

THE COMPANIES ACT 1956
A COMPANY LIMITED BY GUARANTEE AND
NOT HAVING A SHARE CAPITAL
MEMORANDUM OF ASSOCIATION
OF
COTTON ASSOCIATION OF INDIA

As altered by the Special Resolutions of 14th February 1924, 13th August 1981, 7th September, 1998 and 28th November 2000.

- I. The name of the Company is COTTON ASSOCIATION OF INDIA.
- II. The Registered Office of the Company will be situated in the State of Maharashtra.
- III. The Objects for which the Company is established are :-
 - A. The main objects of the Company to be pursued by the Company on its incorporation.
 - (1) To provide and maintain suitable buildings or rooms for a Cotton Exchange in the City of Bombay and elsewhere in India and to regulate admission to and prohibition of the use thereof and the nature and times of such user whether in the case of the general body or particular classes or any individual or firm or company using the Exchange; to provide forms of contracts compulsory or permissive and regulate the making, carrying out and enforcement or cancellation of contracts; to adjust by arbitration or otherwise, controversies between persons engaged in the Cotton Trade; to establish just and equitable principles in the said Trade; to maintain uniformity of control of the said Trade; to fix or adopt standards or classification of cotton; to acquire, preserve and disseminate useful information connected with the Cotton interest throughout all markets; to decrease or insure the local risk attendant upon business; and generally, to control, promote and regulate the Cotton Trade in India, improve its stability and augment the facilities with which it may be conducted.
 - (B) Objects incidental or auxiliary to the attainment of the main objects.
 - (2) To undertake and carry on scientific research in regard to cotton and other fibres for their development, cultivation, production and consumption including research for improvement in yield and quality; to undertake and carry out research on the physical, structural and chemical properties of cotton and other fibres including man-made fibres in relation to their quality and performance; to carry out investigation

on the ginning problems of Indian Cotton; to investigate greater and better utilisation of cotton waste, linters, cotton seeds, etc.; to help trade and industry by furnishing them valuation of different varieties of cotton and other fibres; to issue reports on samples received for tests from Government Department, trade, growers and other sources; to disseminate technical information; to collect, compile and publish scientific data on all aspects of production, marketing and consumption of cotton and other fibres; to establish a laboratory for conducting various tests on cotton and other fibres.

- (3) To establish and maintain a Clearing House for the purpose of dealing with cotton transactions, and to regulate admission to and prohibition of the user thereof and the nature and times of such user whether in the case of the general body or particular classes or any individual or firm or Company using the Clearing House.
- (4) To regulate the handling and exportation of Cotton from India and the importation of Cotton into India in so far as it may be imported.
- (5) To indemnify shipowners, master porters and other such persons against claims in respect of any Cotton exported from or imported into India, in such manner and by such instruments as the Company may deem advisable.
- (6) To levy, take, recover and receive rates, tolls, charges, and other sums of money, on, for and in respect of Cotton in which the Company or its Members or Associate Members or Special Associate Members or (if and so far as any necessary authority in that behalf is obtained) others not connected with the Company are in any way interested or concerned.
- (7) To facilitate the due shipment and delivery of Cotton, and to consider all questions as to the loading, carriage by land or sea delivery and insurance of Cotton and to take such action therein as the Company may think fit.
- (8) To bring, prosecute or defend, or aid in bringing, prosecuting or defending any suits, actions, proceedings, applications, or arbitrations on behalf of Members or Associate Members or Special Associate Members or otherwise as the Directors of the Company may think proper or conducive to the objects of the Company.
- (9) To obtain Acts of sanctions of the Government of India or the Government of Bombay for enabling the Company to carry all or any of its objects into effect, or for amending the laws affecting any persons dealing in or handling cotton and to promote, support or oppose legislative or other measures affecting the aforesaid Trade or interest.

- (10) To prescribe the principle of framing of contracts with a view to eliminate the temptation and possibility of speculative manipulation.
- (11) To admit persons as members (other than original Members) or Associate Members or Special Associate Members of the Company upon such terms and conditions as may from time to time be determined.
- (12) To make from time to time By-laws for the control and regulation of membership of the Company and of cotton dealings in India whether under the Forward Contracts (Regulation) Act of 1952 (LXXIV of 1952) or any statutory modification thereof or substitution therefor or otherwise, and without prejudice to this generality for the maintenance and use or prohibition of the use of the Exchange or Clearing House or Clearing Houses whether in the case of the general body or particular classes or any individual or firm or Company using the same and the nature and time of such user; determining the classes of contracts and the obligations in respects of which differences shall be paid through a Clearing House; fixing and declaring market rates and settlement dates; the opening and closing of markets in cotton and the times during which they shall be open or closed; the making performance and determination of contracts and the consequences of death, supervening incapacity, insolvency or breach of contract; the forms of contract to be used whether permissive or compulsory; the prohibition of specified classes of dealings and the time during which such prohibition shall operate; the prevention of and dealing with 'Corners' or 'Bear Raids' in any and every kind of cotton and cotton transaction so as to prevent or stop or mitigate undue speculation inimical to the Trade as a whole; the course of business between Original Members, Members, Associate Members and Special Associate Members *inter se* or between any of them on the one hand and their constituents (whether Members of any description or not) on the other hand, the forms of contracts between them and their rights and liabilities to each other in respect of dealings in cotton; the fixing of brokerage and commission; the levying, compelling payment of and recovering fines, fees, penalties and subscriptions in connection with any of the objects of the Company before or after mentioned; the arbitration, conciliation and settlement of all manner of disputes or difficulties in connection with the cotton Trade; disciplinary By-laws including provision for suspension and expulsion from membership of the Company; the appointment of Committees for the furtherance of any of the objects or powers, express or implied of the Company including without prejudice to this generality Daily Rates Committees, Arbitration Committees, Appeal Committees, Trade Supervision Committees, Clearing House Committees, Building Committees, By-laws Committees, or any other statutory and non-statutory Committees requisite or expedient for the purposes of the Company or any of them, and to determine their powers, duties and remuneration if any, and the conditions under which they are to hold office and operate.
- (13) To establish, take over, control, manage or regulate the Cotton Market in Bombay or the Cotton Market or Markets in any part of India.

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- (14) To purchase, take on lease, or in exchange, hire or otherwise acquire any real and personal property and any rights or privileges which the Company may think necessary or convenient for the purposes of its activities and in particular any land, buildings and easements.
- (15) To construct, maintain and alter any buildings or works necessary or convenient for the purposes of the Company.
- (16) To build, acquire and manage Cotton warehouses, to ware house cotton and to undertake the transport of cotton to and from such warehouses and elsewhere in Mumbai.
- (17) To insure, sell, improve, manage, develop, lease, mortgage, dispose of, or otherwise deal with all or any part of the property of the Company.
- (18) To insure cotton, the property of Members, Associate Members and Special Associate Members against loss by fire.
- (19) To communicate with Chambers of Commerce and other Mercantile and Public Bodies throughout the world and concert and promote measures for the protection of the Cotton Trade and Traders in Cotton.
- (20) To relieve poor and necessitous persons and to subscribe to become a Member of, and co-operate with any other Association, whether incorporated or not whose objects are altogether or in part the relief of poor and necessitous persons.
- (21) To establish and support or aid in the establishment and support of Association, institution, funds, trusts, and conveniences calculated to benefit servants or ex-servants of the Company or the dependants or connections of such persons, and to grant pensions and allowances and to make payments towards insurance and to subscribe or guarantee money for any charity or benevolent object or for any exhibition or for any Public, general or useful object.
- (22) To subscribe to, become a Member of, and co-operate with any other Association, whether incorporated or not whose objects are altogether, or in part, similar to those of this Company, and to procure from and communicate to any such Association such information as may be likely to forward the objects of the Company.
- (23) To invest or advance the moneys of the Company upon such securities or without any security, and at or without interest, as may from time to time be determined.
- (24) To receive money on deposit at interest or otherwise.

- (25) To raise money in such other manner as the Company shall think fit, and in particular by the creation and issue of debentures or debenture-stock charged upon all or any of the Association's property (both present and future).
- (26) To enter into any arrangement for union of interests or co-operation with any person, Association or Institution or Public Body, or administration, carrying on or interested in or about to carry on or be interested in any activity which this Company is authorised to carry on, or any activity capable of being conducted so as directly or indirectly to benefit this Company and to take or otherwise to acquire and hold shares or stock or debentures or bonds or holding of or in any such concern.
- (27) To promote any other Company for the purpose of acquiring all or any of the property and liability of this Company, or of advancing directly or indirectly the objects or interest thereof, and to take or otherwise acquire and hold shares, stock or debentures in any such Company and to guarantee the payment of any debentures or other securities issued by any such Company.
- (28) To take or otherwise acquire and hold shares in any other Company having objects altogether or in part similar to those of this Company.
- (29) To purchase and otherwise acquire and undertake all or any part of the business, property, and liabilities of any person or Company carrying on any business which this Company is authorised to carry on.
- (30) To sell the undertaking of the Company, or any part thereof for such consideration as the Company may think fit and in particular for shares, debentures, or securities of any other Company having objects altogether or in part similar to those of this Company.
- (31) To enter into any arrangements with any Government, Ruling Power and any local or other Authorities, Railway, Municipal or otherwise which may seem conducive to the Company's objects or any of them, and to obtain from any such Government, Ruling Power, or Authority any powers, rights, licenses, privileges, or concessions which the Company may think fit and desirable to obtain; and to carry out, exercise and comply with any such arrangements, rights, licenses, privileges and concessions.
- (32) To sign, seal, execute and deliver all instruments, deeds, documents and writings whatsoever usual, necessary or expedient in relation to the Company or its affairs or interests whether as grantors, consenters, or otherwise and to do the foregoing and all such other things as are incidental or conducive to the attainment of the above objects or any of them in any capacity whether as principals or agents, or Trustees or beneficiaries or otherwise.

Provided that the Association shall not support with its funds, or endeavour to impose on, or procure to be observed by, its members or others, any regulation or restriction which, if an object of the Company, would make it a Trade Union.

- C. The other objects – Nil
- IV. The objects of the Company shall extend to the whole of India.
- V. (1) The Income and property of the Company, whensoever derived, shall be applied solely for the promotion of its objects as set forth in this Memorandum.
- (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) Except with the previous approval of the Central Government, no remuneration, or other benefit in money or moneys 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 prior approval of the Central Government, no member shall be appointed to any office under the Company which is remunerated by salary, fees, or in any other manner not excepted by sub-clause (3).
- (5) Nothing in the foregoing clauses 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 a member) in return for any services actually rendered to the Company.
- VI. No alteration shall be made to this Memorandum of Association and to the Articles of Association of the Company which are for the time being in force, unless the alteration has been previously submitted to and approved by the Regional Director, Western Region Department of Company Affairs, Mumbai.
- VII The liability of the Members is limited.

- VIII Each Member of the Company undertakes to contribute to the assets of the Company in the event of the same being wound up while he is a Member or within one year afterwards for payment of the debts and liabilities of the Company contracted before he ceases to be a Member, and of the costs, charges and expenses of winding up the Company and for adjustment of the rights of the contributories amongst themselves such amount as may be required not exceeding one hundred rupees.
- IX True accounts shall be kept of all sums of money received and expended by the Company and the matters in respect of which such receipts and expenditure take place, and of the property, credits and liabilities of the Company; and, subject to any reasonable restrictions as to 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, the accounts shall be open to the inspection of the members. Once at least in every year, the accounts of the Company shall be examined and the correctness of the balance-sheet and the income and expenditure account ascertained by one or more properly qualified auditor or auditors.
- X If upon a 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 amongst the members of the Company, but shall be given or transferred to such other Company having objects similar to the objects of this Company, to be determined by the members of the Company, at or before the time of dissolution or in default thereof, by the High Court of Judicature that has or may acquire jurisdiction in the matter.

We, the persons whose names and addresses are subscribed, are desirous of being formed into a Company not for profit in pursuance of this Memorandum of Association.

NAMES	ADDRESSES
MATHURADAS VISSANJI, Esq.	C/o. Messrs. Vissanji Khimji & Co., 3, Wallace Street, Fort, Bombay.
C.W. du BREUL, Esq. ..	C/o. Messrs. Breul & Co., Forbes Building, Home Street, Fort, Bombay.
HARIDAS MADHAVDAS, Esq. ..	C/o. Messrs. Amersey Damodar, 173, Bhuleshwar, Bombay.
W.G. Mc.KEE, Esq. ..	C/o. Messrs. P. Chrystal & Co., 3, Wallace Street, Fort, Bombay.
RAMGOPAL RAMRIKH, Esq. ..	C/o. Messrs. Sarupchand Hukamchand, Bhuleshwar, Bombay.
K.H. McCORMACK, Esq. ..	C/o. Messrs. Indian Cotton Co. Ltd., 7, Murzban Road, Fort, Bombay.
W. ELLIS JONES, Esq. ..	C/o. Messrs. Drennan & Co., Forbes Building, Home Street, Fort, Bombay.
VASSANJI JEEVANDAS, Esq. ..	C/o. Messrs. Khimji Visram, Dana Bunder, Broach Street, Bombay.
PRALADRAI RAMJIDAS, Esq. ..	C/o. Messrs. Mamraj Rambhagat, Sheikh Memon Street, Bombay.
RAMESHWARDAS BIRLA, Esq.	C/o. Messrs. Birla Brothers Ltd., Church Gate Street, Fort, Bombay.
ANANDILAL PODAR, Esq. ..	C/o. Messrs. Anandilal Podar & Co. Marwari Bazar, Bombay.
FATECHAND BAIJNATH, Esq. ..	C/o. Messrs. Harnandrai Baijnath, 283, Kalbadevi Road, Bombay.
SHIVNARAYAN NEMANI, Esq. ..	564, Sheikh Memon Street, Bombay.

THE INDIAN COMPANIES ACT, 1913.

COMPANY LIMITED BY GUARANTEE

ARTICLES OF ASSOCIATION

OF

COTTON ASSOCIATION OF INDIA

(A Company Limited by Guarantee, incorporated under the Indian Companies Act VII of 1913).

Approved and adopted as per Special Resolution passed at the Extraordinary General Meeting of the Company held on 13th February 1958, reproduced below :-

“RESOLVED that, subject to approval of the Central Government, the Regulations contained in the document described as Articles of Association of the Cotton Association of India submitted to this meeting and circulated among the members of the Company and for purposes of identification subscribed by the Chairman thereof, be approved and adopted, with the modifications to Articles 16, 26, 49, 59 and 103 agreed to at this meeting, as the Articles of Association of the Company is substitution for and to the exclusion of the existing Articles of Association of the Company.”

M.R. RUIA,
Chairman.

As further altered by the Special Resolutions passed on (i) 12th June, 1959, (ii) 30th October, 1964, (iii) 5th November, 1965, (iv) 2nd December, 1966, (v) 22nd February, 1967, (vi) 1st August, 1969, (vii) 22nd March, 1973, (viii) 27th July, 1974, (ix) 14th August, 1979, (x) 13th August, 1981, (xi) 6th August, 1982, (xii) 11th May, 1983, (xiii) 22nd July, 1985, (xiv) 4th May, 1987, (xv) 15th September, 1992, (xvi) 6th September, 1996 (xvii) 7th September, 1998 (xviii) 4th May, 2000, (xix) 28th November 2000, (xx) 30th April 2007.

1. For the purpose of registration the Company was declared to consist of four hundred and fifty members.
2. The Company may from time to time, in General Meeting by ordinary resolution register an increase of its members.

Note : By a resolution passed at a General Meeting of the Association held on the 31st October 1947, the number of members was last increased to two thousand.

3. In the interpretation of these Articles, unless there be something in the subject or context inconsistent therewith,

"The Company" or "This Company" means Cotton Association of India.

"Associate Directors" means Associate Directors for the time being of the Company, or as the case may be, the Associate Directors assembled at the Board, elected in accordance with the Articles of Association for the purposes set out therein.

"The Act" means the Companies Act, 1956, or any statutory modification or re-enactment thereof for the time being in force.

"Auditors" means and includes those persons appointed as such for the time being by the Company.

"Authorised representative" or "authorised representative of a member" means person registered as such under Article 17.

"Board" or "Board of Directors" means a meeting of the Directors of the Company duly called and constituted, or, as the case may be, the Directors assembled at a Board, or, the Directors of the Company collectively.

"By-laws" means the By-laws of the Company for the time being in force made under or in pursuance of the Articles of Association for the time being or under or by virtue of any enactment.

"Co-operative Cotton Marketing Society" means a Co-operative Society or a Union or Federation of such Co-operative Societies established for the purpose of marketing of Cotton or having the marketing of Cotton as one of its principal objectives and registered with the appropriate authorities and registered as such by the Company in accordance with the rules framed for the purpose by the Board.

"Directors" means the Directors for the time being of the Company, or, as the case may be, the Directors assembled at a Board.

"Member" means a person, firm or company duly elected or admitted to membership of the Company, whether or not entitled to the use of the Clearing House of the Company, and whose name is entered in the Register of Members of the Company.

Meetings:-

"General Meeting" means a meeting of the members.

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"Annual General Meeting" means a General Meeting of the members held in accordance with the provisions of Section 166 of the Act.

"Extraordinary General Meeting" means an Extraordinary General Meeting of the members duly called and constituted and any adjourned holding thereof.

"Month" means a calendar month.

"Office" means the Registered Office for the time being of the Company.

"Person" shall include a firm and a company.

"Place of business" means an office where a member or a person eligible for membership of the Company is conducting *bonafide* cotton business.

"India" means the territory of India as defined from time to time in the Constitution of India.

"President" and "Vice-President" mean the Director duly elected as such under Article 50 and shall include the Chairman and Vice-Chairman respectively of the Board.

"Register of Members" means the Register of Members to be kept pursuant to the Act.

"The Registrar" means the Registrar of Companies.

"Seal" means the common seal for the time being of the Company.

"Secretary" means the Secretary appointed as such by the Board, and shall include a Deputy Secretary and an Assistant Secretary appointed as such and an Officiating Deputy or Assistant Secretary.

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

Words importing the singular only include the plural number and *vice versa*.

Words importing the masculine gender also include the feminine gender.

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Words importing persons include firms, *pedhies*, Hindu joint families, companies, corporations, associations, institutions and Government and any department thereof.

"Special Resolution" shall have the meaning assigned thereto by section 189 of the Act.

"Upcountry Cotton Trade Association" means a Cotton Trade Association established at upcountry cotton centres and registered as such by the Company in accordance with the rules framed for the purpose by the Board.

"Year" means the calendar year; and

"Financial Year" shall have the meaning assigned thereto by section 2 (17) of the Act.

4. The regulations contained in Table C in the First Schedule to the Act or in any schedule to any previous Companies Act shall apply to this Company; but the regulations for the management of the Company and for the observance by the members thereof and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of, or addition to these Articles by special resolution, as prescribed by the Act, be such as are contained in these Articles.

MEMBERSHIP

5A There shall be four classes of Members, namely-

- (i) Full Members - divided into (a) Original Members, (b) New Members, and (c) Foreign Members;
- (ii) Special Associate Members - divided into (a) Special Associate Members Class A and (b) Special Associate Members Class B;
- (iii) Associate Members - divided into (a) Original Associate Members, (b) New Associate Members, (c) New Associate Members Class B, and (d) Foreign Associate Members; and
- (iv) Honorary Members.

5B. On or after 1st September 1974 there shall be only one class of Members viz. Full Members divided into (a) Original Members, and (b) New Members.

[Note :- Members admitted previously into different classes as per provision of clause 5A above will be merged into one class only viz. Full Members.]

FULL MEMBERS

6. (a) *Original Members* - Every person, who having a place of business in Bombay applied for membership of the Company on or before the 15th day of July 1922 in the form prescribed by the Company, agreeing to be bound by the Articles and the By-laws, Rules and Regulations of the Company from time to time in force, and paid Rs.5,000/- and whose application was accepted by the Board as a member and who has paid his annual subscription regularly since then, shall be an Original Member of the Company.
- (b) *New Members* - (i) Any person, having traded in cotton in Bombay for a period of not less than three years and having a place of business in Bombay and was eligible for membership of the Company, in that, in the case of a firm and company respectively, a majority of the partners and a majority of the directors or managers were British subjects and at least 75 per cent of the capital of the firm or company was beneficially owned by British subjects, and in the case of a private company with a limited liability, its paid-up capital was at least Rs.10,00,000/- and in the case of an individual, he was a British subject and applied for membership of the Company in the form prescribed by the Company agreeing to be bound by the Articles and the By-laws, Rules and Regulations of the Association from time to time in force and paid Rs.20,000/- by way of deposit as also the entrance fee, if any, and whose application was accepted by the Board before the 29th day of December 1951 as that of a member and who has paid his annual subscriptions regularly since then, shall be a New Member.
- (ii) On or after the 29th day of December 1951 no person shall be admitted to membership as a New Member unless:-
- (1) he or it has a place of business in Bombay and has traded in cotton in Bombay for a period of not less than one year,
 - (2) being a person, he is a Citizen of India,
 - (3) being a firm, a majority of its partners is, and at least 75 per cent of its capital is owned by Citizens of India,
 - (4) being a company, a majority of its directors or managers is, and at least 75 percent of its capital is beneficially owned by Citizens of India and, if it is a private company with limited liability, its paid-up capital is at least Rs.10,00,000/-, and

he or it pays a deposit of Rs.20,000/- and an entrance fee of Rs.2,500/- which latter shall belong to the Company absolutely.

(iii) On and after 1st September 1974 no person shall be admitted as a Member unless -

- (1) he or it has been trading in cotton;
- (2) being a person, he is a Citizen of India;
- (3) being a firm, a majority of its partners is, and at least 75 per cent of its capital is owned by the Citizens of India;
- (4) being a Company or a Society, majority of its Directors or Managers is, and at least 75 percent of its capital is beneficially owned by Citizens of India, and if it is a limited Company, its paid-up capital is at least Rs.2,50,000/- which requirement may be relaxed by the Board in their absolute discretion on personal guarantee given by any Director of the Company/Society in the form that may be prescribed by the Board, and

he or it pays a deposit of Rs.5,000/- and an entrance fee of Rs.10,000/- or such other amounts as deposit and entrance fee as the board may decide from time to time but not exceeding deposit of Rs.25,000/- and an entrance fee of Rs.10,000/- of which the latter shall belong to the Association absolutely.

Notwithstanding what is stated above, a member who is registered as a CHEM or a TM or a Broker, shall have an office where communications from the Association can be delivered and received by him or conveyed and received by him electronically on all the working days of the Association.

The Full Members of the Company on the Register of the Company as on 30th April 1974 who have paid the deposit of Rs.20,000/- to the Company pursuant to the provisions in (b) (i) and (ii) above, shall be entitled to a refund of Rs.15,000/- in such instalments as the Board may decide from time to time. The excess deposit or the balance thereof thus refundable shall carry interest at the same rate at which interest is payable at present on the deposit.

Every person applying for Full Membership on or after the date on which this Article comes into force or whose application for membership shall not have been disposed of before that date, shall make an application for membership in writing in such form as may from time to time be prescribed by the Board or the Company and the same shall be signed by him and his proposer and seconder (who shall be Full Members) and addressed to the Company. The application with details given therein shall be notified on the notice board of the Company inviting within a week objections, if any, from members to the same being entertained and decided upon by the Board. After the expiry of the week, the Board shall consider the application and the objections, if any, received and decide whether or not it should be put for ballot. If they decide to put the application for ballot, the name of the applicant shall be circulated to the Directors who shall within 14 days from the date of the circular or within such extended period as the Board may fix, dispose of the application by secret vote or ballot.

During the said period of 14 days or the extended period as aforesaid, the candidate's election by the Directors shall be by secret vote or ballot. The voting or ballot box shall be open for 14 days or such greater period as the Board may prescribe. The candidate shall not be elected unless at least 14 Directors vote or ballot. Nor shall he be elected if the number of votes cast against him exceeds four. A rejected candidate shall not again be proposed for election till the expiry of twelve months from his rejection. The voting or ballot shall be held at such place and within such hours and in such manner as shall from time to time be prescribed by rules, if any, made in that behalf by the Board and if there shall be no such rules, as the Board may direct from time to time.

6. (c) Notwithstanding anything contained hereinabove, every member who on making an application is permitted by the Committee appointed by the Board to trade in Indian Cotton Contract in the Trading Ring as a CHEM or as a TM or as a Broker and/or to use the Clearing House of the Association for payment or receipt of differences arising out of the daily or periodical settlements in the Indian Cotton Contract in the "futures" market shall pay to the Association such sum of deposit or additional deposit at such rates as provided in the By-laws of the Association from time to time.

SPECIAL ASSOCIATE MEMBERS

7. (i) *Special Associate Members Class A* - Any person who, on the 31st day of March 1922 was a member of the Clearing House established by the Cotton Contracts Board or a Broker licensed by the said Board, and who had applied for Special Associate Membership on or before the 31st day of March 1922 in the form prescribed by the Company, agreeing to be bound by the Articles and the By-laws, Rules and Regulations of the Company from time to time in force, and paid a deposit of Rs.5,000/- and whose application was accepted by the Board as that of a Special Associate Member and who has paid his annual subscriptions regularly since then, shall be a Special Associate Member Class A of the Company. Such member shall have no vested interest in the assets of the Company, but shall be entitled to trade in the 'Ring' in his own name and make use of the Clearing House, subject to the By-laws of the Company for the time being in force. Save as expressly provided by these Articles, a Special Associate Member Class A or his authorised representative shall not be entitled to receive notice of or to be present or to vote at any meeting of the Association or at any

General Meeting of authorised representatives, nor be entitled to be appointed or elected a Director of the Company.

- (ii) *Special Associate Members Class B* - Any person who, on the 1st day of May 1947, was a member of the Shri Mahajan Association Limited, and who applied for membership of the Company on or before the 31st day of January 1948 in the form prescribed by the Company, agreeing to be bound by the Articles and the By-laws, Rules and Regulations of the Company from time to time in force, and paid Rs.5,000/- by way of deposit and whose application was accepted by the Board as a member and who has paid his annual subscriptions regularly since then, shall be a Special Associate Member Class B of the Company. Such member shall have no vested interest in the assets of the Company, but shall be entitled to trade in the 'Ring' in his own name and make use of the Clearing House, subject to the By-laws of the Company for the time being in force. Save as expressly provided by these Articles, a Special Associate Member Class B or his authorised representative, shall not be entitled to receive notice of or to be present or to vote at any meeting of the Company or at any General Meeting of authorised representatives, nor be entitled to be appointed or elected a Director of the Company.
- (iii) Notwithstanding the provisions in clauses (i) and (ii) above, on and after 1st September 1974 Special Associate Members Class A and Special Associate Members Class B continuing as such on the Register of the Company till 31st August 1974 shall become Full Members on their submitting fresh application for Full Membership prior to 30th September 1974 in the form that may be prescribed by the Board for that purpose.

ASSOCIATE MEMBERS

- 8. (a) *New Associate Members* - (i) Any person, who was a British subject and actually engaged in the Cotton Trade and having a place of business in British India applied for Associate Membership after the 10th day of May 1922 but before the 29th day of December 1951 agreeing to be bound by the Articles and the By-laws, Rules and Regulations of the Association from time to time in force and paid Rs.1,000/- as deposit and whose application was accepted by the Board as an Associate Member and who has paid his annual subscription regularly since then, shall be a New Associate Member.
 - (ii) On or after the 29th day of December 1951 no person shall be admitted as a New Associate Member unless -
 - (1) he or it has a place of business in Bombay and is actually engaged in the cotton trade in Bombay,
 - (2) being an individual, he is a Citizen of India,
 - (3) being a firm, a majority of its partners, is and at least 75 percent of its capital is owned by Citizens of India,

- (4) being a company, a majority of its directors or managers is, and at least 75 per cent of its capital is beneficially owned by Citizens of India and, if it is a private company with limited liability, its paid-up capital is at least 10 lakhs of rupees and -

he or it pays a deposit of Rs.1,000/-

- (iii) Every person, applying for New Associate Membership on or after the 29th day of December 1951 shall make an application for membership in writing in such form as may from time to time be prescribed by the Board or the Association and the same shall be signed by him and his proposer and seconder (who shall be Full Members) and addressed to the Company. The admission of Associate Members shall be by a resolution of the Board approving the application by a majority vote of 75 percent of the Directors present and voting.
- (b) Associate Members other than New Associate Members Class B shall have all the privileges and rights of membership except as hereinbelow provided,
- (i) An Associate Member shall have no vested interest in the assets of the Company and subject to the provisions of Articles 13 to 15 may be removed by the Board without any reason being assigned. He shall not be entitled to trade in the 'Ring' in his own name and shall not be entitled to the use of the Clearing House.
- (ii) Save as expressly provided by these Articles, an Associate Member and an authorised representative of an Associate Member shall not be entitled to receive notice of or be present or vote at any meeting of the Association or at any General Meeting of authorised representatives; nor be entitled to be appointed or elected a Director of the Company.
- (c) On or after 1st September 1974 New Associate Members continuing as such on the Register of the Company till 31st August 1974 shall be entitled to be Full Members subject to their submitting a fresh application for membership on or before 30th September 1974 in the form prescribed by the Board for that purpose and paying an additional deposit of Rs.4,000/- (so as to make the deposit of Rs.5,000/-) before 31st December 1974 or such extended date as may be fixed by the Board from time to time but in any case not beyond 31st December 1975. These Members will be entitled to have and exercise all the rights of membership only after payment of the additional deposit (i.e.Rs.4,000/-) In the event of failure to apply as stated above or failure to pay the additional deposit within the time allowed, the members concerned will be deemed to have ceased to be the members of the Association and thereafter the member's deposit with interest till 31st August 1974 if any shall be refunded to the member concerned, subject to provisions in Article 10 (c) and (e).

9. The Board may enroll foreign Cotton Associations/Exchanges as Honorary Members of the Company and they may be represented by their officials viz. President or his nominee from the Board of its Directors or from its Committee of management. Such representatives will be entitled to attend Annual or any other General Meeting of the Company, but shall have no voting rights and shall be exempt from payment of entrance fee, deposit and subscription. However, such membership shall stand terminated when the foreign Association ceases to exist or becomes inoperative.

INCIDENTS OF MEMBERSHIP

- 10 (a) Every member of the Company shall pay an annual subscription. Until and unless the Board shall, with the sanction of a General Meeting, determine otherwise, the annual subscription payable by every Member shall be such amount as may be determined by the Board from time to time but not exceeding Rs.3,000/-.
10. (aa) Every member of the Company who has registered an outside Bombay address with the Company shall pay, in addition to subscription, an annual charge of Rs.200/- or such other charge as may be decided by the Board from time to time to cover the cost of postal and other incidental charges.
- (b) Save as otherwise expressly provided in these Articles no interest shall be payable from the financial year 1974-75 on the deposit paid by a member.
- (c) The deposit including the additional deposit paid by any member of the Company under the Provisions of Article 6(c) together with interest unpaid thereon, if any, shall be liable to forfeiture by a resolution of the Board for any default made by the member in the payment of any money payable by him to the Association or to any other member of the Company under or by virtue of the Articles and the By-laws, Rules and Regulations of the Company from time to time in force. The deposit, together with interest unpaid thereon, if any, shall also be subject to a first lien or charge in favour of the Company for all sums due to the Company by the member, in whose name the deposit shall, from time to time, stand or to whom it shall otherwise be repayable. Postponed to and coming immediately after the said first lien or charge, the deposit, together with unpaid interest thereon, if any, shall in every case be subject to a second lien or charge in favour of such of the other members (of any and every class) as the member in whose name the deposit shall stand from time to time or to whom it shall otherwise be repayable, shall be indebted in respect of cotton transactions, for the total amount of such indebtedness. Postponed to and coming immediately after the said second lien or charge, the deposit together with unpaid interest thereon, if any, shall in every case be subject to a third lien or charge in favour of such of the other members (of any and every class) as the member in whose name the deposit shall stand from time to time or to whom it shall otherwise be repayable, shall be indebted in respect of brokerage or mukadami charges due on cotton transactions entered into on behalf of that member, for the total amount of such indebtedness.

- (d) All moneys received by the Company as deposit from any member, shall be deemed to be under the absolute control of the Company, and the Board shall be entitled, subject to the provisions of the Articles for the time being in force, to use them for any of the objects of the Company in the same manner as if such moneys belonged to the Company absolutely.
 - (e) Subject as aforesaid, and subject also to the provisions of these Articles, the deposit paid by any member shall be refunded to the person in whose name the same shall for the time being be standing, within twelve months from the date of his ceasing to be a member.
- 11. All moneys received by the Company, in respect of entrance fees, annual subscriptions, fines, penalties or otherwise howsoever whether under the Articles or under the By-laws or otherwise, shall belong to the Company absolutely and may be dealt with in such manner as the Board may, from time to time, think fit for any of the objects of the Company.
- 12. Every Member shall conform to and be bound by the Articles and the By-laws, and the Rules and Regulations of the Company from time to time in force.
- 13. A member shall, (subject to the provisions of these Articles), be liable to be removed from the Company, or to be suspended from exercising all or any rights of membership, or to be otherwise dealt with, as the Board may by resolution determine if he fails or neglects to pay, as and when due, any sum due by him to the Company or remains in breach of the provisions of the Articles or By-laws, or Rules and Regulations of the Company from time to time in force, or of any award made thereunder or of any order of the Board.
- 14. The powers of removal and suspension contained in these Articles are in addition to and not in derogation of the powers of expulsion, suspension and fine that may be contained in the By-laws, Rules and Regulations of the Company from time to time in force, and the said last mentioned powers shall be deemed to have been incorporated in, and to form part of these Articles.
- 15. If a member ceases to be a Citizen of India or a British subject (where that is a necessary qualification) or is declared insolvent by a Court of competent jurisdiction, or, being a company, goes into liquidation (other than for the purpose of reconstruction or amalgamation when the provisions of Article 16 shall apply), or is removed from the Company or resigns, he shall, on posting to that effect, *ipso facto* cease to be a member and his name shall be taken off the Register of Members, but he shall remain liable for the fulfilment of all his obligations, whether to the Company or to any member of the Company.
- 16. (i) In the event of a member being an individual, dying leaving a widow and/or any son or any daughter or son's son, then on the application to the Board and upon such terms and conditions as the Board may deem fit to impose in their absolute and uncontrolled discretion, the membership of the deceased member may be transmitted to such of them as the Board may decide, provided they shall not be otherwise disqualified for membership.

- (ii) In the event of a member being an individual, taking into partnership with him another person or persons, or, being a firm, altering its style or constitution, or converting its business in cotton into a limited company, or, being a company, going into voluntary liquidation for the purpose of reconstruction or amalgamation or transferring its business to another company except on a sale for cash, then on the application to the Board and upon such terms and conditions as the Board may deem fit to impose in their absolute and uncontrolled discretion, such member may transfer his or its membership to such firm so styled or constituted or to such company, as the case may be, provided such transferee shall not be otherwise disqualified for membership.
- 17. (i) Every member being an individual whether or not trading in his own name, and not ordinarily resident in Bombay, shall, from time to time by nomination in writing signed by him, nominate as his authorised representative a person who has full authority to conduct and manage such member's cotton business in Bombay. Every such member, who is ordinarily resident in Bombay, may, in like manner, nominate any such person as aforesaid as his authorised representative and, failing any valid nomination, he shall be deemed to have nominated himself.
- (ii) Every member being a firm, shall from time to time by a nomination in writing signed by one of its partners or a person holding its general Power of Attorney, or in the case of a joint Hindu family firm, by its manager nominate one of its major coparceners, or a person duly authorised, to be its authorised representative.
- (iii) Every member not being an individual or firm, shall from time to time by a nomination in writing signed by some person or persons having authority in this behalf, nominate a person, to be its authorised representative.
- (iv) A person shall not be nominated as an authorised representative, unless he is ordinarily resident in Bombay and unless he shall, in the sole opinion of the Board, whose opinion shall be final and binding, have full authority to conduct or manage in Bombay the cotton business of his principal engaged in the cotton trade.
- (v) The Company shall include in the Register of Members maintained under Article 18, the names of the persons from time to time nominated or deemed to be nominated in accordance with the provisions of this Article.
- (vi) If any member, who has or is deemed to have nominated an authorised representative shall cease to be a member, the name of such authorised representative shall be struck off the Register maintained under Article 18.
- (vii) The entry of a nomination in the Register maintained under Article 18, shall be conclusive that the person so nominated is the authorised representative of the member nominating him.

REGISTER OF MEMBERS

18. (1) The Directors shall cause to be kept a Register and Index of Members, which shall comply with the provisions of Sections 150 and 151 of the Act. The Register shall also contain particulars of the style, constitution and address of the persons, firms, companies and societies who are members, including, in the case of a partnership, the full names of all the partners, and in the case of a Hindu Joint Family, the name and address of its manager. The Register shall also contain particulars of their respective addresses in Bombay.
- (2) Every member shall promptly notify the Company in writing of any change affecting any of the entries in the Register. If a member shall fail to notify any such change within a period of three months of the same occurring, the Board may in its absolute and uncontrolled discretion impose a penalty not exceeding Rs.500/- as a condition for recording the change.

CERTIFICATES

19. Certificates of Membership of the Company shall be issued under the Seal of the Company and signed in such manner as the Board shall, from time to time, prescribe and the same shall be produced to the Board or any official of the Company deputed for the purpose, as and when the Board may require.
20. If any certificate be worn out or defaced, then, upon production thereof to the Board, the Board may order the same to be cancelled and may issue a new certificate in lieu thereof, and if any certificate be lost or destroyed, then upon proof thereof to the satisfaction of the Board, or in default of proof, on such indemnity or otherwise, as the Board may deem adequate being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate.
21. For every certificate issued, the sum of one Rupee or such other sum as the Board may, from time to time determine, shall be paid to the Company.

BORROWING POWERS

22. Subject to the provisions of Section 292 and 293 of the Act, the Board may from time to time at their discretion raise or borrow from the Directors, members or other persons any sum or sums of moneys for the purposes of the Company, but so that the total amount at any one time owing by the Company in respect of moneys so raised or borrowed shall not without the sanction of a General Meeting, exceed the sum of Rs.10,00,000/-.
23. Subject as aforesaid, the Board may raise or secure the payment or repayment of such sum or sums of money in such manner and upon such terms and conditions in all respects as they think fit and, in particular, by the issue of Debentures or Debenture-stock of the Company charged upon all or any part of the property and rights of the Company (both present and future).

24. Every debenture or other instrument for securing the payment or repayment of the moneys borrowed by the Company may be so framed that the moneys thereby secured shall be assignable free from any equities between the Association and the person to whom the same may be issued. Any Debentures, Debenture-stock, Bonds, Mortgages or other instruments or securities issued by the Association may be issued at a discount, premium or otherwise, and with any special privileges as to redemption, surrender, drawings and otherwise as the Board may think fit.
25. The Directors shall cause a proper Register of Mortgages to be kept in accordance with Section 143 of the Act and shall duly comply with the requirements of Sections 118, 125 and 127 to 144 (both inclusive) of the Act regarding mortgages and charges. The Register of Mortgages shall be open to the inspection of a creditor or member of the Association without any payment and of any other person on a fee of one Rupee for each inspection.

PANELS OF MEMBERS

26. (1) All Full Members of the Association shall be classified into three Panels as follows:
 - (1) Buyers
 - a) Mill Buyers (who shall include Textile Mills, Small Spinning (SS) Units, Surgical Units and such other consumers of cotton).
 - b) Buyers other than Mill Buyers (who generally buy cotton such as merchants purchasing cotton from the market for selling the same to the mills or buyers who purchase cotton as agents or representatives of any mills or buyers of cotton for export).
 - (2) Sellers (who shall include the categories of
 - (a) growers and growers co-operatives
 - (b) ginnerers
 - (c) all other sellers who generally sell cotton in the market or deal as muddadums or commission agents acting for upcountry or local clients and also importers of cotton who sell to mills).
 - (3) Brokers (who shall include ready and futures brokers and also other service providers such as banks, controllers, etc.).

- (2) All Full Members who, on the day preceding the date upon which this Article shall come into force, were classified into the aforesaid three Panels in terms of the then existing Article 27, shall be re-classified by the President in consultation and with the approval of the Chairman of the Forward Markets Commission, in their absolute and uncontrolled discretion, in the respective Panels according to their predominant business interest. In doing so, the President and the Chairman of the Forward Markets Commission shall separate the members included in the Buyers' Panel into two divisions, one consisting of mill members and the other of the remaining members. Notwithstanding that any member shall be included as aforesaid in any of the said three Panels, or any division thereof, it shall nevertheless be competent to the Board, in their absolute and uncontrolled discretion, at any time and from time to time with the approval of the Forward Markets Commission, to alter the Panel or any division thereof in which any such member shall be included or transferred to, if they consider that the member's predominant business interest has changed in the meantime. Provided, however, that no such alteration shall ordinarily be made during a period of three months immediately preceding an Annual General Meeting.

Provided further that after the date upon which this proviso comes into force, there shall continue to be three Panels of Full Members but with divisions thereof as included in article 26(1) herein above. However, each Full Member, already included in the Sellers' Panel shall be allowed to opt the division thereof, and each Full Member, already included in the Brokers' Panel, shall be allowed to opt any other Panel, in which they desire to be included, but the particular division thereof and the Panel, as the case may be, in which they shall be included shall be in the absolute and uncontrolled discretion of the Board. However, if the Full Member already included in the Sellers' Panel fails to opt the division thereof, he shall be included in the division on the basis of the nature of his business already disclosed to the Association and all such changes will come into effect for the purpose of the Annual General Meeting for the financial year 1999-2000 and thereafter. After finalisation of such changes no member shall be permitted to change his Panel unless he applies in writing with valid reasons within 6 months following an Annual General Meeting and unless the same is duly approved by both the Board and the Forward Markets Commission and notified 3 months prior to the succeeding Annual General Meeting.

- (3) Any person, who after the date upon which this Article comes into force, shall become a Full Member of the Company shall be included in one or other of the said Panels and the division thereof, if any, according to his predominant business interest. Each such person shall in the first instance declare the Panel and the division thereof, if any, in which he desires to be included, but the particular Panel and the division thereof, if any, in which he shall be included shall be in the absolute and uncontrolled discretion of the Board. The Board shall also have the power at any time and from time to time in their absolute and uncontrolled discretion with the approval of the Forward Markets Commission to alter the Panel or any division thereof in which the member shall be included or transferred to, if they consider that the member's predominant business interest has changed in the meantime. Provided, however, that no such alteration shall ordinarily be made during a period of three months immediately preceding an Annual General Meeting.

- (4) No Full Member shall be included in more than one Panel. The number of members in any Panel is not restricted and the different Panels may vary in the total number of their members.
- (5) The Special Associate Members Class A, Special Associate Members Class B and Associate Members other than New Associate Members Class B, shall form a separate Panel. Their authorised representatives, shall out of their number, elect annually from amongst themselves their representatives, who shall be entitled to receive notices of and to attend and vote at all meetings of the Company and at all general meetings of authorised representatives. The number of persons so to be elected shall be the number nearest to but not exceeding nine percentum of the total number of Special Associate Members Class A, Special Associate Members Class B and Associate Members other than New Associate Members Class B registered as such on the fifteenth day preceding the day fixed for election. The said representatives elected under the then existing Article 26A during the year 1956 shall be deemed to have been elected under this Article for the financial years 1956-57 and 1957-58 and subsequent elections shall take place thereafter in the month of October or November in each year, commencing October or November 1958. The persons so elected or deemed to be elected shall represent Special Associate Members Class A, Special Associate Members Class B and Associate Members other than New Associate Members Class B and have the rights aforesaid, from the date of the election until the next succeeding election. The Board may from time to time make rules for the conduct of such elections. Any casual vacancy occurring amongst such elected representatives may be filled at a meeting of the elected representatives by co-opting an authorised representative of a Special Associate Member Class A, Special Associate Member Class B or Associate Member other than New Associate Members Class B.

Notwithstanding what is stated in clause (5) above, the Representatives so elected shall be deemed to have ceased to be such Representatives from the date of the Annual General Meeting for the financial year 1973-74.

GENERAL MEETINGS

27. An Annual General Meeting shall be held within nine months after the expiry of each financial year, provided that not more than 15 months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166(1) of the Act or on the Central Government under Section 3 of the Forward Contracts (Regulation) Amendment Act, 1957, to extend the time within which an Annual General Meeting may be held. 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 Company or at some other place within the City of Bombay as the Board of Directors may determine and the notice calling the meeting shall specify it as the Annual General Meeting. All members of the Company entitled under Article 26 to attend the meeting shall be entitled to attend in person or through their authorised representatives and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on

any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company, there shall be laid on the table the Directors' Report and Audited Statement of Accounts and the Auditors' Report (if not already incorporated in the Audited Statement of Accounts). The Association shall comply with the requirements of Sections 160, 161 and 220 of the Act.

28. The Board of Directors may, whenever they think fit, call an Extra Ordinary General Meeting and they shall do so, upon a requisition in writing by at least 50 persons entitled to attend and vote at a General Meeting or one tenth of the persons entitled so to vote whichever number shall be less.
29. Any requisition so made must state the object or objects of the meeting proposed to be called and must be signed by the requisitionists and be deposited at the Registered Office of the Company, provided that such requisition may consist of several documents in like form, each signed by one or more requisitionists.
30. Upon the receipt of any such requisition, the Directors shall forthwith call an Extraordinary General Meeting, and if they do not proceed within twenty-one days from the date of the requisition being deposited at the Office of the Company, to cause a meeting to be so called, the requisitionists, or a majority of them in number, may themselves call the meeting; but in either case any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.
31. Any requisitioned meeting convened under the foregoing clauses shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by the Board.
32. Twenty-one days' notice at the least of every General Meeting, Ordinary or Extraordinary and by whomsoever called, specifying the day, place and hour of meeting, and the general nature of the business to be transacted thereat shall be given in the manner, hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that if all the persons entitled to attend and vote at such meeting so agree, a meeting may be convened by a shorter notice. In the case of an Annual General Meeting, if any business other than (i) the consideration of the accounts, balance sheet and reports of the Board of Directors and Auditors (ii) the announcement of the result of election of the Directors and their appointment and (iii) the appointment of, and fixing the remuneration of the Auditors, is to be transacted, and in the case of any other meeting in any event, there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business, including in particular the nature and extent of the interest, if any therein of every Director (if any). Where any item of business consists of according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

33. "If an emergency has arisen or exists under the By-laws of the Association, trading in any delivery or deliveries of Indian Cotton Contract shall be initially prohibited by the President or in his absence the Vice-President for one day and such prohibition can be extended by the Board for 3 days including the initial prohibition of one day and can be further extended by the authorised representatives of the CHEMs as per Resolution passed by them with the concurrence of the Forward Markets Commission in accordance with the provisions of the By-laws of the Association as may be amended from time to time.

Provided, however, whenever the prohibition of such trading is by a resolution passed at the meeting of the representatives of CHEMs and if 75 percent of the representatives of the CHEMs are not present at such meeting, within 20 minutes of the time appointed, those representatives of the CHEMs who are present at the meeting shall be a quorum and may transact the business for which the meeting has been convened. All prohibitions of trading ordered under the By-laws shall be notified by posting a notice on the Notice Board of the Association."

34. The accidental omission to give notice to, or the non-receipt of notice by any member (or by any authorised representative where the posting up of the notice is not sufficient), shall not invalidate the proceedings of the General Meeting of the Association or the meeting of authorised representatives, as the case may be.
35. No General Meeting, Ordinary or Extraordinary, or a meeting of authorised representatives shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.
36. Twenty-one authorised representatives of members entitled to be present and vote shall be a quorum for a General Meeting of the Company. No business shall be transacted at any General Meeting of the Company, unless the requisite quorum be present at the commencement of the business.
37. If, at the expiration of half an hour from the time appointed for any General Meeting a quorum as aforesaid shall not be present, the meeting, if convened by or upon requisition of members, shall be dissolved, but in any other case it shall be adjourned to such time on the following day or on such other day, and to such place in Bombay, as the Board may determine, and if no such time and place be determined, to the same day in the next week (provided that that day is not a Public Holiday and if it is, on the succeeding working day) at the same time and place; and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for the meeting, those present shall be a quorum, and may transact the business for which the meeting was called.
38. The President of the Company, i.e., the Chairman of the Board of Directors and in his absence the Vice-President of the Association, i.e., Vice-Chairman of the Board of Directors, shall be entitled to take the chair at every General Meeting, whether Ordinary or Extraordinary and at any Meeting of Authorised Representatives of Members. In the absence of both the President and the Vice-President or if at any

meeting they shall not be present within fifteen minutes of the time appointed for holding such meeting, then, the members or the authorised representatives, as the case may be, present shall elect one of their number to be Chairman. No business shall be discussed at any such meeting, except the election of the Chairman whilst the chair is vacant.

39. The Chairman, with the consent of the meeting, may adjourn any meeting from time to time and from place to place in Bombay but no business shall be transacted at any adjourned meeting, other than the business left unfinished at the meeting for which the adjournment took place.
40. At any General meeting of the Association and at every Meeting of Authorised Representatives, a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by at least five members or Authorised Representatives present. A declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the book of proceedings of the Association shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.
41. In the case of an equality of votes both on a show of hands and at a poll, the Chairman of the meeting shall have a casting vote, in addition to the vote to which he is entitled, as an authorised representative.
42. If a poll is demanded on the election of the Chairman of the meeting or on a question of adjournment, it shall be taken forthwith. A poll demanded on any other question shall be taken at such time, not later than forty-eight hours from the time, when the demand was made, as the Chairman may direct. The result of the poll shall be deemed to be decision of the meeting on the resolution on which poll was taken. The demand for a poll may be withdrawn.
43. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a member or an authorised representative of a member (not being an officer or employee of the company) present at the meeting, provided such a member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared, to remove a scrutineer from office and fill vacancies in the office of scrutineer arising from such removal or for any other cause.
44. Every poll shall be taken by ballot. Every ballot shall be taken in such manner as the Board may prescribe, and in default thereof, in such manner as the Chairman of the meeting directs.

45. The demand of a poll except on question relating to the election of the Chairman of the meeting and adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.
46. The Company shall cause to be kept minutes of all proceedings of General Meetings and of Meetings of Authorised Representatives, which shall contain a fair and correct summary of the proceedings there at and a book containing such minutes shall be kept at the Registered Office of the Company and shall be open, during business hours, to the inspection of any member without charge. Nothing herein contained shall require or deem to require the inclusion in any such minutes of any matter which, in the opinion of the Chairman of the meeting, (a) is, or could reasonably be regarded as, defamatory of any person, (b) is irrelevant or immaterial to the proceedings, or (c) is detrimental to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds. Any such minutes purporting to be signed by the Chairman of the meeting at which the proceedings took place, or the Chairman of the next succeeding meeting, shall be conclusive evidence of the proceedings. The minutes of the meetings shall be written in English and the accounts of the Company shall be kept in English. Member shall not be allowed to address any meeting except in English, Gujarati, Hindi, Hindustani or Marathi.

VOTE OF MEMBERS

47. The following shall be entitled to attend and vote at General Meetings of the Company or at Meetings of Authorised Representatives :-
 - (i) an Authorised Representative registered or deemed to be registered as such under Article 17 provided the member has paid all dues of the Company including subscription till end of preceding accounting year;
 - (ii) a Director nominated by the Indian Cotton Development Council;
 - (iii) a Director nominated by the Central Government.

Save as aforesaid and save as expressly otherwise provided in these Articles, or in the Act or any other enactment, no person shall be entitled to attend or vote. Every person qualified to attend and vote as aforesaid shall have one vote except the Chairman who shall have in addition a casting vote.

48. No objection shall be taken to the validity of any vote, except at the meeting or poll at which such vote shall be tendered, and every vote, not disallowed at such meeting or poll, shall be deemed to be valid for all the purposes of such meeting or poll whatsoever. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

BOARD OF DIRECTORS

48. A. (1) The Board or the Board of Directors shall consist of:-
- (i) Elected Directors,
 - (ii) Nominated Directors, and
 - (iii) Associate Directors that is to say Directors elected by Upcountry Cotton Trade Associations or Societies in accordance with the provisions of Article 49.
- (2) The Associate Directors shall be entitled to vote only in such matters and shall exercise only such powers as are provided in these Articles.

49. "Save and except by reason of a casual vacancy, there shall be not less than 15 and not more than 38 Directors inclusive of the President and Vice-President, constituted, as follows :-

- (a) For the financial year 2000-2001 and thereafter there shall be twenty Directors, who shall be elected by the authorised representatives of members, specified in sub-clause (i) of Article 47 as under :

Panels and Number of Directors

- 1) Buyers Panel
 - a) Two Directors shall be the authorised representatives from the Mills Buyers Division
 - b) Four Directors shall be the authorised representatives from the division of the Buyers other than Mills
- 2) Sellers Panel
 - a) One Director shall be the authorised representative from the division of the growers and growers' co-operatives
 - b) One Director shall be authorised representative from the ginnerers
 - c) Six Directors shall be the authorised representatives from all other sellers
- 3) Six Directors shall be the authorised representatives from the Brokers Panel.

- (b) Two Directors nominated by the Indian Cotton Development Council constituted by the Government of India, Ministry of Food, Agriculture, Community Development and Co-operation (Department of Agriculture) by their Resolution dated 19th May 1966. Each such Director need not be a Member of the Association but shall be a Growers' Representative on the Indian Cotton Development Council, not having dealings in forward contracts. Each such Director shall be entitled to attend and vote at all Directors' Meetings, at all General Meetings of the Association and at all meetings of authorised representatives, save and except that he shall not be entitled to vote in respect of the appointment or election of a Director.

Explanation :- For the purpose of this clause, a person shall not be considered ineligible for nomination merely on the ground of his being an office-bearer of a Co-operative Society which deals in forward contracts in cotton.

- (c) Four Directors nominated by the Central Government in accordance with the provisions of sub-clause (b) of clause (2) of Section 6 of the Forward Contracts (Regulation) Act, 1952. Each such Director shall be entitled to attend and vote at all Directors' Meetings, at all General Meetings of the Association and at all meetings of authorised representatives, save and except that he shall not be entitled to vote in respect of the election or appointment of a Director.
- (d) One Director, if any, (hereinafter called "the Co-opted Director") co-opted from the authorised representatives of Full Members by the President in consultation and with the approval of the Forward Markets Commission after the Annual General Meeting or at any time thereafter, who shall hold office until the conclusion of the next Annual General Meeting.
- (e) Nine Associate Directors who shall be elected from the Upcountry Cotton Producing Regions grouped as under :-
- (i) One from the region consisting of the States of Punjab, Haryana and Rajasthan
 - (ii) One from the region comprising the State of Madhya Pradesh
 - (iii) Two from the region comprising the State of Gujarat
 - (iv) Two from the region comprising the State of Maharashtra
 - (v) One from the region comprising the State of Andhra Pradesh
 - (vi) One from the region consisting of the States of Karnataka, Tamil Nadu and Kerala
 - (vii) One from the region consisting of the States of Uttar Pradesh, Calcutta, Orissa, Bihar and other States not specifically included in other regions.

They shall be annually elected by the Upcountry Cotton Trade Associations in the respective regions in according with the provisions hereinafter contained or such procedure as may be laid down by the Board in that behalf from time to time.

No Upcountry Cotton Trade Association shall be eligible to vote at the elections of the Associate Director/s from its region unless - (a) it is registered as a body Corporate under the Companies Act or any other appropriate State or Central Act (other than a Co-operative Cotton Marketing Society) with promotion of cotton trade, marketing of cotton etc. as its principal object; (b) it has a minimum membership of not less than 30 in the three preceding years; (c) it is registered with the Association and holds a Registration certificate from the Association; and has paid an annual registration fee of Rs.500/- before 20th March each year, the Board having power to revise these registration fees from time to time, but not beyond Rs.3,000/-. Provided however that in the case of first election of Associate Directors after this Article comes into force it shall be eligible to vote at the elections of Associate Directors if it has paid an annual registration fee of Rs.100/- on or before 30th November, 1965. The elections of Associate Directors on the Board from the respective regions shall be held by the Association by a postal ballot in accordance with the rules framed by the Board from time to time.

No person shall be eligible to be elected as an Associate Director under this provision unless he is a member of the Upcountry Cotton Trade Association registered with the Association and eligible as a voter in elections to Directors on the Board of Cotton Association of India, besides being a member of its Governing Body and is duly nominated by it.

Each such Associate Director shall be entitled to attend at all the Directors' meetings. He shall, however, be entitled to vote only on questions specifically relating to (a) All India Cotton Price Policy, (b) Cotton Production and (c) Taxation.

In the event of any difference of opinion as to whether the question relates specifically to any of the above matters, the decision of the President or, in his absence, that of the Vice-President in respect thereof shall be final.

- (f) Two Associate Directors annually elected by the Co-operative Cotton Marketing Societies, in accordance with the procedure that may be laid down by the Board in that behalf from time to time. No Co-operative Cotton Marketing Society shall be eligible for participating in election unless-
- (i) it is a Society registered in the State concerned under the appropriate Act of the State Legislature and having a subscribed capital of not less than Rs.25,000/- and minimum annual business in cotton of 2,500 bales and a membership not less than 100 in the three preceding years;
 - (ii) it is registered with the Company and holds registration certificate from the Company; and

- (iii) it has paid an annual registration fee of Rs.500/- before 20th March each year, the Board having power to revise these registration fees from time to time but not beyond Rs.3,000/-. Provided however that in the case of first election of Associate Directors after this Article comes into force it shall be eligible to vote at the elections of Associate Directors if it has paid an annual registration fee of Rs.100/- on or before 30th November 1965.

The elections of Associate Directors on the Board shall be held by postal ballot in accordance with the rules that shall be framed by the Board from time to time.

No person shall be eligible to be elected as an Associate Director under this provision unless he is a member of a recognised Co-operative Cotton Marketing Society and its Governing Body and is duly nominated by it.

Each such Associate Director shall be entitled to attend at all the Directors' meetings. He shall, however, be entitled to vote only on questions, specifically relating to (a) All India Cotton Price Policy, (b) Cotton Production and (c) Taxation.

In the event of any difference of opinion as to whether the question relates specifically to any of the above matters, the decision of the President or, in his absence, that of the Vice-President in respect thereof shall be final.

50. The Board shall, from time to time, elect one of its numbers to be President who shall be ex-officio Chairman of the Board. The Board may also from time to time elect one of its number to be Vice-President who shall be Vice-Chairman of the Board. The President and Vice-President if any, shall retire at every Annual General Meeting of the Company or vacate their respective offices as such upon ceasing to be Directors. A retiring President or Vice-President shall be eligible for re-election, but he shall not be entitled to hold the office of President or Vice-President continuously for a period in excess of five years, unless at the end of each five years' period of office by him, he shall have been elected to such office by a majority of 75 per cent of the Directors present and voting at the election. If at any time there be no President or Vice-President or if he be through absence or other cause, be unavailable, the Board may appoint one of their number as the Chairman of the Board.
51. No Director shall be entitled to receive from the funds of the Company any remuneration, save such remuneration or compensation, if any, as the members may vote in General Meeting, except that the nominees of the Central Government on the Board of Directors of the Company, shall be paid travelling allowance, daily allowance and/or conveyance allowance for attending each meeting of the Board or any Committee of the Board or of the Company, at Government scale.

52. The Directors who are in office immediately before articles 26(1), 26(2), 33 and 49 shall come into force, shall continue to hold office in their respective existing Panels until the conclusion of the Annual General Meeting of the Association after these Articles have come into force, i.e. for the financial year 1999-2000 when nine Directors out of the 18 Directors who are in office shall retire as provided in article 59(1) and the Board shall be constituted with the continuing nine Directors and 11 more Directors who shall be elected in accordance with the amended provisions of article 49 which shall come into force for the financial year 2000-2001 and thereafter for every succeeding year.

Provided further that in the case of the Sellers' Panel, the two continuing Directors shall be allowed to opt the division in the Sellers' Panel in which they would like to be included at the conclusion of the Annual General Meeting for the year 1999-2000. If they however fail to exercise the said option, the Board shall include them in the division on the basis of their declared or known business interest to the Association.

In any event out of 2 continuing and 6 to be elected Directors, one Director each shall be from the divisions of growers & growers co-operatives and ginnerers of the Sellers' Panel.

53. The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by these Articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to that number, or of summoning a General Meeting, but for no other purpose.

54. Subject to Section 283(2) of the Act, the Office of a Director shall *ipso facto* be vacated if :-

- (a) he or the firm of which he is the authorised representative is adjudicated insolvent or if the company of which he is the authorised representative is wound up or if he or the firm or company of which he is the authorised representative compounds with his or its creditors; or
- (b) he be found to be a lunatic or of unsound mind or incapable of efficient attention to business; or
- (c) he absents himself from three consecutive meetings of the Directors or from all meetings of the Directors for a continuous period of three months whichever is the longer, without leave of absence from the Board; or
- (d) not being a Director nominated by the Indian Cotton Development Council or by the Central Government, he ceases to be a member, or is removed from the Company, or if, being the authorised representative of a member, he ceases to be such authorised representative, or the member, whose authorised representative he is, ceases to be a member, or is removed from the Company; or
- (e) being nominated by the Indian Cotton Development Council, he ceases to be Growers' Representative on the Indian Cotton Development Council or a grower of cotton or engages, directly or indirectly in any forward dealings in cotton; or

- (ee) being an Associate Director elected by the Upcountry Cotton Trade Associations or Co-operative Cotton Marketing Societies, he ceases to be a member of the Cotton Trade Association or the Society concerned or their governing bodies by resignation or otherwise; or
 - (f) he resigns from his office; or
 - (g) he or any of his relatives or partners or any firm of which he or any of his relatives is a partner or any private company of which he is a Director or member, without the sanction of the Company in General Meetings; accepts or holds any office of profit under the Association; or
 - (h) he becomes disqualified by an Order of Court under Section 203 of the Act; or
 - (i) he is removed in pursuance of Section 284 of the Act; or
 - (j) he becomes connected with any other Director in any of the following capacities, namely :-
 - (i) as a member or manager or representative of the same firm or of the same Hindu joint family, or
 - (ii) as a director or manager or representative of the same private limited company; or
 - (k) he or any firm of which he is a partner, or any private company of which he is a director, accepts a loan or guarantee or security for a loan from the Association, in contravention of the provisions of Section 295 of the Act; or
 - (l) he acts in contravention of the provisions of Section 299 of the Act; or
 - (m) he is punished with imprisonment for a term of not less than six months.
55. A Director or his relative, a firm in which such Director or relative is a partner, any other partner in such firm or a private company of which the Director is a member or Director, may enter into any contract with the Association for the sale, purchase or supply of goods, materials, services or for underwriting the subscription of any debentures of the Association, provided that the sanction of the Board is obtained before or within three months of the date on which the contract is entered into, in accordance with Section 297 of the Act. No sanction, however, shall be necessary to any such contract in which the Director, firm, partner or company, as the case may be, regularly trades or does

business where the value of such goods and materials or the cost of such services do not exceed Rupees five thousand in the aggregate in any calendar year comprised in the period of the contract. The Director, so contracting or being so interested, shall not be liable to the Association for any profit realised by any such contract by reason of such Director holding that office, of the fiduciary relation thereby established, but it is declared that the nature of his interest must be disclosed by him at a meeting of the Board of Directors at which the contract is determined, if his interest then exists, or in any other case at the first meeting of the Board of Directors after the acquisition of his interest.

56. For the purposes of Article 55, a general notice given to the Board of Directors by a Director to the effect that he is a director or a member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given, but may be renewed for further periods of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired. No such general notice, and no renewal thereof, shall be of effect unless, either it is given at a meeting of the Board of Directors, or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.
57. No Director shall, as a Director, take any part in the discussion of, or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Association, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void; provided that the Board of Directors, or any of their number, may vote on any contract of indemnity against loss which they or any one or more of their number may suffer by reason of becoming or being sureties or surety for the Association. Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into with a public company, or a private company which is a subsidiary of a public company, in which the interest of the Director aforesaid consists solely in his being a Director of such company. This Article is subject to the provisions of sub-section (2) (e) of Section 300 of the Act.
58. The Company shall keep a register in accordance with Section 301 of the Act, and shall enter therein such of the particulars as may be relevant having regard to the application thereof of Section 297 or Section 299 of the Act, as the case may be. The register aforesaid shall also specify, in relation to each Director of the Company, the names of the bodies corporate and firms of which notice has been given by him under Article 55 or 56. The register shall be kept at the registered office of the Association and shall be open to inspection at such office, and extracts may be taken therefrom and copies thereof may be required by any member of the Association to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 163 of the Act shall apply accordingly.

59. (1) At the Annual General Meeting of the Company for the financial year 1956-57 and thereafter at every succeeding Annual General Meeting, one Director elected from the authorised representatives of mill members included in the Buyers' Panel and two Directors elected from the authorised representatives of the remaining members included in that Panel, two Directors elected from the authorised representatives of the Sellers' Panel, three Directors elected from the authorised representatives of the Brokers' Panel and one representative elected from the authorised representatives of Special Associate Members Class A, Special Associate Members Class B and Associate Members other than New Associate Members Class B, shall retire. The Directors to retire as aforesaid shall be Directors who have been longest in office. As between those who have been in office an equal length of time, the Director or Directors to retire shall, in default of agreement between them, be determined by lot. The length of time a Director has been in office shall be computed from his last election or appointment where he has previously vacated office. The Associate Directors shall retire at the Annual General Meeting.

Notwithstanding what is stated above, both the representatives elected from the Panel of the Authorised Representatives of Special Associate Members Class A, Special Associate Members Class B and Associate Members other than New Associate Members Class B shall retire at the Annual General Meeting of the Association for the financial year 1973-74, and two more Directors shall be elected from the Authorised Representatives of the Brokers' Panel for the year 1974-75 and at every succeeding General Meeting thereafter four Directors elected from the Authorised Representatives of the Brokers' Panel shall retire.

- (2) At the Annual General Meeting of the Association for the financial year 2000-2001 and thereafter at every succeeding Annual General Meeting, one Director elected from the authorised representatives of mill members included in the Buyers' Panel and two Directors elected from the authorised representatives of the remaining members included in that Panel, one Director alternatively from the two Directors elected from the authorised representatives of the division of the growers & growers' co-operatives and the division of the ginners included in the Sellers' Panel and three Directors elected from the authorised representatives of the remaining members included in that Panel and three Directors elected from the authorised representatives of the Brokers' Panel, shall retire. The Directors to retire as aforesaid shall be Directors who have been longest in office. As between those who have been in office for equal length of time, the Director or Directors to retire shall, in default of agreement between them, be determined by lot. The length of time a Director has been in office shall be computed from his last election or appointment where he has previously vacated office. The Associate Directors shall retire at the Annual General Meeting.
- (3) With regard to the Directors, who are liable to retire as aforesaid, their names shall be ascertained at the latest thirty days before the Annual General Meeting in each year and if the number of candidates contesting the election for filling up the vacancies shall, in respect of each of the Panel concerned or any division thereof, be in excess of double the number of vacancies to be filled in, the respective Panel or Panels or any division thereof concerned shall be called

upon to elect from amongst the candidates a number equal to double the number of the vacancies at a meeting of the Panel or Panels or any division thereof, all in accordance with the rules that may be framed from time to time in that regard by the Board keeping in view the provisions of Articles 26, 49 and of this Article.

60. Each retiring Director, if duly qualified, shall be eligible for re-election, provided he shall have attended at least one-third of the meetings of the Board held during the period since his last election or appointment, exclusive of meetings (a) in respect of which he has obtained leave of absence, and (b) at the time of which he shall have been engaged out of Bombay on the Association's business.
61. Subject to Sections 258, 259, 261 and 284 of the Act, the Association at the General Meeting at which a Director retires in manner aforesaid, may fill up the vacated office by electing a person thereto.
62. (a) If the place of a retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, to the next succeeding day which is not a public holiday, at the same time and place.

(b) If at the adjourned meeting also the place of the retiring Director is not filled up, and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless -
 - (i) at the meeting or at the previous meeting, a resolution for the re-appointment of such Director has been put to the meeting and lost;
 - (ii) the retiring Director has, by a notice in writing addressed to the Association or its Board of Directors, expressed his unwillingness to be so appointed;
 - (iii) he is not qualified or is disqualified for appointment;
 - (iv) a resolution, whether special or ordinary, is required for appointment or re-appointment in virtue of any of the provisions of the Act; or
 - (v) the proviso to sub-section (2) of Section 263 of the Act is applicable to the case.

63. No person, including a retiring Director, shall be eligible for election to the office of Director at any General Meeting, unless he or some other member intending to propose him has, at least fourteen clear days before the meeting, left at the office of the Association, a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him, and unless he is a retiring Director or a person filling a casual vacancy in the office of a Director under Article 64 of the Articles of Association of the Company, he has, by himself or by his agent authorised in writing signed and filed with the Registrar of Companies within 30 days of his appointment his consent in writing to act as such Director.
64. (1) If the office of any Director is vacated before his term of office will expire in the normal course, the resulting casual vacancy may be filled up as follows :-
- (a) If the Director who vacated office, represented a Panel or any division thereof, the Board may fill up such vacancy by appointing a person who is an authorised representative from the same Panel and the division thereof, if any;
 - (b) If the Director who vacated office, was the co-opted Director, the President in consultation and with the approval of the Chairman of the Forward Markets Commission may fill up such vacancy from the authorised representatives of Full Members;
 - (c) If the Director who vacated office, was nominated by the Indian Cotton Development Council, the Indian Cotton Development Council shall have power to fill such vacancy by nominating a duly qualified person thereto;
 - (d) If the Director who vacated office, was nominated by the Central Government, the Central Government shall have power to fill such vacancy by nominating a duly qualified person thereto;
 - (e) If the Director who vacated office, was an Associate Director elected from any of the upcountry regions, the Cotton Trade Association concerned in that region shall have power to elect a person to fill such vacancy by electing a duly qualified person thereto provided that such a vacancy has occurred within nine months from the date of election of such Directors; and
 - (f) If the Director who vacated office, was an Associate Director elected by the Co-operative Cotton Marketing Societies, the Societies concerned shall have power to elect a person to fill such vacancy by electing a duly qualified person thereto, provided that such vacancy has occurred within nine months from the date of election of such Director.
- (2) Any person so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated as aforesaid.

65. (a) The Company shall keep at its Registered Office a Register containing the particulars of its Directors, Managers, Secretaries and other persons mentioned in Section 303 of the Act and shall send to the Registrar a return containing particulars specified in such section, and shall otherwise comply with the provisions of the said section in all respects.
- (b) The Company shall also keep at its Registered Office a Register in respect of the Debentures, if any, of the Company held by its Directors, as required by Section 307 of the Act, and shall otherwise duly comply with the provisions of the said section in all respects.
66. (a) Every Director (including a person deemed to be a Director by virtue of the explanation to sub-section (1) of Section 303 of the Act), Manager, or Secretary of the Association shall, within 20 days of his appointment to any of the above offices in any other body corporate, disclose to the Company the particulars relating to his office in the other body corporate, which are required to be specified under sub-section (1) of Section 303 of the Act.
- (b) Every Director and every person deemed to be a Director of the Company by virtue of Sub-section (10) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that section.

PROCEEDINGS OF THE BOARD OF DIRECTORS

67. The Directors may meet together from time to time as a Board for despatch of business and they may adjourn and otherwise regulate their meetings and proceedings as they may think fit.
68. Subject to Section 287 of the Act, the quorum for a meeting of the Board of Directors shall be one-third of its total strength excluding the Directors, if any, whose places may be vacant at the time, and any fraction contained in that one-third being rounded off as one. Provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength of the Board, the number of the remaining Directors (that is to say, the number of Directors who are not interested) shall be the quorum during such time. If a meeting of the Board could not be held for want of quorum, then the meeting shall stand adjourned till such time on the same or any other day as may be fixed by the Chairman in that regard.
69. The President and in his absence the Vice-President may at any time, and the Secretary upon the request of the President or in his absence the Vice-President or any five Directors shall, convene a meeting of the Board of Directors by giving a notice in writing to every Director for the time being in India, and at his usual address in India to every other Director. Each Director shall register with the Secretary, an address in the city of Bombay to which all notices and communications to him as a Director, may be sent. Any such notice or communications delivered at such address shall be deemed to have been validly given.

70. The President of the Company, i.e., the Chairman of the Board of Directors and in his absence, the Vice-President of the Company, i.e., the Vice-Chairman of the Board of Directors, shall be entitled to take the chair at every meeting of the Board. In the absence of both the President and the Vice-President, or if at any meeting they shall not be present within ten minutes of the time appointed for holding such meeting, then the Directors present shall select one of their number to be the Chairman of such meeting.
71. Questions arising at any meeting shall be decided by a majority of votes, and in case of equality of votes, the Chairman shall have a second or casting vote.
72. A meeting of the Board of Directors for the time being, at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions which, by or under the Act or the Articles, By-laws and Regulations of the Association, are for the time being vested in or exercisable by the Board of Directors generally.
73. Subject to the restrictions contained in Section 292 of the Act, the Board of Directors may delegate any of their powers to Committees of the Board consisting of such number or numbers of its body as it thinks fit, and it may from time to time revoke and discharge any such Committee of the Board either wholly or in part, and either as to persons or purposes; but every Committee of the Board so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Board of Directors and unless the Board shall have expressly specified to the contrary at the time of delegation, all authorities delegated by the Board shall be deemed to have been delegated subject to final confirmation or otherwise by the Board of the acts and decisions of the Committee. Subject as aforesaid, all acts done by any such Committee of the Board in conformity with such regulations and in fulfilment of the purposes of their appointment, but not otherwise, shall have the like powers and effect as if done by the Board. The meetings and proceedings of any such Committee of the Board, consisting of two or more members, shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and not superseded by any regulations made by the Directors.
74. No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be) and to all other Directors or members of Committee, at their usual address in India and has been approved by such of the Directors or members of the Committee as are then in India, or by a majority of such of them as are entitled to vote on the resolution.
75. All acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be valid as if every such person had been duly appointed

and was qualified to be a Director and had not vacated office or his appointment had not been terminated. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Association to be invalid or to have terminated.

76. The Directors shall cause minutes to be duly entered in a book or books provided for the purpose -

- (i) of the names of the Directors present at such meetings of the Board of Directors, and of any Committee of the Board;
- (ii) of all orders made by the Board of Directors and any Committee of the Board; and
- (iii) of all resolutions and proceedings of meetings of the Board of Directors and any Committee of the Board; and
- (iv) in the case of each resolution passed at a meeting of the Board of Directors or any Committee of the Board, of the names of Directors or members of their Committee dissenting from or not concurring in the resolution.

Any such minutes of any meeting of the Board of Directors or of any Committee of the Board or of the Association, if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting, shall be received as conclusive evidence of the matters stated in such minutes.

77. The business of the Company shall be managed by the Board of Directors, who may exercise all such powers of the Association and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of Association required to be exercised by the Association in General Meeting, subject nevertheless to the provisions of these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Association in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board of Directors shall not, except with the consent of the Association in General Meeting -

- (a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Association, or where the Association, owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking,
- (b) remit, or give time for the repayment of, any debt due by a Director,

- (c) invest otherwise than in trust securities the sale proceeds resulting from the acquisition of any such undertaking as is referred to in clause (a), or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time,
- (d) borrow money where the money to be borrowed together with the moneys already borrowed by the Association (apart from temporary loans obtained from the Association's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital, if any, of the Association and its free reserves, that is to say, reserves not set apart for any specific purpose, or
- (e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed rupees fifty thousand or five per cent of its average net profit as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.

Provided further that the powers specified in Section 292 of the Act shall be exercised only at meetings of the Board unless the same be delegated to the extent therein stated.

78. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power -

- (1) to establish a Clearing House and a Bank and an Insurance Department;
- (2) to appoint Appeal Committees, Arbitration Committees, Daily Quotation Committees and Rule Committees, Trade Supervision and Clearing House Committees or any other Committees or Authorities and to determine their duties and remuneration, if any, and the conditions upon which they are respectively to hold office;
- (3) to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as the Directors may think fit; and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory;
- (4) at their discretion, and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or debentures, mortgages or other securities of the Association; and any such debentures, mortgages or other securities may be either specifically charged upon all or any property of the Association;

- (5) to secure the fulfilment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company in such manner as the Directors may think fit;
- (6) to appoint any person to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested, or for any other purposes; and to execute and do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees;
- (7) to institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its Directors or officers, or otherwise concerning the affairs of the Association, and also to compound and allow time for payment or satisfaction of any debts due, and of any claims or demands by or against the Company, and to refer any differences to arbitration, and observe and perform any awards made thereon;
- (8) to act on behalf of the Company in all matters relating to bankrupts and insolvents;
- (9) to make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company;
- (10) subject to the provisions of Sections 292,293(1)(a), 295,369,370,372 and 373 of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof, upon such security or without security and in such manner as they may think fit, and from time to time to vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name;
- (11) to determine from time to time who shall be entitled to sign, on behalf of the Company, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents, and to give the necessary authority for such purpose;
- (12) to provide for the welfare of employees or ex-employees of the Company and the wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwellings or chawls, or by grants of money, pensions, gratuities, allowances, bonus or other payments; or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board of Directors shall think fit; and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Association, either by reason of locality of operation, or of public and general utility or otherwise;

- (13) to set aside, out of the profits of the Company, such sums as the Board of Directors may think proper for depreciation or to Depreciation Fund, or to an Insurance Fund, or as a Reserve Fund or Sinking Fund or any special fund to meet contingencies or to repay debentures or debenture stock, or for repairing, improving, extending and maintaining any of the property of the Company, and for such other purposes (including the purposes referred to in the preceding clause), as the Board of Directors may, in their absolute discretion, think conducive to the interest of the Company, and, subject to the provisions of Section 292 of the Act, to invest the several sums so set aside or so much thereof as require to be invested, upon such investments as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board of Directors, in their absolute discretion, think conducive to the interest of the Association, notwithstanding that the matters to which the Board of Directors apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expend; and to divide the Reserve Fund into such special funds as the Board of Directors may think fit, and to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of debentures or debenture stock, and that without being bound to keep the same separate from the other assets, and without being bound to pay interest on the same;
- (14) to appoint, and at their discretion remove or suspend such managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties, and fix their salaries, emoluments or remuneration, and to require security in such instances and to such amount as they may think fit;
- (15) at any time and from time to time by Power of Attorney under the Seal of the Association, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board of Directors under these presents) and for such period and subject to such conditions as the Board of Directors may from time to time think fit; and any such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board of Directors may think fit, and may contain powers enabling any such delegates or Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them; and
- (16) subject to the provisions of Sections 294, 297 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts 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 Association as they may consider expedient.

THE SECRETARY

79. The Directors may, from time to time, appoint, and at their discretion remove, a person to perform any functions which by the Act or the Articles for the time being of the Company are to be performed by the Secretary, and to execute any other duties which may from time to time be assigned to the Secretary by the Directors.

THE SEAL

80. The Board of Directors shall provide a Common Seal for the purposes of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board of Directors shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board of Directors or a Committee of the Board previously given and in the presence of two Directors of the Company and its Secretary (if any) or some other person appointed by the Directors for the purpose.
81. Every deed or other instrument to which the Seal of the Company is required to be affixed shall, unless the same is executed by a duly Constituted Attorney, be signed by two Directors and the Secretary (if any) or some other person appointed by the Directors for the purpose.

CLEARING HOUSE MONEY AND CREDITS

82. All sums of money paid into the Clearing House and all credits appearing in the books of the Clearing House for the benefit of members entitled thereto, shall be held by the Board on behalf of the Company as agents and in trust for the members entitled thereto, and the making of such payment or credit entry shall be deemed and taken to be payment or credit to such member and no other member shall be entitled to levy any attachment or execution thereupon, and neither the Association nor anyone (whether a member or non-member) deriving right through the Association shall have any right to such money or credit.

APPLICATION OF PROFITS

83. The property, capital and income of the Company whensoever, shall be applied solely towards the promotion of the objects of the Company, and no portion thereof shall be paid by way of bonus or otherwise to the members.

BY-LAWS

84. Under and in conformity with any statutory provisions for the time being in force and more particularly those contained in the Forward Contracts (Regulation) Act, 1952, the

Board may pass and bring into effect such By-laws rescissions or alterations as may be considered in the interest of or conducive to the objects of the Company; and they may in like manner at any time and from time to time rescind or alter or add to any of the By-laws for the time being in force; but no By-law and no rescission or alteration of or addition to any existing By-law made by the Board, shall be submitted for approval or be published or enforce, unless on seven days notice given to the authorised representatives of members of the Association entitled to attend the meeting, it has been approved in a Meeting of authorised representatives convened to consider the same. The Board's powers as aforesaid, in relation to By-laws, shall not derogate from the powers hereby conferred upon the Company who may also in the same way and for the same purpose from time to time pass and bring into effect new By-laws and rescind or alter or add to any existing By-law by resolution passed by a majority of two-thirds at the least of the authorised representatives of members entitled to attend, present and voting at a meeting convened for the purpose. The By-laws for the time being in force, including those in force immediately prior to the coming into force of these Articles, shall be binding on all members and all persons claiming through or against them and officers of the Company shall respectively observe and conform to the By-laws for the time being in force.

85. Without prejudice to the generality of the powers to make By-laws conferred by the Memorandum of Association and by these Articles, and under or in the absence of any statute or statutes in force in that behalf it is hereby expressly declared that the said powers to make, alter, add to, or rescind By-laws include power to do so in regard to all or any of the following matters : -
- (1) The course to be adopted and the conditions to be performed and observed, consistently with these Articles, by persons who desire to become members of the Company.
 - (2) The notices to be given to members, and the manner of giving the same and in particular when notices posted on the Notice Board of the Company shall be deemed to have been served and the effect thereof.
 - (3) The information which members shall be bound to give to the Company or the Board and when and in what manner it shall be given.
 - (4) The establishment, maintenance, regulation and winding-up of an Exchange, a Clearing House, a Bank and an Insurance Department or several or any of them.
 - (5) The times when the Exchange or Clearing House shall be open and when closed and the rights and privileges of the members in regard to the use thereof and the circumstances in which any class of members shall be disqualified from using the same, and the Holidays to be observed.

- (6) The admission of members or their representatives to and exclusion from the Exchange and Clearing House, the visitors, if any, to be admitted thereto and the terms and conditions of their admission and the privileges to be accorded to them.
- (7) The control and regulation of cotton dealings; the regulation of the Clearing House and the user or prohibition of the user thereof; the contracts and obligations in respect of which differences and other payments shall be paid through the Clearing House; fixing and declaring market rates and settlement days and settlement dates; postponement or alteration of settlement days and settlement dates; the opening and closing of cotton markets and the times during which they shall be open and closed; the making, performance, passing on and cancellation of contracts and the consequences of death, supervening incapacity, suspension of payment, insolvency, or breach of contract; the prohibition of specified classes of dealings and the time or times during which such prohibition shall operate; the prevention of or dealing with 'corners' or 'bear raids' in any and every kind of cotton and cotton transaction so as to prevent or stop or mitigate undue speculation therein inimical to the trade as a whole; the course of business between members *inter se* or any of them on the one hand and their constituents (whether members of any description or not) on the other hand and the forms of contracts to be used between them and their rights and liabilities to each other in respect of dealings in cottons; the fixing of brokerage and commission; and the fixing, levying and recovery of fines, fees, penalties, brokerage and subscriptions.
- (8) The forms of contracts and stipulations therein and the cases in which contracts may be or shall be deemed to be void, and the necessity or otherwise of their being in writing, and when and in what manner they must be recorded, and what contracts, if any, shall be prohibited, and the forms of documents, book entries, awards, notices and other writings in relation thereto.
- (9) The cases and manner in which contracts for cotton bought or sold for future or forward delivery must be recorded.
- (10) The manner in which and the times at which such contracts must be cleared and the intervals at which or dates on which payments due under such contracts must be made.
- (11) The warehousing, insurance, transport and delivery of cotton by or for or to members.
- (12) The Books, Registers and Documents to be kept and filed by the Company and by the members, and when and in what cases and subject to what conditions including payment they may be inspected and copies of and extracts from the same taken.
- (13) The occasions on which and the manner in which quotations of prices and information shall be obtained, published and posted.

- (14) The circumstances under which and the extent to which fines and/or penalties may or shall be imposed upon members in respect of transactions for the purchase or sale of cotton between any of them, or between any of them on the one hand and non-members (whether or not in the employ of members) or those who are not permitted to trade as principals on the other hand.
- (15) The cases in which brokers and buyers and sellers under forward and future delivery contracts must be licensed by the Board, the terms and duration of such licenses, the fees payable therefore, the suspension, withdrawal or cancellation thereof, and the fines and/or penalties to be imposed upon members for dealing with the brokers and buyers and sellers of cotton who are not so licensed.
- (16) The cases in which persons employed by members in handling cotton or otherwise must be licensed by the Board, the terms and duration of such licenses, the fees payable therefor, the suspension, withdrawal or cancellation thereof, and the fines and/or penalties to be imposed upon members for dealing with such employees not so licensed.
- (17)
 - (i) Arbitrations, whether compulsory or permissive, how and when arbitrations shall be entered upon, conducted and concluded. The appointment of Arbitrators and Umpires and their replacement as occasion may require. The fees to be paid to the Arbitrators and Umpire (if any) and to the Association and/or Appeal Committee in respect of Arbitrations and Appeals. When and how there may be an appeal from an award and to what authority and upon what terms. Making an award a rule of Court in terms of law. Penalties for failure to perform an award.
 - (ii) Conciliation – how and when it shall be entered upon, conducted and concluded. The Appointment of conciliator(s) and their replacement as occasion may arise. The fees to be paid to the conciliator(s) and to the Association.
- (18) Surveys, how and when to be made, conducted, concluded and appealed from, and the results thereof enforced or applied, and the fees payable in relation thereto.
- (19) The rights and privileges which may from time to time be given to firms which include amongst their partners, to companies which include in their Directorate or Managers, and to Joint Hindu families which include, a member or members of the Company and to their duly authorised representatives; and under what circumstances any or all such rights and privileges may be altered, suspended or withdrawn, or the holders of such rights and privileges changed, or the cases and manners in which such rights and privileges may in the event of death, retirement, insolvency or supervening incapacity be passed on to the surviving or remaining solvent and capable partner or partners, Director or Directors, Manager or Managers or duly authorised representatives of the Firm or Company or Joint Hindu family concerned.
- (20) The course to be adopted where any member suspends payment or becomes insolvent or is otherwise unable or refuses or neglects to perform and discharge his liabilities and obligations in relation to cotton transactions and what in such circumstances are to be the rights, duties and liabilities of such a member and those with whom he had such transactions and the manner in which and terms upon which they are to be closed or passed on.

- (21) When and in what circumstances and by what procedure a member may be expelled from the Company or suspended from all or any of his rights and privileges as a member and when and how any expulsion or suspension may be annulled or removed or the person concerned reinstated.
- (22) The manner in which payment of deposits, entrance fees and subscriptions may be enforced.
- (23) When and by whom and in what circumstances fines and penalties shall or may be imposed on the members for breach of the By-laws and to whom the same shall be paid and how payment shall be enforced and how applied when received.
- (24) What breaches of the By-laws of the Company shall or may render member liable to a warning or reprimand or fine or suspension or expulsion.
- (25) In what cases and by whom and in what manner the operation of the By-laws or any of them may be suspended or the breach thereof waived.
- (26) How notice of any new By-laws and of any rescission or alteration thereof or addition thereto shall be given to the members, where a copy of the same for the time being in force shall be open for inspection, and on what terms copies thereof shall be furnished to members.
- (27) The establishment, maintenance and application of a Provident Fund or Funds, Gratuity Fund or Funds and a Reserve Fund or Funds.
- (28) The disciplinary measures to be taken in relation to members and employees of the Company in connection with their relation to each other to the Company and/or the Cotton Trade or anyone engaged therein, and
- (29) Subject to previous approval of the Central Government, any of the matters set out in Section 11 of the Forward Contracts (Regulation) Act, 1952, or in any other statutory provision relating to forward contracts or forward trading in cotton, in force for the time being.

ACCOUNTS

86. The Association shall cause to be kept proper books of account with respect to :-
 - (a) All sums of money received and expended by the Association and the matters in respect of which the receipt and expenditure take place;

- (b) all sales and purchases of goods by the Association;
- (c) the assets and liabilities of the Association.

The books of account shall be kept at the Office or at such other place or places as the Board of Directors think fit and shall be open to inspection by any Director during business hours.

87. The Board of Directors shall, from time to time determine whether and to what extent and at what times and place and under what conditions or regulations, the accounts and books of the Company or any of them shall be open to the inspection of members, not being Directors, and no member (not being a Director) shall have any right of inspecting any account or books or document of the Company except as conferred by law or authorised by the Board of Directors or by the Company in General Meeting.
88. (1) At the Annual General Meeting in each year, the Board of Directors shall lay before an Annual General Meeting of the Company a Statement of the Income and Expenditure Account and a Balance Sheet, containing a summary of the property and assets and liabilities of the Company, made up to a date not earlier than the date of the meeting by more than nine months or such extended period as may be permitted under the Act.
- (2) Every Balance Sheet shall give a true and fair view of the state of affairs of the Company as at the end of the financial year and shall subject to the provisions of Section 211 of the Act, be in the Form set out in Part I of Schedule VI to the Act or as near thereto as the circumstances admit.
- (3) The Statement of Income and Expenditure Account of the Company shall give a true and fair view of the income and expenditure of the Association for the financial year and shall comply with the requirements of Part II of Schedule VI of the Act, so far as they are applicable thereto.
89. Every such Balance Sheet shall be accompanied by a report of the Board of Directors as to the state of the Association's affairs and as to the amounts, if any, which it proposes to carry to any reserves either in such Balance Sheet or in a subsequent Balance Sheet. The Board's Report shall, so far as is material for the appreciation of the state of the Company's affairs by its members and will not in the Board's opinion be harmful to the business of the Company deal with any changes which have occurred during the financial year in the nature of the Company's business and activities and generally in the classes of business in which the Company has an interest. The Board shall also give the fullest information and explanations in its report aforesaid, or in an addendum to that report, on every reservation, qualification or adverse remark contained in the Auditors' Report. The Board's Report and any addendum thereto shall be signed by not less than two Directors or by the Chairman of the Board of Directors if authorised in that behalf by the Board.

90. The Statement of Income and Expenditure account, and Balance Sheet shall be signed by not less than two Directors and by the Manager or Secretary (if any) of the Company. The Statement of Income and Expenditure Account and Balance Sheet shall be approved by the Board of Directors before they are signed on behalf of the Board as aforesaid and before they are submitted to the Auditors for their report thereon as hereinafter provided and the Auditors' Report shall be attached thereto, or there shall be inserted at the foot thereof a reference to the Auditors' Report, and such report shall be read before the Company in General Meeting and shall be open to inspection by any member.
91. A copy of every such Statement of Income and Expenditure Account and Balance Sheet, so audited (including the Auditors' Report and every other document required by law to be annexed or attached to the Balance Sheet) shall subject to the proviso to subsection (1) of Section 219 of the Act, at least twenty-one days before the meeting at which the same are to be laid before the members, be sent to the members, of the Association entitled to receive notices of General Meetings, to holders of debentures, if any, issued by the Company (not being debentures which *ex facie* are payable to the bearer thereof), to trustees for the holders of such debentures, if any, and to all persons, other than members entitled to receive notices of General Meetings of the Company.

AUDIT

92. Once at least in a year, the Accounts of the Company shall be examined and the correctness of the Statement of Income and Expenditure Account and Balance Sheet ascertained by an Auditor or Auditors.
93. The Company, at each Annual General Meeting, shall appoint an Auditor or Auditors to hold office until the next Annual General Meeting and the following provisions shall have effect, that is to say :-
- (1) At any Annual General Meeting, a retiring Auditor or Auditors, by whatsoever authority appointed, shall be reappointed, unless -
- (a) he is or they are not qualified for appointment;
 - (b) he has or they have given the Association notice in writing of his or their unwillingness to be re-appointed;
 - (c) a resolution has been passed at that meeting appointing somebody instead of him or them or providing expressly that he or they shall not be re-appointed; or

- (d) where notice has been given of an intended resolution to appoint some other person or persons in the place of a retiring Auditor or Auditors, and by reason of the death, incapacity or disqualification of that person or of all persons, as the case may be, the resolution cannot be proceeded with.
 - (2) Where at an Annual General Meeting, no Auditors are appointed or re-appointed, the Central Government may appoint a person to fill the vacancy.
 - (3) The Company shall, within seven days of the Central Government's power as aforesaid becoming exercisable, give notice of that fact to the Government.
 - (4) The Board may fill any casual vacancy in the office of an Auditor or Auditors, but whilst any such vacancy continues, the remaining Auditor, Auditors, if any, may act. Provided that where such vacancy is caused by the resignation of an Auditor or Auditors, the vacancy shall only be filled by the Company in General Meeting.
 - (5) An Auditor or Auditors appointed in a casual vacancy shall hold office until the conclusion of the next Annual General Meeting.
 - (6) Any Auditor or Auditors appointed may be removed from office before the expiry of his or their term only by the Company in General Meeting, after obtaining the previous approval of the Central Government in that behalf.
 - (7) The remuneration of the Auditors of the Company, in the case of an Auditor appointed by the Board or the Central Government, may be fixed by the Board or the Central Government, as the case may be. In other cases it shall be fixed by the Company in General Meeting or in such manner as the Company in General Meeting may determine.
 - (8) If it is proposed to appoint as Auditor or Auditors a person or persons other than a retiring Auditor or Auditors, the provisions of Section 225 of the Act shall be complied with.
94. The qualifications and disqualifications of Auditors shall be those contained in Section 226 of the Act.
95. Every Auditor or Auditors of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company, whether kept at the Head Office of the Association or elsewhere, and shall be entitled to require from the officers of the Association such information and explanations as the Auditor or Auditors may think necessary for the purpose of his or their duties as Auditor or Auditors. The Auditor or Auditors shall make a report to the members of the Company on the accounts examined by him or them and on every Balance Sheet and Income and Expenditure

Account and on every other document declared by the Act to be part of or annexed to the Balance Sheet or Income and Expenditure Account, which are laid before the Company in General Meeting during his or their tenure of office, and the report shall state whether, in his or their opinion and to the best of his or their information and according to the explanations given to him or them, the said accounts give the information required by the Act in the manner so required and give a true and fair view (a) in the case of the Balance Sheet, of the state of the Company's affairs as at the end of its financial year; and (b) in the case of the Income and Expenditure Account, of the income and expenditure for its financial year. The report of the Auditor or Auditors shall also state (i) whether he or they has or have obtained all the information and explanations which to the best of his or their knowledge and belief were necessary for the purposes of the audit, (ii) whether in his or their opinion proper books of account as required by law have been kept by the Association so far as it appears from his or their examination of those books, and (iii) whether the Company's Balance Sheet and Income Expenditure Account dealt with by the report are in general agreement with the books of account and returns. Where in respect of any of the matters referred to above, the answer of the Auditor or Auditors is in the negative or with a qualification, the report of the Auditor or Auditors shall state the reason for the answer. The Auditors' Report shall be read before the Association in General Meeting and shall be open to inspection by any member of the Association.

96. All notices of, and other communications relating to, any General Meeting of the Company, which any member of the Company is entitled to have sent to him, shall also be forwarded to the Auditor or Auditors of the Company; and the Auditor or Auditors shall be entitled to attend any General Meeting and to be heard at any General Meeting which he or they attend on any part of the business which concerns him or them as Auditor or Auditors.
97. Every account of the Directors, when audited and approved by a General Meeting, shall be conclusive, except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period, the account shall forthwith be corrected and thenceforth shall be conclusive.

DOCUMENTS AND NOTICES

98. (1) A document or notice may be served or given by the Company on any member or an officer thereof either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the Association for serving documents or notices on him.

- (2) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the document or notice, provided that where a member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and, unless the contrary is proved, such service shall be deemed to have been effected in the case of a notice of a meeting, at the expiration of forty-eight hours after the letter containing the document or notice is posted and in any other case, at the time at which the letter would be delivered in the ordinary course of post.
99. A document or notice advertised in a newspaper circulating in the neighbourhood of the registered office of the Company shall be deemed to be duly served or sent on the day on which the advertisement appears on or to every member who has no registered address in India and has not supplied to the Company an address within India for the serving of documents on or the sending of notices to him.
100. Every person who, by operation of law, transfer or other means whatsoever, shall become entitled to membership, shall be bound by every document or notice in respect of such share, which, previously to his name and address being entered on the Register, shall have been duly served on or given to the person from whom he derives his title to such membership.
101. Any document or notice to be served or given by the Company may be signed by a Director, the Secretary or some person duly authorised by the Board of Directors for such purpose and the signature may be written, printed or lithographed.
102. All documents or notices to be served or given by members on or to the Company or any officer thereof shall be served or given by sending it to the Company or officer at the registered office of the Company by post under a certificate of posting or by registered post, or by leaving it at its registered office.

ARBITRATION

103. (i) Whenever any dispute or difference arises between members *inter se* out of or in relation to any contract or transactions in cotton (including unpaid claims, whether admitted or not and including any dispute or difference as to the existence, validity or otherwise of such contract or transaction), the same shall, unless members in dispute agree to refer to conciliation, be referred to arbitration in such manner as shall be prescribed by the By-laws of the Association and Rules framed/made thereunder. And it is hereby expressly declared that this shall be deemed to be an agreement of arbitration, and the holding of such an arbitration and the obtaining of an award thereunder shall be a condition precedent to the right of any member in respect of such dispute or difference as aforesaid, and no member shall have any right of action against any other member except to enforce the award in any such arbitration.

- (ii) "Whenever any dispute or difference arises between members *inter se* out of or in relation to any contract or transactions in cotton (including unpaid claims, whether admitted or not and including any dispute or difference as to the existence, validity or otherwise of such contract or transaction), the same shall be referred to conciliation if parties there to have agreed for conciliation in such manner as shall be prescribed by the By-laws of the Association and Rules framed thereunder. And it is expressly declared that the holding of such conciliation shall be a condition precedent to the right of any member in respect of such dispute or difference as aforesaid. And it is hereby expressly declared that this shall be deemed to be an agreement of conciliation and the holding of such conciliation shall be a condition precedent to the right of any member in respect of such dispute or difference as aforesaid, and after finalisation of the settlement agreement as provided under the Rules of conciliation, no member shall have any right of action against any other member except to enforce the settlement agreement."

WINDING UP

104. 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 amongst the members of the Company but shall be given or transferred to such other Association or Chamber having objects similar to the objects of the Company to be determined by the members of the Association at or before the time of dissolution or in default thereof by the High Court of Judicature that has or may acquire jurisdiction in the matter.

INDEMNITY

105. Subject to the provisions of Section 201 of the Act, every President, Vice-President, Director, Member of Committee, Arbitrator, General Manager, Secretary and other officer or servants of the Company shall be indemnified by the Association against, and it shall be the duty of the Board out of the funds of the Association to pay all costs, losses, penalties and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into or act or deed done by, or omitted by him as such officer or servant or in any way in the discharge of his duties and no Director or other officer of the Company shall be liable for the act, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Board for or on behalf of the association or for the insufficiency or deficiency or depreciation of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy or insolvency or tortious act of any person with whom any moneys, securities or effects of the Company shall be deposited or for any loss occasioned by any error of judgment, omission, default or oversight on his part or for any loss, damage or misfortune whatever which shall happen in relation to the execution of the duties of his office or in relation thereto unless the same happen.

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THE INDIAN COMPANIES ACT, 1956
A COMPANY LIMITED BY GUARANTEE AND
NOT HAVING A SHARE CAPITAL

MEMORANDUM & ARTICLES OF ASSOCIATION

OF

COTTON ASSOCIATION OF INDIA

Registered Office :

COTTON EXCHANGE BUILDING
2ND FLOOR
OPP: COTTON GREEN RAILWAY STATION
MUMBAI 400 033.

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