

**THE COMPANIES ACT, 1956**

**(COMPANY LIMITED BY SHARES)**

**ARTICLES OF ASSOCIATION**

**OF**

**WINSOME YARNS LIMITED**

**Interpretation** 1. Unless the context otherwise required words or expressions contained in these Article shall bear the same meaning as in the Companies Act, 1956.

The marginal notes hereto are inserted for convenience and shall not affect the construction hereof and in these presents, unless there be something in the subject or context inconsistent therewith :-

"The Act" means the Companies Act, 1956, and includes where the context so admits any re-enactment or statutory modification thereof for the time being in force.

"These Articles" means these Articles of Association as originally framed or as from time to time altered in accordance with the provisions of the Act.

"The Auditor" or "The Auditors" means the Auditor or Auditors of the Company appointed in pursuance of the provisions of section 224 of the Act.

"The company" means WINSOME YARNS LIMITED.

"The Directors" means the Directors for the time being of the Company.

"The Board of Directors" or "The Board" means the Board of Directors for the time being of the Company.

"The Managing Director" Means the Managing Director for the time being of the Company

"The Secretary" means the Secretary for the time being of the Company.

"Register" means the Register of Members of the Company required to be kept by Section 150 of the Act.

"The Registrar" means the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh.

"Dividend" includes bonus.

"Month" means Calendar Month.

"Seal" means the common Seal of the Company.

"Paid Up" includes credited as paid up.

"Proxy" includes Attorney duly constituted under a Power of Attorney.

"Year" means the English calendar year.

"In writing" and "written" include printing lithography and other modes of representing or reproducing words in a visible form.

Words importing the singular number only include the plural number and vice versa and words importing the masculine gender also include feminine gender.  
Word importing persons include corporations.

- Table 'A' to Apply** 2. Save as reproduced herein the regulations contained in Table "A" in the First Schedule to the Act shall apply to the Company.
- Company not to purchase its own shares** 3. Save as permitted by Section 77 of the Act, the funds of the Company shall not be employed in the purchase of, or lent on the security of shares of the Company and the Company shall not give, directly or indirectly, any financial assistance, whether by way of loan, guarantee, the provision of security or otherwise, for the purpose of or in connection with any purchase of or subscription for shares in the company or any Company, of which it may, for the time being, be a subsidiary.
- The Article shall not be deemed to affect the power of the Company to enforce repayment of loans to members or to exercise a lien conferred by Article 30.

#### SHARE CAPITAL

- Division of Capital** 4. The authorised Share Capital of the Company shall be such sum as mentioned in Clause V of the Memorandum of Association of the Company.
- Allotment of Shares** 5. Subject to the provisions of these Articles, the shares shall be under the control of the Board who may allot or otherwise dispose off the same to such Persons on such terms and conditions, at such times, either at par or at a premium, for such consideration as the Board thinks fit.

Provided that, where at any time (after the expiry of two years from the formation of the Company or any any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier) it is proposed to increase the subscribed capital of the company by the allotment of further shares, then subject to the provisions of section 81 (1A) of the Act, the Board shall issue such shares in the manner set out in Section 81 (1) of the Act:

Provided that option or right to call of any shares shall not be given to any person except with the sanction of the Company in general meeting.

- Return of Allotments** 6. As regards all allotments made from time to time the Company shall duty comply with Section 75 of the Act.

- Restriction on Allotments** 7. If the Company shall offer any of its shares to the public for subscription:
- (1) no allotment thereof shall be made, unless the amount stated in the prospectus as the minimum subscription has been subscribed, and the sum payable on application thereof has been paid to and received by the Company, but this provision shall no longer apply after the first allotment of shares offered to the public for subscription; and
  - (2) the amount payable on application on each share shall not be less than 5 percent of the nominal amount of the share; and
  - (3) the company shall comply with the provisions of sub-section (4) of Section 69 of the Act. And if the company shall propose to commence business after filing a statement in lieu of Prospectus, the Board shall not make any allotment of shares payable in cash unless seven at least of the shares proposed to be issued shall have been subscribed for as payable in cash by seven members and provisions of section 149 of the Act shall have been complied with.

- Commission and Brokerage** 8. The Company may exercise the power of paying commission conferred by section 76 of the Act, provided that the rate percentage or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the said section and the commission shall not exceed 5 per cent, of the price at which any shares, in respect whereof the same is paid, are issued or 2 per cent of the price at which any debentures (as the case may be). Such commission may be satisfied by the payment of cash or the

allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may be also on any issue of shares or debentures pay such brokerage as may be lawful.

- |  |     |  |
|--|-----|--|
| <b>Shares at a Discount</b>                                      | 9.  | With the previous authority of the Company in general meeting and the sanction of the Court and upon otherwise complying with section 79 of the Act, the Board may issue at a discount shares of a class already issued.   |
| <b>Instalments on Shares to be duly paid</b>                     | 10. | If by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who, for the time being, shall be the registered holder of the share or by his executive or administrator.   |
| <b>Liability of joint-holders of shares Trust not recognised</b> | 11. | The joint-holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such share.   |
|  | 12. | Save as herein otherwise provided, the company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction or as by statute required, be bound to recognise any equitable or other claim to or interest in such share on the part of any other person. |
| <b>Who may be registered</b>                                     | 13. | Shares may be registered in the name of any person, company or other body corporate. Not more than four person shall be registered as joint holders of any share.  |

#### CERTIFICATES

14. Subject to the provisions of the Companies (Issue of Share Certificates Rules, 1980 or any statutory modification or re-enactment thereof, share certificates shall be issued as follows :-

(1) **CERTIFICATES**

The certificates of title to shares and duplicates thereof when necessary shall be issued under the Seal of the Company, which shall be affixed in the presence of (i) two Directors or a Director and a person acting on behalf of another Director under a duly registered power of attorney or two persons acting as attorneys for two Directors as aforesaid; and (ii) the Secretary or some other person appointed by the Board for the purpose, all of whom shall sign such share certificate provided that, if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing Director or Wholetime Director. For the purpose of this Article, a Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

(2) **MEMBERS' RIGHT TO CERTIFICATE :**

Every member shall be entitled free of charge to one or more certificates in the marketable lots for all the shares of each class registered in his name or, if any member so wishes, to several certificates each for one or more of such shares but, in respect of each additional certificate which does not comprise shares in lots of market units of trading, the Board may charge a fee of Rs 2/- or such smaller sum as the Board may determine. Unless the conditions of issue of any shares otherwise provide, the Company shall either within three months after the date of allotment and surrender to the Company of its letter making the allotment or of its fractional coupons of requisite value (save in the case of issue against letters of acceptance) or of renunciation or in cases of issue of bonus shares or within one month of receipt of the application for registration of the transfer, subdivision, consideration, renewal or exchange of any of its shares, as the case may be, complete and have ready for delivery the certificates of such shares. Every certificate of shares shall specify the name of the person in whose favour the certificate is issued, the shares

to which it relates and the amount paid-up thereon. Particulars of every certificate issued shall be entered in the Register maintained in the form set out in the above Rules or, in a form as near thereto as circumstances admit against the name of the person to whom it has been issued, indicating the date of issue. In respect of any share held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate to one of several joint-holders shall be sufficient delivery to all such holders.

**(3) AS TO ISSUE OF NEW CERTIFICATES**

If any certificate of any share or shares be surrendered to the company for subdivision or consolidation or if any share certificate be defaced, torn or old, decrepit, wornout or where the cages in the reverse for recording transfers have been duly utilised, then, upon surrender thereof to the Company, the Board may order the same to be cancelled and may issue a new share certificate in lieu thereof; and if any share certificate be lost or destroyed, then, upon proof thereof to the satisfaction of the Board, and on such indemnity as the Board thinks fit being given to the party entitled to share to which such lost or destroyed certificate shall relate. Where a share certificate has been issued in place of a certificate which has been defaced, etc., lost or destroyed, it shall state on the face of it and against the stub or counterfoil that it is issued in lieu of a share certificate or is a duplicate issued for the one so defaced, etc., lost or destroyed, as the case may be and, in the case of a certificate issued in place of one which has been lost or destroyed, the word "duplicate" shall be stamped or punched in bold letters across the face thereof. For every share certificate issued under this Article in place of a certificate lost or destroyed, there shall be paid to the Company such out of pocket expenses incurred by the Company in investigating evidence as the Board may determine.

**(4) FEE ON SUBDIVISION, CONSOLIDATION OF SHARE ISSUE OF NEW CERTIFICATES ETC.**

No fee shall be charged for subdivision and consolidation of share and debenture certificates and for subdivision of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations corresponding to the market units of trading; for subdivision of renounceable letters of right; for issue of new certificates in replacement of those which are old, decrepit or worn out, or where the cages on the reverse for recording transfers have been fully utilised. Provided that the Company may charge such fees as may be agreed by it with the Stock Exchange with which its shares may be enlisted for the time being for issue of new certificates in replacement of those that are torn, defaced, lost or destroyed and for subdivision and consolidation of share and debenture certificates and for subdivision of letters of allotment and split, consolidation, renewal and pucca transfer receipts into denominations other than those fixed for market units of trading.

**(5) PARTICULARS OF NEW CERTIFICATE TO BE ENTERED IN THE REGISTER.**

Where a new share certificate has been issued in pursuance of paragraph (3) above particulars of every such certificate shall also be entered in a Register of renewed and duplicate certificate indicating against the name of the person to whom the certificate is issued, the number and date of issue of the certificate in lieu of which the new certificate is issued and the necessary changes indicated in the Register by suitable cross-reference in the "Remarks" column. All entries made in the Register of renewed and duplicate certificates shall be authenticated by the Secretary or such other person as may be appointed by the Board for purpose of sealing and signing the share certificate under paragraph (i) hereof.

**CALLS**

15. The Board may, from time to time, subject to the terms on which any shares may have been issued, and subject to the provisions of section 21 of the Act, make such calls as

the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board. A call may be made payable by instalments and shall be deemed to have been made when the resolution of the Board authorising such call was passed.

- Restriction on power to make calls and notice** 16. No call shall be made payable within one month after the last preceding call was payable not less than fourteen days' notice of any call shall be given specifying the times and place of payment and to whom such call shall be paid.
- When interest on call or instalment payable** 17. (1) If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment, thereof, the holder for the time being in respect of the share for which the call shall have been made or the instalment shall be due shall pay interest for the same at the rate of 18 per cent per annum from the day appointed for the payment thereof to the time of the actual payment; or at such lower rate as the Board may determine.  
(2) The Board shall be at liberty to waive payment of any such interest either wholly or in part.
- Amount payable at fixed times or payable by instalments as calls** 18. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by instalments at fixed time, whether on account of the amount of the share or by way of premium, every such amount or instalment shall be payable as if it were a call duly made by the Board and on which due notice had been given, and all the provisions herein contained in respect of call shall relate to such amount or instalment accordingly.
- Payment of calls in advance** 19. The Board may, if it thinks fit, receive for any member willing to advance the same, all or any part of the money due upon the share held by him beyond the sums actually called for, and upon the money not paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the share in respect of which such advance has been made, the Company may pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, 6 per cent, per annum as the member paying such sum in advance and the Board agree upon. Money so paid in excess of the amount of calls shall not rank for dividends or confer a right to participate in profits. The Board may at any time repay the amount so advanced upon giving to such member not less than three months' notice in writing.
- Revocation of Call** 20. A call may be revoked or postponed at the discretion of the Board.

#### FORFEITURE AND LIEN

- If call or instalment not paid notice may be given** 21. If any member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same, the Board may, at any time thereafter during such time as the call or instalment remains unpaid, serve notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
- Form of notice** 22. The notice shall name a day (not being less than thirty days from the date of the notice) and a place or places on and at which such call or instalment and such interest and expenses aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place appointed, the shares in respect of which such call was made or instalment is payable will be liable to be forfeited.
- If notice is not complied with shares may be forfeited** 23. If the requisitions of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or instalments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeiture shares and not actually paid before the forfeiture.
- Notice after** 24. When any share shall have been so forfeited, notice of the resolution shall be given to the

- forfeiture member in whose name it stood immediately prior to the forfeiture and entry of the forfeiture, with the date thereof; shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.
- Forfeited share to become property of the Company** 25. Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit.
- Power to annul forfeiture** 26. The Board may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.
- Liability on forfeiture** 27. A person whose share has been forfeited shall cease to be a member in respect of the forfeited share, but shall, notwithstanding, remain liable to pay, and shall forthwith pay to the Company, all calls or instalments, interest and expenses, owing upon or in respect of such share, at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at 18 percent per annum and the Board may enforce the payment thereof, or any part thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.
- Evidence of forfeiture** 28. A duly verified declaration in writing that the declarant is a Director or Secretary of the Company, and that certain shares in the Company have 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 shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares; and the person, to whom any such share is sold shall be registered as the holder of such share and shall not be bound to see to the application of the purchase money, nor shall his title on such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.
- Forfeiture provisions to apply to non-payment in terms of issue Company's lien on Shares** 29. The provisions of Articles 21 to 28 hereof shall apply in the case of non-payment of any sum which, by the terms of a share, becomes payable at a fixed time, whether on account of the nominal value of a share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
30. The Company shall have a first and paramount lien upon every share not being fully paid up registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such share whether the time for the payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that Article 12 hereof is to have full effect. Such lien shall extend to all dividends from time to time declared in respect of such share, Unless otherwise agreed, the registration of a transfer of a share shall operate as a waiver of the Company's lien, if and, on such share.
- As to enforcing lien by sale** 31. For the purpose of enforcing such lien the Board may sell the share subject thereto in such manner as it thinks fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his executor or administrator or his committee, curator bonis or other legal representative as the case may be and default shall have been made by him or them in the payment of the moneys called or payable at a fixed time in respect of such share for seven days after the date of such notice.
- Application of proceeds of sale** 32. The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to lien for sums not presently payable as existed upon the share before the sale) be paid to the person entitled to the share at the date of the sale.

- Validity of sales in exercise of lien and after forfeiture 33. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the share sold and cause the purchaser's name to be entered in the register in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money, and after his name has been entered in the Register in respect of such share the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
- Board may issue new certificates 34. Where any share under the powers in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of such share, the Board may issue a new certificate for such share distinguishing it in such manner as it may think fit from the certificate not so delivered up.
- TRANSFER AND TRANSMISSION**
- Execution of transfer 35. Save as provided in section 108 of the Act, no transfer of a share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company within the time prescribed by section 108 of the Act together with the certificate or, if no such certificate is in existence, the Letter of Allotment of the share. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof. Each signature to such transfer shall be duly attested by the signature of one witness who shall add his address.
- Application by Transferor 36. Application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that where such application is made by the transferor, no registration shall in the case of a partly paid share be effected unless the Company gives notice of the application to the transferee in the manner prescribed by section 110 of the Act, and subject to the provisions of these Articles the company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.
- Form of transfer 37. Every instrument of transfer of share shall be in the prescribed form and in accordance with section 108 of the Act.
- In what cases the Board may refuse to register transfer 38. Notwithstanding anything contained in the article or in section 82 or section 111 of the Companies Act, 1956 (1 of 1956), but subject to the other provision of the section 22A of the securities contracts (Regulation) Act, 1956, a Company may refuse to register the transfer of any of the securities in the name of the transferee or any one or more on the following grounds and on no other ground namely :-
- a) that the instrument of transfer is not proper or has not been duly stamped and executed or that the certificate relating to the security has not been delivered to the company or that any other requirement under the law relating to registration of such transfer has not been complied with;
  - b) that the transfer of security is in contravention of any law;
  - c) that the transfer of the security is likely to result in such change in the composition of the Board of Directors as would be prejudicial to the interest of the Company or to the Public interest;
  - d) that the transfer of securities is prohibited by any order of any court, tribunal or other authority under any law for the time being in force.
- Provided however that the registration of a share shall not be refused on the ground of the transferor or being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever.
- Who may be registered 39. Shares may be registered in the name of any person, Company or other body corporate. Not more than four persons shall be registered as joint-holders of any share. Shares may also, at the discretion of the Directors, be registered in the name of a minor provided the

- said shares are fully paid up.
- Transfer to be left at office when to be retained** 40. Every instrument of transfer shall be left at office for registration accompanied by the certificate of the share to be transferred or, if no such certificate is in existence, by the Letter of Allotment of the share and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share. Every instrument of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Board may refuse to register, shall be returned to the person depositing the same.
- Notice if refusal to register transfer** 41. If the Board refuses whether in pursuance of Article 38 or otherwise to register the transfer of or the transmission by operation of law of the right to any share, the Company shall within one month from the date on which the instrument of transfer or the intimation of such transmission, as the case may be, was lodged with the Company, send to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be notice of the refusal.
- No fee on registration of transfer, probate etc. Transmission of registered shares** 42. No fee shall be charged for registration of transfer, grant of probate, grant of letters of administration certificate of the death or marriage, Power of Attorney or other similar instruments.
43. The executor or administrator of a deceased member (not being one of several joint holders) shall be the only person recognised by the Company as having any title to the share registered in the name of such member, and in case of the death of any one or more of the joint-holders of any registered share, the survivor shall be the only person recognised by the Company as having any title to or interest in such share but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on the share held by him jointly with any other person. Before recognising any executor or administrator the Board may require him to obtain a grant of probate or letters of Administration or other legal representation as the case may be from a competent Court in India and having effect in the place where the office is situated: Provided nevertheless that in any case where the Board in its absolute discretion thinks fit it shall be lawful for the Board to dispense with the production of probate or letters of Administration or such other legal representation upon such terms as to indemnify or otherwise as the Board, in its absolute discretion, may consider adequate.
- As to transfer of shares of insane, deceased, or bankrupt members** 44. Any committee or guardian, curator bonis or other legal curator of a lunatic, idiot or non compos mentis member or any person becoming entitled to or to transfer a share in consequence of the death or bankruptcy or insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board thinks sufficient may, with the consent of the Board (which the Board shall not be bound to give), be registered as a member in respect of such share, or may subject to the regulations as to transfer hereinbefore contained, transfer such share. This Article is hereinafter referred to as "The Transmission Article".
- Transmission Article** 45. (1) If the person so becoming entitled under the Transmission Article 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 an instrument of transfer of the share.
- (3) All the limitations, restrictions, and provisions of these Articles relating to the right to transfer and the registration of instruments of transfer and the registration of instruments of transfer of a share shall be applicable to any such notice or transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.
- Right of persons entitled to share under the transmi-** 46. A person so becoming entitled under the Transmission Article to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall subject to the provisions of Article 79 be entitled to the same dividends and other advantages as he



**ssion Article**

would be entitled to if he were the registered holder of the share except that no such person (other than a person becoming entitled under the Transmission Article to the share of a lunatic, idiot or non compos member) shall before being registered as a member in respect of the share be entitled to exercise in respect thereof 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 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.

**INCREASE AND REDUCTION OF CAPITAL**

- Power to increase capital** 47. The Company in general meeting may, from time to time, increase the capital by the creation of new shares of one or more classes out of such amount as may be deemed expedient.
- On what conditons new shares or unclassified shares may be issued** 48. Subject to any special rights or privileges for the time being attached to any share in the capital of the company then issued and to the provisions of section 81 of the Act, the new shares or any unclassified shares (whether forming part of the original capital or of any increased capital of the Company) may be issued upon such terms and conditions, and with such rights and privileges attached thereto, as the general meeting resolving upon the creation thereof shall direct, and, if no direction be given as the Board shall determine, and in particular such shares may be issued with preferential of qualified right to dividends and in the distribution of assets of the Company.
- Provislons relating to the issue** 49. Before the issue of any new shares, the Company in general meeting may make provision as to the allotment and issue of the new shares, and in particular may determine to whom the same be offered in the first instance and whether at par or at a premium or subject to the provisions of section 79 of the Act, at a discount in default of any such provisions, or so far as the same shall not extend, the new shares may be issued in conformity with the provisions of Article 5.
- How far new shares to rank with existing share** 50. Except so far as otherwise provided by the conditions of issue or by these presents any capital raised by the creation of new shares shall be considered part of the existing capital of the Company and shall be subject to payment of dividends, calls and instalments, transfer and transmission, forfeiture, lien, surrender and otherwise.
- Inequality in number of new shares** 51. If, owing to any inequality in the number of new shares to be issued, and the number of shares held by members entitled to have the offer of such new shares, any difficulty shall arise in the appointment of such new shares or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the shares or by the Company in general meeting be determined by the Board.
- Reduction of capital etc.** 52. The Company may from time to time, by Special resolution, reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner and with and subject to any incident authorised and consent required by law.

**ALTERATION OF CAPITAL**

- Power to subdi- vide and consoli- date shares** 53. The Company in general meeting may from time to time ;
- (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 in fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share derived ;
  - (c) Cancel any shares which at the date of passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

- Sub-Division into 54.** The resolution whereby any share is sub-divided may determine that, as between the preference and equity holders of the shares resulting from such sub-division, one or more of such shares, shall have some preferential or special advantages as regards dividend, capital voting or otherwise over or as compared with others, subject, nevertheless, to the provisions of section 85, 87, 88, and 106 of the Act.
- Surrender of 55.** Subject to the provisions of section 100 to 105 inclusive of the Act, the Board may accept shares from any member the surrender on such terms and conditions as shall be agreed of all or any of his shares.

#### MODIFICATION OF RIGHTS

- Power to modify 56.** If at any time the share capital is divided into different classes of shares the rights rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of not less than three-fourth of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class. To every such separate meeting the provisions of these Articles relating to general meetings shall apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one-fifth of the issued shares of the class but if at any adjourned meeting of such holders a quorum as above defined is not present those members who are present shall be quorum and any holder of shares of the class present in person or by proxy may demand a poll and, on a poll, shall have one vote for each share of the class of which he is the holder. The Company shall comply with the provisions of section 192 of the Act as to forwarding a copy of any such agreement or resolution to the Registrar.

#### BORROWING POWERS

- Power to borrow 57.** The Board may, from time to time, at its discretion, subject to the provisions of section 292 and 293 of the Act, raise or borrow and secure the payment of any sum or sums of money for the purposes of the Company.
- Conditions on 58.** The Board may raise or secure the repayment of such sum or sums in such manner which money and upon such terms and conditions in all respects as it thinks fit, and, in particular, by may be borrowed the issue of bonds, perpetual or redeemable, debentures or debenture-stock, or any mortgage, pledge or hypothecation 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.
- Issue at discount 59.** Any debentures, debenture-stock, bonds or other securities may be issued at a discount, etc. or with premium or otherwise and with any special privileges as to redemption, surrender, special privileges drawings, allotment of shares, appointment of Directors and otherwise, debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Provided that debentures with the right to allotment of or conversion into shares shall not be issued except in conformity with the provisions of section 81 (3) of the Act, and subject to the provision of section 117 thereof.
- Instrument of 60.** Save as provided in section 108 of the Act, no transfer of debentures shall be registered transfer unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the debentures.
- Notice of refusal 61.** Subject to the provisions of section 111 of the Act, the Board may without assigning any to register reason refuse to register the transfer of any debentures and in such event shall, within transfer one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of such refusal.

#### GENERAL MEETING

- The statutory 62.** The statutory meeting of the Company shall as required by section 165 of the Act, be meetings held at not earlier than one month and not later than six months from the date at which

the Company shall be entitled to commence business and at such time and places as may be determined by the Board and the Board shall comply with the other requirements of that section as to the report to be submitted and otherwise.

**When Annual General Meetings to be held** 63. The Company shall, in addition to any other meetings, in each year hold a general meeting as its annual general meeting in accordance with the provisions of section 166 of the Act at such times and places as may be determined by the Board and shall specify the meeting as such in the notice calling of. Any other meeting of the Company shall, except in the case where an Extra-ordinary General Meeting is convened under the provisions of the next following Article, be called a "general meeting".

**When other General Meetings to be called** 64. The Board may, whenever it thinks fit, call a general meeting, and it shall, on the requisition of such number of members as hold, at the date of the deposit as at that date carried the right of the requisition, not less than one-tenth of such of the paid up capital of the Company voting in regard to the matter to be considered at the meeting forthwith proceed to call an Extraordinary General Meeting and in the case of such requisition the following provisions shall apply :-

- 1) The requisition shall state the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the office. The requisition may consist of several documents in like form each signed by one or more requisitionists.
- 2) Where two or more distinct matters are specified in the requisition, the requisition shall be valid only in respect of those matters in regard to which the requisition has been signed by the member or members hereinbefore specified.
- 3) If the Board does not within twenty-one days from the date of deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of these matters on a day not later than forty-five days from the date of deposit, the requisitionists or such of them as are enable so to do by virtue of section 189 (6) (b) of the Act, may themselves call the meeting but any meeting so called shall not be commenced after three months from the date of deposit.
- 4) Any meeting called under this Article by the requisitionists shall be called in the same manner as nearly as possible as that in which meetings are to be called by the Board but shall be held at the Office.
- 5) Where two or more persons hold any shares jointly a requisition or notice calling a meeting signed by one or more of them shall for the purposes of this Article have the same force and effect as if it had been signed by all of them.
- 6) Any reasonable expenses duly incurred by the requisitionists by reason of the failure of the Board to call a meeting shall be repaid to the requisitionists by the Company and any sum so repaid shall be retained by the company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as are in a default.

**Circulation of members resolutions** 65. The Company shall comply with the provisions of section 188 of the Act as to giving notice of resolutions and circulating statements on the requisition of members.

**Notice of meeting** 66. (1) Save as provided in sub-section 171 of the Act not less than twenty-one day's notice shall be given of every meeting of the Company. Every notice of a meeting shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted there at. Where any business consists of "special business" as hereinafter defined in Article 67 there shall be annexed to the notice a statement complying with section 173 (2) and (3) of the Act.

(2) Notice of every meeting of the Company shall be given to every Director and member of the company, to the Auditors of the Company and to any persons entitled to a share in consequence of the death or insolvency of a member in any manner hereinafter authorised for the giving of notices to such persons; Provided that where

the notice of a general meeting is given by advertising the same in a newspaper circulating in the neighbourhood of the Office under sub-section (3) of section 53 of the Act, the statement of material facts referred to in section 173 (2) of the Act need not be annexed to the notice as required by that Section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

- (3) The incidental omission to give any such notice to or its non-receipt by any member or other person to whom it should be given shall not invalidate the proceedings of the meeting.

#### PROCEEDINGS AT GENERAL MEETINGS

- Business of meetings** 67. The ordinary business of an Annual General Meeting shall be to receive and consider the Profit and Loss Account, the Balance Sheet and the Report of the Directors and the Auditors, to declare dividend, to appoint Directors in the place of those retiring by rotation, and to appoint Auditors and fix their remuneration. All other business transacted at an annual general meeting and all business transacted at any other general meeting shall be deemed special business.
- Quorum to be present when business commenced** 68. 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. Save as herein otherwise provided five members present in person shall be a quorum.
- When quorum is not present, meeting to be dissolved & to be adjourned** 69. If within half-an-hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon such requisition as aforesaid, shall be dissolved, but in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such time, place as the Board may by notice appoint and if at such adjourned meeting a quorum is not present, those members who are present and not being less than two shall be a quorum and may transact the business for which the meeting was called.
- Resolution to be passed by company in general meeting** 70. Any act or resolution, which under the provisions of these Articles or of the Act is permitted or required to be done or passed by the Company in general meeting shall be sufficient so done or passed if effected by an ordinary resolution as defined in section 189 (1) of the Act unless either the Act or these Articles specifically required such Act to be done or resolution passed by a special resolution as defined in Section 189 (2) of the Act.
- Right of Director to attend general meetings** 71. Every Director of the Company shall have the right to attend at any general meeting of the Company and also to take part in the discussion thereat even if he may not hold any shares in the capital of the Company.
- Chairman of general meeting** 72. The Chairman of the Board shall be entitled to take the chair at every General Meeting if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or is unwilling to act, the members present shall choose another Director as Chairman and if no Director is present, or if all the Directors present decline to take the chair then the members present shall on a show of hands or on a poll if properly demanded, elect one of their numbers, being a member entitled to vote to be Chairman.
- How questions to be decided at meetings. Casting vote** 73. Every question submitted to a meeting shall be decided, in the first instance by a show of hands, and in the case of an equality of votes, both on a show of hands and on a poll, the Chairman of the meeting shall have a casting vote in addition to the vote to which he may be entitled as a member.
- What is to be evidence of the passing of a resolution where poll not demanded** 74. At any general meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded in accordance with the provisions of section 179 of the Act, a declaration by the Chairman that the resolution has or has not been carried either unanimously, or by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact,

without proof of the number or proportion of the votes cast in favour of, or against the resolution.

- Poll**
75. (1) If a poll be demanded as aforesaid it shall be taken forthwith on a question or adjournment or election of a Chairman and in any other case in such manner and at such time, not being later than forty-eight hours from the time when the demand was made, and at such place as the Chairman of the meeting directs, and, subject as aforesaid, either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be decision of the meeting on the resolution on which the poll was demanded.
- (2) The demand of a poll may be withdrawn at any time.
- (3) Where a poll is to be taken the Chairman of the meeting shall appoint two scrutineers, one at least of whom shall be a member (not being an office or employee of the Company) present at the meeting provided such a member is available and willing to be appointed, to scrutinise the votes given on the poll and to report to him thereon.
- (4) On a poll a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be need not, if he votes, use all his votes or cast in same way all the votes he uses.
- (5) The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

- Power to adjourn general meeting**
76. (1) The Chairman of a general meeting may with the consent of the meeting at which a quorum is present and shall, if so directed by the meeting adjourn the same from time to time and from place to place but no business left unfinished at the meeting from which the adjournment took place.
- (2) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given in the same manner as in the case of an original meeting and 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.

#### VOTES FOR MEMBERS

- Votes of Members**
77. (1) Save as herein provided, on a show of hands every member present in person and being a holder of Equity Share shall have one vote and every person present either as a proxy on behalf of a holder of equity Shares or as a duly authorised representative of a body corporate (being a holder of Equity Share), if he is not entitled to vote in his own right, shall have one vote.
- (2) Save as herein provided, on a poll the voting rights of a holder of Equity Shares shall be as specified in section 87 of the Act.
- (3) The holders of Preference Shares shall not be entitled to vote at meetings of the Company except:
- i) on any resolution placed before the Company at a general meeting at the date on which the dividend due or any part thereof remains unpaid in respect of an aggregate period or not less than two years preceding the date of commencement of such meeting whether or not such dividend has been declared by the Company, or
- ii) on any resolution placed before the Company at a general meeting which directly effect the rights attached to the Preference Shares and for this purpose any resolution for the winding up of the Company or for the repayment or reduction of its share capital shall be deemed to effect the rights attached to such shares.
- Where the holder of any Preference Shares has a right to vote on any resolution in accordance with the provisions hereof, his voting right on a poll as such holder shall, subject to any statutory provision for the time being applicable, be in the same proportion as capital paid up on the Preference Shares bears to the total

paid up Equity Share Capital of the Company for the time being as defined in section 87 (2) of the Act.

- (4) No company or body corporate shall vote by proxy so long as a resolution of its board of directors under the provisions of section 187 of the Act is in force and the representative named in such resolution is present at the general meeting at which the vote by proxy is tendered.

- Procedure where a body corporate is a member of the company 78. Where a company or a body corporate (hereinafter called member company) is a member of the company, a person duly appointed by resolution in accordance with the provisions of section 187 of the Act to represent such member company at a meeting of the Company, shall not, by reason of such appointment, be deemed to be a proxy, and the lodging with the Company at the Office or production at the meeting of a copy of such resolution duly signed by one Director of such member company and certified by him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the member company which he represents, as the member company could exercise, if it were an individual member.
- Votes in respect of insane member 79. If any member be a lunatic, idiot or non-compos, mentis, he may vote whether on a show of hands or at a poll by his committee, curator bonis or other legal curator and such last mentioned persons may give their votes by proxy provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which any such person proposes to vote, he shall satisfy the Board of his right under the Transmission Article to the shares in respect of which he proposes to exercise his right under this Article, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.
- Joint holders 80. If there are joint registered holders of any share any one of such persons may vote at any meeting either personally or by attorney or by proxy in respect of such share as if he were solely entitled thereto, and if more than one of such joint-holders be present at any meeting either personally or by attorney or by proxy, that one of such persons so present whose name stands first on the Register in respect of such share shall alone be entitled to vote in respect thereof but the other joint-holders shall be entitled to be present at the meeting. Several executors or administrators or a deceased member in whose name any share is registered, shall for the purposes of this Article be deemed joint-holders thereof.
- Votes on a poll 81. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes in the same way.
- Instrument appointing proxy to be in writing. Proxies may be general or special 82. (1) Subject to the provisions of section 178 of the Act the Instrument appointing a proxy shall be in writing under the hand of the appointer or of his Attorney duly authorised in writing or if such appointer is a body corporate be under its common seal or the hand of its officer or Attorney duly authorised. A proxy who is appointed for a specified meeting only shall be called a Special Proxy. Any other proxy shall be called a General Proxy. A Special Proxy shall be available only for the meeting to which it relates and it cannot be used for more than one meeting.
- (2) A person may be appointed a proxy though he is not a member of the Company and every notice convening a meeting of the Company shall state this and that a member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote instead of himself.
- Instrument appointing a proxy to be deposited at the office 83. 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 authority, shall be deposited at the Office not less than forty-eight hours before the time for holding the meeting at which the person named in instrument purports to vote in respect thereof and in default, the instrument of proxy shall not be treated as valid.
- Vote by proxy valid though 84. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or Insanity of the principal, or revocation of the

- authority evoked instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have received by the Company at the office before the vote is given. Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.
- From of instrument appointing a special proxy 85. Every instrument appointing a Special Proxy shall be retained by the Company and shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX to the Act or as near thereto as possible or in any other form which the Board may accept.
- Restrictions on voting 86. No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.
- Admission or rejection of votes 87. (1) Any objection as to the admission or rejection of a vote, either on a show of hands, or, on a poll made in due time, shall be referred to the Chairman who shall forthwith determine the same, and such determination made in good faith shall be final and conclusive.  
(2) 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 not disallowed at such meeting shall be valid for all purpose.

#### DIRECTORS

- Number of Directors 88. The Board of the Company shall consist of not less than three and not more than twelve Directors excluding the Directors nominated by the Financial Institutions, Banks and Debenture Directors, if any.  
The Directors of the Company shall not be required to hold any qualification shares.
89. (a) So long as the Punjab State Industrial Development Corporation Limited (PSIDC) (hereinafter called the CORPORATION) and M/s Winsome Textile Industries Limited (WTIL) (hereinafter called the COLLABORATOR) respectively shall continue to hold not less than 11% (Eleven percent) and 25% (twenty five percent) of the paid up equity Capital of the Company, the Corporation and the Collaborator shall be entitled to nominate or have appointed three Directors each on the Board of Directors (i.e. to say Directors other than those nominated by the parties hereto and the Financial Institutions) shall be appointed with the mutual agreement of the parties hereto and in consultation with or approval of the concerned Central/State Financial Institutions, if so required, The Directors of the Company shall not be required to hold any qualification shares.
- (b) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit and Investment Corporation of India Limited (ICICI), Industrial Reconstruction Bank of India (IRBI) and Life Insurance Corporation of India (LIC) or to any other Finance Corporation or Credit Corporation or to any other Financing Company or Body out of any Loans granted by them to the Company or so long as IDBI, IFCI, ICICI, IRBI, LIC and Unit Trust of India (UTI) or any other Financing Corporation or Credit Corporation or any other Financing Company or Body (each of which IDBI, IFCI, ICICI, IRBI, LIC and UTI or any other Financing Company or Body is hereinafter in this Article referred to as "the Corporation") continue to hold debentures in the Company by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or

Directors, whole time or non whole time, (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company. The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds Debentures in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of any Guarantee in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the company to the Corporation is paid off or on the Corporation ceasing to hold Debentures/Shares in the Company or on the satisfaction of the liability of the Company arising out of any Guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and the Meeting of the Committee of which the Nominee Director/s is/are member/s as also the minutes of such meeting. The Corporation shall also be entitled to receive all such notices and minutes.

The Company shall pay to the Nominee Director/s sitting fees and expenses which the other Directors of the Company are entitled, but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the company to the Corporation or as the case may be to such Nominee Director/s.

Provided that if any such Nominee Director/s is an officer of the Corporation the sitting fees, in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

Provided further that if such Nominee Director/s is an officer of the Reserve Bank of India, the sitting fees, in relation to such Nominee Director/s shall also accrue to the IDBI and the same shall accordingly be paid by the Company directly to the IDBI.

Provided also that in the event of the Nominee Director/s being appointed as wholetime Director/s, such Nominee Director/s shall exercise such powers and duties as may be approved by the Lenders and have such rights as are usually exercised or available to a wholetime Director, in the Management of the affairs of the Borrower. Such Nominee Director/s shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Lenders.

Nominee  
Director

90. The Company may agree with any financial institution or any other authority of persons State or Institution that in consideration of any loan or financial assistance of any kind whatsoever which may be rendered by it, shall have the power to nominate a Director of the Company (ex-officio director) during the currency of the loan or other financial assistance and from time to time remove and reappoint him, and to fill in the vacancy



caused by the death or resignation of any such Director, or caused by such Director otherwise ceasing to hold office. Such nominated Director shall not be required to hold any qualification shares, and he shall not be liable to retire by rotation and shall not be taken into consideration for the purpose of computing the maximum number of Directors provided for in Article 128 .

- Debenture Director** 91. Any Trust Deed for securing debentures or debenture stock may if so arranged provided for the appointment from time to time by the Trustee thereof or by the holders of the debentures or debenture stock of some person to be Director of the Company and may empower such trustee or holders of debentures or debenture stock from time to time to remove any Directors so appointed. The Director appointed under the Article is herein referred to as the "Debenture Director" and the term Debenture Director means, the Director for the time being in office under these Articles. The Debenture Director shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or subject to the provisions of the Act, to be removed by the company. The Trust Deed may contain such ancillary provision as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.
- Appointment of Alternate Director** 92. The Board of Directors of the Company may appoint an Alternate Director to Act for a Director (hereinafter called the "Original Director") during his absence for the period of not less than three months in accordance with the provisions of Section 313 of the Act from the State in which the meetings of the Board are generally held and such appointment shall have effect and such appointee whilst holds office as an Alternate Director, shall be entitled to notice of meetings of the Directors and to attend and vote thereat accordingly.
- First Directors** 93. The persons hereinafter named shall become and be the First Directors of the Company:
- 1) Shri Satish C. Bagrodia
  - 2) Shri Manish Bagrodia
  - 3) Shri. D. K. Khaitain
  - 4) Shri M. P. Bagrodia
  - 5) Shri C.S. Jha
  - 6) Shri S. K. Duggal
- Power of Board to add to its number** 94. The Board shall have power, at any time and from time to time to appoint any person as a Director as an addition to the Board but so that the total number of Directors shall not any time exceed the maximum number fixed by these Articles. Any Directors so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for re-election.
- No share qualification of Directors** 95. Unless otherwise determined by the Company in general meeting a Director shall not be required to hold any share in the capital of the Company as his qualification.
- Remuneration of Director** 96. The remuneration of Director for his services for attending meeting of a Board or a Committee of the Board shall be a sum not exceeding the amount provided under section 310 of the companies Act, 1956 as fixed by the Board of Directors from time to time. The Directors (other than a Managing Director and a Director in the whole time employment of the Company) shall also be paid by way of further remuneration one per cent of the annual net profits of the Company, if the Company has a managing or whole time director or manager and three per cent of the net profit of the Company in any other case, such net profits being computed in the manner laid down in Section 349 of the Act except that the remuneration of Directors shall not be deducted from the gross profit. Such remuneration under this sub-para shall be paid to all the Directors for the time being or to any one or more of them in such proportion as the Directors may by the resolution of the Board authorising such payments decide and in default of such decision, equally amongst all the Directors from the time being in office during the year. Such remuneration in respect of each financial year shall be paid in the next subsequent year.
- Travelling and** 97. The Directors may allow and pay to any Director, who travels for the purpose of attending

**other expenses**

and returning from meetings of the Board of Directors or the Committee thereof or General Meeting, or otherwise in connection with any business of the Company, travelling and hotel and other expenses for himself and his wife as approved by the Board, for the purpose of his attendance, and in connection with the business of the Company in addition to his fees for attending such meetings as above specified and other remuneration payable to him. The Directors shall be entitled to all fees for filing documents which they may be required to file under the Act.

**Remuneration for extra service** 98.

If any Director, being willing, shall be called upon to perform extra services or to make any special exertions for any of the purposes of the company or in giving special attention to the business of the company or in performing any special duties involving a journey to and residence at a place other than the place of his ordinary residence, or as a member of a Committee of the Board then, subject to section 198, 309, 310 of the Act, the Board may remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled.

**Board may act at notwithstanding vacancy** 99.

The continuing Directors may act notwithstanding any vacancy in their body; but so that if the number falls below the minimum above fixed the Board shall not, except for the purpose of filling vacancies, act so long as the number is below the minimum.

**Vacation of office of Director** 100.

- (1) The office of a Director shall ipso Facto become vacant, if,
- (a) he fails to obtain within the time specified in sub-section (1) of section 270 of the Act, or at any time thereafter ceased to hold, the share qualification, if any, necessary for his appointment; or
  - (b) he is found to be of unsound mind by a Court of competent jurisdiction; or
  - (c) he applies to be adjudicated an insolvent; or
  - (d) he is adjudged an insolvent; or
  - (e) he is convicted by a Court of any offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or
  - (f) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call unless the Central Government has, by notification in the Official Gazette, removed the disqualification incurred by such failures; or
  - (g) he absents himself from three consecutive meetings of the Board or from all meetings of the Board for a continuous period of three months, whichever is the longer without obtaining leave of absence from the Board; or
  - (h) he (whether by himself or by any person for his benefit or on his account), or any firm in which he is a partner, or any private Company or which he is a director, accepts a loan, or any guarantee or security for a loan, from the Company in contravention of section 295 of the Act, or
  - (i) he acts in contravention of section 299 of the Act, or
  - (j) he becomes disqualified by an order of Court under section 203 of the Act; or
  - (k) he is removed from office in pursuance of section 284 of the Act; or
  - (l) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or
  - (m) he resigns his office by notice in writing to the company; or
  - (n) any office or place of profit under the Company or under any subsidiary of the Company is held in contravention of section 314 of the Act and by operation of that section he is deemed to vacate office.
- (2) Notwithstanding any matter or thing in sub-clauses (d) and (j) of clause (1), the disqualification referred to in those sub clauses shall not take effect :
- (a) for thirty days from the date of adjudication, sentence or order; or
  - (b) where an appeal or petition is preferred within the thirty days aforesaid against the

adjudication, sentence or conviction resulting in the sentence, or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or

- (c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification until such further appeal or petition is disposed of.

**Office of Profit.** 101. Any director or other person referred to in section 314 of the Act may be appointed to or hold any office or place of profit under the Company or under any subsidiary of the Company in accordance with the provisions of section 314 of the Act.

**When Director of this Company appointed director of a company in which the company is interested either as member or otherwise.** 102. A director of this Company may be or become a director of any other Company promoted by this Company in which it may be interested as a member, shareholder or otherwise and no such Director shall be accountable for any benefits received as a director or member of such company.

**Condition under which Directors may contract with Company** 103. Subject to the provisions of section 297 of the Act neither shall a Director be disqualified from contracting with the Company either as vendor, purchaser or otherwise for goods, materials, or services or for underwriting the subscription of any shares in or debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director, or a firm in which such Director or relative is a partner or with any other partner in such firm or with a private company of which such Director is a member or Director, be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established.

**Disclosure of a Directors interest** 104. Every Director who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company not being a contract or arrangement entered into or to be entered into between the Company and any other company where any of the Directors of the Company or two or more of them together holds or hold not more than two per cent of the paid up share capital in the other company shall disclose the nature of his concern or interest at a meeting of the Board as required by section 299 of the Act. A general notice, renewable in the last month of each financial year of the Company, that a Director is a Director or a member of any specified body corporate or is a member of any specified firm and is to be regarded as concerned or interested in any subsequent contract or arrangement with that body corporate or firm shall be sufficient disclosure of concern or interest in relation to any contract or arrangement so made and after such general notice, it shall not be necessary to give special notice relating to any particular contract or arrangement with such body corporate or firm, provided such general notice is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given. Every Director shall be bound to give and from time to time renew a general notice as aforesaid in respect of all bodies corporate, of which he is Director or member and of all firms of which he is member.

**Discussion and voting by Director interested** 105. No Director shall, as a Director, take any part in the discussion of, or vote on any contract or arrangement in which he is in any way, whether directly or indirectly concerned or interested, nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote. This prohibition shall not apply to (a) any contract of indemnity against any loss which the Directors of any one or more of them, may suffer by reason of becoming of being sureties or a surety for the Company; or (b) any contract or arrangement entered into or to be entered into by the Company with a Public Company, or with a

private company which is a subsidiary of a public company, in which the interest of the Director consists solely in his being a director of such Company and the holder of shares not exceeding in number or value the amount requisite to qualify him for appointment as a director thereof, he having been nominated as such Director by the Company or his being a member of the Company holding not more than two per cent of the paid up share capital of the Company.

#### APPOINTMENT AND RETIREMENT OF DIRECTORS

- Proportion to retire by rotation. 106. Not less than two-thirds of the total number of Directors shall be persons whose period of office is liable to determination by retirement of Directors by rotation.
- Rotation and retirement of directors. 107. At each Annual General Meeting of the Company one third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, than the number nearest to one third shall retire from office.
- Which Directors to retire. 108. The Directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day those to retire shall, in default of and subject to any agreement among themselves, be determined by lot.
- Appointment of Directors to be voted on individually. 109. Save as permitted by section 263 of the Act, every resolution of a general meeting for the appointment of a Director shall relate to one named individual only.
- Meeting to fill up vacancies 110. At the annual general meeting at which a Director retires by rotation as aforesaid the Company may fill up the vacancy by appointing the retiring Director or some other person thereof. If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place, if, at the adjourned meeting also, the place of the retiring Directors is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Directors shall be deemed to have been reappointed at the adjourned meeting unless :  
 (a) at the meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the vote and lost ; or  
 (b) the retiring Director has by notice in writing addressed to the Company or the Board expressed his unwillingness to be re-appointed, or  
 (c) he is not qualified or is disqualified for appointment ; or  
 (d) a resolution whether special or ordinary, is required for his appointment or re-appointment by virtue of any provisions of the Act or  
 (e) the provision to sub section (2) of section 263 of the Act is applicable to the case.
- Company in general meeting to increase or to reduce number of Directors. 111. The Company in general meeting may from time to time increase or reduce the number of Directors within the limits fixed by Article 86.
- Power to remove Director by ordinary resolution on special notice. 112. The Company may, subject to the provisions of section 284 of the Act, by ordinary resolution of which Special Notice has been given, remove any Director before the expiration of his period of office and may by ordinary resolution of which special notice has been given, appoint another person in his stead, if the Director so removed was appointed by the Company in general meeting or by the Board under Article 110. The person so appointed shall hold office until the date upto which his predecessor would have held office if he had not been so removed. If the vacancy created by the removal of a Director under the provisions of this Article is not so filled by the meeting at which he is removed the Board may at any time thereafter fill such vacancy under the provisions of Article 110.
- Board may fill up casual vacancies. 113. If the Director appointed by the Company in general meeting vacates office as a Director before his term of office will expire in the normal course the resulting casual vacancy may be filled up by the Board at a meeting of the Board, but any person so appointed shall

- retain his office so long only as the vacating Director would have retained the same if no vacancy had occurred, provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Article 109.
- When the comp- 114. No person not being a retiring Director shall be eligible for appointment to the office of any and candidate Director at any general meeting unless he or some member intending to propose him must give notice has, not less than fourteen days before the meeting, left at the office a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office as the case may be. The Company shall inform its members of the candidature of a person for the office of Director on the intention of a member to propose such person as a candidate for that office, by serving individual notices on the members not less than seven days before the general meeting.
- Provided that it shall not be necessary for the Company to serve individual notices upon the members as aforesaid if the company advertises such candidature on intention not less than seven days before the general meeting in at least two newspapers circulating in the place where the office is located, of which one is published in the English language and the other in the regional language of that place.

#### ALTERNATE DIRECTORS

- Power to appoint 115. The Board may appoint any person to act as alternate Director for a Director during the Alternate Director latter's absence for a period of not less than three months from the State in which meeting of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate director, shall be entitled to notice of meetings of the Board and to attend and vote thereat accordingly, but he shall not require any qualification and shall ipso facto vacate office if and when the absent Director returns to the State in which meetings of the Board are ordinarily held or the absent Director vacates as a Director.

#### PROCEEDINGS OF DIRECTORS

- Meeting of 116. The Board shall meet together at least once in every three months for the despatch of Directors business and may adjourn and otherwise regulate its meeting and proceedings as it thinks fit provided that at least four such meetings shall be held in every year. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India, and at his usual address in India to every other Director.
- Place of meeting 117. Unless otherwise determined from time to time and at any time by the consent of all the Directors for the time being in India meetings of the Board shall take place at the office.
- Chairman 118. The Board shall appoint a Chairman of its meetings and determine the period for which he is to hold office. If no such Chairman is appointed or at any meeting to the Board, the Chairman is not present within fifteen minutes after the time appointed for holding the same, the Directors present shall choose some one of the number to be the Chairman of such meeting.
- So long as the Punjab State Industrial Development Corporation Limited (PSIDC) (hereinafter called 'the CORPORATION') hold not less than 11% (Eleven percent) of the paid up equity capital of the Company, it shall have the right to Nominate the Chairman of the Company This Nomination by the Corporation shall be made out of the Directors of the Company Nominated by it pursuant to article 89 and such Nominee shall be an officer of the State Government or of the Corporation.
- The Chairman need not be whole-time Director of the Company but he shall be entitled to call for any information regarding the working of the Company.
- Quorum 119. The quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of section 287 of the Act. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board, it shall be adjourned until such date and time as the Chairman of the Board shall appoint.
- Powers of 120. A meeting of the Board at which quorum be present shall be competent to exercise all or quorum any of the authorities, powers and discretions by or under these Articles or the Act for the

time being vested in or exercisable by the Board.

- How questions to be decided** 121. Subject to the provisions of sections 316, 372 (5) and 386 of the Act, questions arising at any meeting shall be decided by a majority of votes, and in case of an equality of votes, the Chairman shall have a second or casting vote.
- Power to appoint committees and to delegate** 122. (a) The Board may, subject to the provisions of the Act, from time to time and at any time, delegate any of its powers to a Committee consisting of such Director or Directors as it thinks fit, and may, from time to time, revoke such delegation. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.  
So long as the Punjab State Industrial Development Corporation Limited and M/s Winsome Textile Industries Limited respectively shall continue to hold not less than 11% and 25% of the paid up equity capital of the Company, all committees appointed by the Board of Directors of the Company shall have on them an equal number of Nominees of the parties hereto.
- (b) OCCUPIER  
The Directors shall from time to time authorise and nominate any person, not being a Director, to act and function as the Occupier under the Factories Act, 1948 and consequently having ultimate control, in relation to the said Act, over the affairs of any of the Company's factories and in this connection the Directors may delegate any of their powers to such a person as necessary.
- Proceedings of committee** 123. The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto, and are not superseded by any regulations made by the Board under the last preceding Article.
- When acts of a Director valid notwithstanding defective appointment etc.** 124. Acts done by a person as a Director shall be valid notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provisions contained in the Act or in these Articles. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.
- Resolution without board meeting** 125. (1) Save in those cases where resolution is required by section 292, 297, 316, 372 (5) and 386 of the Act, to be passed at a meeting of the Board, a resolution shall be as valid and effectual as if it had been passed at a meeting of the Board or Committee of the Board, as the case may be, duly called and constituted, if a draft thereof in writing is circulated, together with the necessary papers, if any, to all Directors, or to all the members of the Committee or the Board, as the case may be, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee as the case may be), and to all other Directors or members of the Committee at usual address in India, and has been approved by such of them as are then in India or by a majority of such of them as are entitled to vote on the resolution.
- (2) A resolution under section 262 of the Act of fill up a casual vacancy in the Board shall also be passed at a meeting of the Board.
- MINUTES**
- Minutes to be made** 126. (1) The Board shall, in accordance with the provisions of section 193 of the Act cause minutes to be kept of every general meeting of the Company and of every meeting of the Board or of every Committee of the Board.
- (2) Any such Minutes of any meeting of the Board or any Committee of the Board or of the Company in general meeting, if kept in accordance with the provisions of section 193 of the Act, shall be evidence of the matters stated in such Minutes. The Minute Books of general meeting of the Company shall be kept at the office and shall be open to inspection by members during the hours of 11 a.m. and 1 p.m. on such

business days as the Act requires them to be open for inspection.

#### POWERS OF THE BOARD

- General powers of company vested in the board** 127. Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers, and to do all such acts things as the Company is authorised to exercise and do :
- Provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other statute or by the memorandum of the Company or by these Articles 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 Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of the Company or in these Articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulation made by the Company in general meeting, but to regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

#### COMMENCEMENT OF NEW BUSINESS

- Compliance before commencement of new Business** 127. (a) The Company shall not at any time commence business in relation to any of the objects stated in Clause 3(c) of its Memorandum of Association unless the provisions of sub-section (2A) of section 149 of the Act have been duly complied with by it.

#### MANAGING/WHOLETIME DIRECTOR

- Power to appoint Managing or Wholetime Directors** 128. Subject to the provisions of section 197A, 269, 316 and 317 of the Act, the Board may from time to time appoint one or more Directors to be Managing or Wholetime Director or Directors of the Company for a term not exceeding five years at a time and may from time to time (subject to the provisions of any contract between him and the Company) remove or dismiss him from office and appoint another in his place.

- To what provisions he shall be subject** 129. (1) Subject to the provisions of section 255 of the Act, a Managing or Wholetime Director shall not, while he continues to hold that office, be liable to retirement by rotation but (subject to the provisions of any contract between him and the Company) he shall be subject to the same provisions as the resignation and removal as the other Directors and he shall ipso facto and immediately, cease to be a Managing or Wholetime Director if he ceases to hold the office of Director for any reason whatsoever save that if he shall vacate office whether by retirement, rotation or otherwise under the provisions of the Act at any Annual General Meeting and shall be re-appointed a Director at the same meeting he shall not, by reason only of such vacation cease to be a Managing or Wholetime Director.

#### 2) SENIORITIES OF MANAGING AND/OR WHOLETIME DIRECTOR

If at any time the total number of Managing and/or Wholetime Directors, is more than one-third of the total number of Directors, the Managing and/or Wholetime Directors who shall not retire shall be him or them who has or have been holding such office in the Company for the longest period.

- Remuneration of Managing or Wholetime Director** 130. Subject to the provisions of section 309, 310, 311 and 314 of the Act, Managing, Joint Managing or Wholetime Director may in addition to any remuneration payable to him as a Director of the Company under these Articles, receive such additional remuneration as may from time to time be sanctioned by the Company in general meeting.

- Powers of Managing or Wholetime Director** 131. Subject to the provisions of the Act and in particular to the prohibitions and restrictions contained in section 292 thereof, the Board may, from time to time, entrust to and confer upon a Managing or wholetime Director for the time being such of the powers exercisable under these present by the Directors as it may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as it thinks fit; and the Board may confer such powers, either collaterally with or to be exclusion of, and in substitution for all or any of the powers

of the Directors in that behalf ; and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.

#### **MANAGER**

- Power to appoint Manager** 132. Subject to the provisions of section 197A, 317, 388 and other applicable Section of the Act the Board may, at any time and from time to time, appoint an individual as the Manager of the Company and may determine his powers and duties and fix his remuneration and the period for which and other terms and conditions on which he is to hold such office.

#### **SECRETARY**

- Power to appoint Secretary** 133. The Board may, at any time and from time to time, appoint a Secretary of the Company on such terms and conditions as it may think fit.

#### **THE SEAL**

- Custody of Seal** 134. The Board shall provide for the safe custody of the Seal and the Seal shall never be used except by the authority of a resolution previously given of the Board or a committee of the Board authorised by the Board in that behalf and, save as provided in Article 14(1) hereof, any two Directors or one Director and the Secretary or one Director and such other person as the Board may appoint shall sign every instrument to which the Seal is affixed :

Provided nevertheless, that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Board to issue the same.

#### **ANNUAL RETURNS**

- Annual returns** 135. The Company shall comply with the provisions of sections 159 and 161 of the Act as to the making of Annual Returns.

#### **RESERVES**

- Reserves** 136. The Board may, from time to time before recommending any dividend, set apart any and such portion of the profits of the Company as it thinks fit as Reserves to meet contingencies or for the liquidation of any debenture, debts or other liabilities of the Company, for equalisation of dividends for repairing, improving or maintaining any of the property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interests of the Company and may, subject to the provisions of section 372 of the Act, invest the several sums so set aside upon such investments (other than shares of the Company) as it may think fit, and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company, and may divide the Reserves into such special funds as it thinks fit with full power to employ the Reserves or any parts thereof in the business of the Company, and that with out being bound to keep the same separate from the other assets.

- Investment of money** 137. All moneys carried to the Reserves shall nevertheless remain and be profits of the Company applicable, subject to due provisions being made for actual loss or depreciation, for the payment of dividends and such moneys and all the other moneys of the Company not immediately required for the purposes of the Company may, subject to the provisions of sections 370 and 372 of the Act, be invested by the Board in or upon such investments or securities as it may select, or may be used as working capital or may be kept at any Bank on deposit or otherwise as the Board may from time to time think proper.

#### **CAPITALISATION OF RESERVES**

- Capitalisation of reserves** 138. Any general meeting may upon the recommendation of the Board resolve that any undivided profits of the Company standing to the credit of the Reserves, or any Capital Redemption Reserve Account, or in the hands of the Company and available for dividend or representing premiums received of the issue of shares and standing to the credit of the Share premium Account be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in



full any unissued shares, debentures or debenture stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the capitalised sum :

Provided that any sum standing to the credit of a Share Premium Account or a Capital Redemption Account may, for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

- Fractional certificates** 139. For the purpose of giving effect to any resolution under the last preceding Article the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates. Where requisite a proper contract shall be filed in accordance with section 75 of the Act, and the Board may appoint any any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund, and such appointment shall be effective.

#### DIVIDENDS

- How profits shall be divisible** 140. Subject to the right of members entitled to shares (if any) with preferential or special rights attached thereto, the profits of the Company which it shall from time to time be determined to divide in respect of any year or other period shall be applied in the payment of a dividend on the Equity Shares of the Company but so that a partly paid-up share shall only entitle the holder with respect thereof to such a proportion of the distribution upon a fully paid-up share as the amount paid thereon bears to the nominal amount of such share and so that where capital is paid up in advance of calls such capital shall not rank for dividends or confer a right to participate in profits.

- Declaration of dividends** 141. The Company in general meeting may declare a dividend to be paid to the members according to their rights and interest in the profits any may, subject to the provisions of section 207 of the Act, fix the time for payment.

- Restrictions on amount of dividends** 142. No larger dividend shall be declared than is recommended by the Board, but the Company in general meeting may declare a smaller dividend.

- Dividend** 143. Subject to the provisions of section 205 of the Act, no dividend shall be payable except out of the profits of the Company or out of moneys provided by the Central or a State Government for the payment of the dividend in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company.

- What is to be deemed net profits** 144. The declaration of the Board as to the amount of the net profits of the Company shall be conclusive, subject to the provisions of the Act.

- Interim dividends** 145. The Board may, from time to time, pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company.

- Debts may be deducted** 146. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to Company on account of calls or otherwise in relation to the shares of the Company.

- Dividend and call together** 147. Subject to the provisions of Article 16, any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend and dividend may be set off against the call.

- Dividend in cash** 148. No dividend shall be payable except in cash : provided that nothing in the foregoing shall be deemed to prohibit the capitalisation of profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on the shares held by the members of the Company.

- Effect of transfer** 149. A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer by the Company.

- Payment of Interest on capital** 150. The Company may pay interest on capital raised to repay the expenses of the construction of works or buildings or the provision of any plant, and so far as it shall be authorised to do by section 208 of the Act.

- To whom dividends payable 151. No dividend shall be paid in respect of any share except to the registered holder of such share or to his order or to his bankers but nothing contained in this Article shall be deemed to require the bankers of a registered shareholder to make a separate application to the Company for the payment of the dividend. Nothing in this Article shall be deemed to affect in any manner the operation of Article 146.
- Dividend to jointholders 152. Any one of several persons who are registered as the joint-holders of any share may give effectual receipts for all dividends, bonuses and other payments in respect of such share.
- Payment by post 153. Unless otherwise directed in accordance with section 206 of the Act, any dividend, interest or other moneys payable in cash in respect of a share may be paid by cheque or warrant sent through the post 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 the first named in the Register in respect of the joint-holding or to such person and such address as the holder or joint-holders, as the case may be, direct, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.
- Unclaimed dividends 154. Any dividend unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and any dividend unclaimed till the claim thereto becomes barred by law may be forfeited by the Board for the benefit of the Company, but the Board may annul the forfeiture whatever it may think proper. In case of unclaimed dividend, the Company will comply with the provisions of section 205 (A) of the Companies Act.

#### BOOKS AND DOCUMENTS

- Books of account to be kept 155. The Board shall cause to be kept in accordance with section 209 of the Act, proper books of account with respect to :
- (a) all the 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 ; and
  - (d) any other particulars as may be required by the Central Government.
- Where to be kept 156. The books of account shall be kept at the Office or at such other place in India as the Board may decide and when the Board so decides, the Company shall, within seven days of the decision, file with the Registrar a notice in writing giving the full address of that other place.
- Inspection 157. (1) The books of account and other books shall be open to inspection during business hours by any Director, Registrar or other Officer of the Government authorised by the Central Government in this behalf.
- (2) 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 books of account and books and documents of the Company, other than those referred to in Articles 123 (2) and 179 or any of them, shall be open to the inspection of the members not being Directors and no members (not being a Director) shall have any right of inspecting any books of account or books or document of the Company except as conferred by law or authorised by the Board or by the Company in general meeting.
- Books of Account and Vouchers to be preserved 158. The books of account of the Company together with the vouchers relevant to any entry in such books of account shall be preserved in good order for a period of not less than the period provided in section 209 (4A) of the Act.

#### BALANCE SHEET AND ACCOUNTS

- Balance sheet and profit and loss account 159. At every annual general meeting the Board shall lay before the Company a Balance Sheet and Profit and Loss Account made up in accordance with the provisions of section 210 of the Act and such Balance Sheet and Profit and Loss Account shall comply with the requirement of sections 210, 211, 212, 215 and 216 and of Schedule VI of the Act so far as they are applicable to the Company but, save as aforesaid, the Board shall not be

bound to disclose greater details of the result or extent of the trading and transactions of the Company than it may deem expedient.

- Annual Report of Directors.** 160. There shall be attached to every Balance Sheet laid before the Company a report by the Board complying with section 217 of the Act.
- Copies to be sent to members and other.** 161. A copy of every Balance Sheet (including the Profit and Loss account, the Auditors' Report and every document required by law to be annexed or attached to the Balance Sheet) shall, as provided by section 219 of the Act, not less than twenty one days before the meeting be sent to every such member, debenture holder, trustee and other person to whom the same is required to be sent by the said Section.
- Copies of Balance Sheet etc. to be filed** 162. The Company shall comply with section 220 of the Act as to filing copies of the Balance Sheet and Profit and Loss Account and documents required to be annexed or attached thereto with the Registrar.

#### AUDIT

- Accounts to be Audited Annually** 163. Once at least in every year the Books of account of the Company shall be examined by one or more Auditors.
- First Auditors** 164. The first Auditors of the Company shall be appointed by the Board within one month after the date of registration of the Company and the Auditor or Auditors so appointed shall hold office until the conclusion of the first Annual General Meeting of the Company.
- Appointment and Remuneration of Auditors** 155. The Company shall at each annual general meeting appoint an Auditor or Auditors to hold office from the conclusion of that meeting until the conclusion of the next annual general meeting and shall, within seven days of the appointment, give intimation thereof to every Auditor so appointed unless he is or they are retiring Auditor or Auditors. The appointment, remuneration, rights and duties of the auditor or auditors shall be regulated by section 224 to 227 of the Act.
- Audit of Accounts of Branch Office of company** 166. Where the Company has a branch office the provisions of section 228 of the Act shall apply.
- Right of Auditor to attend General Meeting** 167. All notices of, and other communication 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 any general meeting and to be heard at any general meeting which he attends on any part of the business which concerns him as Auditor.
- Auditor's Report to be read** 168. The Auditor's Report (including the Auditors' separate, special or supplementary report, if any) shall be read before the Company in general meeting and shall be open to inspection by any member of the Company.
- When Accounts to be deemed finally settled** 169. Every Balance Sheet and Profit and Loss Account of the Company when audited and adopted by the Company in general meeting shall be conclusive.

#### SERVICE OF NOTICE AND DOCUMENTS

- How Notices to be served on members** 170. (1) A notice or other document may be given by the company to any member either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, within India supplied by him to the Company for the giving of notices to him.
- Service by Post** (2) Where an notice or other document is sent by post :  
(a) service thereof shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice or document, provided that where a member has intimated to the Company in advance that notices or documents should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sufficient sum to defray the expenses of doing so, service of the notice or document shall not be deemed to be effected unless it is sent in the manner intimated by the member; and

- (b) such service shall be deemed to have been effected :
- (i) in the case of a notice of a meeting at the expiration of forty-eight hours after the letter containing the same is posted ; and
  - (ii) in any other case, at the time at which the letter would be delivered in the ordinary course of post.

- Notices to Mem- bers who have not supplied addresses** 171. A notice or other document advertised in a newspaper circulating in the neighbourhood of the office shall be deemed to be duly served on the day on which the advertisement appears on every member of the Company who has no registered address in India and has not supplied to the Company an address within India for the giving of notice to him. Any member who has no registered address in India shall, if so required to do by the Company, supply the Company with an address in India for giving of notices to him.
- Notice to joint holders** 172. A notice or other document may be served by the Company on the joint-holders of a share by giving the notice to the joint-holders named first in the Register in respect of the share.
- Notice to persons entitled by transmission.** 173. A notice or other document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or assignee of the insolvent or by any like description, at the address in India supplied for the purpose by the persons claiming to be so entitled or, until such an address has been so supplied by giving the notice in any manner in which the same might have been given if the death or insolvency had not occurred.
- When notice may be given by advertisement.** 174. Any notice required to be given by the Company to the members or any of them and not expressly provided for by these Articles or by the Act shall be sufficiently given if given by advertisement.
- How to be Advertised.** 175. Any notice required to be or which may be given by advertisement shall be advertised once in one or more newspapers circulating in the neighbourhood of the Office.
- When notice by Advertisement deemed to be served.** 176. Any notice given by advertisement shall be deemed to have been given on the day on which the advertisement shall first appear.
- Transferee etc bound by prior notices.** 177. Every person who by operation of law, transfer or other means whatsoever, shall become entitled to any share shall be bound to every notice in respect of such share which previously to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such share.
- Notice valid though member deceased.** 178. Subject to the provisions of Article 171, any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these Articles shall, notwithstanding such member be then deceased and whether or not the Company have notice of his demise, be deemed to have been duly served in respect of any registered share, whether held solely or jointly with other persons by such member until some other person be registered in his stead as the holder or joint-holders thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his heirs, executors or administrators and all persons, if any, jointly interested with him in any such share.

#### KEEPING OF REGISTERS AND INSPECTION

- Registers etc to be maintained by the Company** 179. The Company shall duly keep and maintain at the office, in accordance with the requirements of the Act in that behalf, the following Registers :
- (1) A Register of Investments not held by the Company in its own name pursuant to section 49 (7) of the Act.
  - (2) A Register of charges pursuant to section 143 of the Act.
  - (3) A Register of Members pursuant to section 150 and whenever the Company has more than 50 members, unless such Register of members is in a form which itself constitutes an index, an index of members pursuant to section 151 of the Act.
  - (4) A Register of Renewed and Duplicate Certificates pursuant to Rule 7(2) of the Companies

(Issue of Share Certificates) Rules, 1960, or any statutory modification or re-enactment thereof.

- (5) A Register of Debenture-holders pursuant to section 152 and, whenever the Company has more than 50 Debenture-holders, unless such Register of Debenture-holders itself constitutes an index, an index of Debenture-holders pursuant to section 152 (2) of the Act.
- (6) A Register of Contracts pursuant to Section 301 of the Act.
- (7) A Register of Directors, Managing Director, Manager and Secretary pursuant to section 303 of the Act.
- (8) A Register of Directors' Share-holdings pursuant to section 307 of the Act.
- (9) A Register of Loans, etc. pursuant to section 370 of the Act.
- (10) A Register of Investments made by the Company in shares and debentures of bodies corporate in the same group pursuant to section 372 of the Act.

- Supply of copies of registers etc. 180. The Company shall comply with the provisions of section 39, 118, 163, 192, 196, 219, 301, 302, 304, 307, 370, and 372 of the Act as to the supplying of copies of the registers, deeds, documents, instruments, returns, certificates and books therein mentioned to the person therein specified when so required by such persons, on payment of the charges, if any, prescribed by the said Sections.
- Inspection of Register etc. 181. Subject to provisions of 209 (4) of the Act where under any provisions of the Act any person, whether a member of the Company or not, is entitled to inspect any register, return, certificate, deed, instruments or document required to be kept or maintained by the Company, the person so entitled to inspection shall be permitted to inspect the same during the hours of 11 a.m. and 1 p. m. on such business days as the Act requires them to be open for inspection.
- When registers of members and debenture holders may be closed 182. The Company may, after giving not less than seven days previous notice by advertisement in some newspapers circulating in the district in which the office is situated, close the Register of Members or the Register of Debenture-holders, as the case may be for any period not exceeding thirty days at any one time.

#### RECONSTRUCTION

- Reconstruction 183. On any sale of the undertaking of the Company the Board or the Liquidators on a winding-up may, if authorised by a Special Resolution, accept fully paid or partly paid-up shares, debentures or securities of any other Company, whether incorporated in India or not either then existing or to be formed for the purchase in whole or in part of the property of the Company, and the Board (if the profits of the Company permit) or the Liquidators (in a winding-up) may distribute such shares or securities, or any other property of the Company amongst the members without realisation, or vests the same in trustees for them, and any Special Resolution may provide for the distribution or appropriation of the cash, shares, or other securities, benefit or property otherwise than in accordance with the strict legal rights of the members or contributors of the Company, and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound up by valuation of distribution so authorised, and waive all right in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights (if any) under section 484 of the Act as are incapable of being varied or excluded by these Articles.

#### SECRECY

- Secrecy 184. Every Director, Secretary, Trustee for the Company, its members or debenture holders, members of a committee, officer, servant, agent, accountant, or other person employed in or about the business of the Company shall, if so required by the Board before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal

any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any general meeting by a Court of law and except so far as may be necessary in order to comply with any of the provisions of these Articles.

- No member to enter the premiss of the Company
185. No member or other person (not being a Director) shall be entitled to enter upon the property of the Company or to inspect or examine the premises or properties of the Company without the permission of the Board, or subject to Article 155, to require discovery of or any information respecting any detail of the trading of the Company or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board, will be inexpedient in the interest of the Company to communicate.

#### WINDING UP

- Distribution of Assets
186. If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively. And if in a winding-up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding-up, the excess shall be distributed amongst the members in proportion to the paid up capital at the commencement of the winding-up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

- Distribution of Assets in specie
187. If the Company shall be wound up, whether voluntarily or otherwise, the Liquidators may, with the sanction of a special resolution, divide among the contributories, in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company, in trustees upon such trusts for the benefit of the contributories, or any one of them as the Liquidators, with the like sanction, shall think fit.

#### INDEMNITY

- Indemnity
188. Every Director, Secretary or Officer of the Company or any persons (whether an officer of the Company or not) employed by the Company and any person appointed Auditor shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, Secretary, Officer, Employee or Auditor 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.

Name address, description and occupation of the subscriber	No. of Equity Shares taken by each subscriber	Signature of Subscriber	Name, address, description & occupation of witness
SATISH BAGRODIA S/o Sh. M.P. Bagrodia on b/o Winsome Textile Industries Ltd. 68, Sector 9-A, Chandigarh (Business)	11 (Eleven)	Sd/-	All signatures verified Sd/- (PARVEEN CHANDER SARIN) S/o Late Sh. N. N. Sarin Consultant 1052, Sector 27-B, Chandigarh
MADAN LAL GUPTA S/o Sh. Musaddi Lal Gupta 2164/1, Sector 45-C, Chandigarh (Service)	1 (One)	Sd/-	
PRAKASH CHAND SHARMA S/o Pt. Hem Raj Kaushika 43, Sector 17, Panchkula (Service)	1 (One)	Sd/-	
MUKESH KUMAR AGGARWAL S/o Sh. Chatar Sain H. No. 216, Sector 16, Panchkula (Service)	1 (One)	Sd/-	
P.K.B. RAJENDRAN H.No. 83, Sector 20-A, Chandigarh (Service)	1 (One)	Sd/-	
P.A. ACHARYA H.No. 3166, Sector 27-D, Chandigarh (Service)	1 (One)	Sd/-	
MANISH BAGRODIA S/o Sh. S.C. Bagrodia H. No. 68, Sector 9-A, Chandigarh (Service)	1 (One)	Sd/-	
TOTAL	17 (Seventeen)		

Place : Chandigarh

Date : 12-7-1990