the export of products of interest to this Society;

Provided that such advice on representation shall be only insofar as such policies or measures have a bearing directly or otherwise on the exports of products of the members of this Society;

4. To act as a single body for negotiating matters of common interest with the government and other organisations.

5. To acquire by purchase, lease, or otherwise, lands and buildings and all other property, movable and immovable which the Society may from time to time think proper to acquire.

6. To sell, improve, manage, develop, exchange, lease or let under lease, sublet, mortgage, dispose of, turn to account or otherwise deal with all or any part of the property of the Society;

7. To construct upon any premises acquired for the purposes of the Society and to alter, add to or remove any building upon such premises;

8. To borrow and raise moneys with or without security or on the security of a mortgage, charge or hypothecation or pledge of all or any of the movable or immovable properties belonging to the Society or in any other manner as decided by the Society from time to time subject to the provisions of the Societies Registration Act;

9. To take or otherwise acquire and hold shares in any other company having objects altogether or in part similar to those of this Society.
10. To accept grants of money, securities and property of any kind on such terms as may seem expedient.
11. To draw, make, accept, endorse, discount, execute and issue cheques, promissory notes, bills of exchange and other negotiable or transferable instruments.
12. To create administrative, technical, ministerial and other posts in the Society, and to make appointments thereto in accordance with the Rules and Regulations of the Society.
13. To create any Reserve Fund, Sinking Fund, Insurance Fund, Provident Fund or any other special Fund whether for depreciation or for repairs, improving, extending or maintaining any of the properties or rights of the Society and/or for recoupment of wasting assets and/or for benefits of the employees and for any other purposes for which the Society deems it expedient or proper to create or maintain any such Fund or Funds.
14. To establish and support or aid in the establishment of associations, institutions, trusts and conveniences calculated to benefit employees or ex-employees of the Society or dependents or connections of such persons and to grant pension and allowance and to make payment towards insurance and to subscribe or guarantee money for charitable or benevolent object or for any public, general or useful object.
15. To pay all costs, charges, and expenses incidental to the promotion, formation, registration and establishment of the Society.
16. To apply for, purchase or otherwise acquire, any patents, inventions, licences, concessions and like conferring on exclusive or non-exclusive or limited right to use any secret or other information as to any invention or process, which may seem capable of being used for any of the purposes of the Society or acquisition of which may directly or indirectly benefit the members of the

Society and to use, exercise, develop or grant licence in respect of or otherwise turn to account the property, right and information so acquired.

17. To do all other things as are incidental or conducive to the attainment of the above object or any of them.

IV. The names, addresses, occupations and designations of the present members of the Executive Committee to whom the management of the affairs of the Society is entrusted as required under Section 2 of the Societies Registration Act, 1860 (21 of 1860) are as follows:

S.No.	Name	Address	Occupation	Designation
1.				
2.				
3.				
4.				
5.				
6.				
7.				

V. We, the undersigned, are desirous of forming a Society under the Societies Registration Act, 1860 (21 of 1860), in pursuance of the Memorandum of Association.

(Next Page)

S. No.	Name	Designation	Sig- nature	Ad- dress	Occu- pation	Name & adress of the witness
1.						
2.						
3.						
4.						
5.						
6.						
7.						

Signed this _____ day of _____ 19

MODEL RULES AND REGULATIONS
OF
AN EXPORT MARKETING GROUP
To be Constituted as
A Registered Society

DEFINITIONS

1. In these Rules and Regulations, unless the context otherwise requires,

- (a) 'Society' means the _____
- (b) 'Executive Committee' means the Executive Committee of the Society.
- (c) 'Chairman' and 'Vice-Chairman' means the Chairman and Vice-Chairman of the Society.
- (d) 'Secretary' means the Secretary and Joint Secretary of the Society.
- (e) Member means a member of the Society or member of the Executive Committee as the case may be.
- (f) 'Government' means the Central or State Government as the case may be.
- (g) 'Year' means the year ending on 31st day of March.

The Society

2. The Society shall consist of all the members who are admitted by the Executive Committee.

Members

3. Executive Committee may admit any manufacturer of _____, who is interested in the objects of the Society as a member of the Society.

4. Persons desirous of becoming the members of the Society shall send an application in the prescribed form to the Society.

5. All applications for membership shall be placed by the Secretary before the next meeting of the Executive Committee for consideration, which may be accepted or rejected by the Committee without assigning any reasons thereof.

6. Every member on admission shall pay an annual subscription of Rs _____.

7. The subscription payable by a member who takes up the membership of the Society between 1st October to 31st March shall be only one-half of the total subscription payable for the year.

8. The subscription shall be payable upto 30th April of every year.

9. Every member on admission shall sign the Register of Members maintained by the Society.

10. If there is any change in the address of a member of the Society, the member shall notify to the Secretary his new address, and the Secretary shall thereupon enter such new address in the Register of Members. If member fails to notify any change in his address, the address in the Register of Members shall be deemed to be his address.

11. A member of the Society shall cease to be a member if he (a) fails to pay the subscription as and when due, (b) resigns (c) is expelled from membership by the Society.

12. A member may resign his membership of the Society by sending his resignation to the Secretary who shall place it before the Executive Committee for acceptance.

13. A member may be expelled from the membership of the Society by a majority of $\frac{3}{4}$ th of the members present and voting at an annual General Meeting or at an extra-ordinary General Meeting of the Society, notice of which has been properly given and where not less than $\frac{1}{4}$ th of the total members of the Society are present and entitled to vote.

14. A member may be expelled in a manner as provided in clause 13 above if he (i) intentionally does any act likely to injure the credit of the Society or fails to observe proper discipline in regard to the work of the Society, (b) does any act which is contrary to the objects

of the Society, (c) persistently defaults or fails to carry out the obligations of the Society.

15. Before the expulsion, the member to be expelled will be given an opportunity to explain his position. After the explanation has been considered, the member may be suspended by the Executive Committee. The Executive Committee would, then, put up the matter to the Annual General Meeting or an Extra-ordinary meeting called for the purpose.

16. The termination of membership shall take effect from the date of suspension.

Executive Committee

17. The Executive Committee of the Society shall consist of not less than _____, and not more than _____ members of which there shall be

- (a) not less than _____ members elected by the general meeting.
- (b) not more than _____ persons nominated by the Executive Committee, having any specialised experience which may be of benefit to the Society in its working for a period not exceeding one year or election of the next Executive Committee which-so-ever is earlier. Such persons shall be eligible for re-cooption after the end of their term.

Provided that the nominated Directors shall have no right to vote.

18. The members of the Executive Committee shall elect from themselves a Chairman and a Vice-Chairman who will hold office till their successors are elected. The Chairman, when present shall preside at all meetings of the Board and General Meetings. In his absence, the Vice-Chairman shall preside, and in the absence of both, the members present shall elect one from amongst themselves as the Chairman of the meeting.

19. The Executive Committee shall meet when necessary but not less than once every _____, and may be called at any time by the Secretary, and shall also be called by him on receipt of a requisition from _____ members of the Executive Committee and from _____ members of the Society. The views of the Executive Committee may also be obtained by circulation and decisions be taken on the basis of the majority views so expressed. Such decisions shall have the same binding force as any other decision of the Executive Committee. These decisions would be confirmed by the Executive Committee in the next meeting.

20. _____ members shall form a quorum. Each member of the Executive Committee shall have one vote, but the Chairman shall have a casting vote in the event of equality of votes.

21. The members of the Executive Committee shall hold office for _____ years and shall be eligible for re-election provided that one-third of the elected members of the first Executive Committee shall retire at the end of the first year and another one-third at the end of the second year. The names of the members who so retire shall be drawn by lots.

22. A member of the Executive Committee shall cease to hold office if he,

- (a) resigns and his resignation is accepted by the Committee, and
- (b) fails without showing satisfactory reasons to the Board to attend four consecutive meetings of the Committee.

23. Any vacancy caused in the Executive Committee shall be filled by the Committee by cooption. A coopted member shall hold office for the duration of the term of the original member.

Powers and Functions of the Executive Committee

24. The Executive Committee shall exercise all the powers of the Society except those reserved for the

General Body subject to such regulations or restrictions as are laid down by the General Body or in the Rules and Regulations. In particular, the Committee shall have the following powers and duties:-

- (i) to maintain true and accurate accounts of all money received and expended, all stock bought or sold and of assets and liabilities of the Society;
- (ii) to maintain a list of members;
- (iii) to sanction contingent and other expenditure;
- (iv) to admit and suspend members;
- (v) to fix the date and time of General Body Meetings in accordance with the Rules and Regulations;
- (vi) to contract loans;
- (vii) to decide the terms on the period for and the rates of interest at which deposits are to be received, and to arrange for the payment of such deposits;
- (viii) to appoint, suspend, punish and dismiss employees under the Rules and Regulations framed for the purpose;
- (ix) through any member or employee of the Society or any other person especially authorised, to institute, conduct, defend, compromise, refer to arbitration or abandon legal proceedings by or against the Society or the Executive Committee or the employees concerning the affairs of the Society;
- (x) to invest surplus funds of the Society in accordance with the Rules and Regulations;
- (xi) to purchase, sell, hire or otherwise acquire and dispose of property of the Society;

- (xii) to accept or reject the resignation from the Executive Committee, and in case of acceptance to coopt any other member in his place till the election of the substitute by the General Body;
- (xiii) to consider and approve the annual budget of the Society;
- (xiv) generally to carry on the business of the Society.

25. In the conduct of the affairs of the Society, the Executive Committee shall exercise the prudence and diligence of ordinary men of business and shall be responsible for any loss sustained through acts contrary to the law, and these Rules and Regulations.

26. All business discussed or decided at a meeting of the Executive Committee shall be recorded in a "proceedings book" which shall be signed by the Chairman of the meeting and the Secretary.

27. The Executive Committee may appoint one or more Committees constituted out of its members, and where necessary of persons having any specialised experience which may be of benefit to the Society. These Committees shall exercise such functions, and powers as are delegated to them by the Executive Committee.

28. The Executive Committee may delegate any of its powers to the Chairman, Secretary or any other member.

SECRETARY

29. The Board of Directors may appoint a Secretary on such terms and conditions and for such period as it may decide.

30. The Secretary shall act as the Chief Executive Officer of the Society and exercise control over the Staff of the Society.

31. The duties of the Secretary shall be:
- (i) to ensure the maintenance of the prescribed papers and registers;
 - (ii) to ensure the preparation of receipts, vouchers and other documents required by the Rules and Regulations;
 - (iii) to sign on behalf of the Society and conduct its business;
 - (iv) to summon on behalf of the Executive Committee and attend the meeting of General Body as well as Executive Committee;
 - (v) to record proceedings of all meetings;
 - (vi) to certify entries in the books of the Society;
 - (vii) to incur contingent expenditure subject to the sanction of the Executive Committee;
 - (viii) to keep in safe custody all the registers and other papers in the use of the Society and other property of the Society;
 - (ix) to take charge of all money received by the Society, and to make the disbursement in accordance with the decision of the Executive Committee or the person authorised by it. The Secretary shall sign the cash book in token of its correctness and shall produce the cash balance whenever called upon to do so by the Committee or any other person authorised by it in this behalf;
 - (x) the Secretary shall ordinarily hold a cash balance not exceeding a limit to be fixed by the Committee. All cash in excess of the limit so fixed shall be deposited in a Bank to be selected by the Committee. The withdrawals from the Bank shall be signed by such persons as are authorised by the Committee;
 - (xi) to act and sign, to sue or be sued on behalf of the Society.

GENERAL MEETING

32. The first General Body meeting of the members shall have the same powers as are here given to the Annual General Meeting.

33. (a) The Annual General Meeting of the Members shall be called within a period of _____, after the dates fixed for making up its accounts for the year under the rules for the time being in force. A special General Meeting may be called at any time by the Executive Committee and shall be called by the Secretary on receipt of a requisition from _____ of the total number of members.
- (b) In the case of Annual General Meeting the date, time and place of the Meeting shall be announced at least _____ days clearly in advance and in that of a special General Meeting at least _____ in advance by a written notice published on the notice board of the Society and circulated to the members.
- (c) The presence of at least _____ of the members shall be necessary for the disposal of any business at a General Meeting provided that when the total number of members exceeds _____ members shall form a quorum. If there is no quorum the meeting shall be adjourned to such date and time as the members present may decide. No quorum shall be necessary for the adjourned meeting.
- (d) Each member shall have one vote. The Chairman shall have a casting vote in the event of equality of votes in the meeting. No proxies shall be allowed.
- (c) The members present at the first General Meeting shall elect one amongst them to act as the Chairman. He will hold office till his successor is elected by the Executive Committee. The Chairman, thus elected shall preside over subsequent General Meetings. In his absence the Vice-Chairman elected by the Executive Committee shall preside. In the absence of both, the members present shall elect one amongst them to preside over the meeting.

- (f) Unless otherwise provided in these Rules and Regulations the ultimate authority in all matters relating to the administration of the Society shall vest in the General Meeting.

34. Without prejudice to the general provisions of the preceding Rules and Regulations, the duties and powers of the General Meeting shall be:

- i) to elect, suspend or remove the members of the Executive Committee;
- ii) to consider the annual report of the Society, its audited balance sheet and profit and loss account and the audit report.
- iii) to fix the maximum borrowing limit of the Society;
- iv) to amend the Rules and Regulations of the Society;
- v) to expel members;
- vi) to consider any other business with the permission of the Chairman.

All business discussed or decided at the General Meeting shall be recorded in a proceedings book which shall be signed by the Chairman of the meeting.

35. The amendments of the Rules and Regulations shall be adopted by a resolution passed by not less than two thirds of the members present in a General Meeting at which the notice of the intention to discuss such amendments has been previously given. Such amendments shall be forwarded to the Registrar of Societies for registration within a period of three months from the date of the meeting. All other questions before the general meeting shall be decided by a majority of votes.

FUNDS OF THE SOCIETY

36. The funds of the Society shall consist of the following:

- (i) Annual membership fee of the members of the Society;
- (ii) grants made by or through the Central or any State Government;
- (iii) donations and contributions from other sources;
- (iv) other income and receipts of the Society.

37. The Society shall have power to enter into arrangements with the Central and State Governments, and other public or private organisations or individuals for securing and accepting endowments, grants-in-aid, donations or gifts to the Society on mutually agreed terms and conditions provided that the conditions of such grants-in-aid or donations or gifts shall not be inconsistent or in conflict with the nature and objects of the Society.

38. The Society shall have power to take over and acquire by purchase, gift or otherwise from the Central or State Governments or other public or private organisations or individuals willing to transfer the same, libraries, laboratories, demonstration equipment, immovable properties, endowments or funds together with any attendant obligations and engagements not inconsistent with the nature and objects of the Society.

39. The Bankers of the Society shall be any Scheduled Bank of India. All funds received shall be paid into the Society's account with the Scheduled Bank of India and shall not be withdrawn except on a cheque signed by the Secretary and countersigned by the Chairman or any authority authorised by the Chairman in this behalf.

ACCOUNTS AND AUDIT

40. The Society shall maintain proper accounts including a balance sheet in such form as may be prescribed.

41. The Accounts of the Society shall be audited annually by a qualified auditor or auditors appointed for the purpose by the Society and any expenditure incurred in connection with the audit of accounts of the Society shall be payable by the Society. The auditors shall have the right to demand production of books, accounts, vouchers, and other documents and papers and to inspect the offices of the Society.

REGISTERS

42. The following registers and papers shall be maintained and shall be open to the inspection of any one interested in the funds except that no one shall be allowed to see the deposit account of any person without that person's consent in writing:-

- i) List of Members, showing the name, address and occupation of every member, the number of shares held by it, the date of termination of its membership if any;
- ii) Cash book, showing the income, expenditure and balance on each day on which business is done;
- iii) Ledger Account for each member, depositor, creditor, miscellaneous income, expenditure etc.;
- iv) Stock Register;
- v) Purchase & Sale Register;
- vi) Separate minute book for the proceedings of the Meeting of the General Body and those of the Board of Directors and the Executive Committee;
- vii) Any other register prescribed by the Society;

43. Copies of the bye-laws and the Balance Sheet be supplied free on demand to any member. The last Balance Sheet be open to public inspection during all office hours.

INCOME AND PROPERTY

44. The property, movable and immovable, belonging to the Society shall vest in the Executive Committee.

45. The income and property of the Society, however, derived shall be applied towards the promotion of the objects thereof, subject nevertheless in respect of the expenditure of grants made by the Central Government to such limitations as that Government may from time to time impose. No portion of the income and property of the Society shall be paid or transferred, directly or indirectly, by way of dividends, bonus or otherwise however by way of profits to any persons or organisations who at any time are or have been members of the Society or to any of them provided that nothing herein contained shall prevent the payment in good faith of remuneration of any member thereof, or other persons, in return for any service rendered to the Society.

DISSOLUTION

46. Any number not less than three-fifths of the members of the Society may determine that it shall be dissolved, and thereupon it shall be dissolved forthwith or at the time then agreed upon, and all necessary steps shall be taken for the disposal and settlement of the property of the Society, its claims and liabilities, according to the rules of the Society applicable thereto, if any, and if not, then as the Executive Committee shall find expedient, provided that in the event of any dispute arising among the said Executive Committee or the members of the Society, the adjustment of its affairs shall be referred to the principal Court of original civil jurisdiction of the district in which the registered office of the Society is situated, and the Court shall make such order in the matter as it shall deem requisite.

Provided that the Society shall not be dissolved unless three-fifths of the members shall have expressed a wish for such dissolution by their votes delivered in person, or by proxy, at a general meeting convened for the purpose.

Provided that (whenever any government) is a member of, or a contributor to, or otherwise interested in any society registered under this Act, such society shall not be dissolved (without the consent of the Government of the State of Regn.)

47. If upon the dissolution of the Society, there shall remain after the satisfaction of all its debts any liabilities, any property whatsoever, the same shall not be paid to or distributed among the members of the society or any of them, but shall be given to some other society, to be determined by the votes of not less than three-fifths of the members present personally or by proxy at the time of the dissolution, or, in default thereof, by such Court as aforesaid.

NOTICE TO MEMBERS

48. (i) A notice may be served upon any member of the Society either personally or through the post in an envelope addressed to such member at the address mentioned in the roll of members.
- (ii) Any notice so served by post shall be deemed to have been served on the day following that on which the letter, envelope or wrapper containing the same is posted and in providing such service it shall be sufficient to prove that the cover containing such notice was properly addressed and put into the post office.

INTERPRETATION AND CLARIFICATIONS

49. The Executive Committee shall have full powers to interpret the provisions of this constitution. It shall have full powers also to frame bye-laws wherever necessary consistent with the provisions of this constitution setting down detailed procedures under each Article of the constitution.

ALTERATION OR EXTENSION OF THE PURPOSES OF
THE SOCIETY AND ALTERATION OF THE RULES

50. The Society may alter or extend the purposes for which it is established.

- (i) if the proposition for such alteration or extension as aforesaid is submitted by the Executive Committee to the members of the society in a written report;
- (ii) if a special meeting of the members of the society according to Rules is convened for the consideration of such proposition;
- (iii) if such report is delivered by post to every member of the society 14 days prior to such special meeting of the society;
- (iv) if such proposition is agreed to by the votes of three-fifths of the members of the society recorded in person at such meeting as aforesaid;
- (v) if such proposition is confirmed by the votes of three-fifths of the members of the Society present at the second special meeting convened at an interval of one month after the former meeting.

51. These Rules, save and except Rule 49 may be altered at any time by a Resolution passed by not less than one-half of the total number of the members of the Society voting in favour of the Resolution at any meeting of the Society which shall have been duly convened for the purpose.

GENERAL

52. All contracts shall be executed on behalf of the Society by the Secretary and countersigned by the Chairman or any other person authorised by the Chairman in this behalf.

53. No act or proceeding of the Society or of the Executive Committee shall be deemed to be invalid by reason merely of any vacancy in or any defect in the constitution of the Society or of the Executive Committee as the case may be.

54. The Society may sue or be sued in the name of the Secretary.

MODEL MEMCRANDUM OF ASSOCIATION
AND
MODEL ARTICLES OF ASSOCIATION FOR
THE FORMATION
OF
EXPORT MARKETING GROUP
AS

A PUBLIC COMPANY LIMITED BY SHARES

(Under the Companies Act, 1956 (1 of 1956)

Note: The Model Memorandum of Association and the Model Articles of Association have been prepared having due regard to the provisions of the Companies Act, 1956 (1 of 1956) and vetted by the Company Law Board. Despite these facts, it is essential to secure legal guidance while framing the Memorandum and Articles of Association of an Export Marketing Group to be constituted as a Public Company Limited by shares.

MODEL MEMORANDUM OF ASSOCIATION
OF
AN EXPORT MARKETING GROUP
To Be Constituted as
A PUBLIC COMPANY LIMITED BY SHARES

I. The name of the Company shall be The.....
..... Public Ltd.

II. The Registered Office of the Company will be situated in the State of.....

III. The objects for which the Company is established are to:-

(a) Main
Objects: 1. organise, support, protect, maintain, increase, promote and effect exports from India of..... by such methods as may be necessary or expedient and without prejudice to the generality of the above by:

(i) Carrying on the business and functioning as merchants, traders, commission agents, carriers or in any other capacity, and to import, export, buy, sell, barter, exchange, pledge, make advances upon or otherwise deal in goods, produce, articles and merchandise handled/manufactured by the members of the Company;

(ii) adopting and registering trademarks, brand names, where necessary for various products manufactured/traded/marketed by members of this company, and to permit their uses to such persons, firms, companies or corporations which adhere to such terms and conditions as laid down by the Company and making such bye-laws as are necessary from time to time in that regard;

(iii) purchasing.....; arrange for their conversion, storage, inspection, packing and resale either directly or through the medium of other exporters or through persons, firms and corporations;

(iv) securing orders for export sales and to undertake export sales of the products manufactured/traded by the members of the Company either under individual brand name or common or specific brand name;

(v) negotiating and finalising the sales orders received from foreign countries, and dealing with foreign visitors for negotiating sales;

(vi) executing sales orders either by distributing the same among all the members or certain specified members or individual member, and executing the order in any other manner, as per the existing rules and regulations framed by the Company;

(vii) acting as a coordinating body for facilitating the exports of products manufactured or traded by the members of the Company;

(viii) assisting the members of the Company by such methods and manners as may promote, protect, maintain and increase the exports of the products manufactured/traded by the members;

(ix) providing information and assistance on product-development in the fields of designing, pricing, packing etc;

(x) maintaining a common facility centre for the products manufactured by the members of the Company from where they get drawings, dies, tools etc;

(xi) undertaking or assisting in research in methods, designs etc; and schemes of technological nature designed to improve the efficiency of the products manufactured by the members of the Company and/or traded by the Company;

(xii) establishing or assisting the maintenance of research bureaus, institutions or laboratories for conducting research and for growth of knowledge and technique in the manufacture/trade of the products handled by the Company or members of the Company;

- (xiii) providing and securing information and assistance of all sorts and on all aspects for the members of the company which may help them to undertake exports, through correspondence, personal discussions, lectures, brochures, magazines or in any other manner as may be necessary or expedient;
- (xiv) collecting, analysing and disseminating information on various aspects of trade including foreign trade relating to the products of interest to the Company or members of the Company;
- (xv) undertaking and/or commissioning specialised agencies, Indian or foreign, to undertake market studies, market surveys, area surveys etc; on regular as well as on adhoc basis abroad;
- (xvi) sending out and sponsoring trade missions, study-cum-sales teams, delegations etc., composed of the members of the Company or any such person as the Company may decide from time to time to foreign countries or to different centres in India;
- (xvii) appointing representatives, agents or correspondents abroad for the purpose of continuously and regularly reporting the prices, market preferences, designs, packaging etc; reaction of foreign customers to the products exported by the Company or members of the Company;
- (xviii) opening foreign offices, branches and warehouses for the purpose of export development, after sales service and ex-stock sales, and appointing sales officers in those places;
- (xix) selecting in foreign countries, firms, persons etc. who might serve as agents of the manufacturers and exporters of the products manufactured/traded by this Company or members of this Company;
- (xx) adopting such means of making known abroad the articles, goods, products, appliances manufactured or dealt in, by or at the disposal of the Company as may seem expedient and, in particular, through organising test marketing.

(xxi) encouraging, organising, promoting and participating in exhibitions, competitions and demonstrations of any kind or variety, organisations, merchants or associate activities of any kind or variety likely to promote the interest of the Company and to adopt such means of making known the products of the Company as may seem expedient and, in particular, by advertising in all possible ways;

(xxii) purchasing, hiring or otherwise acquiring and maintaining suitable buildings, apartments, furniture and other fittings in any country for the establishment of show-rooms, emporia, or other agencies for publicity in regard to products of interest to this company and/or members of the Company for the purpose of achieving any of the objects for which the Company is established;

(xxiii) carrying out publicity work in foreign countries through different media, and appointing advertising agents;

(xxiv) preparing sales literature, price lists etc. for the members of the Company in relation to the exports of their products;

(xxv) participating or arranging combined participation of the members of the Company in trade fairs and exhibitions abroad;

(xxvi) deputing the representatives of the Company to witness the inspection of goods exported by the Company and/or members of the Company, where such inspection is being conducted by the authorities in the importing countries;

(xxvii) deputing to representatives of the Company to witness the survey of the products exported or imported for exports by the company and/or members of the Company, in foreign countries or in India, as a result of any dispute or differences between the parties to a contract for sale and purchase of products;

(xxviii) enquiring and investigating into complaints received from foreign importers or Indian exporters in respect of quality, description or other particulars of products handled by the Company or its members or the non-performance or non-observance of the terms and conditions of contract relating to such exports and advising the manufacturers, dealers or traders of products handled by the Company or its members regarding the methods to be adopted to obviate such complaints or of a similar nature;

(xxix) making such recommendations as may be necessary or expedient to Government and public bodies like Associations or Chambers of Commerce where the Company, on investigation of a complaint received by it is satisfied about its genuineness and that the same has been caused by the wilful or negligent act or acts of manufacturers, dealers, or traders of the products handled by this Company or by its members;

(xxx) acting as arbitrators or nominating arbitrators or valuers in the settlement of disputes and differences arising out of the transactions relating to exports of products handled by the Company and/or its members between parties who agree to refer the disputes to the Company;

(xxxi) securing various benefits such as import replenishment/entitlement licences and obtaining drawback of customs duty and refund of excise duty, claiming railway freight and postal concessions, cash subsidies, and all other assistances that may be available on the exports of the products of the Company or members thereof for and on behalf of the Company and members of the Company;

(xxxii) arranging supply of liquid finance to members against confirmed export orders to enable them to execute the orders.

2. To enunciate just and equitable principles to govern the export trade in products handled by the Company and or members of the Company, and to set up a code or codes of practices for the general guidance of exporters and manufacturers of these products and further to simplify transactions relating to their exports.

3. To advise or represent to Central and State Governments, Local Bodies and Public Bodies on:

(i) the policies and other measures including direct and indirect taxation adopted by them in relation to their effect on industry or commerce of the products handled by this Company and/or members of this Company;

(ii) the steps to be taken by them to prevent any contravention of the codes of practices laid down by this Company by any person, where such contravention would affect the export of products of interest to this Company;

Provided that such advice or representation shall be only insofar as such policies or measures have a bearing directly or otherwise on the exports of product of the Company or members of this company;

4. To act as a single body for negotiating matters of common interest with the government and other organisations.

(b) Ancillary
Objects:

1. To acquire by purchase, lease, or otherwise, lands and buildings and all other property, movable and immovable which the Company may from time to time think proper to acquire.

2. To sell, improve, manage, develop, exchange, lease or let under lease, sub-let, mortgage dispose of, turn to account or otherwise deal with all or any part of the property of the Company.

3. To construct upon any premises acquired for the purpose of the Company and to alter, add to or remove any building upon such premises.

4. To receive money on deposit and to lend money and to give such help whether monetary or otherwise and on such terms and conditions with or without interest to such persons or companies and on such terms as may seem expedient and in particular manufacturers, dealers and exporters of goods of interest to Company and others having dealings with the Company and to guarantee the performance of contracts by any such persons or companies.
5. To borrow or raise or secure the payment of money in such manner as the Company shall think fit, and in particular by issue of debenture or debenture stock, perpetual or otherwise charges upon all or any of the Company's property, both present and future, including its uncalled capital and to purchase, redeem or pay off any such securities.
6. To take or otherwise acquire and hold shares in any other company having objects altogether or in part similar to those of this Company or carrying on any business capable of being conducted by this Company so as directly or indirectly to benefit this Company.
7. To draw, make, accept, endorse, discount, execute, and issue cheques, promissory notes, bills of exchange and other negotiable or transferrable instruments.
8. To accept grants of money, securities and property of any kind on such terms as may seem expedient.
9. To create administrative, technical ministerial and other posts in the Company, and to make appointments thereto in accordance with the Rules and Regulations of the Company.
10. To remunerate any person or company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of any of the shares in the Company's capital or any debentures, debenture stock or other securities of the Company, or the conduct of this business.
11. To undertake and execute any trusts the undertaking whereof may seem desirable either gratuitously or otherwise.

12. To create any Reserve Fund, Sinking Fund, Insurance Fund, Provident Fund or any other special Fund whether for depreciation or for repairs, improving, extending or maintaining any of the properties or rights of the Company and/or for recoupment of wasting assets and/or for benefits of the employees and for any other purposes for which the Company deems it expedient or proper to create or maintain any such Fund or Funds.

13. To establish and support or aid in the establishment of associations, institutions, trusts and conveniences calculated to benefit employees or ex-employees of the Company or dependents or connections of such persons and to grant pension and allowance and to make payment towards insurance and to subscribe or guarantee money for charitable or benevolent object or for any public, general or useful object.

14. To pay all costs, charges, and expenses incidental to the promotion, formation, registration and establishment of the Company, and issue of its capital including any underwriting or other commission, brokers fees and charges in connection therewith and to remunerate or make donations by cash or other assets or by allotment of fully or partly paid shares or by a call or option on shares, debentures, debenture stock or securities of this or any other Company, or in any other manner whether out of the Company's capital profits, or introducing any property or business to the Company placing or in assisting to place or guaranteeing the subscription of any shares, debentures, debenture stock or other securities of the Company or for any other reason which the Company may think proper.

15. To amalgamate with any other Company or Companies.

(c) Other 1. To apply for, purchase or otherwise acquire, any
Cb- patents, inventions, licences, concessions and like con-
jects: ferring an exclusive or non-exclusive or limited right to use any secret or other information as to any invention or process, which may seem capable of being used for any of the purposes of the Company, or acquisition of which may seem calculated directly or indirectly to benefit the Company and to use, exercise, develop or grant licence in respect of or otherwise turn to account the property, right and information so acquired.

2. To distribute as dividend or bonus amongst the members or to place to reserve or otherwise to apply as the Company may from time to time determine, any moneys received in payment of dividend accrued on forfeited shares and money arising from the sale by the Company of forfeited shares or unclaimed dividends or any moneys received by way of premium on shares or debentures issued at a premium by the Company.

3. To do all other things as are incidental or conducive to the attainment of the above objectives or any of them.

IV. The liability of the members is limited.

V. The authorised share capital of the company

is Rupees _____ (Rs. _____
_____) divided into _____
shares of Rupees _____ (Rs. _____)

each with the rights, privileges and conditions attaching thereto as are provided by the Articles of Association of the Company for the time being with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions.

We, the several persons whose names and addresses are subscribed, are desirous of being formed into a company in pursuance of this Memorandum of Association; and we respectively agree to take the number of shares in the capital of the Company set out opposite respective names

(see next page)

Names, addresses, description and occupation of subscribers	Number of shares taken by each subscriber	Signature of witnesses
--	--	---------------------------

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.

Dated the _____ day of _____ 19

MODEL ARTICLES OF ASSOCIATION
OF
AN EXPORT MARKETING GROUP
To Be Constituted as
A PUBLIC COMPANY LIMITED BY SHARES

INTERPRETATIONS

1. (1) In these Articles unless there be something in the subject of context inconsistent therewith:

The Act

"The Act" or "the said Act" means the Companies Act (1 of 1956) or the Act or Acts for the time being in force concerning Joint Stock Companies and affecting the Company.

The Company

"The Company" means "The....."

The Articles

"Articles" means the Articles of Association of the Company as originally framed or as altered from time to time.

Alter and Alteration

"Alter and Alteration" shall include the making of additions and omissions and recasting".

Board of Directors or Board

"Board of Directors" or "Board" means the Board of Directors.

Director

"Director" means and includes any person occupying the position of a Director by whatever name called.

Document

"Document" includes Summons, Notice, Requisition, Order, Other legal process and Registers, whether issued, sent or kept in pursuance of the Companies Act, 1956 or any other Act or otherwise.

Dividend

"Dividend" includes bonus.

Financial Year.

"Financial year" means in relation to the Company the period in respect of which any profit and loss account of the Company laid before it in the Annual General Meeting is made up, whether that period is a year or not.

Office	"Office" means the Registered Office for the time being of the Company.
The Register	"The Register" means the Register of Members to be kept pursuant to Section 150 of the Companies Act, 1956.
Seal	"Seal" means the Common Seal of the Company.
Secretary	"Secretary" means the person, if any, who is appointed to perform the duties which may be performed by a Secretary under the Companies Act.
Share	"Share" means share in the share capital of the Company and includes stock, except where a distinction between stock and shares is expressed or implied.
Government	"Government" means the Government of India.
Words	Words importing the singular number shall include the plural and vice versa
OR	
	Words importing the masculine gender also include the feminine gender.
	Words signifying persons shall include the Company.
In writing or written.	"In writing or written" means and includes printing, lithography, typewriting and other modes of representing words or reproducing words in a visible form.
Variations	"Variation" shall include abrogation and "Vary" shall include abrogate.
Year	"Year" means the calendar year and "Financial Year" shall have the meaning assigned thereto by Section 2(17) of the Act.

Expressions in these Articles bear the same meaning as in the Act.

(2) The regulations contained in Table 'A' Schedule I of the Companies Act 1956 as amended from time to time, subject to adaptations and modifications expressly or impliedly hereinafter made, shall be deemed to be applicable to this Company.

SHARE CAPITAL AND VARIATION OF RIGHTS

2. (1) The authorised capital of the Company is Rs. _____ divided into _____ shares of Rs. _____ each.

(2) The Company shall have power to issue preference shares and such preference shares may, subject to the provisions of Section 80 of the Act, with the sanction of an Ordinary Resolution, be issued on the terms that they are, or at the option of the Company are to be liable to be redeemed on such terms and in such manner as the Company before the issue of the shares may, by Special Resolution, determine.

3. (1) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may subject to the provisions of Section 106 and 107 of the Act, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of that class.

(2) To every such separate General Meeting the provisions of these Regulations relating to General Meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class in question.

4. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied, by the creation or issue of further shares ranking pari passu therewith.

Company may
pay Commission

(1) The Company may exercise the powers of paying commission conferred by Section 76 of the Act provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that Section.

(2) The rate of the commission shall not exceed the rate of 5% of the price at which the shares in respect whereof the same is paid are issued or an amount equal to 5% of such prices as the case may be.

(3) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid up shares or partly in the one way and partly in the other.

(4) The Company may also on any issue of shares pay such brokerage as may be lawful.

Company not
to recognise
holding of
shares on
trust

5. Except as required by law no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future, or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these Regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

ISSUE OF SHARE CERTIFICATE

Share
Certificate

6. Certificate of title to any share or shares in the capital shall be issued in accordance with the Provision of the Corporations (Issue of Share Certificates) Rules 1960.
7. (1) Every person whose name is entered as a member in the register of members shall be entitled to receive within three months after allotment or registration

of transfer (or within such period as the conditions of issue shall provide)

(a) One certificate for all his shares without payment for;

(b) Several certificates, each for one or more of his shares, upon payment of one rupee for every certificate after the first.

(2) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid up thereon.

(3) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

Renewal of Share Certificate on payment of fee

8. If a share certificate is defaced, lost or destroyed, it may be renewed on payment of a fee of fifty Paise and on such terms, if any, as to evidence any indemnity and the payment of out-of-pocket expenses incurred by the Company in investing evidence as the Director may think fit.

LIEN

Company's
Lien
Paramount

9. (1) The Company shall have a first and paramount lien -

(a) On every share (not being a fully-paid share), for all moneys (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

(b) On all shares (not being fully-paid shares) standing registered in the name of a single person, for all moneys presently payable by him or his estate to the Company;

Provided that the Board of Directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

(2) The Company's lien, if any, on a share shall extend to all dividends payable thereon.

Sale of shares on which the Company has a lien 10. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:-

Provided that no sale shall be made -

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

How effect to be given to sale of shares on which Company has a lien 11. (1) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(2) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(3) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Application of proceeds of sale 12. (1) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(2) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

The Board
may make
calls

13. The Board may, from time to time, make calls upon the members in respect of any moneys 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.

(2) Each member shall, subject to receiving at least fourteen day's notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.

(3) A call may be revoked or postponed at the discretion of the Board.

Call when
made.

14. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.

Joint and
several
liability
on calls

15. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

Interest

16. (1) 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 five per cent per annum or at such lower rate, if any, as the Board may determine.

Waiver of interest

(2) The Board shall be at liberty to waive payment of any such interest wholly or in part.

Sum payable on allotment 17.

(1) 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.

Interest on non-payment

(2) 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.

Voluntary advances of uncalled share capital

18. The Board -

(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him; and

(b) upon all or any of the moneys so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, six per cent, per annum, as may be agreed upon between the Board and the member paying the sum advance.

TRANSFER OF SHARES

Transfer to be executed by both parties

19.

(1) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferer and transferee.

(2) The transferer shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

Form of
transfer

20. Shares in the Company shall be transferred in the following form, or in any usual or common form which the Board shall approve:-

"I, _____ of _____ in consideration of the sum of rupees _____ paid to me by _____ of _____ (hereinafter called "the transferee") do hereby transfer to the transferee the share (or shares) numbered _____ to _____ inclusive, in the undertaking called the _____; to hold unto the said transferee, his executors, administrators and assignees, subject to the several conditions on which I held the same immediately before the execution hereof; and I, the transferee, do hereby agree to take the said share (or shares) subject to the conditions aforesaid;

As witness our hand, the day of _____

Witness to signature of etc.

Board may
decline to
register
the trans-
fer of share

21. The Board may, subject to the right of appeal conferred by Section III of the Act, decline to register -

(a) The transfer of a share, not being fully paid share, to a person of whom they do not approve; or

(b) any transfer of shares on which the Company has a lien.

In such cases where the Board declines to register, the Board is not bound to assign any reasons for such refusal to register.

Board may
decline to
recognise
instruments
of transfer

22. The Board may also decline to recognise any instrument of transfer or transmission unless -

(a) A fee of Rs 25 p. per share subject to a maximum of Rs. 2.00 on one transfer is paid to the Company.

(b) the instrument of transfer is accompanied by the certificate of the share to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferer to make the transfer; and

(c) the instrument of transfer is in respect of only one class of shares.

Board shall return instrument of transfer, and may deface such instrument if the same are fictitious. 23. In all the cases where the Board declines to register the transfer of a share or shares, and in all the cases where the Board refuses to recognise an instrument of transfer, the Board shall in intimating their refusal to the applicant for transfer, return the instrument of transfer and share certificate to the party from whom they receive it. In cases where the Board is satisfied that the proposed transfer of share is fictitious, not containing the genuine signature of the transferer, the Board shall be entitled in returning the share certificates relating to such transfers to deface the instruments of transfer effectively so as to prevent such instrument of transfer from being misused or abused.

Suspension of registration. 24. The registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine.

Provided that such registration shall not be suspended for more than forty-five days in any year.

Fees on instruments 25. The Company shall be entitled to charge a fee not exceeding two rupees on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, or other instrument.

TRANSMISSION OF SHARES

Death of one or more joint holders of shares 26. (1) On the death of a member, the survivor or survivors where the member was a joint holder, and his legal representatives where he was a sole holder, shall be the only person recognised by the Company as having any title to his nearest in the shares.

(2) Nothing in clause (1) shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

Registration of share on death or insolvency of holder

27. (1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided elect, either

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(2) The Board shall, in either case have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

Notice by person entitled to share on death or insolvency of the holder

28. (1) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

(2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(3) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

Right of person entitled to share on death or insolvency

29. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being

registered as a member in respect of the share be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

FORFEITURE OF SHARES

Notice to be given if call or instalment not paid

30. If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid with any interest which may have accrued.

Form of Notice

31. The notice aforesaid shall -

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made will be liable to be forfeited.

Forfeiture of shares in default of payment

32. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

Disposal of
forfeited
share.

33. (1) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(2) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

Liability
to pay
money due
at the
time of
forfeiture

34. (1) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.

(2) The liability of such persons shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.

Declaration
of forfei-
ture

35. (1) A duly verified declaration in writing that the declarant is a director, the managing agent, the secretaries and treasurers, the manager or the Secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

(2) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.

(3) The transferee shall thereupon be registered as the holder of the share.

(4) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

Provisions of forfeiture to apply in case of non-payment of sums payable at a fixed time. 36. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

CONVERSION OF SHARES INTO STOCK

Conversion of shares into stock or vice versa 37. The Company may, by ordinary resolution -
(a) convert any paid up shares into stock; and
(b) reconvert any stock into paid-up shares of any denomination.

Transfer of stock subject to same Articles as transfer of shares. 38. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion, have been transferred, or as near thereto as circumstances admit.

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

Rights and privileges of holders of stock. 39. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

Articles applicable to paid-up share to apply to stock

40. Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in these regulations shall include "stock" and "stockholder" respectively.

SHARE WARRANTS

Issue of share warrants

41. The Company may issue share warrants subject to, and in accordance with, the provisions of Sections 114 and 115; and accordingly the Board may in its discretion, with respect to any share which is fully paid up, on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the person signing the application, and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.

Rights of the share bearer

42. (1) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling or meeting of the Company, and of attending, and voting and exercising the other privileges of a member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the register of members as the holder of the shares included in the deposited warrant.

(2) Not more than one person shall be recognised as depositor of the share warrant.

(3) The Company shall, on two days' written notice, return the deposited share warrant to the depositor.

43. (1) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privilege of a member at a meeting of the Company or be entitled to receive any notices from the Company.

(2) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the register of members as the holder of the shares included in the warrant, and he shall be a member of the Company.

44. The Board, may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

ALTERATION OF CAPITAL

Increase of
Capital

45. The Company, may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

Sub-division
and consoli-
dation of
shares

46. The Company may, by ordinary resolution -

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum, subject, nevertheless, to the provisions of clause (d) of sub-section (1) of Section 94;

(c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

- Reduction of share capital
47. The Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law -
- a) its share capital;
 - b) any capital redemption reserve fund;
 - c) any share premium account

GENERAL MEETINGS

- Extraordinary general meetings
48. All general meetings other than annual general meeting shall be called extraordinary general meetings.
- Convening of Extraordinary General Meeting
49. (1) The Board may, whenever it thinks fit, call an extra-ordinary general meeting.
- (2) If at any time there are not within India directors capable of acting who are sufficient in number to form a quorum, any director or any two members of the 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.

PROCEEDINGS AT GENERAL MEETINGS

- Quorum
50. (1) 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.
- (2) Save as herein otherwise provided, five members present in person shall be a quorum.
- Chairman of the general meeting
51. The Chairman, if any, of the Board shall preside as Chairman at every general meeting of the Company.
52. If there is no such chairman, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairman of the meeting the directors present shall elect one of their members as the chairman of the meeting.

Election of
members as
Chairman

53. If at any meeting no director is willing to act as chairman 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 number to be chairman of the meeting.

Adjournment

54. (1) The Chairman, 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.
- (2) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (3) When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (4) Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Chairman
entitled
to casting
vote.

55. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall be entitled to a second or casting vote.

Demand of
poll not to
prevent
transaction
of other
business

56. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

VOTE OF MEMBERS

Votes

57. Subject to any rights or restrictions for the time being attached to any class or classes of shares.
- (i) On a show of hands, every member present in person shall have one vote; and
- (ii) On a poll, the voting rights of members shall be as laid down in Section 87.

Voting by
joint
holder

58. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

Voting in
case of
members of
unsound
mind

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

No right
to vote
unless
calls are
paid-up

60. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

Objection
to vote

61. (1) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.
- (2) Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.

Deposit of
instrument
of proxy

62. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which 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.

Form of
Proxy

63. An instrument appointing a proxy shall be in the following form or as near thereto as circumstances permit.

FORM OF PROXY

I/we.....son of.....
resident of.....being member/members
of the above-named Company hereby appoint
Shri.....son of Shri.....
resident of.....or failing him
Shri.....son of Shri.....
resident of.....as my/our proxy
to vote for me/us on my/our behalf at the
annual general meeting/extra-ordinary general
meeting (not being an Annual General Meeting)
of the Company to be held on the.....
day of.....and at any adjournment
thereof.....signed this.....day
.....of.....

Vote by proxy

64. 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 executing, 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 Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

BOARD OF DIRECTORS

Number of
Directors

65. The number of the Directors of the Company shall be not less than 10 and not more than unless otherwise determined by a resolution in the general meeting.

Retirement
of Director

66. At every annual general meeting of the Company.....members of the Board of Directors will retire by rotation and shall be eligible for re-election.

Share qualification of a Director

67. The share qualification of a Director of the Company shall be the holding of equity shares to the minimum value of Rs..... in the Company.

Directors may pay expenses of registration

68. Subject to the provisions of the Act, the Company shall be managed by the Directors who may pay all expenses incurred in getting up and registering the Company and who may exercise all such powers and do all such acts and things as the Company is authorised to exercise and do.

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

Provided further that in exercising any such power or doing any such act or thing, the Directors shall be subject to the provisions contained in that behalf in the Act or any other Act, or in the Memorandum or Articles of the Company or in any regulations made by the Company in general meeting.

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

Remunerations of a Director

69. (1) The sitting fee of a Director shall be such amount as the Company in general meeting may from time to time fix for every meeting of the Board of Directors attended by him.
- (2) In addition to the fee payable to them in pursuance of clause (1) above, 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 meeting of the Company; or

- b) In connection with the business of the Company.

APPOINTMENT OF MANAGING DIRECTOR

Managing
Director

- 70. Subject to the provisions of the Companies Act, 1956, the Board of Directors shall from amongst themselves appoint a managing director, in a manner as decided by the Board.
- 71. The Managing Director shall -
 - a) be a whole-time officer of the.....
 - b) perform such duties as the Company may by regulations, entrust or delegate to him;
 - c) subject to the provisions of the Companies Act, 1956 and subject to the regulations made by the Company in this behalf, the Managing Director so appointed shall, subject to the supervision of other directors, have the engagement, dismissal of..... and the general management and superintendence of the business of the Company with full powers to do all acts, matters and things deemed by him necessary, power or expedient for carrying on the business of the Company and to make and sign and negotiate on behalf of the Company all such bills of exchange, Government and other promissory notes, hundies, cheques, drafts and other instruments as shall be necessary, proper or expedient for carrying on the business of the Company and to make, conduct, defend, compound or abandon any legal proceeding by or against the Company and also to compound or allow time for the payment or satisfaction of any debts due and of any claims, demands by or against the Company, refer to arbitration and observe and perform the awards and to exercise such of the powers, as may from time to time, be delegated to him. All moneys belonging to the Company shall be retained by the Managing Director, or his authorised agent or agents whose receipts shall be an effectual discharge for the moneys therein stated to have been received.

d) receive such salary and allowances as the Board may, from time to time, determine subject to the approval of the Government.

Official seal for use abroad

72. The Company may exercise the powers conferred by Section 50 of the Act with regard to having an official seal for use abroad and such powers shall be vested in the Board.

Keeping of foreign register

73. The Company may exercise the powers conferred on it by Section 157 and 158 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of those sections) make and vary such regulations as it may think fit respecting the keeping of any such register.

Drawing and accepting negotiable instruments

74. All cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the 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.

Acquittance Register

75. 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.

Appointment of an additional Director

76. (1) The Board shall have power at any time, and from time to time, to appoint a person as an additional director who shall hold office until the next following general meeting provided the number of 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 general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.

MEETING OF DIRECTORS AND QUORUM

Meeting of
the Board

77. (1) Subject to the provisions of Section 285 of the Act, the Board of Directors may meet for the despatch of business, adjourn and otherwise regulate its meetings, as it thinks fit, provided that the Directors shall hold a meeting, at least once in every three calendar months and not more than two months shall intervene between the last day of the calendar month in which such meeting is held and the date of the next meeting.

Quorum

- (2) The quorum necessary for the transaction of the business of the Board shall be one-third of its total strength or two Directors, whichever is higher as provided in Section 287 of the Act.

Convening
a meeting

- (3) The Director may and the Secretary shall, on the requisition of a Director, at any time, convene a meeting of the Board.

Decision by
majority

78. (1) Save as otherwise expressly provided in the Act, question arising at any meeting of the Board shall be decided by a majority of votes.
- (2) In case of an equality of votes, the Chairman of the Board shall have a second or casting vote.

Continuing
Directors
may act not-
withstanding
any vacancy

79. 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 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 Company, but for no other purpose.

Chairman of
the meeting
of the
board

80. If at any meeting the Chairman is not present after the time appointed for the holding of the meeting, the Directors present may choose one of their members to be Chairman of the meeting.

- Board may delegate its power to a committee
81. (1) 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.
- (2) 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.
- Committee may elect its Chairman
82. (1) A committee may elect a chairman of its meeting.
- (2) If no such chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their number to be chairman of the meeting.
- Meeting of the Committee
83. (1) A committee may meet and adjourn as it thinks proper.
- (2) 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 chairman shall have a second or casting vote.
- Acts of committee not to be invalidated for disqualification discovered afterwards
84. All acts done by any meeting of the Board or of a committee thereof or by any person acting as 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.
- Resolution by signature of the members of Board or a committee
85. Subject to the restrictions placed under Section 292 of the Act and subject to compliance of the provision of Section 289 of 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 as valid and effectual as if it had been passed at a meeting of the Board or committee duly convened and held.

Chairman
may reserve
any proposal

86. The Chairman shall reserve for approval of the Government any proposal or decision which in the opinion of the Chairman or the Board requires consultation with or approval of the government and no action shall be taken in respect of any such proposal or decision reserved as aforesaid until the consultation with or approval of the government has been secured.

DIRECTORS

Vacation of
office of
Director

87. The office of Director shall become vacant as provided under section 283 of the Act.

Directors
may borrow

88. Subject to provisions of Section 292 of the Act, the Directors may, from time to time, borrow and or secure the payment of any sum or sums of money for the purposes of the Company, by means of a resolution passed at a meeting of the Board.

Repayment
of borrowed
money

89. The Directors may secure the repayment of such money in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable debentures or debenture stock or any mortgage, charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

Stock and
securities
may be made
assignable
free from
equities

90. Debentures, debenture-stock, bonds or other securities, may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Commission
and discounts

91. Subject to the provisions of sections 76 and 117 of the Act, debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise, and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending general meetings of the company, appointment of Directors and otherwise.

Charge on
uncalled
capital

92. Whenever any uncalled capital of the Company is charged all persons taking any subsequent charge thereon shall take the same subject to such prior charge and shall not be entitled by notice to the shareholders or otherwise, to obtain priority over such prior charge.

MINUTES

Minutes to
be recorded

93. The Directors shall cause the minutes to be duly entered in books provided for the purpose:
- (a) of all appointments of officers
 - (b) of the names of Directors present at each meeting of the Directors and of any committee of Directors.
 - (c) of all orders made by the Directors and Committee of Directors.
 - (d) of all resolutions and proceedings of General Meetings and of meetings of the Directors and Committees.

Any such minutes of any General Meetings of the Company or of such Directors or of such Committees if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting shall be prima facie evidence of the matters stated at such minutes.

The books containing the minutes of the General Meetings of the Company shall be kept at the Registered Office of the Company and shall be open to inspection by members of the Company between the hours of _____ and _____ on all working days.

SECRETARY

Secretary

94. (1) A Secretary may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit, and any secretary so appointed may be removed by the Board.
- (2) A Director may be appointed as Secretary.

- The same 95. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and secretary shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of secretary.

THE SEAL

- Safe custody and affixing of the Seal 96. (1) The Board shall provide for the safe custody of the seal.
- (2) The seal of the 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 authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.

DIVIDENDS AND RESERVE

- Declaration of Dividend 97. The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
- Interim Dividend 98. 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 Company.
- Reserve 99. (1) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.

- (2) The Board may carry forward any profits which it may think prudent not to divide, without setting them aside as a reserve.
- Dividends to be paid according to the amounts paid or credited in the shares 100. (1) Subject to the rights of person 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 Company dividends may be declared and paid according to the amounts of the shares.
- (2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation and paid on the share.
- (3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion 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.
- Moneys payable to Company may be deducted from dividend 101. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
- Dividend etc. may be paid by cheque 102. (1) Any dividend, interest or other money payable in cash in respect of shares may be 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 the members, or to such person and to such address as the holder or joint holders may in writing direct.
- (2) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

- Receipt by joint holders 103. Any one of two or more joint holders of a share may give effectual receipts for any dividends, bonuses or other moneys payable in respect of such share.
- Notice of dividends 104. 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.
- Dividend not to bear interest 105. No dividend shall bear interest against the Company.

ACCOUNTS AND AUDIT

- Books of accounts 106. The Company shall in all respects comply with section 209 of Act and cause to be kept and maintained proper books of accounts with respect to:-
- (a) All sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place.
 - (b) All sales and purchases of goods by the Company.
 - (c) The assets and liabilities of the Company.
- Account books to be kept at registered office. 107. The books of account shall be kept at the registered office of the Company or at such other place in India as the Directors shall think fit and shall be open to inspection by the Directors during business hours.
- Account books to be kept open for inspection 108. (1) 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 Company or any of them shall be open to the inspection of members not being directors.
- (2) No member (not being a director) shall have any right of inspecting any account or book or document of the Company except as conferred by Law or authorised by the Board or by the Company in general meetings.

Annual
accounts
and
balances

109. The directors shall at some date not later than after the incorporation of the Company and subsequently once at least in every financial year lay before the Company in Annual General Meeting a balance sheet and profit and loss account in case of the first account since the incorporation of the Company and in any other case since the preceding account made up to a date not earlier than the date of the meeting by more than six months in accordance with the provisions of section 166 and section 210 of the Act.

Director's
Report with
Balance
Sheet

110. The Directors shall as per section 217 of the Act make out and attach to every balance sheet a report with respect to the state of the Company affairs, the amount if any, which they recommend should be paid by way of dividend and the amount, if any, which they propose to carry to the reserve fund, general reserve or reserve account shown specifically on the balance sheet. The report shall be signed by the Chairman of the Directors on behalf of the Directors if authorised in that behalf by the Directors, and when he is not so authorised, shall be signed by such member of directors as are required to sign the balance sheet and the profit and loss account by virtue of sub-sections (1) and (2) of section 215 of the Act.

Contents
of profit
and loss
account

111. The profit and loss account shall subject to the provisions as laid down in section 211 of the Act and Schedule VI referred to therein, show, arranged under the most convenient heads the amount of gross income, distinguishing the several sources from which it has been derived and the amount of gross expenditure, distinguishing the expenses of the establishment, salaries and other like matters. Every item of expenditure fairly chargeable against the year's income shall be brought into account so that a just balance of profit and loss may be laid before the meeting, and in cases where any item of expenditure which may in fairness be distributed over several years has been

incurred in any one year, the whole amount of such item shall be stated, with the addition of the reasons why only a portion of such expenditure is charged against the income of the year.

Balance sheet etc. to be sent to every member

112. The Company shall send a copy of such balance sheet and profit and loss account together with a copy of the auditor's report and every other document required by law to be annexed or attached, as the case may be to the balance sheet to the registered address of every member of the Company in the manner in which notices are to be given hereunder at least 21 days before the meeting at which it is to be laid before the members of the Company and shall deposit a copy at the Registered Office of the Company for inspection of the members, during a period of at least twenty-one days before that meeting.

Directors to comply with the provisions of Act in the matter of Accounts.

113. The Directors shall in all respects comply with the provisions of Sections 209 to 211 and 215 to 222 if the Act or any statutory modification thereof for the time being in force.

Audit at least once a year

114. Once at least in every year the books of account of the Company shall be examined by one or more Auditor or Auditors.

115. The first auditor or auditors of the Company shall be appointed by the Board within one month of the registration of the Company and the Auditor or auditors so appointed shall hold office until the conclusion of the first annual General Meeting:

Provided that:-

(a) The Company may, at a General Meeting, remove any such auditor or all or any of such auditors and appoint in his or their places any other person or persons who have been nominated for appointment by any member of the Company and of whose nomination notice has been given to the members of the Company not less than fourteen days before the date of the meeting; and

(b) if the Board fails to exercise its powers under this Article the Company in General Meeting may appoint the first Auditor or Auditors.

Appointment and duties of auditors 116. The Company at each Annual General Meeting shall appoint an Auditor or Auditors to hold office until the next Annual General Meeting and their appointment, remuneration, rights and duties shall be regulated by Sections 224 to 227 of the Act.

117. Where the Company has branch office the provisions of section 228 of the Act shall apply.

Notice to Auditors to attend general meeting 118. All notices of, and other communications relating to any general meeting of the Company which any member of the Company is entitled to have sent to him shall also be forwarded to the Auditor of the Company and the Auditor shall be entitled to attend general meeting and to be heard at any general meeting which he attends on any part of the business which concerns him as Auditors.

Audit Report to be open for inspection 119. The Auditors' Report shall be read before the Company in general meeting and shall be open to inspection by any member of the Company.

Audit Account to be conclusive 120. Every account of the Company when audited and adopted by the Company in general meeting shall be conclusive except as regards any error discovered therein within three months next after the adoption thereof. Whenever any such error is discovered within that period the account shall forthwith be corrected and thenceforth shall be conclusive.

CAPITALISATION OF PROFIT

Capitalisation of profits 121. (1) The Company in general meeting may, upon the recommendation of the Board, resolve:

(a) 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 profits and loss account, or otherwise available for distribution; and

- (b) that such sum be accordingly set free for distribution in the manner specified in clause 97 amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3), either in or towards
 - (i) paying up any amounts for the time being unpaid on any shares held by such members respectively;
 - (ii) paying up in full, unissued shares or debentures of the Company to be allotted and distributed; credited as fully paid up, to and amongst such members in the proportions aforesaid;
 - (iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii)
- (3) A share premium account and capital redemption reserve fund may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.
- (4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

122.

- (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 or debentures, if any; and
 - (b) generally do all acts and things required to give effect thereto.
- (2) The Board shall have full power
 - (a) to make such provision by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares or debentures becoming distributable in fractions; and also
 - (b) to authorise 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 or debentures to which they may be entitled upon such capitalisation or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any parts of the amounts remaining unpaid on their existing shares.

- (3) Any agreement made under such authority shall be effective and binding on all such members.

WINDING UP

Winding up 123.

- (1) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the 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 Company whether they shall consist of property of the same kind or not.
- (2) 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.
- (3) 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 as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

124. Every officer or agent for the time being of the Company shall be indemnified of the assets of the 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 connection with any application under section 633 of the Act in which relief is granted to him by the Court.

125. The following shall be the subscription of capital:

Names, addresses, description and occupation of subscribers	Number of shares taken by each subscriber	Signature of witnesses
---	---	------------------------

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.

Dated th _____ day of _____ 19

MODEL MEMORANDUM OF ASSOCIATION

AND

MODEL ARTICLES OF ASSOCIATION

FOR FORMATION

OF

EXPORT MARKETING GROUP

AS

A PRIVATE COMPANY LIMITED BY SHARES

(Under the Companies Act, 1956 (1 of 1956)

Note: The Model Memorandum of Association and the Model Articles of Association have been prepared having due regard to the provisions of the Companies Act, 1956 (1 of 1956) and vetted by the Company Law Board. Despite these facts, it is essential to secure legal guidance while framing the Memorandum and Articles of Association of an Export Marketing Group to be constituted as a Private Company Limited by shares.

MODEL MEMORANDUM OF ASSOCIATION
OF
AN EXPORT MARKETING GROUP
To Be Constituted as
A PRIVATE COMPANY LIMITED BY SHARES

- I. The name of the Company shall be "The
.....Private Ltd
- II. The Registered Office of the Company will be situated in the State of.....
- III. The objects for which the company is established are to:-

(a) Main
Objects:

1. organise, support, protect, maintain, increase, promote and effect exports from India of..... by such methods as may be necessary or expedient and without prejudice to the generality of the above by:

(i) carrying on the business and functioning as merchants, traders, commission agents, carriers or in any other capacity, and to import, export, buy, sell, barter, exchange, pledge, make advances upon or otherwise deal in goods, produce, articles and merchandise handled/manufactured by the members of the Company;

(ii) adopting and registering trademarks, brand names, where necessary for various products manufactured/traded/ marketed by members of this Company, and to permit their uses to such persons, firms, companies or corporations which adhere to such terms and conditions as laid down by the Company and making such bye-laws as are necessary from time to time in that regard;

(iii) purchasing.....; arrange for their conversion, storage, inspection, packing and resale either directly or through the medium of other exporters or through persons, firms and corporations;

- (iv) securing orders for export sales and to undertake export sales of the products manufactured/traded by the members of the Company either under individual brand name or common or specific brand name;
- (v) negotiating and finalising the sales orders received from foreign countries, and dealing with foreign visitors for negotiating sales;
- (vi) executing sales orders either by distributing the same among all the members or certain specified members or individual member, and executing the order in any other manner, as per the existing rules and regulations framed by the Company;
- (vii) acting as a coordinating body for facilitating the exports of products manufactured or traded by the members of the Company;
- (viii) assisting the members of the Company by such methods and manners as may promote, protect, maintain and increase the exports of the products manufactured/traded by the members;
- (ix) providing information and assistance on product-development in the fields of designing, pricing, packing etc;
- (x) maintaining a common facility centre for the products manufactured by the members of the Company from where they get drawings, dies, tools etc;
- (xi) undertaking or assisting in research in methods, designs etc; and schemes of technological nature designed to improve the efficiency of the products manufactured by the members of the Company and/or traded by the Company;
- (xii) establishing or assisting the maintenance of research, bureaus, institutions or laboratories for conducting research and for growth of knowledge and technique in the manufacture/trade of the products handled by the Company or members of the Company;

- (xiii) providing and securing information and assistance of all sorts and on all aspects for the members of the Company which may help them to undertake exports, through correspondence, personal discussions, lectures, brochures, magazines or in any other manner as may be necessary or expedient;
- (xiv) collecting, analysing and disseminating information on various aspects of trade including foreign trade relating to the products of interest to the Company or members of the Company;
- (xv) undertaking and/or commissioning specialised agencies, Indian or foreign, to undertake market studies, market surveys, area surveys etc; on regular as well as on adhoc basis abroad;
- (xvi) sending out and sponsoring trade missions, study-cum-sales teams, delegations etc., composed of the members of the Company or any such person as the company may decide from time to time to foreign countries or to different centres in India;
- (xvii) appointing representatives, agents or correspondents abroad for the purpose of continuously and regularly reporting the prices, market preferences, designs, packaging etc; reaction of foreign customers to the products exported by the Company or members of the Company;
- (xviii) opening foreign offices, branches and warehouses for the purpose of export development, after sales service and ex-stock sales, and appointing sales officers in those places;
- (xix) selecting in foreign countries, firms, persons etc. who might serve as agents of the manufacturers and exporters of the products manufactured/traded by this Company or members of this Company;
- (xx) adopting such means of making known abroad the articles, goods, products, appliances manufactured or dealt in, by or at the disposal of the Company as may seem expedient and, in particular, through organising test marketing.

(xxi) encouraging, organising, promoting and participating in exhibitions, competitions and demonstrations of any kind or variety, organisations, merchants or associate activities of any kind or variety likely to promote the interest of the Company and to adopt such means of making known the products of the Company as may seem expedient and, in particular, by advertising in all possible ways;

(xxii) purchasing, hiring or otherwise acquiring and maintaining suitable buildings, apartments, furniture and other fittings in any country for the establishment of show-rooms, emporia, or other agencies for publicity in regard to products of interest to this Company and/or members of the Company for the purpose of achieving any of the objects for which the Company is established;

(xxiii) carrying out publicity work in foreign countries through different media, and appointing advertising agents;

(xxiv) preparing sales literature, price lists etc. for the members of the Company in relation to the exports of their products;

(xxv) participating or arranging combined participation of the members of the Company in trade fairs and exhibitions abroad;

(xxvi) deputing the representatives of the Company to witness the inspection of goods exported by the Company and/or members of the Company, where such inspection is being conducted by the authorities in the importing countries;

(xxvii) deputing the representatives of the Company to witness the survey of the products exported or imported for exports by the Company and/or members of the Company, in foreign countries or in India, as a result of any dispute or differences between the parties to a contract for sale and purchase of products;

(xxviii) enquiring and investigating into complaints, received from foreign importers or Indian exporters in respect of quality

description or other particulars of products handled by the Company or its members or the non-performance or non-observance of the terms and conditions of contract relating to such exports and advising the manufacturers, dealers or traders of products handled by the Company or its members regarding the methods to be adopted to obviate such complaints or of a similar nature;

(xxix) making such recommendations as may be necessary or expedient to Government and public bodies like Associations or Chambers of Commerce where the Company, on investigation of a Complaint received by it is satisfied about its genuineness and that the same has been caused by the wilful or negligent act or acts of manufacturers, dealers or traders of the products handled by this Company or by its members.

(xxx) acting as arbitrators or nominating arbitrators or valuers in the settlement of disputes and differences arising out of the transactions relating to exports of products handled by the Company and/or its members between parties who agree to refer the disputes to the Company;

(xxxii) securing various benefits such as import replenishment/entitlement licences and obtaining drawback of customs duty and refund of excise duty, claiming railway freight and postal concessions, cash subsidies, and all other assistances that may be available on the exports of the products of the Company or members thereof for and on behalf of the Company and members of the Company;

(xxxiii) arranging supply of liquid finance to members against confirmed export orders to enable them to execute the orders.

2. To enunciate just and equitable principles to govern the export trade in products handled by the Company and/or members of the Company, and to set up a code or codes of practices for the general guidance of exporters and manufacturers of these products and further to simplify transactions relating to their exports.

3. To advise or represent to Central and State Governments, Local Bodies and Public Bodies on:

(i) the policies and other measures including direct and indirect taxation adopted by them in relation to their effect on industry or commerce of the products handled by this Company and/or members of this Company;

(ii) the steps to be taken by them to prevent any contravention of the codes of practices laid down by this Company by any person, where such contravention would affect the export of products of interest to this Company;

Provided that such advice or representation shall be only in so far as such policies or measures have a bearing directly or otherwise on the exports of products of the Company or members of this Company;

4. To act as a single body for negotiating matters of common interest with the government and other organisations.

(b) Ancillary
Objects:

1. To acquire by purchase, lease, or otherwise, lands and buildings and all other property, movable and immovable which the Company may from time to time think proper to acquire.

2. To sell, improve, manage, develop, exchange, lease or let under lease, sub-let, mortgage dispose of, turn to account or otherwise deal with all or any part of the property of the Company.

3. To construct upon any premises acquired for the purpose of the Company and to alter, add to or remove any building upon such premises.

4. To receive money on deposit and to lend money and to give such help whether monetary or otherwise and on such terms and conditions with or without interest to such persons or companies and on such terms as may seem expedient and in particular manufacturers, dealers and exporters of goods of interest to Company and others having dealings with the Company and to guarantee the performance of contracts by any such persons or companies.

5. To borrow or raise or secure the payment of money in such manner as the Company shall think fit, and in particular by issue of debenture or debenture stock, perpetual or otherwise charges upon all or any of the Company's property, both present and future, including its uncalled capital and to purchase, redeem or pay off any such securities.
6. To take or otherwise acquire and hold shares in any other company having objects altogether or in part similar to those of this Company or carrying on any business capable of being conducted by this Company so as directly or indirectly to benefit this Company.
7. To draw, make, accept, endorse, discount, execute, and issue cheques, promissory notes, bills of exchange and other negotiable or transferrable instruments.
8. To accept grants of money, securities and property of any kind on such terms as may seem expedient.
9. To create administrative, technical ministerial and other posts in the Company, and to make appointments thereto in accordance with the Rules and Regulations of the Company.
10. To remunerate any person or company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of any of the shares in the Company's capital or any debentures, debenture stock or other securities of the Company, or the conduct of this business.
11. To undertake and execute any trusts the undertaking whereof may seem desirable either gratuitously or otherwise.
12. To create any Reserve Fund, Sinking Fund, Insurance Fund, Provident Fund or any other special Fund whether for depreciation or for repairs, improving, extending or maintaining any of the properties or rights of the Company and/or for recoupment of wasting assets and/or for benefits of the employees and for any other purposes for which the Company deems it expedient or proper to create or maintain any such Fund or Funds.
13. To establish and support or aid in the establishment of associations, institutions, trusts and conveniences calculated to benefit employees or ex-employees of the Company or dependents or connections of such persons and to grant pension and allowance and to make payment towards insurance and to subscribe or guarantee money for charitable or benevolent object or for any public, general or useful object.

14. To pay all costs, charges, and expenses incidental to the promotion, formation, registration and establishment of the Company, and issue of its capital including any underwriting or other commission, brokers fees and charges in connection therewith and to remunerate or make donations by cash or other assets or by allotment of fully or partly paid shares or by a call or option on shares, debentures, debenture stock or securities of this or any other Company, or in any other manner whether out of the Company's capital profits, or introducing any property or business to the Company placing or in assisting to place or guaranteeing the subscription of any shares, debentures, debenture stock or other securities of the Company or for any other reason which the Company may think proper.

15. To amalgamate with any other company or companies.

(c) Other
Objec-
ts:

1. To apply for, purchase or otherwise acquire, any patents, inventions, licences, concessions and like conferring an exclusive or non-exclusive or limited right to use any secret or other information as to any invention or process, which may seem capable of being used for any of the purposes of the Company, or acquisition of which may seem calculated directly or indirectly to benefit the Company and to use, exercise, develop or grant licence in respect of or otherwise turn to account the property, right and information so acquired.

2. To distribute as dividend or bonus amongst the members or to place to reserve or otherwise to apply as the company may from time to time determine, any moneys received in payment of dividend accrued on forfeited shares and money arising from the sale by the Company of forfeited shares or unclaimed dividends or any moneys received by way of premium on shares or debentures issued at a premium by the Company.

3. To do all other things as are incidental or conducive to the attainment of the above objectives of any of them.

IV. The liability of the members is limited.

V. The authorised share capital of the Company is Rupees _____ (Rs. _____) divided into _____ shares of Rupees _____ (Rs. _____)

each with the rights, privileges and conditions attaching thereto as are provided by the Articles of Association of the Company for the time being with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions.

We, the several persons whose names and addresses are subscribed, are desirous of being formed into a company in pursuance of this Memorandum of Association; and we respectively agree to take the number of shares in the capital of the Company set out opposite respective names

Names, addresses, description and occupation of subscribers	Number of shares taken by each subscriber	Signature of witnesses
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		

Dated the _____ day of _____ 19

MODEL ARTICLES OF ASSOCIATION
OF
AN EXPORT MARKETING GROUP
To Be Constituted as
A PRIVATE COMPANY LIMITED BY SHARES

INTERPRETATIONS

1. (1) In these Articles unless there be something in the subject or context inconsistent therewith:

The Act	"The Act" or "the said Act" means the Companies Act (1 of 1956) or the Act or Acts for the time being in force concerning Joint Stock Companies and affecting the Company.
The Company	"The Company" means "The....."
The Articles	"Articles" means the Articles of Association of the Company as originally framed or as altered from time to time.
Alter and Alteration	"Alter and Alteration" shall include the making of additions and omissions and recastings."
Board of Directors or Board	"Board of Directors" or "Board" means the Board of Directors.
Director	"Director" means and includes any person occupying the position of a Director by whatever name called.
Document	"Document" includes Summons, Notice, Requisition, Order, Other legal process and Registers, whether issued, sent or kept in pursuance of the Companies Act, 1956 or any other Act or otherwise.
Dividend	"Dividend" includes bonus.
Financial Year	"Financial year" means in relation to the Company the period in respect of which any profit and loss account of the Company laid before it in the Annual General Meeting is made up, whether that period is a year or not.

Office	"Office" means the Registered Office for the time being of the Company.
The Register	"The Register" means the Register of Members to be kept pursuant to Section 150 of the Companies Act, 1956.
Seal	"Seal" means the Common Seal of the Company.
Secretary	"Secretary" means the person if any who is appointed to perform the duties which may be performed by a Secretary under the Companies Act.
Share	"Share" means share in the share capital of the Company and includes stock, except where a distinction between stock and shares is expressed or implied.
Government	"Government" means the Government of India.
Words	Words importing the singular number shall include the plural and vice versa

OR

	Words importing the masculine gender also include the feminine gender
	Words signifying persons shall include the Company.
In writing or written	"In writing or written" means and includes printing, lithography, typewriting and other modes of representing words or reproducing words in a visible form.
Variations	"Variation" shall include abrogation and "vary" shall include abrogate.
Year	"Year" means the calendar year and "Financial Year" shall have the meaning assigned thereto by Section 2(17) of the Act.
Expressions in these Articles bear the same meaning as in the Act	(2) The regulations contained in Table 'A' Schedule I of the Companies Act 1956 as amended from time to time, subject to adaptations and modifications expressly or impliedly hereinafter made, shall be deemed to be applicable to this Company.

SHARE CAPITAL AND VARIATION OF RIGHTS

2. (1) The authorised capital of the Company is Rs. _____ divided into _____ shares of Rs. _____ each.

(2) The Company shall have power to issue preference shares and such preference shares may, subject to the provisions of Section 60 of the Act, with the Sanction of an Ordinary Resolution, be issued on the terms that they are, or at the option of the Company are to be liable to be redeemed on such terms and in such manner as the Company before the issue of the shares may, by Special Resolution, determine.

(3) The Company shall:

(a) restrict the right to transfer its shares; if any

(b) limit the number of its members to fifty; not including:-

(i) persons who are in the employment of the Company, and

(ii) persons who, having been formerly in the employment of the Company, were members of the Company while in that employment and have continued to be members after the employment ceased; and

(c) prohibit any invitation to the public to subscribe for any shares in or debentures of, the Company:

Provided that where two or more persons hold one or more shares in a company jointly, they shall, for the purpose of this definition, be treated as a single member.

3. (1) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may subject to the provisions of Section 106 and 107 of the Act, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with

the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of that class.

(2) To every such separate General Meeting the provisions of these Regulations relating to General Meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class in question.

4. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied, by the creation or issue of further shares ranking pari passu therewith.

Company may
pay Commission

(1) The Company may exercise the powers of paying commission conferred by Section 76 of the Act provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that Section.

(2) The rate of the commission shall not exceed the rate of 5% of the price at which the shares in respect whereof the same is paid are issued or an amount equal to 5% of such prices as the case may be.

(3) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid up shares or partly in the one way and partly in the other.

(4) The Company may also on any issue of shares pay such brokerage as may be lawful.

Company not
to recognise
holding of
shares on
trust

5. Except as required by law no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future, or partial interest in any share, or any interest in any fractional part of

a share, or (except only as by these Regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

ISSUE OF SHARE CERTIFICATE

- Share Certificate
6. Certificate of title to any share or shares in the capital shall be issued in accordance with the Provision of the Corporations (Issue of Share Certificates) Rules 1960.
7. (1) Every person whose name is entered as a member in the register of members shall be entitled to receive within three months after allotment or registration of transfer (or within such period as the conditions of issue shall provide)
- (a) One certificate for all his shares without payment for;
- (b) Several certificates, each for one or more of his shares, upon payment of one rupee for every certificate after the first.
- (2) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid up thereon.
- (3) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
- Renewal of Share Certificate on payment of fee
8. If a share certificate is defaced, lost or destroyed, it may be renewed on payment of a fee, of fifty paise and on such terms, if any, as to evidence any indemnity and the payment of out-of-pocket expenses incurred by the Company in investing evidence as the Director may think fit.

LIEN

- Company's Lien Paramount.
- 9.(1) The Company shall have a first and paramount lien -

(a) On every share (not being a fully-paid share), for all moneys (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

(b) On all shares (not being fully-paid shares) standing registered in the name of a single person, for all moneys presently payable by him or his estate to the Company;

Provided that the Board of Directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

(2) The Company's lien, if any, on a share shall extend to all dividends payable thereon.

Sale of
Shares on
which the
Company has a
lien.

10. The Company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:-

Provided that no sale shall be made -

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

How effect
to be given
to sale of
shares on
which Company
has a lien.

11. (1) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(2) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(3) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

- Application of proceeds of sale. 12. (1) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
- (2) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

- The Board may make calls. 13. The Board may, from time to time, make calls upon the members in respect of any moneys 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.
- (2) Each member shall, subject to receiving at least fourteen day's notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.
- (3) A call may be revoked or postponed at the discretion of the Board.
- Call when made. 14. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.
- Joint and several liability on calls Interest. 15. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
16. (1) 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 five per cent per annum or at such lower rate, if any, as the Board may determine.

Waiver of interest.

(2) The Board shall be at liberty to waive payment of any such interest wholly or in part.

Sum payable on allotment

17. (1) 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.

Interest on non-payment.

(2) 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.

Voluntary advances of uncalled share capital

18. The Board -

(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him; and

(b) upon all or any of the moneys so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, six per cent, per annum, as may be agreed upon between the Board and the member paying the sum advance.

TRANSFER OF SHARES

Transfer to be executed by both parties.

19. (1) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee.

(2) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

Form of transfer. 20. Shares in the Company shall be transferred in the following form, or in any usual or common form which the Board shall approve:-

"I, _____ of _____ in consideration of the sum of rupees _____ paid to me by _____ of _____ (hereinafter called "the transferee") do hereby transfer to the transferee the share (or shares) numbered _____ to _____ inclusive, in the undertaking called the _____, to hold unto the said transferee, his executors, administrators and assignees, subject to the several conditions on which I held the same immediately before the execution hereof; and I, the transferee, do hereby agree to take the said share (or shares) subject to the conditions aforesaid;

As witness our hand, the day of _____

Witness to signature of etc.

Board may decline to register the transfer of share. 21. The Board may, subject to the right of appeal conferred by Section 111 of the Act, decline to register -

(a) the transfer of a share, not being fully paid share, to a person of whom they do not approve; or

(b) any transfer of shares on which the Company has a lien.

In such cases where the Board declines to register, the Board is not bound to assign any reasons for such refusal to register.

Board may decline to recognise instruments of transfer 22. The Board may also decline to recognise any instrument of transfer or transmission unless -

(a) a fee of Rs 0.25 P per share subject to a maximum of Rs 2.00 on one transfer is paid to the Company.

(b) the instrument of transfer is accompanied by the certificate of the share to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) the instrument of transfer is in respect of only one class of shares.

Board shall return instrument of transfer, and may deface such instrument if the same are fictitious.

23. In all the cases where the Board declines to register the transfer of a share or shares, and in all the cases where the Board refuses to recognise an instrument of transfer, the Board shall in intimating their refusal to the applicant for transfer, return the instrument of transfer and share certificate to the party from whom they receive it. In cases where the Board is satisfied that the proposed transfer of share is fictitious, not containing the genuine signature of the transferer, the Board shall be entitled in returning the share certificates relating to such transfers to deface the instruments of transfer effectively so as to prevent such instrument of transfer from being misused or abused.

Suspension of registration

24. The registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine. Provided that such registration shall not be suspended for more than forty-five days in any year.

Fees on instruments

25. The Company shall be entitled to charge a fee not exceeding two rupees on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, or other instrument.

TRANSMISSION OF SHARES

Death of one or more joint holders of shares.

26. (1) On the death of a member, the survivor or survivors where the member was a joint holder, and his legal representatives where he was a sole holder, shall be the only person recognised by the Company as having any title to his nearest in the shares.

(2) Nothing in clause (1) shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

Registration of share on death or insolvency of holder.

27. (1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided elect, either

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(2) The Board shall, in either case have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

Notice by person entitled to share on death or insolvency of the holder.

28. (1) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

(2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(3) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

Right of person entitled to share on death or insolvency

29. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

FORFEITURE OF SHARES

Notice to be given if call or instalment not paid

30. If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid with any interest which may have accrued.

Form of Notice.

31. The notice aforesaid shall -
(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
(b) state that, in the event of non-payment on or before the day so named, the share in respect of which the call was made will be liable to be forfeited.

Forfeiture of shares in default of payment

32. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

Disposal of forfeited share.

33. (1) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(2) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

Liability
to pay
money due
at the
time of
forfeiture

34. (1) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.

(2) The liability of such persons shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.

Declaration
of forfei-
ture

35. (1) A duly verified declaration in writing that the declarant is a director, the managing agent, the secretaries and treasurers, the manager or the Secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

(2) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.

(3) The transferee shall thereupon be registered as the holder of the share.

(4) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

Provisions of forfeiture to apply in case of non-payment of sums payable at a fixed time. 36. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

CONVERSION OF SHARES INTO STOCK

Conversion of shares into stock or vice versa 37. The Company may, by ordinary resolution -
(a) convert any paid up shares into stock; and
(b) reconvert any stock into paid-up shares of any denomination.

Transfer of stock subject to same Articles as transfer of shares 38. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion, have been transferred, or as near thereto as circumstances admit.

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

Rights and privileges of holders of stock 39. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

Articles applicable to paid-up share to apply to stock 40. Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in these regulations shall include "stock" and "stockholder" respectively.

ALTERATION OF CAPITAL

Increase of Capital 41. The Company, may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

Sub-division and consolidation of shares 42. The Company may, by ordinary resolution -
(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
(b) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum, subject, nevertheless, to the provisions of clause (d) of sub-section (1) of Section 94;
(c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

Reduction of share capital 43. The Company may, by special resolution, reduce in any manner and with, and subject, to any incident authorised and consent required by law -
a) its share capital;
b) any capital redemption reserve fund;
c) any share premium account

GENERAL MEETINGS

Extraordinary general meetings 44. All general meetings other than annual general meeting shall be called extraordinary general meetings.

- Convening of Extraordinary General Meeting. 45. (1) The Board may, whenever it thinks fit, call an extra-ordinary general meeting.
- (2) If at any time there are not within India directors capable of acting who are sufficient in number to form a quorum, any director or any two members of the 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.

PROCEEDINGS AT GENERAL MEETINGS

- Quorum. 46. (1) 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.
- (2) Save as herein otherwise provided, five members present in person shall be a quorum.
- Chairman of the general meeting. 47. The Chairman, if any, of the Board shall preside as Chairman at every general meeting of the Company.
- Election of Director as Chairman. 48. If there is no such chairman, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairman of the meeting the directors present shall elect one of their members as the chairman of the meeting.
- Election of members as Chairman. 49. If at any meeting no director is willing to act as chairman 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 number to be chairman of the meeting.
- Adjournment. 50. (1) The Chairman 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.

- (2) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (3) When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (4) Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Chairman
entitled
to casting
vote.

51. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall be entitled to a second or casting vote.

Demand of
poll not to
prevent
transaction
of other
business

52. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

VOTE OF MEMBERS

Votes.

53. Subject to any rights or restrictions for the time being attached to any class or classes of shares.

- (i) On a show of hands, every member present in person shall have one vote; and
- (ii) On a poll, the voting rights of members shall be as laid down in Section 87.

Voting by
joint
holders of

54. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

- Voting in case of members of unsound mind 55. A member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
- No right to vote unless calls are paid-up 56. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
- Objection to vote 57. (1) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.
 (2) Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.
- Deposit of instrument of proxy. 58. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting of adjourned meeting at which 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.
- Form of proxy. 59. An instrument appointing a proxy shall be in the following form or as near thereto as circumstances permit.

FORM OF PROXY

I/We.....son of.....
 resident of.....being member/members of the
 above-named Company hereby appoint Shri.....
 son of Shri resident of
 or failing him Shri..... son of
 Shri..... resident of.....
 as my/our proxy to vote for me/us on my/our behalf

at the annual general meeting/extra-ordinary general meeting (not being an Annual General Meeting) of the Company to be held on the ..
..... day of and at any
adjournment thereofsigned this
day.....of.....

Vote by
proxy.

60. 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 executing, 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 Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

BOARD OF DIRECTORS

Number of
Directors.

61. The number of the Directors of the Company shall be not less than 10 and not more than unless otherwise determined by a resolution in the general meeting.

Retirement
of Director.

62. At every annual general meeting of the Company.....members of the Board of Directors will retire by rotation and shall be eligible for re-election.

Share quali-
fication of
a Director.

63. The share qualification of a Director of the Company shall be the holding of equity shares to the minimum value of Rs..... in the Company.

Directors
may pay ex-
penses of ..
registration.

64. Subject to the provisions of the Act, the Company shall be managed by the Directors who may pay all expenses incurred in getting up and registering the Company and who may exercise all such powers and do all such acts and things as the Company is authorised to exercise and do.

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

Provided further that in exercising any such power or doing any such act or thing, the Directors shall be subject to the provisions contained in that behalf in the Act or any other Act, or in the Memorandum or Articles of the Company or in any regulations made by the Company in general meeting.

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

Remunera-
tions of a
Director.

65. (1) The sitting fee of a Director shall be such amount as the Company in general meeting may from time to time fix for every meeting of the Board of Directors attended by him.
- (2) In addition to the fee payable to them in pursuance of clause (1) above, 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 meeting of the Company; or
 - b) In connection with the business of the Company.

APPOINTMENT OF MANAGING DIRECTOR

Managing
Director

66. Subject to the provisions of the Companies Act, 1956, the Board of Directors shall from amongst themselves appoint a managing director, in a manner as decided by the Board.

67. The Managing Director shall -

- a) be a whole-time officer of the
- b) perform such duties as the Company may by regulations, entrust or delegate to him;
- c) subject to the provisions of the Companies Act, 1956 and subject to the regulations made by the Company in this behalf, the Managing Director so appointed shall, subject to the supervision of other directors, have the engagement, dismissal of..... and the general management and superintendence of the business of the Company with full powers to do all acts, matters and things deemed by him necessary, power or expedient for carrying on the business of the Company and to make and sign and negotiate on behalf of the Company all such bills of exchange, Government and other promissory notes, hundies, cheques, drafts and other instruments as shall be necessary, proper or expedient for carrying on the business of the Company and to make, conduct, defend, compound or abandon any legal proceeding by or against the Company and also to compound or allow time for the payment or satisfaction of any debts due and of any claims, demands by or against the Company, refer to arbitration and observe and perform the awards and to exercise such of the powers, as may from time to time, be delegated to him. All moneys belonging to the Company shall be retained by the Managing Director, or his authorised agent or agents whose receipts shall be an effectual discharge for the moneys therein stated to have been received.
- d) receive such salary and allowances as the Board may, from time to time, determine subject to the approval of the Government.

Official
seal for
use abroad

68. The Company may exercise the powers conferred by Section 50 of the Act with regard to having an official seal for use abroad and such powers shall be vested in the Board.

- Keeping of foreign register 69. The Company may exercise the powers conferred on it by Section 157 and 158 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of those sections) make and vary such regulations as it may think fit respecting the keeping of any such register.
- Drawing and accepting negotiable instruments 70. All cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the 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.
- Acquittance register 71. 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.
- Appointment of an additional Director 72. (1) The Board shall have power at any time, and from time to time, to appoint a person as an additional director who shall hold office until the next following general meeting provided the number of 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 general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.

MEETING OF DIRECTORS AND QUORUM

- Meeting of the Board 73. (1) Subject to the provisions of Section 285 of the Act, the Board of Directors may meet for the despatch of business, adjourn and otherwise regulate its meetings, as it thinks fit, provided that the Directors shall hold a meeting, at least once in every three calendar months and not more than two months shall intervene between the last day of the calendar month in which such meeting is held and the date of the next meeting.

- Quorum (2) The quorum necessary for the transaction of the business of the Board shall be one-third of its total strength or two Directors, whichever is higher as provided in Section 287 of the Act.
- Convening a -meeting (3) The Director may and the Secretary shall on the requisition of a Director, at any time, convene a meeting of the Board.
- Decision by majority 74.7(1) Save as otherwise expressly provided in the Act, question arising at any meeting of the Board shall be decided by a majority of votes.
- (2) In case of an equality of votes, the Chairman of the Board shall have a second or casting vote.
- Continuing Directors may act notwithstanding any vacancy 75. 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 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 Company, but for no other purpose.
- Chairman of the meeting of the Board 76. If at any meeting the Chairman is not present after the time appointed for the holding of the meeting, the Directors present may choose one of their members to be Chairman of the meeting.
- Board may delegate its power to a committee 77. (1) 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.
- (2) 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.

- Committee may elect its Chairman
78. (1) A committee may elect a chairman of its meeting.
- (2) If no such chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their number to be chairman of the meeting.
- Meeting of the Committee
79. (1) A committee may meet and adjourn as it thinks proper
- (2) 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 chairman shall have a second or casting vote.
- Acts of Committee not to be invalidated for disqualification discovered afterwards
80. All acts done by any meeting of the Board or of a committee thereof or by any person acting as 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.
- Resolution by signature of the members of Board or a committee
81. Subject to the restrictions placed under Section 292 of the Act and subject to compliance of the provision of Section 289 of 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 as valid and effectual as if it had been passed at a meeting of the Board or committee duly convened and held.
- Chairman may reserve any proposal
82. The Chairman shall reserve for approval of the Government any proposal or decision which in the opinion of the Chairman or the Board requires consultation with or approval of the government and no action shall be taken in respect of any such proposal or decision reserved as aforesaid until the consultation with or approval of the government has been secured.

DIRECTORS

- Vacation of office of Director 83. The office of a Director shall become vacant as provided under section 283 of the Act.
- Directors may borrow 84. Subject to provisions of Section 292 of the Act, the Directors may, from time to time, borrow and or secure the payment of any sum or sums of money for the purposes of the Company, by means of a resolution passed at a meeting of the Board.
- Repayment of borrowed money 85. The Directors may secure the repayment of such money in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable debentures or debenture stock or any mortgage, charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.)
- Stock and securities may be made assignable free from equities 86. Debentures, debenture-stock, bonds or other securities, may be made assignable free from any equities between the Company and the person to whom the same may be issued.
- Commission and discounts 87. Subject to the provisions of sections 76 and 117 of the Act, debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise, and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending general meetings of the Company, appointment of Directors and otherwise.
- Charge on uncalled capital 88. Whenever any uncalled capital of the Company is charged all persons taking any subsequent charge thereon shall take the same subject to such prior charge and shall not be entitled by notice to the shareholders or otherwise, to obtain priority over such prior charge.

MINUTES

89. The Directors shall cause the minutes to be duly entered in books provided for the purpose:
- (a) of all appointments of officers
 - (b) of the names of Directors present at each meeting of the Directors and of any committee of Directors
 - (c) of all orders made by the Directors and Committee of Directors.
 - (d) of all resolutions and proceedings of General Meetings and of meetings of the Directors and Committees.

Any such minutes of any General Meetings of the Company or of such Directors or of such Committees if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting shall be prima facie evidence of the matters stated at such minutes.

90. The books containing the minutes of the General Meetings of the Company shall be kept at the Registered Office of the Company and shall be open to inspection by members of the Company between the hours of _____ on all working days.

SECRETARY

- Secretary 91. (1) A Secretary may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit, and any secretary so appointed may be removed by the Board.
- (2) A Director may be appointed as Secretary.

The same 92. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and secretary shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of secretary.

THE SEAL

Safe cus- 93. (1) The Board shall provide for the safe custody and affixing of the seal
of the seal (2) The seal of the 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 authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.

DIVIDENDS AND RESERVE

Declara- 94. The Company in general meeting may declare tion of Dividend dividends, but no dividend shall exceed the amount recommended by the Board.

Interim 95. The Board may from time to time pay to the Dividend members such interim dividends as appear to it to be justified by the profits of the Company.

Reserve 96. (1) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like

discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.

- (2) The Board may carry forward any profits which it may think prudent not to divide, without setting them aside as a reserve.

Dividends to be paid according to the amounts paid or credited in the shares 97. (1) Subject to the rights of person 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 Company dividends may be declared and paid according to the amounts of the shares.

- (2) 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.

- (3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion 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.

Money payable to Company may be deducted from dividend 98. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of class or otherwise in relation to the shares of the Company.

Dividend etc. may be paid by cheque 99. (1) Any dividend, interest or other money payable in cash in respect of shares may be 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 the members, or to such person and to such address as the holder or joint holders may in writing direct.

- (2) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

Receipt by joint holders 100. Any one of two or more joint holders of a share may give effectual receipts for any dividends, bonuses or other moneys payable in respect of such share.

Notice of dividends 101. 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.

Dividend not to bear interest 102. No dividend shall bear interest against the Company.

ACCOUNTS AND AUDIT

- Books of accounts 103. The Company shall in all respects comply with section 209 of Act and cause to be kept and maintained proper books of accounts with respect to:-
- (a) All sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place.
 - (b) All sales and purchases of goods by the Company.
 - (c) The assets and liabilities of the Company.
- Account books to be kept at registered office 104. The books of account shall be kept at the registered office of the Company or at such other place in India as the Directors shall think fit and shall be open to inspection by the Directors during business hours.

- Account books to be kept open for inspection 105. (1) 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 Company or any of them shall be open to the inspection of members not being directors.
- (2) No member (not being a director) shall have any right of inspecting an account or book or document of the Company except as conferred by Law or authorised by the Board or by the Company in general meetings.
- Annual accounts and balances 106. The directors shall at some date not later than after the incorporation of the Company and subsequently once at least in every financial year lay before the Company in Annual General Meeting a balance sheet and profit and loss account in case of the first account since the incorporation of the Company and in any other case since the preceding account made upto a date not earlier than the date of the meeting by more than six months in accordance with the provisions of section 166 and section 210 of the Act.
- Director's Report with Balance Sheet 107. The Directors shall as per section 217 of the Act make out and attach to every balance sheet a report with respect to the state of the Company affairs, the amount if any, which they recommend should be paid by way of dividend and the amount, if any, which they propose to carry to the reserve fund, general reserve or reserve account shown specifically on the balance sheet. The report shall be signed by the Chairman of the Directors on behalf of the Directors if authorised in that behalf by the Directors, and when he is not so authorised, shall be signed by such member of directors as are required to sign the balance sheet and the profit and loss account by virtue of sub-sections (1) and (2) of section 215 of the Act.
- Contents of profit and loss account 108. The profit and loss account shall subject to the provisions as laid down in section 211 of the Act and Schedule VI referred to therein, show, arranged under the most convenient heads the amount of gross income, distinguishing the several sources from which it has been derived

and the amount of gross expenditure, distinguishing the expenses of the establishment, salaries and other like matters. Every item of expenditure fairly chargeable against the year's income shall be brought into account so that a just balance of profit and loss may be laid before the meeting, and in cases where any item of expenditure which may in fairness be distributed over several years has been incurred in any one year, the whole amount of such item shall be stated, with the addition of the reasons why only a portion of such expenditure is charged against the income of the year.

- Balance sheet etc. to be sent to every member 109. The Company shall send a copy of such balance sheet and profit and loss account together with a copy of the auditor's report and every other document required by law to be annexed or attached, as the case may be, to the balance sheet to the registered address of every member of the Company in the manner in which notices are to be given hereunder at least 21 days before the meeting at which it is to be laid before the members of the Company and shall deposit a copy at the Registered Office of the Company for inspection of the members, during a period of at least twenty-one days before that meeting.
- Directors to comply with the provisions of Act in the matter of Accounts. 110. The Directors shall in all respects comply with the provisions of Sections 209 to 211 and 215 to 222 of the Act or any statutory modification thereof for the time being in force.
- Audit at least once a year 111. Once at least in every year the books of account of the Company shall be examined by one or more Auditor or Auditors.
- Appointment of first auditors 112. The first auditor or auditors of the Company shall be appointed by the Board within one month of the registration of the Company and the Auditor or auditors so appointed shall hold office until the conclusion of the first annual General Meeting:

Provided that:-

- (a) The Company may, at a General Meeting, remove any such auditor or all or any of such auditors and appoint in his or their places any other person or persons who have been nominated for appointment by any member of the Company and of whose nomination notice has been given to the members of the Company not less than fourteen days before the date of the meeting; and
- (b) If the Board fails to exercise its powers under this Article the Company in General Meeting may appoint the first Auditor or Auditors.

Appointment 113. The Company at each Annual General Meeting shall and duties of appoint an Auditor or Auditors to hold office auditors until the next Annual General Meeting and their appointment, remuneration, rights and duties shall be regulated by sections 224 to 227 of the Act.

114. Where the Company has branch office the provisions of section 228 of the Act shall apply.

Notice to 115. All notices of, and other communications relating Auditors to to any general meeting of the Company which any attend general member of the Company is entitled to have sent to meeting him shall also be forwarded to the Auditor of the Company and the Auditor shall be entitled to attend general meeting and to be heard at any general meeting which he attends on any part of the business which concerns him as Auditors.

Audit Report 116. The Auditors' Report shall be read before the to be open for Company in general meeting and shall be open inspection to inspection by any member of the Company.

Audited 117. Every account of the Company when audited and Account to adapted by the Company in general meeting shall be conclusive be conclusive except as regards any error discovered therein within three months next after the adoption thereof. Whenever any such error is discovered within that period the account shall forthwith be corrected and thenceforth shall be conclusive.

CAPITALISATION OF PROFIT

118. (1) The Company in general meeting may, upon the recommendation of the Board, resolve:
- (a) 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 profits and loss account, or otherwise available for distribution; and
 - (b) that such sum be accordingly set free for distribution in the manner specified in clause amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3), either in or towards
- (i) paying up any amounts for the time being unpaid on any shares held by such members respectively;
 - (ii) paying up in full, unissued shares or debentures of the Company to be allotted and distributed; credited as fully paid up, to and amongst such members in the proportions aforesaid;
 - (iii) Partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii)
- (3) A share premium account and capital redemption reserve fund may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.
- (4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.
119. (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 issue of fully paid shares or debentures, if any; and

- (b) generally do all acts and things required to give effect thereto.
- (2) The Board shall have full power
 - (a) to make such provision by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares or debentures becoming distributable in fractions; and also
 - (b) to authorise 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 or debentures to which they may be entitled upon such capitalisation or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any parts of the amounts remaining unpaid on their existing shares
- (3) Any agreement made under such authority shall be effective and binding on all such members.

WINDING UP

- Winding up 120.
- (1) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the 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 Company whether they shall consist of property of the same kind or not.
 - (2) 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.

(3) 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 as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

121. Every officer or agent for the time being of the Company shall be indemnified of the assets of the Company against any liability incurred by him 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 633 of the Act in which relief is granted to him by the Court.

122. The following shall be the subscription of capital:

Names, addresses, description and occupation of subscribers	Number of shares taken by each subscriber	Signature of witnesses
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- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 3.

Dated the _____ day of _____ 19