PART XXXII

FORMATION OF NON-PROFIT MAKING COMPANIES

Synopsis

Important Provisions at a Glance

Sl. No.	*Sections*	*Matters dealt with*	*E-Form Nos.*
1.	25	Obtaining licence for formation of a company without the word Ltd. or Pvt. Ltd. and procedure for that.	24A

The objective of section 25 of the Companies Act, 1956 is to provide special benefits and privileges to such organisations, which are formed for the purpose of:

(*a*) promoting commerce, art, science, religion, charity or any other useful object, and

(*b*) apply its profits and incomes for promotion of its objects and prohibit distributing them as dividends.

Such associations enjoy their standing as a company and at the same time are not required to suffix the words 'private limited' or 'limited' as required under section 13(1)(*a*).

The procedure for forming a section 25 company and for conversion of an existing company into a section 25 company are provided in the Companies Regulations, 1956 and annexure thereto.

PROCEDURE FOR FORMATION OF A NON-PROFIT MAKING COMPANY WITHOUT THE WORD "LIMITED" OR "PRIVATE LIMITED" IN ITS NAME

As stated above the provisions of section 25 read with the Companies Regulations, 1956 lay down the procedure for its incorporation.

A careful reading of section 25 of the Act brings into picture the corporate status of an association established for welfare purposes without incorporation of the words 'Private Limited' or 'Limited'. Hence the procedure from the stage of selection of the name to its availability from the Registrar of Companies is the same as for the incorporation of an ordinary company. [Refer Chapter 2, Part I]

STEPS PRESCRIBED FOR INCORPORATION OF A SECTION 25 COMPANIES

Any association desirous of being incorporated as a company with limited liability, without the addition of word "Limited" or the words "Private Limited" as the case may be shall make an application in writing to the Central Government on behalf of such company/proposed company as the case may be, for grant of licence under section 25.

It is usual to form such companies whose objects may be to protect and promote the interests of traders and business groups or to promote art, science, religion, charity or such other general purpose, which is in the overall interest of the community. Section 25 of the Companies Act, 1956 deals with the powers of the Central Government to dispense with 'Limited' in the name of charitable or other companies on fulfillments of certain conditions and is entrusted with the power to grant licence to association that for the companies proposed to be formed without the word "Limited" or "Private Limited" in their names or to companies already formed to delete the said words from their names where the Central Government is satisfied that:—

(*a*) the object for which the company is proposed to be formed or already formed is to promote commerce, art, science, religion, charity or any other useful objects;

(*b*) profits, if any, earned in carrying out the object and other income are proposed to be applied only for promoting its objects; and

(*c*) the company intends to prohibit the payment of dividend to its members.

1. Type of section 25 company

A section 25 company, which is proposed to be registered with limited liability, may either be a public limited company or a private limited company as may be decided by the promoters.

2. Membership in a section 25 company

Section 25(4) of the Companies Act provides that a partnership firm may become a member of section 25 companies; membership of such firm shall cease upon dissolution of the firm. However, partners of the dissolved firm may continue to be the members of such company in their individual capacity.

It is advisable that the firm should obtain membership in the individual name of the partners as they may agree.

3. No requirement of minimum paid-up capital

Requirement of minimum paid-up capital of Rs. 1.00 Lac for a private limited and Rs. 5.00 Lacs for a public limited company shall not be applicable to a company registered u/s 25 of the Companies Act, 1956.

APPLICATION TO THE CENTRAL GOVERNMENT FOR ISSUANCE OF LICENCE

The power u/s 25 has been delegated to the Regional Directors of the Ministry of Company Affairs. Accordingly, the application in e-Form 24A as prescribed by the Notification No. GSR 56(E) dated 10th Feb., 2006 (previously there was no form prescribed for that purpose) for grant of permission under the section is required to be made electronically to the concerned Regional Director (Mumbai/ Kolkata/ Chennai/Kanpur), in whose jurisdiction the registered office of the company is proposed to be situated. The application should be made in conformity with the procedure laid down in the Companies Regulations, 1956 (the said Regulations).

E-Form 24A (*See* Appendix 1) has to be submitted with following enclosures in the PDF files:

I. In case of new association

- *(a)* Memorandum of association (MoA).
- *(b)* Articles of association (AoA).
- *(c)* Declaration as per annexure V of Companies Regulation Act, 1956.
- *(d)* Declaration by advocate of Supreme Court or High Court, attorney or pleader entitled to appear before a High Court, or a company secretary or chartered accountant in whole time practice that the MoA and AoA have been drawn in conformity with provisions of the Act.
- *(e)* Details of the promoters and of the proposed directors of the company.
- *(f)* A list of the names, addresses, descriptions and occupations of its directors and of its managers or secretary, if any, together with the names of companies, associations and other the directors of the applicant company are directors or hold responsible positions, if any with the descriptions of the positions so held.
- *(g)* Statement of the grounds on which application is made.
- *(h)* If any of the above documents is not in English or Hindi, then a translation of such document in English or Hindi.

II. In case of company already registered

- *(a)* Future annual income and expenditure estimates.
- *(b)* Assets and liability statement with there estimated value as on seven days before making the application.
- *(c)* Last two years' accounts, balance sheet and report on working of the association as submitted to the members of the association.
- *(d)* Statement of brief description of the work, if already done by the association and work proposed to be done.
- *(e)* If any of the above documents is not in English or Hindi, then a translation of such document in English or Hindi.

CONTENTS OF MEMORANDUM AND ARTICLES OF ASSOCIATION

The Memorandum of Association of a proposed company under section 25 shall be in the form set out in Annexure I of the Companies Regulations, 1956 or in a form as near thereto as circumstances admit. Specimen of the Memorandum and Articles of Association has been given in Appendix 2 and 3.

However, the section 25 company may adopt the normal format for its articles as applicable in case of a public or a private company as the case may be.

RESTRICTION ON ALTERATION IN THE MEMORANDUM AND ARTICLES OF A COMPANY LICENSED U/S 25

Section 25(8)(*a*) provides that a company that has received a licence under the section, shall not alter the provisions of its Memorandum as regards its objects except, with the previous approval of the Central Government If the company contravenes the above provisions, the Central Government may revoke the licence granted to such company. Where the licence is revoked, the company shall, within a period of three months or such longer period as may be allowed by the Central Government change its name, which does not contain the words specified in sub-section (9). Contravention of sub-section (9) will be punishable with fine which may extend to Rs. 5,000 for every day during which default continues.

It was held in the case of *C.R. Singhania* v *Garware Club House* (2003) 57 CLA 422 (Bom) that the license issued u/s 25 of the Companies Act specifically provide that no alteration shall be made to the AOA of the company unless the alteration had been previously submitted to and approved by the Central Government. In view of this it is not necessary for the company to follow the provisions of sections 255 and 256 of the Act.

4. Effect of registration u/s 25 of the Act

After receipt of the licence from the Regional Director, the association may thereupon be registered u/s 25 of the Act. On registration of a company accordingly with limited liability, it shall enjoy all the privileges as given Para 12 and the word 'Limited' or 'Private Limited' will not be included in the name of such company.

5. Revocation of licence

In terms of sub-section (7) of section 25, the licence granted u/s 25 may be revoked by the Central Government at any time and on such revocation, the Register of Companies shall enter the word(s) "Limited" or "Private Limited" (as the case may be) at the end of the name of the company and the body shall cease to enjoy the exemptions/privileges granted to it by this section. However, before taking action the Central Government shall give notice in writing of its intention to revoke the licence and shall offer opportunity to the company of being heard. On revocation of licence the company shall change its name within three months from the date of order or within such longer period as the Central Government may allow and in such situation section 21 and 23 shall become applicable.

6. Amalgamation between section 25 company and other companies

It has been held by Bombay High Court that if their is any contravention of section 25(7) the remedy lies elsewhere as the company might invite revocation of the licence but their cannot be bar to the sanctioning of the scheme of amalgamation by the High Court/Tribunal.

However, section 25 companies may be amalgamated with another section 25 companies subject to compliance with the provisions of the Act.

7. Other formalities

Before sending the application to Regional Director referred, it is advisable to submit a copy of the application with all documents to the Registrar of Companies of the State in which the registered office of the proposed company will be situated or the registered office of the company is situated as the case may be, and copy of the acknowledgement received from the Registrar of Companies, should also be enclosed with the application.

8. Publication of notice

Before making application to the Regional Director, the applicant should publish a notice in a newspaper in the principal language of the district in which the registered office of the proposed company to be or is situated and also in an English newspaper circulating in the district.

9. Granting of License

The Regional Director shall, after considering the objections, if any, received within 30 days from the date of publication of the notice in the newspaper, and after consulting any authority, department or ministry, as he may, in his discretion, decide, determine whether the licence should or should not be granted.

The Regional Director may also direct the company to insert in its memorandum, or in its articles, or in both, such conditions of the licence as may be specified by him in this behalf.

The Regional Director exercising the powers of the Central Government had while issuing the license to the company u/ 25 of the Companies Act, may provide that no amendments shall be made to the Memorandum and Articles of Association of the company without the prior approval of the Central Government. [*C.R. Singhania Vs Garware Club House* (2003) 57 CLA 422 (Bom)].

10. Secretarial Compliance Certificate

If the paid up share capital of the company is Rs. 10 Lacs or more and not required to appoint a secretary, the company shall require to obtain compliance certificate under section 383A of the Companies Act and to file it with the Registrar with details given in the respective Part.

11. Exemptions/privileges available to section 25 companies

The Central Government has provided various exemptions to a company incorporated under section 25 of the Companies Act, 1956 from time to time for compliance of the various provisions of the Act.

The Central Government is vested with the power, pursuant to sub-section (6) of section 25 to order that certain provisions of the Act as specified in the order shall not apply to a company to whom licence has been granted to not to use the word "Limited" or the words "Private Limited" as part of its name. The following exemptions are available to such a company as per the notifications issued till now:—

1.	Section 3(5)	Not required to have minimum paid up capital.
2.	Section 147	Entire provisions.
3.	Section 160(l)(*aa*)	Entire provisions.
4.	Section 166(2)	The Board of directors may in advance decide the time, date and place of each annual general meeting taking into account the direction, if any, given by the company in general meeting.
5.	Section 171(1)	A general meeting may be called by giving notice of not less than 14 days.
6.	Section 209(4A)	Preservation of records shall be for at least 4 years preceding the current year.
7.	Section 219	Documents may be sent to members not less than 14 days before the meeting.
8.	Section 257	Not applicable to a company which has provided by its articles for election of directors by ballot.
9.	Sections 259, 264(1)	Entire provisions.
10.	Sections 280, 282	Entire provisions.
11.	Section 285	There shall be a Board meeting at least once in every six calendar months.
12.	Section 287	Quorum for Board meeting shall be 8 members or 1/4 of total strength whichever is less, in any case not less then 2 members.
13.	Section 292	Matters in clauses (*c*), (*d*) and (*e*) of sub-section (1) may be approved by circular resolution instead of at a Board meeting.
14.	Section 299	Disclosure of interest will apply only to cases covered by sections 297(1) and (3).
15.	Section 301	Maintenance of register will apply to contracts, which are subject to disclosure under section 299.
16.	Section 303(2)	Entire provisions. No return to registrar for appointment/resignation of directors/secretary.

FEES FOR THE APPLICATION

The Central Government has prescribed a fee of Rs. 500 only for an application under section 25 of the Act in terms of Companies (Fees on Application) Rules, 1999.

Appendix 1

Specimen of e-Form 24A

For Application for Obtaining Licence under section 25 of the Act

Form for filing application to the Central Government (Regional Director)

[Pursuant to sections 22, 25,224(3), 224(7) and 297 of the Companies Act, 1956]

Note.—All fields marked in * are to be mandatorily filled.

1.	(*a*)	*Corporate identity number (CIN) of company	XXXXXXXXXXXXXX
	(*b*)	Global location number (GLN) of company	
2.	(*a*)	Name of the company	INSTITUTITE OF INDEPENDENT DIRECTORS

(*b*) Address of the registered office of the company

4th Floor, Silver Ark Plaza, 20A, New Palasiya Indore (M.P.) 452001

3. * Please indicate the purpose of the application

Approval for entering into contract under section 297

Appointment of auditors under section 224(3)

Issue of license under section 25

Removal of auditors under section 224(7)

Rectification of name

Others

4. If others, then specify

5. (*a*) CIN of company against which the application for rectification of name is being made

(*b*) GLN of company against which the application for rectification of name is being made

6. Date of annual general meeting (AGM) (DD/MM/YYYY)

7. (*a*) Service request number of Form 23

(*b*) Date of filing Form 23 (DD/MM/YYYY)

(*c*) Date of passing special or ordinary resolution (DD/MM/YYYY)

8. *Details of application

Attachments

1.	Memorandum of Association (MoA).	Attach	
2.	Articles of Association (AoA).	Attach	
3.	Declaration as per Annexure V of Companies Act, 1956	Attach	
4.	Future annual income and expenditure estimates.	Attach	
5.	Assets and liabilities statement with their estimated value as on seven days before Making the application.		
6.	Declaration by advocate of Supreme Court or High Court, attorney or pleader entitled to appear before a High Court, or a company secretary or chartered accountant in whole time practice that the MoA and AoA have been drawn in conformity with the provisions of the Act.	Attach	
7.	Details of the promoters and of the proposed directors of the company.	Attach	
8.	A list of the names, addresses, description and occupations of its directors and of its managers or secretary, if any, together with the names of companies, associations and other institutions, in which the directors of the applicant company are directors or hold responsible positions, if any with the descriptions of the positions so held.	Attach	
9.	If association is already in existence, then last two years' accounts, balance sheet and report on working of the association as submitted to the members of the association.		

10.	Statement of brief description of the work, if already done by the association and the work proposed to be done.	Attach	
11.	Statement of the grounds on which application is made.	Attach	
12.	If any of the above documents not in English or Hindi, then a translation of such document in English or Hindi.		
13.	Copy of agreement containing particulars of contract.		
14.	Copy of ordinary resolution.		
15.	Copy of Board resolution.		
16.	Optional attachment(s)- if any.	Attach	(*a*) Copy of the notice given in newspapers. (*b*) Power of Attorney.

Declaration

To the best of my knowledge and belief, the information given in this application and its attachments is correct and complete.

☐ I have been authorised by the Board of directors' resolution dated* ______

(DD/MM/ YYYY) to sign and submit this application.

☐ I am duly authorised to sign and submit this application.

To be digitally signed by

Managing director or director or manager or secretary of the company or applicant **DKJAIN**

For office use only

Digital signature of the authorising officer

This e-Form is hereby approved

This e-Form is hereby rejected

Annexure 1 to Appendix 1

Specimen of Statement of the Promoters

S.No	*Name & Fathers Name and DIN*	*Age*	*Address*	*Natio-nality*	*Occupation*
1	Mr. Dilip Kumar Jain S/o Shri Prakash Chand 00012345	46	204 Bijali Nagar, Indore (M.P.) 452001	Indian	Profession
2	Mr.Pawan Kumar Jain S/o Late Raj Mal Jain 00012346	34	Gita Nagar Indore (M.P.) 452001	Indian	do
3	Mr.Saurabh Parekh S/o Shri Hasmukh Parekh 00012347	32	364, Tilak Nagar Indore (M.P.) 452001	Indian	do
4	Mr.Virendra K. Ladha S/o Late Shri D.N.Ladha 00012348	45	36, Kshir Sagar Colony, Dravid Marg, Ujjain (M.P.) 456001	Indian	do

S.No	*Name & Fathers Name and DIN*	*Age*	*Address*	*Natio-nality*	*Occupation*
5	Ms.Abha Jaiswal D/o Shri Gopal Jaiswal 00012348	25	132, Mahavir Nagar, Indore (M.P.)	Indian	Do
6	Mr. .Kaushal Ameta S/o Shri S.P.Ameta 00012349	27	Subhash Chowk, Pratap Grah (Raj.) 312605	Indian	Do
7	Mr.Rajesh Lohia S/o ……Lohia 000123450	32	CH-10, Sikhliya Indore (M.P.) 452010	Indian	Do

Annexure 2 to Appendix 1

Specimen of Statement of the Director, Manager and Secretary

S.No	***Name & Fathers Name and DIN***	***Age***	***Address***	***Nationa-lity***	***Occupation***
1	Mr. Dilip Kumar Jain S/o Shri Prakash Chand 00012345	46	204 Bijali Nagar, Indore (M.P.) 452001	Indian	Profession
2	Mr.Pawan Kumar Jain S/o Late Raj Mal Jain 00012346	34	Gita Nagar Indore (M.P.) 452001	Indian	do
3	Mr.Virendra K. Ladha S/o Late Shri D.N.Ladha 00012348	45	36, Kshir Sagar Colony, Dravid Marg, Ujjain (M.P.) 456001	Indian	do
4	Ms.Abha Jaiswal D/o Shri Gopal Jaiswal 00012348	25	132, Mahavir Nagar, Indore (M.P.)	Indian	do

Annexure 3 of Appendix 1

Specimen of Grounds for providing Licence

The several promoters of the Company propose to incorporate a Company in the name of 'INSTITUTE OF INDEPENDENT DIRECTORS' as a non-profit making organization to be registered under Section 25of the Companies Act, 1956 without adding Limited or Private Limited in the name of the Company.

The Company is being incorporated to educate the Independent Directors by providing training education and techno-commercial knowledge and qualify a cadre of the Directors for the better corporate governance in India.

In India there are more than 10,000 Companies incorporated under the Companies Act, 1956 and listed with the stock exchanges. As per Clause 49 of the listing agreement the companies are required to appoint independent directors in the Board of Directors of the Company. At present there is no organisation to educate them for various provisions of the Corporate Rules and Regulation applicable to them. Most of the Directors are not basically qualified to understand and follow them in proper sense, so that corporate governance in India is not upto the mark and needs special care in the interest of the corporate growth in the Country.

Under the provisions of section 5 of the Companies Act, 1956, the directors of the Company have been defined as a officer who is in default, and also other economic Act as Income Tax Act, Central Excise and Salt Act, IDRA, Factories Act, Pollution Control and so many Act had imposed responsibilities on the Directors of the body corporate.

As state above, its a need of the present corporate world to educate, trained and regulate the Corporate Directors in India. The Institute of Independent Director shall be a mile stone in these respect and the Government should also support the institute and give licence under section 25 of the Companies Act, 1956.

Annexure 4 to Appendix 1

Specimen of Notice

[Annexure II of the said Regulations]

LEGAL NOTICE

NOTICE is hereby given that in pursuance of section 25 of the Companies Act, 1956, an application is being made to the Regional Director, Western Region, Department of Companies Affairs, Government of India, for issuance of a licence directing that the Company to be formed under the name of the Institute of Independent Directors may be registered as, a Company with limited liability without the addition of the word "Limited" or "Private Limited" to its name Institute of Independent Directors, a Company to be registered under the provisions of the Companies Act, 1956.

1. The principal objects of the Company are as follows:—
    1. To educate by providing academic training, techno commercial professional knowledge and guidance to the directors of the bodies corporate in India and abroad for better Corporate Governance.
    2. To conduct examinations for basic qualifications and to give diploma/ degree qualification certificates and to enroll as member of the ICDI of India.
2. A copy of the draft Memorandum and Articles of Association of the proposed Company may be seen at 4th Floor, Silver Arc Plaza, 20A, New Palasiya, Indore (M.P.) 452001 during any business hours except Saturday and Sunday.
3. Notice is hereby given that any person, firm, company or corporation, objecting to this application, may communicate such objection to the Regional Director, Western Region, Department of Company Affairs, Government of India, Mumbai at the Everest, 5th Floor, 100 Netaji Subhash Road, Mumbai 40002 within thirty days from the date of publication of this notice with a copy to the applicant with complete details of objections.

For, INSTITUTE OF INDEPENDENT DIRECTORS

Date: DILIP KUMAR JAIN

Place: PAWAN KUMAR JAIN

VIRENDRA KUMAR LADHA

ABHA JAISWAL KAUSHAL AMETA

RAJESH LOHIA SAURABH PAREKH

Annexure 5 to Appendix 1

Specimen of Power of Attorney

We the several persons who are subscribers to the Memorandum and Articles of Association of INSTITUTE OF INDEPENDENT DIRECTORS (proposed to be registered under Section 25 of the Companies Act, 1956) under incorporation, do hereby severally and jointly authorise Shri Saurabh Parikh S/o Shri Hasmukh Parikh R/o Tilak Nagar, Indore and/or Shri Dilip Kumar Jain, Company Secretary in Whole-time Practice S/o Shri Prakash Chand, Resident of 204, Bijli Nagar, Indore (M.P.), whose signatures are attested herein below to represent us in all the matters and transactions before the Office of the Regional Director of the Ministry of Company Affairs, Western Region, Mumbai and the Registrar of Companies, Madhya Pradesh, Gwalior, relating obtain the Licence u/s 25 of the Companies Act, from the Govt. of India and to get incorporation of the aforesaid Company and for that purpose also authorised severally to appear in the respective offices before the competent authorities and to give any statement, declarations, undertakings, affidavits and to make any corrections, modifications, alterations, deletions, additions in the Memorandum and Articles of Association and any other documents, statements flied or to be filed by the Company before the said authorities and to receive any notice, letter, certificates for and on behalf of the promoters of the Company as may be required under the provisions of the Companies Act, 1956.

We hereby confirm to rectify all the acts done by the of above said Power of Attorney holders.

ACCEPTED NAME & SIGNATURE OF THE PROMOTERS OF
INSTITUTE OF INDEPENDENT DIRECTORS
DILIP KUMAR JAIN

Place: PAWAN KUMAR JAIN
VIRENDRA KUMAR LADHA
ABHA JAISWAL KAUSHAL AMETA
RAJESH LOHIA SAURABH PAREKH

Annexure 6 to Appendix 1

Specimen of Declaration

(Required to be given by each promoters/director on
Non Judicial Stamp Paper on such values as applicable)

DECLARATION

[*See* regulations 4(*ix*) and 6(*viii*)]

In connection with the application of Institute of Independent Directors for issuance of licence under section 25 of the Companies Act, 1956, I, Dilip Kumar Jain S/o Shri Prakash Chand Jain being one of the promoters/directors of the Company, hereby declare that:—

(*a*) I have not been found to be of unsound mind by a court of competent jurisdiction/I have been found to be of unsound mind by a court of competent jurisdiction but the said finding is no longer in force. (In the latter case the particulars of the proceedings may also be given);

(*b*) I am not an undischarged insolvent;

(*c*) I have not applied to be adjudicated as an insolvent/* I had applied to be adjudicated an insolvent but such application is no longer pending, (in the latter case the particulars of the proceedings may be given);

(*d*) I have not been convicted by a court of any offence/* I have been convicted by a court of .... (In the latter case the particulars of the offence and the proceedings shall be set out fully); and

(*e*) I do not stand disqualified under section 203 of the Companies Act, 1956, for appointment as a director.

Place: Indore (DILIP KUMAR JAIN)

Date: 31st March, 2006

Appendix 2

Specimen of the Memorandum of Association

The Companies Act, 1956 (A Company limited by shares) of Institute of Independent Directors

I. The name of the Company is INSTITUTE OF INDEPENDENT DIRECTORS

II. The registered office of the Company will be situated in the State of Madhya Pradesh

III. The Objects for which the Company is established are:

(A) Main Objects to be Pursued by the Company on its Incorporation:

(1) To educate by providing academic training, techno commercial, professional knowledge and guidance to the directors of the bodies corporate in India and abroad for better Corporate Governance.

(2) To conduct examinations for basic qualifications and to give diploma/degree qualification certificates and to enroll as member of the ICDI of India.

(B) Objects Incidental or Ancillary to the Attainment of Main Objects:

(1) To establish and operate schools, colleges, management institutes, library to educate the corporate directors for professional development and to create awareness amongst them about the existing and new emerging corporate policies and practices in the various fields of finance, commerce, management, legal, secretarial, taxation and conduct examination for their professional knowledge and better corporate governance and compliance of the various corporate laws.

(2) To start and run different oral, postal coaching classes, syllabus, courses and modify them as the Company or its competent committee may deem fit and to give qualification certificates, degree certificates after successful completion.

(3) To enroll any individual as student or member and to give basic qualification certificates in accordance with the rules and regulations of the Company as may be in force from time to time and to create a fund by collecting committee charges, admission fee and subscriptions.

(4) To promote, establish, maintain, branches, regional and zonal offices of the Company at any place or places and to assist, subscribe to and affiliate with other companies, firms and institutions.

(5) To hold meetings, conferences and to arrange lectures, discourses, seminars, symposiums, exhibitions, fairs and museums or subjects of corporate utilities for furtherance of all or any of the objects of the body corporate and to obtain or provide detailed information in respect of the nature of the activities conducted by the Company in furtherance of the interest of the corporate bodies and to publish data, circulars, news letters, bulletins, magazines, literatures, books and periodicals, study notes and for that purpose establish, run and maintain printing press, library, conference hall which the Company may deem fit.

(6) To safeguard the interest of the qualified members and students of the Company and to grant scholarship, free membership, prizes, rewards and other allowances and financial assistance and awards on All India or Regional basis to the persons for their outstanding performance in the field of corporate education, compliance and growth or such other field as the Company may decide.

(7) To send or invite advisors, representatives, delegations to or from various countries for study and training of the corporate management and to assist the State Government/ Government of India for making policies on various corporate matters and to represent on behalf of the States and Central Government in India and abroad on various forums and to express its views in such conferences and to co-operate with similar other organisations of such nature and work.

(8) To give advice, advance rulings, expert opinion, advisory services to the directors, bodies corporate on various provisions of corporate laws and to represent, plead and defend the members of the Company before the various Tribunals, Councils, Court, Appellate authorities and to act as an Arbitrator.

(9) To act as an arbitrator or mediator for solving any dispute arising between any member or members, corporate bodies, Government authorities and to resolve the grievances of the members of the Company.

(10) To get the recognition for the Company for fulfillment of its objects from the various State Governments, Government of India and from Foreign Government and various Institutions and authorities in India and abroad to provide recognition of the profession of the directorship.

(11) To co-operate and assist the Central and the various State Government in formulation of lawful policies, affecting the corporate bodies and to offer proper advices in putting effect to such law and policies in India.

(12) To form and establish various committees for examinations, studentship, membership, seminars, personal relations, human resource development, funds management, budget, finance, accounts, representation, arbitration, or any other committee as the Company may determine from time to time for fulfillment of its objects.

(13) To do and engage into or provide all such other lawful things and all other act or acts as are incidental or conducive to the attainment of the above objects or any of them solely by or in

conjunction or co-operation with the Government or local bodies or institutions in India and abroad.

(14) To co-operate with such registered or unregistered companies, trusts, societies, institutions whose aims and objectives may be wholly or partially similar to those of the Company and to call for conference of such associations as and when necessary.

(15) To purchase, acquire, construct any movable or immovable properties and to pay for such movable or immovable properties or any rights or privileges acquired from the funds or shares of the Company for the purpose of fulfillment of the aims and objects of the Company from time to time in India and abroad and to use, let out, lease out or dispose off and to make any improvements upon them or to manage them according to the regulations of the Company as may be in force from time to time.

(16) To utilise the funds of the Company, to invest such funds to acquire shares, unit of mutual funds, securities, debentures, deposits on short or long-term basis in any other firm, company, body corporate, whether the Government or private, in India and abroad and to hold, sale or dispose off all or any of the investments as the Company may deem fit.

(17) To establish a provident fund or trust for giving pension and gratuity to the employees of the Company.

(18) To formulate rules and regulations relating to the day to day affairs, working policies, admission policies, financial budget of the Company and to amend and change them as may be necessary.

(19) To enter into any partnership, union of interests, co-operations, joint ventures, reciprocal concessions, amalgamation or partially amalgamate with any other person, firm, company or body corporate, institutions carrying on or engaged in or about to carry on or engage in any business or transaction which the Company is authorised to carry on or engage in any business or transactions capable of being conducted so as directly or indirectly for the benefit of the Company's interest or entering into any arrangement for sharing in the business profit of such other persons, firms, companies, institutes or body corporates.

(20) To open and operate all such current, saving, fixed or other deposit accounts with any banks, financial institutions and to pay into and to draw money from such accounts from time to time and to make, accept, endorse, discount, execute and issue cheques, promissory notes, bills of exchange, bill of lading, warrants, debentures and other negotiable or transferable instruments and to take loans from such banks, financial institutions, finance companies, institutes and any other person or persons.

(21) To accept donations, gifts, bequest, endowments, devises from the members and others to carry out the objects of the Company and create trust for the safe custody of the funds, properties and assets of the Company.

(22) To receive or give any grant, subsidy, financial assistance, concessional loans from any person, member, firm, company, institutions, government, government bodies in India or abroad for fulfillment of the objects of the Company.

(23) To lend or advance money with or without security and to give such persons including Government and upon such terms and conditions as may think fit for the attainment of the objects of the Company and to give guarantee for the performance of contracts by such persons but the Company shall not do the banking business as defined under Banking Regulations Act, 1949.

(24) To pay all the costs, charges and expenses incidental to the promotion, formation, registration and establishment of the Company and the issue of its capital.

(25) Subject to the provisions of section 293A of the Companies Act, 1956, to support, subscribe, contribute to any charitable benevolent, religious, scientific institutions, associations, organisations having objects or purposes for any exhibition and without prejudice to the generality of the foregoing provisions and furtherance thereof, the Company may give such aid, support,

assistance to such individuals and bodies (incorporated or unincorporated) in such manner as the Company may think fit including the particular:—

(*a*) grants or contributions towards maintenance and support to any individual or body, and.

(*b*) grant or loan without or with interest or with such securities and receivables in cash installments as the directors may think fit.

(26) To borrow the funds for long and short-term requirement of the Company from time to time on the security of the movable or immovable, on all or a part, properties of the Company and for that purpose to mortgage or create any charge in favour of the lender of money to secure such borrowings on such terms and conditions as the Company may deem fit.

(27) To establish and maintain separate benevolent fund other than the fund of the Company in order to render proper help in time of need to the members of the Company or general public who are sufferers of war, flood, fire, earthquake, or any other accidents, calamities and for the purpose of any other charitable object.

(28) To render assistance or to give grant, aid to recognised public charitable/religious trusts, institutions, chambers, federations.

(29) To establish and maintain homes, orphanages or other establishments for the relief of and to give help to the members, poor and destitute people, orphans and widows or otherwise provide for them.

(30) To provide food, clothing and/or shelter to the members and poor and needy persons and to give help to them either in cash or in kind or otherwise.

(31) To establish, maintain and run cheap canteens and messes for providing the members and public with nutritious wholesome and pure food and/or foodstuff and also to run dairies, vegetable farms and supply products thereof to the members and public at cheaper rates.

(32) To construct public roads, parks, gardens, wells, tube-wells, tanks and/or maintain and/or grant aid for the construction or maintenance or repairs of the same for the use of the members and public.

(33) To plan, develop, construct, establish Dharamshalas, Rest Houses, and other work places and institutions for charitable objects and purposes at any place or places. Provided, that the Company shall not support with its funds or endeavours to impose on or procure to be observed by its members or others any regulations or restrictions which, if any, object of the Company, would make it a Trade Union.

(C) OTHER OBJECTS: NIL

IV. The Objects of the Company extend to whole of India and abroad.

V. (1) The income and properties of the Company whensoever derived shall be applied solely for the promotion of its objects as set forth in this Memorandum of Association.

(2) No portion of the income or property aforesaid shall be paid or transferred directly or indirectly by way of dividend, bonus or otherwise by way of profit to persons, who at any time are or have been members of the Company or to any one or more of them or to any person claiming through any one or more of them.

(3) Further, (except with the prior approval of the Central Government) no remuneration or other benefit in money or money's worth shall be given by the Company to any of its members, whether officers or servants of the Company or not, except payment of out of pocket expenses, reasonable and proper interest on money lent, or reasonable and proper rent on premises let to the Company.

(4) Further, (except with the previous approval of the Central Government) no member shall be appointed to any office of the Company which is remunerated by salary, fees or in any other manner not accepted by sub-clause (3).

(5) Nothing in the clause shall prevent the payment by the Company in good faith of reasonable remuneration to any of its officers or servants (not being members) or to any other person (not being member) in return for any services actually rendered to the Company.

VI. No alteration shall be made to this Memorandum of Association or to the Articles of Association of the Company, which are for the time being in force unless it has been previously submitted to and approved by the Central Government (Regional Director, Department of Company Affairs, Western Region, Mumbai).

VII. The Liability of the members is limited.

VIII. The Authorised Share Capital of the Company will consist of Rs. 5,00,00,000 (Rs. Five Crores only) divided into 5,00,000 (Five Lakhs) Equity Shares of Rs. 100 (Rs. One Hundred only) each.

IX. True account shall be kept for sums of money received or expended by the Company and the matter in respect of which receipt and expenditure take place and of the property, credit and liabilities of the Company to any reasonable restriction as the time and manner of inspecting the same that may be imposed in accordance with the regulations of the Company for the time being in force shall be open for inspection of the members. The accounts of the Company shall be examined and the correctness of the Balance Sheet and the income and expenditure account shall be ascertained by one or more qualified auditors or auditor.

X. If upon winding up or dissolution of the Company, there remains after the satisfaction of all the debts and liabilities, any property whatsoever the same shall not be distributed among the members of the Company but shall be given or transferred to such other Company to be determined by the members of the Company on or before the time of dissolution or in default thereof by the Tribunal of judicature that have or may acquire jurisdiction in the matter.

Appendix 3

Specimen of the Articles of Association

THE COMPANIES ACT, 1956

(A Company limited by Shares)

INSTITUTE OF INDEPENDENT DIRECTORS

INTERPRETATION

1. The regulation contained in table 'A' of the First Schedule to the Companies Act, 1956 and applicable to limited companies shall apply to this company subject to further additions, which are made herein which are not inconsistent with the provisions of Table 'A'.
2. The regulations for the management of the Company and for the observance of the members thereof and their representatives shall subject to any exercise of the statutory powers of the company in reference to the repeal or alteration of its regulation by special resolution with the approval of the Regional Director, Western Region, Department of Company Affairs Govt. of India, Mumbai, as prescribed or permitted by the Act be such as are contained in these articles.
3. In these Articles unless there be something in the subject or context inconsistent therewith.
4. 'The company', means Institute of independent directors hereinafter called as 'Company')

   'The Act' or 'The said Act' means the Companies Act, 1956 as amended by any Act or Acts for the time being in force in the Union of India.

   'The Director' means the Director being of the Company and includes any person occupying the position of a director by whatever name called as defined under section 2(13) of the Companies Act, 1956.

   'Month' means the calendar Month.

   'The Office' means the Registered Office for the time being of the Company.

   'The Presents' means these Articles of Association or originally formed or as altered from time to time by special resolution with the permission of the Central Govt.

   'Seal' means the common seal of the Company.

'Writing' shall include printing and lithography and any other mode of representing or reproducing words in visible form.

'The Board' means the Board of directors of the Company.

'The Register' means the register of members of the Company required to be kept under section 150 of the Act.

'Persons' includes a firm, company, corporation, cooperative society, and individual and an association of individuals.

'Committee' means a committee constituted by the Board of Directors of the Company for administrative purpose.

'Council' means council constituted by the Board of Directors of the Company for various purposes for administrative purpose.

SHARE CAPITAL

Authorised Share Capital:

5. The Authorized Share capital of the Company is Rs. 5,00,00,000 (Rs. Five Crores only) divided into 5,00,000 (Five Lakhs) Equity Shares of 100 (Rs. One Hundred Only) each.
6. The new shares shall be issued upon such terms and conditions and with such rights and privileges attached thereto as the General Meeting resolving upon the creation there of shall direct, and if no directions shall be given, as the Directors shall determine and in particular such shares may (subject to any special rights for the time being attached to any existing class of shares) be issued.
7. General Meeting may before the issue of any new share, determine that the same or any of them shall be offered in the first instance, and either at par or at a premium, to all the holders of any class of shares in proportion, as nearly by circumstances admit to the amount of the capital held by them or, make any other provision as the issue and allotment of the new shares. Any offer made under this clause, shall be made by notice specifying the number of shares offered and the limited time within which the offer if not accepted, will be deemed to be declined after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose off the same in such manner as they think fit. The Directors may likewise dispose of any new shares which (by reason of the ratio which the new shares bear the shares held by persons entitled to an offer of new shares) cannot in the opinion of the Directors be conveniently offered under these Articles. 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 original capital and shall be subject to the provisions therein contained with reference to the payment of calls and installments, lien, forfeiture, transfer and transmission, surrender and otherwise.

Allotment of Shares:

8. The shares shall be under the control of the Directors, who may allot or otherwise dispose of the same to such persons, for entitlement to become the member of the Company on such terms and conditions and at such time as the Directors may think fit, but subject always to the articles herein contained and also to the restrictions mentioned in the Articles hereof.
9. As regards allotments made from time to time the Company shall duly comply with provisions of section 75 of the Companies Act, 1956.

Call on Shares/Debentures:

10. Subject to the provision of the sections 91 and 92 of the Act call for Share/debentures may be made on a uniform basis, however the full amount of the shares can be accepted in one lump sum, interest may or may not be paid on such amount as may be decided by the Board from time to time.
11. The joint holders of a share shall be severally as well as jointly liable for the payment of all installment and calls due in respect of such share.

Issuance and Entitlement of Shares/Debentures Certificates:

12. The certificate of titles to shares/debentures shall be issued within three months after allotment or within two months after the application for the registration of transfer is received under the seal of the Company signed by authorised signatory appointed by the Board subject to such rules and regulations as may be prescribed by law from time to time.
13. Every person whose name is entered as a member in the Register of members shall be entitled to receive within three months after the allotment or within two months after the application for the registration of transfer the certificate for the shares allotted to him.

Issuance of Duplicate Share/Debenture Certificate:

14. If any certificate be old, decrepit, worn, torn or defaced where space on its reverse side for recording transfer have been duly utilized, upon the surrender thereof the Company. The board shall order the same to be canceled and issue a new certificate in lieu thereof without any payment, if any certificate be lost or destroyed then upon proof of such loss or destruction to the satisfaction of the Board and on such indemnity and the payment of out of pocket expenses incurred by the Company in investigating evidence as the Board thinks fit, a new certificate in lieu thereof shall be given to the person entitled to such lost or destroyed certificate as the Board may determine.

Limited Liability of Share Holders:

15. Every member, his Successor, Executor or Administrator shall be liable to the Company for payment of the portion of unpaid amount represented by his Shares/Debentures which may be from time to time being remain unpaid thereon in such manner as the Board shall determine time to time in accordance with the Company's regulations.

Forfeiture of Shares:

16. Subject to the provisions of Table A of Schedule 1 of the Act, Shares can be forfeited by the Board on non-payment of calls and the company will have first lien on such shares.

Transfer of Shares:

17. Shares may at any time be transferred to any member of the company, (save as aforesaid and provided by the articles hereof). any one to whom it is desirable in the interest of the company to admit to membership, is willing to purchase the same.
18. Any share may be transferred by a member or any child or other legal issue, son in law, father, mother, brother, sister, nephew, niece, wife or husband or such member and any share of a deceased member may be transferred by his executors, administrators or assignees to any child or other legal issue, son in law, daughter in law, father, mother, brother, sister nephew, niece, widow, or widower of any deceased member (to whom such deceased member may have specifically bequeathed the same) and shares standing in the name of trustees to the will of any deceased member may be transferred upon any charge of trustees to the name of the trustees for the time being of such will and the restriction in the Articles hereof shall not apply to any transfer authorised by these Articles.

Instrument of Transfer:

19. The instrument of transfer shall be in writing and in the prescribed form and shall be accompanied by certificate/s.

Fee for Transfer:

20. The company shall not charge any fee for effecting transfer of Shares/Debentures.

Transmission of Shares/Debentures:

21. Any person becoming entitled to or the transfer of any share in consequence of the death or insolvency of any sole holder hereof or any other than by transfer upon producing such evidence of his title thereto or that he sustains the character in respect of which he proposed to act under this Article as the Director think sufficient may with the consent of the Director (which they shall not be under any obligation to give) and without production of any Probate or letters or administration or succession certificate and upon such terms as to indemnity or otherwise as the Directors may

impose, be registered as any member himself in respect of such shares or may with such other person as the Directors may approve. However, in the event of his proposing to such person as aforesaid, it shall be subject to the same restrictions as those here in before.

Refusal of transfer and transmission:

22. The Directors may decline to register any transfer of shares on which the company has a lien. The Directors may also suspend the registration of transfer during the fourteen days immediately preceding the annual general meeting in each year. The directors may decline to recognise any instrument of transfer unless the instrument of transfer is accompanied by the certificate of the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transfer. To make the transfer, if the directors refuse to register a transfer of any share, they shall, within two months after the date on which the transfer was lodged with the company send to the transferee and transferor notice of the refusal.

Cessation of Members:

23. In case the Directors consider that the continuance of any person as a member of the company is detrimental to the interest of the company they may in their discretion if authorised by a special resolution passed by the company at the General Meeting call upon the said person or persons to transfer his or her or their representative share or shares in accordance with the provisions of these articles and from the date the transfer of shares becomes effective under the aforesaid resolution, the said persons shall *ipso facto* cease to be a member or members of the company may become disentitled to any of the rights as the member of the company.

MEETINGS

Chairman of the Meetings:

24. The Chairman of the Board if so appointed shall be the Chairman of all the General Meeting and if he is not present within 15 minutes of the holding of the meeting or is unwilling to preside, any director or any member of the company may be elected as the Chairman of the Meeting and such Chairman shall preside over the General Meetings.

Annual General Meeting:

25. Subject to the provisions of the section 166 read with section 210 of the Companies Act, 1956 the first annual general meeting of the company shall be held within eighteen months from the date of incorporation of the company and the next annual general meeting of the company shall be held within six months after the expiry of the financial year in which the first annual general meeting was held and there after an annual general meeting of the company shall be held within six months after the expiry of each financial year but so that not more than fifteen months shall lapse between the date of one annual general meeting and that of the next. Every annual general meeting shall be called for a time during business hours and shall be held either at the registered office of the company or at some other place within the city or town in which the registered office of the company is situated and the notice calling the meeting shall specify it as Annual General Meeting.

Extraordinary General Meeting:

26. All general meetings other than Annual General Meeting shall be called Extra-ordinary General Meeting.

Notice of the Meeting:

27. A General Meeting of the company may be called by giving not less than 14 days clear notice in writing to all members entitled to receive the same specifying the place, day and hour of the meeting and nature of business shall be given as per the provisions of the Companies Act, 1956.
28. The accidental omission to give any such notice or the non-receipt of any such notice by the members to whom it should be given, shall not invalidate any resolution passed or proceeding held at such meeting.

Quorum:

29. Five members present personally shall be a quorum for all purposes at any general meeting and no business shall be transacted unless a quorum of members is present when the meeting proceed for business.

Casting Vote to Chairman:

30. The Chairman shall have one casting vote in addition to his other vote, which shall be exercised by him if only there is tie on any question. The casting vote will be used after he has exercised his usual vote.

Adjournment:

31. Subject to the provisions of the Act, in the absence of the quorum the General/Board Meeting shall stand adjourned on the same day, same place and time in the next week or as may be decided by the Member/Board in the adjourned meeting and no notice of such adjourned meeting will be necessary.

BOARD MEETING

Conveying of Meeting:

32. Subject to the provision of the Act the Board Meeting shall be held from time to time as may be decided by the Board or the Chairman and in his absence any of the Director can call the Board Meeting by giving 7 days notice.

Quorum:

33. The quorum for the meeting of the Board Meeting of the company shall be one third of its total strength of first/elected/ appointed/nominated Directors or two Directors which is higher.

BOARD OF DIRECTORS

Number of Directors and Increase or Decrease in the same:

34. The number of Directors shall not be less than three and more than Twelve unless and until otherwise determined by the company at a general meeting.

First Directors:

35. First Directors of the company shall be:—
    1. SHRI DILIP KUMAR JAIN
    2. SHRI PAWAN KUMAR JAIN
    3. MS.ABHA JAISWAL
    4. SHRI VIRENDRA KUMAR LADHA

36. Not less than two-third directors in the Board shall required to retire by rotation as per the provisions of Companies Act 1956.

37. So long as Shri Dilip Kumar Jain & Shri Pawan Kumar Jain and their associates hold or continue to hold not less than 1% (One Per cent) severally of the paid up equity share capital of the company from time to time notwithstanding anything contained in any other clauses in these Articles of Association Shri Dilip Kumar Jain & Shri Pawan Kumar Jain or a duly authorised person by them shall have the right to nominate upto a maximum of 2 persons by each of them as directors on the Board of directors of the company and to remove such persons from the Board and to nominate other or others in their places and the company and the Board of Directors of the company shall be bound by such nominations, such nominee directors shall not be liable to retire by rotation. Shri Dilip Kumar Jain shall be the chairman and Shri Pawan Kumar Jain shall be the vice chairman of the company until they wishes to continue and shall not be required to retire by rotation.

Addition to the Board:

38. The Board shall have power at any time and from time to time to appoint a person as an additional Director, who shall hold office until the date of the next Annual General Meeting. In any case the

limit mentioned as above regarding the maximum number of Directors shall not exceed by such appointments.

Alternate Director:

39. The Board of Directors may appoint an alternate Director to act for a Director (hereinafter referred to as original Director) during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. The alternate Director so appointed shall not hold office as such for a period longer than permissible to the original Director in whose place he has been appointed and shall vacate office as and when the original Director returns to the State in which the meeting of Board are ordinarily held.

Nominee Director:

40. The Board shall have power at any time in the course of its business and to benefit the company, shall subject to the provisions of the Act be entitled to agree with any person, firm, corporation, government, financing or other authority that he or it shall have the rights to appoint his or its nominee to the Broad of Directors of the company upon such terms and conditions. Such nominee Directors shall be entitled to hold office until requested to retire by the Government authority, person, firm, institution or corporation who may have appointed them and will not be bound to retire by rotation and the nominee directors appointed by the Government not be counted for the purpose of maximum strength of the directors as per the provisions of Article No. 33. As and whenever a nominee Director vacates office whether upon request as aforesaid or by death, resignation or otherwise the Government authority, person, firm, institution or corporation who appointed such nominee Director may if the agreement so provide, appoint another Director in his place so long as any liability of the company arising out of any loan or guarantee furnished by the Institution on behalf of the company remains outstanding.

Share Qualification of Directors:

41. Unless otherwise determined by the company in general meeting it shall be necessary for a Director to hold minimum 1 equity share in the company for his qualification.

Board and Other Meeting Expenses:

42 Every Director shall be paid actual out of pocket expenses including traveling expenses for attending the general/committee and Board meeting of the company.

Vacation of Office by Directors:

43. If at any meeting at which an election of Directors ought to take place, the places of the vacating Directors or any one or more of them are not filled up, the meeting shall, unless it shall be determined at any such meeting to reduce the number of Directors, stand adjourned to the same day in the next week at the same time and place and if at adjourned meeting the place of vacating Directors are not filled up, the retiring Directors have not had their places filled up shall be deemed to be re-elected at the adjourned meeting.

44. The office of a Director shall ipso facto be vacated in addition to the events and grounds enumerated by the Companies Act, 1956 if by notice in writing to company he/she resigns from his/her office and the said resignation is accepted by the Board.

Disclosure of Interest by Directors:

45. Subject to the provisions of Section 299 of the Act, a general notice that a Director is member of any particular firm or company and is to be regarded as interested in any subsequent transaction with such firm or company shall be sufficient disclosure of his interest after such general notice and it shall not be necessary to give any special notice relating to any particular transaction with such firm or company.

46. Subject to the limitation prescribed by the Companies Act, 1956 the Directors of the company shall be entitled to contract with the company and no Director shall be disqualified by his having contracted with the company as aforesaid.

POWER AND DUTIES THE BOARD

Powers of the Board:

47. Subject to the provision of section 292 of the Act the Directors of the company shall have all the powers of the company except so far as they stand restricted or regulated by the provisions of the Companies Act, 1956 or by these Articles.

48. Without prejudice to the generality of the powers conferred upon the Directors whether by the provision of law for the time being in force and/or applicability of the Articles of Table 'A' and/or the provision of these presents or otherwise the Board shall be entitled to exercise all such powers and do all such acts, and these things as the company authorises them to execute or do, but it is hereby expressly declared that the Directors shall have the following powers:—

    (*a*) To purchase or otherwise acquire for the company any property whether movable or immovable and rights and privileges which the company is authorised to acquire on such prices and generally on such terms and conditions as they think fit.

    (*b*) At their discretion to pay for any property, rights or privileges acquired by or services rendered to the company either wholly or partially in cash or shares or in bonds or other securities of the Company and such share may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon any such bonds or other securities may be either specifically charged upon all or any part of the property of the company and its uncalled capital or not so charged.

    (*c*) To accept from any member or such terms and conditions as shall be agreed and so far as may be permissible in law, surrender of his shares in the company or any part thereof, subject to the provisions of the Companies Act 1956.

    (*d*) To institute, conduct, defend, compound or abandon any legal proceedings by or against the company or its officers or otherwise concerning the affairs of the company and also to compound and allow time for payment or satisfaction of any debts or dues and or any claims or demands by or against the Company.

    (*e*) To refer to any claims or demands by or against the company to arbitration and observe, perform and carry out the awards.

    (*f*) To make and give receipts, release and other discharges for money or property payable or deliverable to the company and for the claims and the Demands of the Company.

    (*g*) To determine who shall be entitled to sign, on the company's behalf, bills, notes, receipt, acceptance, endorsement, cheques, release, contracts and documents.

    (*h*) From time to time to provide for the management or the affairs of the company in such manner as they think fit and in particular to appoint any person(s) to be the Attorney or agents of the company with such powers (including power to sub-delegate) and upon such terms and remuneration as may be thought fit.

    (*i*) Subject to the provisions of the Companies Act 1956 to invest and deal with any of the moneys of the company not immediately required for the purposes thereof in such securities (not being shares in this Company) and in such manner as they may think fit and from time to time vary or realize such investments.

    (*j*) To borrow or raise, secure the payment of the sum or money for the purpose of the Company in such manner and upon such terms and conditions as they shall think fit by mortgage, pledge, hypothecation or otherwise charged upon all or any of the Company's property both present and future including the uncalled capital and to purchase, redeem or pay off such securities as per the provision of section 293(*d*) of the Act:

    Provided that the aggregate of the amount borrowed (Apart from the temporary loans as defined in section 293 of the Act obtained from the Company's bankers in the ordinary course of business) and remaining outstanding and un discharged at that time, shall not, without the consent of the company in general meeting exceed the aggregate of the paid up capital of the company and its free reserves, that is to say reserves not set apart for the specific purpose.

(*k*) To give to any person employed by the Company a commission on the profits of any particular business or transaction of the company and such payment shall be treated as part of the working expenses of the Company.

(*l*) To enter into such negotiations and rescind and vary, all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the company as they may consider expedient for or in relation to any of the matter aforesaid or otherwise for the purpose of the Company.

(*m*) To sell such portions of the lands or buildings or machineries and/or other capital asset of the Company as may not be required for the purpose of the Company.

(*n*) To subscribe for purchase, accept, take, hold or otherwise acquire share in any company, society or undertaking the object of which shall either wholly or in part be similar to those of this company or such as may be likely to promote or advance the business in the interest of the Company.

(*o*) To appoint Executive's and/or other members of the senior staff (he may be Director) on the terms and conditions as they may think fit subject to the provisions of section 314 of the Companies Act, 1956 where applicable.

(*p*) To provide for the welfare of the employees (including Directors) of the Company or its predecessors in business and the wife, widow and families or the dependents of connections of such persons by building or contributing to the building of houses or dwellings quarters or by grant of money, pensions, gratuities, allowances, bonus, profits sharing bonus or benefit or any other payments or by creating and from time to time subscribing or contributing to provident fund or other associations, institutions, funds, profit sharing or other scheme or trust and by providing or subscribing, contributing, towards places of instruction and recreation, hospital, dispensaries as the Board shall think fit, subject to the provisions of section 293A of the Companies Act, 1956.

(*q*) The Board may consider and decide Book Closer/Record Date for the purposes issue of right for any other purposes as the Board may deem fit as per provisions of the Act.

(*r*) The Board may constitute various joint committee of the members and directors/employees of the company from time to time for the smooth administrative functions of the company as the Board may consider necessary.

(*s*) The Board may constitute various councils of the Directors, members and employees of the committee for supervise its functions.

(*t*) The Board or Committee or Council constituted for that purpose may prescribe the code of conduct, syllabus, examination schedule, rules and regulations for the students, members, employees of the Company from time to time and may amend the same.

(*u*) The Board shall make rules for becoming the professionals, members student members and to determine and prescribe the respective application forms, decide entry fee, annual subscription fee, rules for removal of name of such members as it may consider necessary.

Delegation of Powers:

49. Subject to the provisions of section 292 of the Act, the Board of Directors may delegate any of their powers to any committee or council consisting of such member or members of their body as the Board may think it.

(*a*) The Chairman or Vice Chairman of such committee or council so formed shall be the chairman or vice chairman or any directors of the Company and shall in the exercise of the powers so delegated confirm to any regulations that may from time to time be imposed upon it or him by the Board of Directors.

(*b*) Any committee or council so constituted by the Board shall have not more then 7 members at any time and in every such committee or council at least three members as may be elected or nominated by the Board and the remaining members shall be the directors of the Company as may be nominated by the Board from time to time.

(*c*) The Committee or council so appointed shall submit its report to the Board of Directors of the Company for its final appropriate decision and the decision of the Board shall be final and concluding.

CHAIRMAN & VICE CHAIRMAN

Appointment:

50. Shri Dilip Kumar Jain, shall be the Chairman and Shri Pawan Kumar Jain shall be the vice chairman of the Company. The Board may at any time appoint or re- appoint any one or more director as executive vice chairman upon such terms and upon such conditions in all respects as may be deemed fit by the said Board.

Powers and Duties:

51. Subject to the general supervision and control of the Board of Directors, the Chairman/Vice Chairman shall have all the powers of the Board of Directors of the Company, unless such powers have to be exercised by the Board under the provisions of law and in particular the Chairman/Vice Chairman is authorised to execute sign, enter into and to execute all such contracts, conveyances, lease, assignments, assurances, deeds, agreements, instruments in connection with all movable and immovable properties of the Company and in relation to the business of the company and to enter into all agreements, negotiations and make representation to the Governments both State and Central, Financial Institution, Public bodies, banks, etc. and shall sign, execute all necessary applications and documents, as may required or deemed fit and proper requisite from time to time. He may settle any account or reckoning whatsoever on behalf of the Company.
52. He is authorised to delegate any or all the powers vested in him to any director or other person as he think fit of which a notice will be taken in the Board Meeting after such delegation.

SECRETARY

Appointment:

53. Secretary of the Company shall be appointed and his remuneration fixed by the Board of Directors. The Secretary shall devote himself entirely to the business of the Secretary except, in case where he has received special permission of the Board of Directors.

Duties of the Secretary:

54. (*a*) shall be in charge for all correspondence and shall keep accounts of the funds of the Company or in any way controlled by the Company.

(*b*) shall have care of all the documents belonging to the Company.

(*c*) shall give notice as desired by the Chairman or vice Chairman of all the meetings of the Board of Directors, annual General Meeting, Extra Ordinary General Meetings, Committees or Subcommittees of the Board Meetings.

(*d*) shall arrange for the election of the Directors and notify them of their election and collect or arrange to collect all dues from Members.

(*e*) shall maintain the requisite registers and papers the Annual report of the Company under the guidance of the Chairman and the Board of Directors of the Company.

(*f*) Generally shall perform all such duties as are incidental to his office and act under the Chairman are in absence of Vice Chairman.

(*g*) The secretary shall institute, prosecute and defend suits or other proceedings in which the Company may concerned.

THE SEAL

Safe Custody:

55. The Common Seal of the Company shall be in the safe custody of the Chairman/Vice Chairman and/or with the Secretary.
56. The seal shall not be affixed to instrument except by the previous authority of the Board or a committee thereof authorised by the Board on that behalf. Every instrument on which the

Common Seal is affixed shall authority of the Board or a Committee thereof authorised by the Board on that behalf. Every instrument on, which the Seal is affixed, shall be signed by the Chairman and the Vice Chairman if there is one or at least by any one Director of the Company, if there is no such Chairman or Vice Chairman. The share certificates shall however be sealed and signed in accordance with the Companies (Issue of share certificates) Rules, 1960.

CAPITALISATION OF PROFITS

Power to utilisation:

57. Any surplus or deficit resulting from the sale of any investments or any capital assets held by the Company shall be transferred to a reserve account called the Capital Reserve A/C. The balance standing to the credit of this account shall be available for the purpose of investment or for other capital purpose but shall not be used to pay dividends or bonus.

ACCOUNTS

Books of Account:

58. The Company shall keep proper books of Accounts as required under section 209 the Companies Act 1956 or any statutory modification thereof for time being in force, as far as the same may apply to the Company.

Place of Keeping Books of Accounts:

59. The books of account shall be kept at the Registered Office of the Company or at any other office of the Company as directors shall think fit as per the provision of the Act.

AUDIT

Appointment of Auditors:

60. The First Auditors of the Company shall be appointed by the Board of Directors within one month of the date of incorporation of the Company and the subsequent Auditors shall be appointed at such Annual General Meeting of the company and shall hold office from conclusion of that meeting until the conclusion of the next Annual General Meeting. Auditor's appointment, remuneration, rights and duties shall be regulated in accordance with the provisions of the Act.

Power to fill the Casual Vacancy of the Auditors:

61. The Board may fill up the casual vacancy in the office of auditors, but while any such vacancy continuous the serving or continuing auditors (if any) may act.

INDEMNITY

Directors Responsibility:

62. Subject to the provisions of section 201 of the Companies Act, 1956 no Chairman or Vice Chairman and any other officer of the company shall be liable for the acts, receipts, negligence of any other director or officer for the signing in any receipt or of their acts for conformity or for any loss or expenses happening to the company through the insufficiency or deficiency of title to any property acquired by the order of the directors for or on behalf of the Company or for insufficiency or deficiency of any security in or upon which any of the money of the Company shall be invested or for any loss or damage arising from bankruptcy, insolvency or turnouts act or any person with whom any money, securities effects of the Company shall be invested or for any loss occasioned by the error of judgment or oversight or for any other loss, or damage or misfortune whatsoever which shall happen in the execution of the duties of such officers or in relation thereto unless the same happens through his own dishonesty and willful neglect.
63. Subject to as aforesaid every director, secretary or other officer of the company shall be indemnified against any liability incurred by them or in defending whether civil or criminal in which judgment is given in their or his favour or which he is acquitted or discharged or in connection with any application under section 633 of the Act, in which relief is given by the Court.

SECRECY

64. Every Director, Auditor, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so required by the Directors before entering upon his duties sign a declaration pledging himself to observe strict secrecy, respecting all transactions of the Company with its customers and State of Accounts with individual and in matters relating thereto and shall on 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 by the Directors or by any meeting or by a Court of law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

LIEN

Company's Lien:

65. The Company shall have first and paramount lien on every share not being fully paid up, standing registered in the name of the members for all money's presently payable by him or his estate to the company, provided the Board may at any time declare any shares to be wholly or in part exempt from the provision these clause.

Lien may be enforced by sale of shares:

66. The Company may sale in such manner as the Board may thinks fit any shares on which it has a lien, provided that 14 days notice in writing and demanding payment of such part of the amount has been given to the member and enabling to pay the sum to the Company.

Sale Proceeds:

67. The proceed of the sale shall be received by the Company and apply in payment of such part of the amount in respect of which the lien exist as is presently payable and the residue if any be paid to such shareholder at the date of the sale.

WINDING UP

68. The winding up if any shall be in accordance with the provisions of the Act.