THE COMPANIES ACT, 2013 COMPANY LIMITED BY SHARES ARTICLES OF ASSOCIATION

OF

(COMPANY NAME) FARMER PRODUCER COMPANY LIMITED

PRELIMINERY

1. Subject as hereinafter provided the Regulations contained in Table 'A' in the Schedule I to the Companies Act, 2013 shall apply to the Company so far as they are applicable to Producer Company except so far as they have implied or expressly modified by what is contained in the Articles mentioned as altered or amended from time to time.

INTERPRETATION

2. In these Regulations:-

a) **"Active Member** "means a member who fulfills the quantum and period of patronage of the Producer Company as may be prescribed in Clause 8 of this Articles

b) **Company"** means **"(COMPANY NAME) FARMER PRODUCER COMPANY LIMITED"**

c) **"Office"** means the Registered Office of the Company.

d) **"Act"** means the Companies Act, 2013 and any statutory modification thereof.

e) **"Seal"** means the Common Seal of the Company.

f) **"Directors"** means a Director appointed to the Board of the company.

g) **"Member"** means a person admitted as a member of the Company under the provisions of these Articles who shall be restricted to only Producer or a Producer Institution.

h) **"Person"** shall include any Association, Corporation, Company as well as individual.

i) **"Chairman** "means a member of the Board who has been elected as Chairman by the directors of the Board under the provisions of these Articles.

j) **"Board"** means the Board of Directors constituted under the provisions of these Articles.

k) **“General Meeting”** includes annual and special general meetings.

l) **“Chief Executive”** an individual, who has been appointed by the Board as chief executive for the management of the affairs of the Company.

- A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board.
- A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

m) **‘‘Mutual Assistance Principles’’** means the principles set out in these Articles.

n) **“Patronage’’** means the use of services offered by the Company to its Members by participation in its business activities.

o) **“Patronage Bonus”** means payments made to members of the Company from out of the resultant surplus income.

p) “**Withheld price**” means part of the price due and payable for various crop produces and inputs supplied by any Member to the Producer Company; and withheld by the Producer Company for payment on a subsequent date.

3. Unless the context otherwise requires words or expressions contained in these Articles shall be the same meaning as in the Act, or any statutory modification thereof in force at the date at which these Articles become binding on the Company.

MUTUAL ASSISTANCE PRINCIPLES

4. The company shall be governed by the following mutual assistance principles, namely:-

a) The membership shall be voluntary and is available to all eligible members who can participate and avail the facilities or services of the Producer Company and who are willing to accept the duties of membership;

b) Each member shall, save as otherwise provided in the Chapter XXIA Part I of the Companies Act, have only a single vote irrespective of the shareholding;

c) The Producer Company shall be administered by a Board consisting of persons elected or appointed as directors in the manner consistent with the provisions of the Chapter XXIA Part I of the Companies Act and the Board shall be accountable to the Members;

d) Save as provided in the Chapter XXIA Part I of the Companies Act, there shall be limited return on share capital;

e) The surplus arising out of the operations of the Producer Company shall be distributed in an equitable manner by-

   i. Providing for the development of the business of the Producer Company;
   ii. Providing for common facilities; and
   iii. Distributing amongst the Members, as may be admissible in proportion to their respective participation in the business;

f) Provision shall be made for the education of Members, employees and others, on the principles of mutuality and techniques of mutual assistance;

g) The Producer Company shall actively co-operate with other Producer Companies (and other organizations following similar principles) at local, national or international level so as to best serve the interest of their Members and the communities it purports to serve.

PRODUCER COMPANY

5. The company is a producer company within the meaning of section 378A of the act.

- All the limitations, restrictions and provisions of the Act, other than those specified in Chapter XXIA Part I of the Act, applicable to a private company shall apply to this company, as if it is a private limited company in so far as they are not in conflict with the provisions of Chapter XXIA Part I of the Act.

   i. Being a producer company, there shall be no restriction on the number of member in compliance with Section 378C(5)

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

   Provided further that-

(A) persons who are in the employment of the company; and

(B) Persons who having been formerly in the employment of the company, were members of the company while in that employment and have continued to be members after the employment ceased,

Shall not be included in the number of members; and

iii. Prohibits any invitation to the public to subscribe for any securities of the company.

SHARE CAPITAL

6. The authorized share capital of the Company is as specified in clause V of Memorandum of Association payable in the manner as may be determined by the Directors, from time to time, with power to increase, reduce, subdivide or to repay the same or divide the same into several classes and to attach thereto any rights and to consolidate or subdivide or reorganize the shares, subject to the provisions of the Act, to vary such rights as may be determined in accordance with the regulations of the Company.

MEMBERSHIP

7. Membership is restricted only to Producers and Producer Institutions. The membership shall be available to all eligible persons or Producer Institutions, whether incorporated or not, who shall be producer of primary produce or any kind and who can participate and avail the facilities or services of the Producer Company and who are willing to accept the following duties of membership.

   (a) The Member shall deal in his entire primary produce through the Company; and
   (b) He shall not have any business interest which is in conflict with the business of the Company; and
   (c) Any other condition as may be determined by the Board pursuant to Section 378 D of the Act from time to time.

8. Apart from the subscribers to this Article of Association, a member who satisfies the below mentioned criteria shall be considered as an "Active Member":

   a) Supply, to the Company, not less than the quantum of produce as may be determined by the Board from time to time; and

b) Participate in activities directly/ indirectly related to the business of the Company for period(s) as may be determined by the Board from time to time.

VOTING RIGHT

9. Subject to the provisions of section 378 D of the Act, every member shall have one vote.

10. The Board shall have the discretion to determine the matters on which Active Members can exercise exclusive voting rights, provided that the notice calling for the meeting explicitly mentions the exercise of such rights.

APPLICATION AND ALLOTMENT

11. Every person including Producer institution desirous of acquiring shares in the Company shall apply to the board, quoting the number of shares required along with application money or full value of shares applied for.

12. The board has got absolute discretion to accept or reject any application including allotment of shares in lieu of sale proceeds of produce or products supplied by the members without assigning any reason whatsoever. In case of rejection application money or full value of shares applied for received along with the application shall be returned immediately to the applicant concerned.

13. Shares may be allotted in the name of two or more persons jointly but these persons whose name stands first in the Register of Members shall only be entitled to attend and vote in the General Meeting.

ISSUE OF SHARES OTHER THAN FOR CASH

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

TRANSFER AND TRANSMISSION OF SHARES

15. No Transfer of shares shall be registered unless the requirements of section 56 of the Act applicable to a Private Company are complied with.

16. No member shall be entitled to transfer his shares in the company except with previous sanction of the Board.

17. The board may refuse to register the transfer of shares to a person whom the board does not approve or may decline the registration of the transfer of shares on which the company has lien.

18. Any person becoming entitled to shares in consequence of death or insolvency of any member, upon producing such evidence as the Board thinks sufficient to prove his title to the state of the deceased member, may with the consent of the Board, be registered as member in respect of such shares.

SURRENDER OF SHARES

19. Where the Board is satisfied that-

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

Provided that the Board shall not direct such surrender of shares unless the member has been served with a written notice and given an opportunity of being heard.

BORROWING POWERS

20. The board may subject to the relevant provisions of the Act borrow money from banks, financial institutions, autonomous corporations, firms or other companies on the security of the assets of the company including immovable properties. The company may accept loans, advances or deposits of money on such terms and conditions as the board may deem fit subject to the provisions of the Act, and guidelines issued by the Reserve bank of India from time to time.

LOANS AND ADVANCES

21. The Board may provide financial assistance to the members subject to the provisions of Section 378 ZK of the Act.

GENERAL MEETINGS

22. In each year the company shall hold in addition to any other meetings a general meeting as its annual general meetings and shall specify the meeting as such in the notices calling it and not more than 15 months (or such other extended period as may be permitted by the registrar) shall elapse between the date of one annual general meeting and that of the next.
23. The first special general meeting of the company shall be held within a period of 90 days from its incorporation, in which the members shall adopt the articles of the company and appoint its directors.

24. The quorum of the general meeting shall be one-fourth of the total membership of the company. All resolutions other than the special resolution put to the meetings shall in the first instance be decided by show of hands. A poll shall be taken only if ordered by the Chairman of the day's meeting of his own motion or only if demanded in the manner laid down in section 107 of the Act.

25. Every annual general meeting shall be called, for a time during business hours, on a day that is not a public holiday and shall be held at the registered office of the producer company or at some other place within the city, town or village in which the registered office of the company is situated.

26. A General meeting of the company shall be called by giving not less than 14 days prior notice in writing.

27. The notice of the general meeting indicating the date, time and place of the meeting shall be sent to every member and auditor of the company.

BOARD OF DIRECTORS

28. The company shall be administered by a Board of Directors consisting of persons elected or appointed as director in the manner consistent with the provision of Chapter XXIA part I of the Companies Act and board shall be accountable to the members.

29. The number of members of directors shall not be less than five and not more than fifteen.

APPOINTMENT OF CHIEF EXECUTIVE

30. The company shall appoint a full time Chief Executive, by whatever name called from amongst the persons other than the Members, and shall be ex officio director of the board

and not required to retire by rotation and shall be entrusted with substantial powers of managements the board may determine. His duties and functions shall be subject to the provisions of Section 378 W of the Companies Act.

DIRECTORS

31. The following persons shall be the first Directors of the Company;

Sl No	Name
1	
2	
3	
4	
5	

32. Shall be designated as the First Directors of the Company till a Board is elected in a general meeting held as per section 378P(2) within in 90 days of registration of the Company. However the Board has powers to appoint additional directors/ Expert directors as per the provisions of Section 378P(6) of the Companies Act.

RETIREMENT OF DIRECTORS

33. All the Directors other than those not liable to retire by rotation shall retire at every Annual General meeting and shall be eligible for re-appointment at that meeting.

34. A Director may be removed before the expiry of his term of office as per the provisions of Section 169 of the Companies Act.

35. Any casual vacancy in the board may be filled by the Board and to hold office upto the next Annual General meeting.

MANAGEMENT

36. The Board may appoint a Chairman among them and shall determine the tenure of his office.

37. The quorum of the Board meeting shall be one third of its total strength or three Directors whichever is higher. If no such quorum is present the meeting shall be dissolved and fresh notice shall be issued convening the meeting on another day.

38. In accordance with the provisions of Section 378 V (1) of the Act, the Directors shall meet together as often as they deem necessary for transacting the business of the Company. Notice convening the meeting of the Board of Directors shall be signed by the Chairman and served individually on every Director. The Chairman shall preside at the Board meetings and if the Chairman is absent the Directors present at the meeting shall elect one among them as the Chairman to preside over the day's meeting.

39. All questions arising at the Board meetings shall be decided by a majority of votes and every Director present shall have only one vote. In the event of equality of votes the Chairman of the day's meeting shall have a casting vote.

40. Every director present at the board meeting shall write his name and sign in a book specially kept for the purpose.

POWERS OF DIRECTORS

41. In addition to the general powers conferred on directors by section 179 of the Act they shall have the following specific powers.

(a) Determination of the dividend payable;

(b) Determination of the quantum of withheld price and recommend patronage to be approved at general meeting.

(c) Admission of new members.

(d) Pursue and formulate the organizational policy, objectives, establish specific long term and annual objectives and approve corporate strategies and financial plans.

(e) Appointment of chief executive and such other officers and employees of the company.

(f) Exercise superintendence, direction and control over chief executive and other officers appointed by it;

(g) Cause proper books of accounts to be maintained; prepare annual accounts to be placed before the Annual General Meeting with auditor's report and replies on qualifications if any made by the auditors;

(h) Acquisition and disposal of property of the company in its ordinary course of business;

(i) Subject to the provisions of the Act to invest the funds of the company not immediately required for the purpose of the business in such manner as they may decide proper to protect the interest of the company in its ordinary course of business.

(j) Subject to the provisions of the Act, sanction any loan or advance in connection with the business activities of the company to any member, not being a director or his relative.

(k) To open bank accounts in the name of the Company, in such banks as they may decide and to authorize the Chairman, CHIEF EXECUTIVE, Director or any other person to operate such accounts with the joint signatures of any two of the said persons.

(l) To borrow money for the purpose of the business of the company without any security or on the security of the assets of the company and to authorize chairman, CHIEF EXECUTIVE or any other director whether solely or jointly to execute necessary documents connected therewith.

(m) To institute, defend, compound or compromise any suit filed by or against the Company and to authorize one or more of the Directors of the Company to represent the Company in all such suits and to sign and present pleadings on behalf of the Company.

(n) To authorize the Chairman, Chief Executive or any other Director whether solely or jointly to execute on behalf of the Company all documents, applications, returns that are to be executed or signed in the name of .the Company.

(o) To decide the procedure relating to supply information to the members about the general business of the Company.

(p) All the powers specified hereinabove shall be exercised by the Board, by means of resolution passed at its meeting on behalf of the company.

(q) To initiate division, amalgamation, merger, creation of subsidiaries and the entering into joint ventures for the company and other matters connected therewith subject to approval of the members.

(r) To decide and or authorize any Director, CEO or any person/Employee to carry out any activities / matters incidental to the day to day operations of the Company including legal compliances of the company.

THE SEAL

42. The Company shall have a Common Seal, which shall be approved by the Board. The seal shall be in the custody of the CHIEF EXECUTIVE and it shall not be affixed to any instrument without the approval of the Board.

ACCOUNTS AND AUDIT

43. The Board shall cause to be maintained proper books of account as required by section 378ZE of Chapter XXIA Part I of the Companies Act. All specific requirements of the Act in regard to the preparation and auditing of the balance sheet and profit and loss account and filing such accounts with the required authorities shall duly be complied with.

LIMITED RETURN

44. Save as provided in the Act and Articles, there shall be limited return on share capital.

LOANS TO MEMBERS

45. The Board may provide financial assistance to the members subject to the provisions of section 378ZK of the Act.

PATRONAGE BONUS, DIVIDENDS AND RESERVES

46. The surplus arising out of the operations of the company shall be distributed in an equitable manner by

    - Providing for the development of the business of the company and providing for common facilities.
    - Distributing among the members, as may be admissible in proportion to their respective participation in business, as bonus either in cash or by way of allotment of bonus shares in the company.

47. Every member shall be eligible for the patronage bonus based on the total primary produce he/she supplied to the company. The amount of patronage bonus shall be decided by the

board of Directors. Whether to declare a patronage bonus in a particular year shall be absolute discretion of the Board. The patronage bonus shall be divided or apportioned among members; it calculated as the fraction of value of total primary produce that he/she supplied to the company to the values of total primary produce purchased by the company from its members.

48. The Board, out of the profits of the Company made each year may recommend payment of dividend and the Company in General Meeting shall declare the same subject to the limit recommended by the Board.

49. The Company may create and maintain general or other reserves to which shall be credited such amounts out of the profit of the Company as the board may think proper.

INVESTMENTS

50. The reserves of the company shall be invested to secure the highest returns available from approved securities, fixed deposits, units, bonds issued by the government or co-operative or scheduled bank or in such other mode as may be prescribed by the Act. The company may for promotion of its objectives acquire the shares of another Producer Company.

51. The company may subscribe to the share capital of or enter into any agreement or other arrangement, whether by way of formation of its subsidiary company, joint venture or in any other manner with anybody corporate, for the purpose of promoting the objects of the company by special resolution.

52. The investment in shares as per clause 54 and 55 shall be subject to section 378ZL(4) of the Act.

53. The Board may with the previous approval of members by a special resolution dispose of any of the investments referred to in clause 54 and 55 with 21 days prior notice inwriting.

54. The notice of the general meeting indicating the date, time and place of the meeting shall be sent to very member and auditor of the company.
55. The Memorandum and Articles of Association of the company shall be laid before a General Meeting to be held within 90 days of the Registration of the Company.

WITHHELD PRICE

56. The company may withhold a portion not exceeding 10 percent of the value of the produce

or products pooled from members. Such withheld price may be determined by the Board from time to time and distribute to the members at such intervals as may be decided by the Board.

SPECIAL USER RIGHTS

57. The Board may provide special user rights to active members and the company may accordingly issue appropriate instruments to the members in respect of such special rights.

BONUS SHARES

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

WINDING UP

59. Subject to the provisions of the Act, in the event of the Company being wound up the surplus assets, if any shall be distributed among members ratably.

SECRECY CLAUSE

60. No member without the permission of the Board of Directors, shall be entitled to visit or inspect the Company's work or to require any details or information regarding the manufacturing or trading of the Company, or any matter which is or may be in the nature of a trade secret or process and which in the interest of the members of the Company's is not desirable to communicate to the public.

ARBITRATION CLAUSE

61. All disputes arising out of or in connection with the incorporation, management, appointment of directors, transfer of shares, Memorandum of Association, Articles of Association, Directors, right of pre-emption, other clauses of the MOA and AOA of the Company and between the members or between members and directors shall be referred to and shall be settled according to The Indian Arbitration and Conciliation Act, 1996 as amended from time to time and the rules made there under. The disputes shall be referred to a sole arbitrator to be appointed by the Board of Directors of the Company.