

- (v) **The rules, regulations, instructions, manuals and records, held by it or under its control or used by its employees for discharging its functions;**
and
 (vi) **A statement of the categories of documents that are held by it or under its Control;**

Memorandum & Articles of Association, Service Bye-laws, Delegations of Powers , Accounting manual, Procedure for disbursement of term loan, Procedure for conduct of Project Appraisals, Criteria for recovery of term loan dues, Procedure for execution & award of Civil Works, Arbitration cases, Escalation claims & working Divisions position, Procedure adopted by Architectural Wing, Terms & conditions for allotment of plots & shops in S.F.S. Baddi, Board/Advisory /Audit/Shareholders' meeting records.

[C] MEMORANDUM AND ARTICLES OF ASSOCIATION

MEMORANDUM OF ASSOCIATION

OF

**The Himachal Pradesh State Industrial
Development Corporation Limited**

- I. The name of the Company is the Himachal Pradesh State Industrial Development Corporation Limited.
- II. The registered office of the Company shall be situated in the State of Himachal Pradesh.
- III. The objects for which the Company is established are:-

A. MAIN OBJECTS

1. To promote, improve, establish, execute, manage and administer industries, projects or enterprises for manufacture and production of plant, machinery. tools, implements, materials, chemicals, substances, goods or things of any description which in the opinion of the Company are likely to promote or advance the industrial development of Himachal Pradesh.
2. To purchase, take on lease, or otherwise acquire any mines, mining rights and metalliferous land in the State of Himachal Pradesh or any where within or out

- side India and any interest therein and to explore, work, exercise, develop and turn to account the same.
3. To buy, sell, manufacture, and deal in minerals, plant, machinery, implements, conveniences provisions, and things capable of being used in connection with metallurgical operations, or require by workmen and others employed by the Company.
 4. To carry on all kinds of exploration business and in particular to search for, prospect, examine & explore mines and ground supposed to contain minerals or precious stones, & to search for and obtain information in regard to mines, mining claims, mining Districts and localities.
 5. To purchase or otherwise acquire, and to sell, dispose of, and deal with mines and mining rights and property supposed to contain mineral or precious stones of all kind, and under- taking connected therewith, and to work, exercise, develop and turn to account mines and mining rights and any undertaking connected therewith, and to buy, sell, refine, manipulate and deal in minerals of all kinds.
 6. To take over from Himachal Pradesh Government any of their projects to set up industries with the rights of liabilities of the Himachal Government so far as they relate to such projects.
 7. To promote and operate schemes of the Industrial development of Himachal Pradesh and for that purpose to prepare and get or cause to be prepared investigations and studies for feasibility reports, detailed project reports, market studies, statistics and other relevant information for the establishment of any industrial undertaking and to promote and establish companies and associations for the execution of such industrial projects. To plan, formulate and execute projects, in particular for setting up industries in the lines of productions which are important in the opinion of the Company for the industrial development of Himachal Pradesh.
 8. To engage in the processing and manufacture of metals, metallic products. chemicals, cements, sugar, yarn, plants, machinery or any other commercial or industrial products, articles and commodities and consumer articles, products and commodities.
 9. To aid, assist and finance any industrial undertaking, projects or enterprises whether, owned or run by Government, statutory body, private company, firm or individual with capital, credit, means or resources for prosecution of its work and business and to provide consultancy services for setting up industries and for solving their problems.
 10. To procure capital for or to provide machinery, equipment and other facilities to any company person and association for the purpose of carrying into effect any objects connected with the Industrial development of Himachal Pradesh.
 11. To seek for and secure openings for the employment of capital in Himachal Pradesh and elsewhere, and with a view thereto to prospect, inquire, examine, explore, and test, and to dispatch and employ expeditions, commissioners, experts and other agents.
 12. To promote and operate schemes in collaboration with Himachal Pradesh Government for the dispersal of industries in a manner conducive to the

balanced regional development of the various parts of Himachal Pradesh.

B. ANCILLARY OBJECTS

1. To crush, win, get quarry, smelt, caskine, refine, dress, amalgamate, manipulate, and prepare for market, ore, metal, and mineral substances of all kinds, and to carry on other metallurgical operations which may seem conducive to any of the Company's objects.
2. To carry on any business relating to the winning and working of minerals, the production and working of metals, and the production, manufacture and preparation of any other materials which may be usefully and conveniently combined with the engineering and manufacturing business of the Company or any contracts undertaken by the Company and either for the purpose of only such contracts or as an independent business.
3. Subjects to the provision of Section 372 of the Act to invest the capital of the Company in to deal with shares, stocks, bonds, debentures, obligations and other securities of any Company or association .formed for establishing, executing or working of any industrial under- taking approved or promoted by the Company
4. Subject to the provisions of Section 293 of the Act to sell, dispose of or transfer any industrial undertaking, project or factory of this Company to any company or association or concern on such terms and conditions as may be determined by the Company.
5. Subject to Section 384 of the Indian Companies Act; to direct the management, control and supervision of any Company, association or concern by nominating directors, controllers, supervisors, advisers or otherwise, or to collaborate with any company or association or concern formed for carrying on any manufacturing or other business within the objects of the Company.
6. To construct, maintain, and alter any building or works, necessary or convenient for the purpose of the Company.
7. Subject to the provisions of Section 370 of the Indian Companies Act to grant or guarantee loans or advances to any company, association or concern engaged in any industry or to assist its establishment, development or expansion or to enable it to undertake and start new lines of production.
8. To buy, underwrite, invest in and acquire and hold shares, stocks bonds, debentures and debenture stocks and obligations and securities issued by any company or body corporate, association or concern or engaged or proposing to engage in any industry.
9. To retain as part of its assets any stocks, shares, bonds or debentures which it may have take up in fulfilment of its underwriting liabilities.
10. To acquire any such, shares, stocks, bonds, debentures, debenture stock, bonds, obligations or securities of any Company or body corporate engaged in or proposing to engage in any industry *by* original subscription, participation syndicates, tender, purchase, exchange or otherwise and to subscribe for the same, either conditionally or otherwise and to guarantee the subscription thereof and to exercise and enforce all rights and powers conferred by or incidental to

- the ownership thereof.
11. To guarantee or counter-guarantee on such terms and conditions as may be agreed upon deferred payment due from any Company, association or concern engaged in any industry :-
 - (a) In connection with its import of capital goods from outside India, or
 - (b) In connection with its purchase of capital goods, within India.
 12. To take up deposit work on behalf of the Government of Himachal Pradesh, local bodies or any other association/Corporation/limited Companies etc. on such terms and conditions as may be determined by the Company.
 13. To acquire lands, develop them suitably by providing communication, power, supply water supply and other facilities at places determined by the Company and make them available on such terms and conditions as may be agreed upon to any individual, firm, company, association or concern for the purpose of establishing a new industrial undertaking or for the purpose of shifting an existing industrial under-taking from any congested area.
 14. To promote and operate schemes for the purpose of bringing into existence and for the purpose of managing and administering well-planned industrial areas in the various parts of Himachal Pradesh at places determined by the Company.
 15. To employ and remunerate experts to investigate and examine into the conditions, prospects, value, character and circumstances, of any business, of industrial concern and undertaking and generally or any assets, property or rights.
 16. To enter into any partnership or arrangement for joint working in business, sharing of profits; pooling of any industrial undertaking, joint ventures or reciprocal concession or amalgamation with any other company, firm or person, carrying on or engaged in any manufacture of other business within the objects of the Company or similar thereto.
 17. To establish, promote, subsidize and otherwise assist, any company or companies, syndicate or other concern for the purpose of setting up any industry or running any industrial undertaking acquiring any property or furthering any of the objects of this Company.
 18. Subject to the provisions of Section 293 of the Indian Companies Act, to sell, dispose of, let on lease or on hire or transfer the business, property, assets and undertaking of the Company or any part thereof, for cash stock or shares of any other company, or for any other consideration which the company may deem fit to accept.
 19. To sell, improve, manage, develop, exchange, lease, mortgage, enfranchise, dispose of turn to account or otherwise deal with all or any part of the property and rights of the company.
 20. To let out on lease or on hire, all or any of the property of the Company either immovable or movable including all and every description of apparatus or appliances.
 21. To accept stock or shares in or the debentures, mortgage debentures or other

- securities of any other company in payment or part payment for any services rendered or for any sale made to or debt owing from any such Company.
22. To acquire and undertake the whole or any part of the business property and liabilities of any person or company carrying on any business which the company is authorised to carry on, or possessed or property suitable for the purpose of the Company,
 23. To pay all costs, charges and expenses incurred or sustained in or about the promotion and establishment of the Company, or which the Company shall consider to be in the nature of preliminary expenses including, therein the cost of advertising, brokerage, printing and stationery and expenses attendant upon the formation of agencies.
 24. Upon any issue of bonds or other securities of the Company, to employ brokers, commission agents and underwriters and to provide for the remuneration of such persons for their services by payment in cash, or by the issue of bonds or other securities of the Company or by the granting of options to take the same or in any other manner allowed by law.
 25. To purchase, take on lease, or tendency or in exchange, hire, take options over, or otherwise acquire, for any estate, or interest whatsoever and to hold, develop, work, cultivate, deal with and turn to account concessions of grants, decrees, licences, privileges, claims, options, leases, property, real or personal, or rights or powers of any kind which the Company may think necessary or convenient for the purpose of the business of the Company.
 26. To enter into any arrangements with Government of India, Government of Himachal Pradesh, or any other Government of State, or local Authority for the purpose of carrying out the objects of the Company or furthering its interest and to obtain from such Government or Authority or person and charters, subsidies, loans, indemnities, grants contracts, licences rights, concessions, privileges or immunities which the Company may think it desirable to obtain and exercise and comply with any such arrangements, rights, privileges and concessions.
 27. To issue, or guarantee the issue of, or the payment of interest on the shares, debentures, debenture stock, bonds or other securities or obligations of any public limited company or association and to pay or provide for brokerage commission, and underwriting in respect of any such issue on behalf of such company.
 28. To create any depreciation fund, reserve fund sinking fund, insurance fund, or any special or other fund whether for depreciation or for repairing improving extending or maintaining any of the property of the Company or for redemption of debentures or redeemable preference shares or for special dividends or for equalizing dividends for any other purpose whatsoever, and to transfer any such fund or part thereon to any of the other funds herein mentioned.
 29. To draw, make, accept, endorse, discount, negotiate and execute and to buy, sell and deal in promissory notes, bills of landing and other negotiable or transferable instruments.
 30. To borrow or raise or secure the payment of money in such manner as the Company shall think fit, and in particular by the issue of bonds, debentures or

- debenture stock, perpetual or otherwise, charged upon all or any of the Company's property (both present and future) including its uncalled capital, and to purchase, redeem, or payoff any such securities.
31. To receive grants, loans, advances or other moneys or deposits or otherwise from State or Central Government, Banks, Companies, Trusts, or individuals with or without allowance of interest thereon.
 32. To lend money to such persons or companies and on such terms as may seem expedient, and in particular to customers and others having dealing with the Company, and to guarantee the performance of contracts by any such persons or companies.
 33. To invest the moneys of the Company, not immediately required in such manner, other than in the shares of this Company, as from time to time may be determined,
 34. To acquire by subscription, purpose or otherwise, and to accept and take, hold and sell. shares or stocks in any company, society or undertaking, the objects of which shall, either in whole or in part, be similar to those of this Company, or such as may be likely to directly or indirectly promote or advance the interests of this Company.
 35. To employ or pay experts, foreign consultants, etc, in connection with the planning and development of all or any of the business connected with the company's operations.
 36. To use trade marks or trade names or brands for the products and goods of the Company and adopt such means of making known the business and products of the Company or of any company in which this Company is interested as may seem expedient and in particular by advertising in newspapers, magazines, periodicals, by circulars, by purchase and exhibition of works of art or interest, by opening stalls and exhibitions, by publication and distribution of books and periodicals, calendars, almanacs and diaries, by distributing samples and by granting prizes, rewards and donations.
 37. To appropriate, use, or let out land belonging to the Company for streets, parks, pleasure grounds, allotments and other conveniences and to present any such land so laid out to the public or to any persons or company conditionally or unconditionally as the Company thinks fit.
 38. To develop and turn to account any land acquired by the Company or in which it is interested and in particular by laying out and preparing the same for building purposes, constructing altering, pulling down, decorating, maintaining, fitting up improving buildings, and by planting, paving, draining, forming, cultivating and letting on lease or by agreement and by advancing money to and entering into contracts and agreements of all kinds with builders and others.
 39. To apply for and take out, purchase or otherwise acquire any trade mark, parents, rights inventions, copy-right, designs, or secret processes, which may be useful for the Company's objects, and to grant licences to use the same, and to work, develop, carry out, exercise and turn to account the same.
 40. To manufacture, buy, sell, import, export, install, work and generally deal in, any

- plant, machinery, substances, tools material, goods or things of any description, which in the opinion of the Company may be conveniently dealt with by the Company in connection with any of its objects.
41. To establish, maintain and operate technical training institutions and hostels for chemical engineers, power engineers, wire engineers, mechanical engineers, drilling engineers, production engineers and other engineers of all types mineral and other technologists, surveyors, draftsmen, chemists and all other technical staff and artisans and mechanics of all types and kinds and accountants and others likely to be useful to or to assist in any business which the Company is authorised to carry on.
 42. To establish, provide, maintain and conduct or otherwise subsidise research laboratories and experimental workshops for scientific and technical research and experiments, to undertake and carry on scientific, technical and economic surveys, technical researches, experiments and tests of all kinds, to promote studies and researches, both scientific and researches, both scientific and technical investigations and inventions by providing, subsidizing, endowing or assisting laboratories, workshops, lectures, meetings and conferences and by providing or contributing to the remuneration of scientific or technical professors, teachers and other academicians and generally to encourage, promote, reward studies and researches, investigations and experiments, tests and inventions of any kind that may be considered likely to assist any business which the Company is authorised to carry on.
 43. To apply the assets of the Company in any way or towards the establishment, maintenance or extension of any association, institutions or funds in any way connected with particular trade or business with scientific research, industry or commerce.
 44. To establish, maintain and operate general educational institutions and hostels for the benefit of the children of the employees or ex-employees of the Company, their dependents or connections of such persons and others and to take grants and awards and grant scholarships.
 45. To install and work pilot prototype or semi-scale units or full commercial plants to develop a particular invention in furtherance of its objects set forth herein.
 46. Subject to the provisions of Section 293 (i) (e) of the Indian Companies Act to grant funds, annuities, pensions, allowances, gratuities and bonuses to any employees or ex-employees (including Directors and ex-Directors of the Company or their relations, connections or dependents of any such persons) of the Company or its predecessors in business and to establish or support associations, institutions, clubs, schools, hospitals, dispensaries, canteens, hotels, restaurants, houses, dwellings, chawls, funds, schemes and trusts (scientific, educational, provident or otherwise) which may be considered calculated to benefit any such persons or the public or otherwise advance the interests of the Company or of its members and to establish and contribute to any scheme for the purchase by trustee of shares in the Company or of its members and to establish and contribute to any scheme for the purchase by trustee of shares in the Company to be held for the benefit of the Company's

- employees and to lend money to the Company's employees to enable them to purchase shares of the Company and to formulate and carry into effect any scheme for sharing the profit of the Company with its employees or any of them and to subscribe or guarantee money for charitable or benevolent objects or for any other exhibition or for any public general or useful objects or earmark a portion of the profits of the Company or create a fund or funds for any such objects or purposes.
47. To procure registration or reorganization for the Company in any foreign country or place. To establish agencies in India and elsewhere and to regulate and discontinue the same.
 48. To undertake schemes or works, either jointly with other corporate bodies or institutions or with Government or local authorities or on any agency basis and all matters connected therewith.
 49. Generally to do all such other matters and things as may appear to be incidental or conducive to the attainment of the above objects either as principals, agents, trustees, contractors or otherwise and either alone or in conjunction with others and to do all such things as are incidental or conducive to the attainment of the other objects.
 50. To support or subscribe to and charitable, political, public institutions societies, or clubs which may be for the benefit of the company or its employees or may be connected with any town or place where the Company carries on its business.

C. OTHER OBJECTS

1. To carry on the business of iron founders, mechanical engineers, and manufacturers of industrial and agricultural implements and other machinery, tool makers, brass founders, metal-workers, boiler makers, millwrights, machinists, iron and steel converters smiths, wood workers, builders, painters, metallurgists, electrical engineers, water supply engineers, gas makers, printers, carriers and merchants and to buy, sell, repair, convert, alter, let on hire and deal in machinery, implements, rolling stocks, and hardware of all kinds and to carry on any other business (manufacturing or otherwise) which may seem to the Company capable of being conveniently combined or in connection with the above, or otherwise calculated, directly or indirectly to enhance the value of any property and rights of the Company.
2. To carry on the business of engineers and manufacturers of agricultural and other machinery plants, implements and tools, equipments, apparatus and accessories, rolling stock and other like goods and the production and working of metals and minerals of all kinds and the production, manufacture and preparation of any other materials which may be usefully or conveniently combined with the engineering or manufacturing business of the Company.
3. To carry on business as financiers, concessionaries, and merchants and exporters and importers to undertake and carry on and execute all kinds of financial, commercial, trading or other operations, and to advance, deposit, or lend money, securities and property to or with such persons, firms or corporate bodies on such terms as may seem expedient.

- a) To carry on the business of advancing of Housing loans private vehicle loans, loans for purchase of consumer goods, white goods/ computers etc. to confirmed Employees of State Government and State Corporate Sector/ PSUs.
 - b) To carry on the business relating to insurance on agency commission basis for Public Sector insurance Companies.
4. To purchase, charter, hire, build or otherwise acquire Vehicles and Vessels of any or every sort of description for use on or under land or water in the air and to employ, equip or load the same for the carriage of merchandise of all kinds of passengers, and to let out, to hire and to trade with any such Vehicles, Vessels or any part thereof when not required for the company's business at such rates of freight and on such terms as may be considered advantageous to the Company,
 5. To construct, improve, maintain, develop, work, manage, carry out or control any roads, ways tramways, railways, branches or sidings, or bridges reservoirs, water courses, wharves, manufacturers, warehouses, electric works, shops, stores and other works and conveniences, which may seem calculated directly or indirectly to advance the Company's interests, and to contribute to, subsidize or otherwise assist or take part in the construction, improvement maintenance management, carrying out or control thereof.
 6. To carry on the business of carriers by land.
 7. To act as agent for Government or other authorities, or any manufacturers, merchants and others and to transact and carry on agency business of every kind and any description.
 8. The above mentioned objects of this Company will extend to the Himachal Pradesh State, to every other State in the Indian Union and also to territories beyond the Indian Union.

It is hereby declared that (i) the word 'Company' in this memorandum when applied otherwise than to this Company shall be deemed to include any authority, partnership or other body of persons, whether incorporated or not incorporated, whether domiciled in India or elsewhere; and (ii) the several sub-clauses of clause III and all the powers thereof are to be cumulative and in no case is the generality of anyone sub-clause be narrowed or restricted or abridged by any particularity of any other sub-clause nor is any general expression in any sub-clause to be narrowed or restricted by any particularity of expression in the same sub-clause. None of such sub-clauses or the objects therein specified or the powers thereby conferred shall be deemed subsidiary or auxiliary merely to the objects mentioned in the sub-clause A or B of clause III but the Company shall have full powers to exercise all or any of the powers conferred by any part of this clause in any part of the world and notwithstanding that the business undertaking, property or acts proposed to be transacted, acquired, dealt with or performed do not fall within the objects of sub-clause A or B of clause III, In the event of any ambiguity, clause III, and its sub-clauses shall be interpreted and construed in such a way as to widen and not to restrict the powers of the Company.

- IV The Liability of the members is limited.
- V The authorised share capital of this Company is Rs.50 crore (Rupees fifty crore) divided into 50 lakhs equity shares of Rs.100/- each, with such, right, privileges and conditions attached thereto as may from time to time be decided by the Company. The Company shall have power to increase or reduce share capital and

attach, alter, withdraw, special rights and privileges as to voting, dividend, repayment of share capital or otherwise and to subject the share to such restrictions, limitations and conditions as may be permitted in accordance with the provisions of the Companies Act, 1956,

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

Names, addresses and description of subscribers	No. of shares taken by each	Signature Sd/-
1. Lieutenant Governor, Himachal Pradesh M. C. Sharma. Chief Secretary to the Government of H. P. for and on behalf of Lt. Governor, HP.	19,994	M. C. Sharma
2. B. S. Singh, Development Commissioner, Himachal Pradesh.	1	B. S. Singh
3. D. B. Lal, Judicial Secretary to the Government of Himachal Pradesh.	1.	D. B. Lal
4. P. R. Mahajan, Finance Secretary to the Government of Himachal Pradesh.	1	P. R. Mahajan
5. P. K. Mattoo, Secretary (Industries) to the Government of Himachal Pradesh.	1	P. K. Mattoo
6. Dewan Govind Sahai, Under Secretary (Industries) to the Government of Himachal Pradesh.	1	Govind Sahai
7. G. M. Laul, Project Executive Officer.	1	G. M. Laul
Total	20,000 Twenty Thousand only	

Witness with full address :

Sd/- K. N. CHANDLA.

Chartered Accountant, 70/1, The Mall, Shimla
Dated the 23rd day of November, 1966,

ARTICLES OF ASSOCIATION

OF

The Himachal Pradesh State Industrial Development

Corporation limited

1. **Preliminary.** No regulation contained in First Schedule Table A to the Act, shall apply to this Company, but the regulations for the Management of the Company and for the observance of the members thereof and their representatives, shall, subject to any exercises of the statutory powers of the Company with references to the repeal of alteration of, or addition to, its regulations by special resolution, as prescribed by the said Companies Act, 1956, be such as are contained in these Articles.
2. **Interpretation.** In the interpretation of these articles, unless repugnant to the subject or context :

"The Company" or "this Company" means the Himachal Pradesh State Industrial Development. Corporation Limited.

"The Act" means "The Companies Act, 1956," or any statutory modifications 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.

"Board" means a meeting of the Directors duly called and constituted, or as the case may be the Directors assembled at a Board or the requisite number of Directors entitled to pass resolution by post and/or circulation in accordance with these Articles.

"Capital" means the share capital for the time being raised or authorised to be raised, for the purpose of the Company.

"Debenture" includes debenture stock.

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

"Dividend" includes bonus.

"Member" means a duly registered holder, from time to time of the shares of the Company and includes the subscribers of the Memorandum of the Company.

"Meeting" or "General Meeting" means a meeting of Members.

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

"Extra-ordinary General Meeting" means an extra-ordinary 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.

"Paid-up." includes credited as paid-up.

"Persons" include corporations and firms as well as individuals.

"Register of Members" means the register of members to be kept pursuant to the Act,

"The Registrar" means the Registrar of Companies, of the State in which the office is for the time being situate.

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

"Shares" means the shares into which the capital is divided and the interest corresponding with such share.

"IDBI" means Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964,

"Special Resolution" shall have the meaning assigned thereto by Section 189 of the Act, "Year" mean the calendar year and "Financial Year" shall have the meaning assigned by Section 2(17) of the Act.

"In Writing" and "Written" include printing lithography and other modes of representing or reproducing words in a visible form. The "Marginal Notes" and "Catch-Lines" hereto shall not affect the construction hereof.

Words importing the masculine gender also include the feminine gender.

Words importing the singular number include, where the context admits or requires, the plural number and vice versa.

Save as aforesaid any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

3. The copies of the Memorandum and Articles of Association of the Company and other documents referred in Section 39 of the Act, shall be sent by the Company to every member at his request within seven days of the request on payment of the sum of Rupee one for each copy.

CAPITAL STRUCTURE

4. The authorised share capital of the company is Rs.50 crore (Rupees fifty crore) divided into fifty lakhs equity shares of Rs.100/- each.
5. **Increase and reduction in capital.** The Company in general meeting may, from time to time by a special resolution increase the capital by the creation of new shares such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. The new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as such resolution shall prescribe and in particular such shares may be issued with a preferential or qualified right to dividends, and in the assets of the company or winding up. Whenever the capital of the Company has been increased under provisions of this Article, the Directors shall comply with the provisions of Section 97, of the Act.
6. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares, shall be considered as part of the existing capital and shall be subject to the provisions herein contained with reference to the payment or calls and instalments for failure, lien, surrender, transfer and transmission, voting and otherwise.
7. **Re-deemable preference shares :** Subject to the provisions of Section 80 of the Act, Company shall have the power to issue preference shares which are or at the opinion of the Company are liable to be re-deemed and the redemption may be effected in the manner and subject to the terms of the issue, and failing this the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption
8. **Reduction of capital :** The Company may (subject to the provisions of Sections 78, 80, 100 to 105 inclusive, of the Act) from time to time by special resolution, reduce its

share capital, capital redemption reserve account or other premium account in any manner for the time being authorised by law, and in particular capital may be paid off on the footing that it may be called up again or otherwise. This article is not to derogate from any power of the Company would have if it were omitted.

- 9. Sub division and consolidation of shares.** Subject to the provisions of Section 94, of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate its shares or any of them, and the resolution whereby any share is sub-divided may determine that, as between the holders of shares resulting from such sub-division one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its shares capital by the amount of the shares so cancelled.
- 10. Modification of rights :** Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges, attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, effected or abrogated, or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least three-fourth in nominal value of the issued shares of the class or is confirmed by special resolution passed at a separate meeting, of the holders of the issued shares of that class and all the provisions hereinafter contained as to a general meeting shall mutatis mutandis apply to every such meeting, but so that the quorum thereas shall be five persons at least holding or representing by proxy three-fourths of the nominal amount of the issued shares of the class. This Article is not to derogate from any power of the Company would have if this Article had been omitted. The right conferred upon the holders of the shares (including preference shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of issue of shares of that class be deemed not to be modified, commuted, effected abrogated, dealt with or varied by creation of issue of further shares shall ranking pari passu therewith.
11. Subject to the provisions of these articles and of the Act, the shares shall be under the control of the Directors who may allot or otherwise dispose of the same to such persons on such terms and conditions and at such time as the Directors think fit, subject to such orders as may be issued in this behalf by the Governor, Himachal Pradesh. The shares shall, in the first instance be issued to the Governor, Himachal Pradesh or such of his nominees as may be appointed by him from time to time. No shares will be offered for public subscription unless otherwise ordered by the Governor, Himachal Pradesh. Subject to such directions the Directors will have full power to give any person the option to subscribe for any share of the Company on the terms and conditions contained in these Articles. The Board shall cause to be made the returns as to allotment provided in Section 75 of the Act.
- 12. Register and index of Members.** The Company shall cause to be kept a register and index of Members in accordance with Sections 150 and 151 of the Act.
- 13. Shares to be numbered progressively and no share to be sub-divided.** The shares in capital shall be numbered consecutively according to their several denominations, and except in the manner herein before mentioned no share shall

be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

14. **Funds of Company may not be applied in purchase of shares of the Company.** None of the funds of the Company shall be applied in the purchase of any shares of the Company and it shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in the Company or in its holding Company save as provided by Section 77 of the Act.
15. **Certificates.** The certificates of title to shares and duplicates thereof when necessary shall be issued under the seal of the Company and signed by two Directors (one of whom shall be the Managing Director) and the Secretary or some other person appointed by the Board for the purpose.
16. **Members right to certificate.** Every member shall be entitled free of charge to one certificate for all the share/s each class registered in his name, or if the Board so approves to several certificates each for one or more of such shares, but in respect of such additional certificate, the Company shall be entitled to charge a fee of Rs.1 unless the condition of issue of any shares other-wise provides the Company shall within three months after the date of the allotment or within two months after the application for registration of the transfer of any of its shares, as the case may be, complete and have ready for delivery the certificates for such shares. Every certificate of shares shall specify the number and denoting numbers of the shares in respect of which it is issued and the amount paid up thereon. In respect of any shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to one several joint- holders shall be sufficient delivery to all such holders.
17. **As to issue of new certificate in place of one defected, lost or destroyed.** If any certificate to be worn out or defected, 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, and on such indemnity as the Board may deem adequate being given, a new certificate in lieu thereof shall be given to the party entitled to the shares to which such lost or destroyed certificate shall relate. For every certificate issued under this Article there shall be paid to the Company the sum of rupee one or such smaller sum as the Board may determine.
18. **The first named of joint holder deemed sole holder.** If any share stand in the names of two or more persons, the first named in the register shall as regards receipt of dividends or bonus or service of notices or any other matter connected with the Company, except voting at meetings, and the transfer of the shares, be deemed the sole holder thereof but the joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.
19. **Company not bound to recognise any interest in share other than that of registered holder.** Except as ordered by a court of competent jurisdiction or as by law required, the Company shall not be bound to recognize any equitable, contingent, future or partial interest in any share or (except only as is by these Articles otherwise expressly provided) any right in respect of a share or other than an absolute right thereto, in accordance with these articles.

CALLS ON SHARES

20. (1) The Board may, from time to time, make calls upon the members in respect

- of any moneys unpaid on their shares {whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times.
- (2) Each member shall, subject to receiving at least fourteen day's notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified the amount called on his shares.
- (3) A call *may* be revoked or postponed at the discretion of the Board.
21. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.
22. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
- (1) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at 5 per cent per annum or at such lower rate, if any, as the Board may determine.
- (2) The Board shall be at liberty to waive payment of any such interest wholly or in part :
23. (1) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purpose of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
- (2) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of call duly made and notified.
24. The Board -(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him, and
- (b) upon all or any of the moneys so advanced, may (until the same would, but for such advance become presently payable) pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct 6 per cent, per annum, as may be agreed upon between the Board and the member paying the sum in advance.
25. Deleted.
26. **Evidence in actions by and against members :-** On the trial or hearing of any action or suit by the Company against any member or his representatives to recover any money due to the Company in respect of his share, it shall be sufficient to so that the name of the defendant is, or was, when the claim arose, in the Company's register as a member or one of the members of the shares in respect of which such claim is made, and that the amount claimed is not entered as paid in the books of the Company; that the resolution making a call is duly recorded in the minute book; and that the notice for such call was duly given to the member used in pursuance of the Article; and it shall not be necessary to prove the appointment of the Directors who made call, in order to form a quorum.

FORFEITURE AND LIEN

27. If any member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter during such time as the call or instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have occurred and all expenses that may have been incurred by the Company by reason of such non-payment.
28. **Notice of forfeiture:** The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places at which such call or instalment and such interest thereon at such rate as Directors shall determine from the day on which such call or instalment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state, that in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment is payable, will be liable to be forfeited.
29. If the requirement of any such notice as aforesaid shall not be complied with, all or any shares in respect of which such notice has been given, may at any time hereafter before payment of all calls or instalments interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and/or bonus declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.
30. When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture; and an entry of the forfeiture, with the date thereof, shall forthwith be made in the register of members, but no forfeiture shall be in any manner, invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.
31. **Forfeited share to be property of the Company and may be sold etc.** Any share so, forfeited shall be deemed to be the property of the Company, and may be sold, re allotted or otherwise disposed of either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.
32. Any member whose shares have been forfeited shall notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company on deemed all calls, instalments interest and expenses due upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding 9 per cent per annum as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.
33. **Effect to forfeiture:** The forfeiture of a share shall involve extinction at the time of the forfeiture of all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of the rights as by these Articles are expressly saved.
34. A declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration shall be conclusive evidence of the facts therein stated against all persons claiming to be entitled to the share.

35. **Validity of sale after forfeiture :** Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some persons to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the register in respect of shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the register in respect of such shares, the validity of the same shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against Company exclusively.
36. **Cancellation of share certificate in respect of forfeited shares:** Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.
37. **Power to annual forfeiture:** The Board may at any time before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, annual the forfeiture thereof upon such conditions as it thinks fit.
38. **Company's lien on shares :** (a) The Company shall have a first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of each member (whether solely or jointly with others), and upon the proceeds of sale thereof, for all moneys (whether presently payable or not called or payable at fixed time in respect of such shares and no equitable interest in any share shall be recognized except as provided in Article 23 of these Articles or except upon the footing and condition that Article 23 is to have full effect. And such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.
- (b) For the purpose of enforcing such lien, the Board may sell the shares subject to lien in such manner as it thinks fit and for that purpose, may cause to be issued a duplicate certificate in respect of such share and may authorise one of its members to execute a transfer thereof on behalf of and in the name of such member. But no sale shall be made unless the sum in respect of which the lien exists is presently payable and until notice in writing of the intention to sell shall have been served on such members, his executors or administrators of his committee, curator or other legal representative as the case may be and default shall have been made by him or them in payment of the payable sum as aforesaid for fourteen days after the date of the such notice.
39. **Application of proceeds of sale :** The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, as existed upon the share before the sale and the balance shall be paid to the person entitled to the shares at the date of the sale.
40. **Forms of transfer-** Every instrument of transfer of shares:
- (a) shall be in the prescribed form and presented to the prescribed authority before it is signed by or on behalf of the transferee and the prescribed authority shall stamp or otherwise endorse thereon the date on which it is

so prescribed, and

- (b) shall be delivered to the Company;
 - (i) in the case of shares dealt in or quoted on a recognised stock exchange at any time before the date on which the register of members is closed in accordance with law for the first time after the date of such presentation.
 - (ii) in any case, within two months from the date of such presentation :

Provided that the Central Government may on an application made to it in that behalf, extend the periods by such further time as it may deem fit.

- (c) shall be executed both by the transferor and the transferee and attested. The transferor shall be deemed to remain the holder of such shares until the name of the transferee shall have been entered in the register of members in respect thereof.

41. **In what cases the Board may decline to register transfer :** (a) Subject to the provisions of Section 111 of the Act, the Board without assigning any reason for such refusal may, within two months from the date on which the instrument of transfer was delivered to the Company, decline to register any transfer of shares upon which the Company has lien, and may also refuse to register a transfer to a transferee of whom the Board does not approve.

(b) The Company may, after giving not less than seven days previous notice by advertisement in some newspaper, close the register of members or the register of debenture-holders as the case may be for any period or periods not exceeding in aggregate forty five days in each year but not exceeding thirty days at anyone time.

42. **No transfer to infant etc.**-No transfer shall be made to an infant or person of unsound mind.

43. **Transfer to be left at office when to be retained :** Every instrument of transfer shall be left at the office for registration accompanied by the certificate of the shares to be transferred or if no such certificate is in existence by the letter of allotment of the shares and such other evidence as the Board may require to prove the title of the transfer or his right to transfer the shares. All instruments of transfer which shall be registered shall be retained by the Company, but any instruments of transfer which the Board may decline to register shall be returned to the person depositing the same. Provided that where it is proved to the satisfaction of the Directors that an instrument of transfer signed by the transferor and the transferee has been lost, the Company may register the transfer on the application in writing made by transferee on such terms as to indemnity as the Directors may think fit, and provided further that nothing in this Article shall prejudice the power of the Company under these presents to register as shareholder any person to whom the right to any shares has been transmitted by operation of law.

44. If the Board refuses to register the transfer of any shares the Company shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal.

45. A fee not exceeding Re.1 may be charged for the registration of each transfer, grant of letters of administration, certificate of death or marriage, power of attorney or other instrument but the Board of Directors shall be entitled in their

- discretion not to charge any such fee.
46. **Transmission and registration of shares:** The executor or administrator of a deceased member, (not being one of several joint holders) shall be the only persons recognized by the Company as having any title to the shares, registered in the name or such member and in case of the death of anyone or more of the joint holders any registered shares, the survivor or survivors shall be the only person or persons recognized by the company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person. Before recognizing any executor or administrator the Board may require him to obtain a grant of probate or letters of administration or other legal representation, as the case may be, from some competent court in India, provided never the less that in any case where the Board in their absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of probate or letters of administration or such other legal representation upon such terms as to indemnity or otherwise as the Board, in its absolute discretion may consider adequate.
47. Any committee or guardian of lunatic or infant member or any person becoming entitled to or to transfer shares in consequence of the death or bankruptcy or insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board thinks sufficient, may, with the consent of the Board (which the Board shall not be bound to give), be registered as a member in respect of shares, or may subject to the regulations as to transfer hereinbefore contained, transfer such shares. The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency. This Article is hereinafter referred to as "the Transmission Article".
48. **Election under the Transmission Article :** (1) If the person so becoming entitled, under the Transmission Article shall elect to be registered as holder of the shares himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
- (2) If the person aforesaid shall elect to transfer the shares, he shall testify his election by executing an instrument transfer of the shares.
- (3) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of instrument of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred and the notice of transfer were a transfer signed by the member.
49. **Rights of persons entitled to Shares under the Transmission Article :** A person so becoming entitled under the Transmission Article to shares by reason of the death, bankruptcy or insolvency of the holder shall be entitled to the same dividend and other advantages to which he would be entitled as if he were the registered holder of the shares except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.
- Provided that the Board may at any time give notice requiring any such person to either have himself registered as a shareholder or to transfer the shares, and if

the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the shares, until the requirements of the notice have been complied with.

Alteration of Capital

50. The Company in general meeting may :
- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares:
 - (b) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum so, however that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;
 - (c) Cancel any shares which at the date of passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
51. Subject to the provisions of Sections 100 to 105 inclusive of the Act, the Board may accept from any member the surrender on such terms and conditions as shall be agreed, of all or any of his share.

BORROWING POWERS

52. Subject to the provisions of Sections 222 and 293 of the Act and of these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board, accept deposits from members, either in advance of calls or otherwise, and generally raise or borrow or secure the payment of any sum or sums of money for the Company Provided, however, where the money to be borrowed together with the money already borrowed (apart from the short term loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific, purpose) the Board shall not borrow such moneys without the consent of the Company in general meeting to be obtained by a resolution which shall provide for the total amount upto which moneys may be borrowed by the Board.
52. (a) "The Company shall have power to borrow money's from IDBI or its agents by way of re-finance. The Company is also authorised to work as an agent of IDBI".
53. **Payment for repayment of moneys borrowed** : The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respect as the Board may 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 of the Company (both present and further) including its uncalled capital for the time being, and debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same be issued.
54. **Terms of issue of Debentures** : Any debentures, debenture-stock or other securities may be issued at a discount premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges or conditions as to redemption surrender, drawing, allotment of shares and attending (but not voting) at general meetings, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued as the Company in general meeting may decide.
55. **Register of mortgages etc. to be kept** : The Board shall cause a proper

register to be kept in accordance with the provisions of Sections 143 of the Act of all mortgages, debentures and charges specifically effecting the property of the Company; and shall cause the requirements of Sections 118, 125 and 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with (within the time prescribed by the said Sections or such extensions thereof as may be permitted by the court or the Registrar) so far as they fail to be complied with by the Board.

56. **Register and index of debenture-holders :** The Company shall if at any time it issues debentures, keep a register and index of debenture-holders in accordance with Section 152 of the Act.

GENERAL MEETINGS

57. **Annual General Meetings :-**The Company shall in each year hold, in addition to any other meetings, a general meeting as its annual general meeting and shall specify the meeting as such in the notice issued thereof; and not more than 15 months shall elapse between the date of one general meeting and that of the other. Every annual meeting shall be called for a time during business hours on a day that is not a public holiday, and shall be held either at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situate.

The above general meetings shall be called annual general meetings and all other meetings of the Company shall be called extra-ordinary general meetings

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

- (1) The requisition shall state the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the office. The requisition may consist of several documents in the form each signed by one or more, requisitionists.
- (2) Where two or more distinct matters are specified in the requisition the requisition shall be valid only in respect of those matters in regard to which the requisition has been signed by the member or members hereinbefore specified.
- (3) If the Board does not, within twenty-one days from the date of deposit of a valid requisition in regard to any matters proceed duly to call a meeting for the consideration of these matters on a day not later than forty-five days from the date of deposit, the requisitionists or such of them as are competent so to do by virtue of Section 169 (6) (b) of the Act, may themselves call the meeting but any meeting so called shall not be commenced after three months from the date of deposit.
- (4) Any meeting called under this Article by the requisitionist shall be called in the same manner as nearly as possible as that in which meetings are to be called by the Board but shall be held at the office.
- (5) When two or more persons hold any shares jointly a requisition or notice calling a meeting signed by one or some only of them shall for the purposes

of this Article have the same force and effect as if it had been signed by all of them.

- (6) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such or the Directors as are in default.
- (7) If any time there are not within India Directors capable of acting who are sufficient in number to form a quorum any Director or any two members of the Company may call an extra-ordinary general meeting in the same manner as nearly as possible, as that in which a meeting may be called by the Board.
59. **Circulation of member's resolutions** : The Company shall comply with the provisions of Section 188 of the Act as to giving notice of resolutions and circulating statements on the requisition of members.
60. Save as provided in sub-Section (2) of Section 171 of the Act not less than twenty one days notice shall be given of every general meeting of the Company. Every notice of a meeting shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat. Where any such business consist of "Special Business" as hereinafter, de- fined there shall be annexed to the notice a statement complying with Section 173 (2) and (3) of the Act.
61. **Notice of meeting** : Notice of every meeting of the Company shall be given to every member of the Company, to the Auditor of the Company and to any persons entitled to a share in manner hereinafter, authorised for the giving of notice to such persons.

The accidental omission to give any such notice to or the non-receipt by any member or other person to any whom it should be given shall not invalidate the proceeding of the meetings.

PROCEEDINGS AT GENERAL MEETINGS

62. **Business of meeting**: -The ordinary business of the annual general meeting shall be to receive and consider the profit and loss account, the balance sheet, the reports of the Directors and of the Auditor, to elect Directors in the place of those retiring by rotation, to appoint Auditor and fix their remuneration and to declare dividends. All other business transacted at an annual general meeting and all business transacted at an extra-ordinary general meeting shall be deemed special business,
63. **Quorum to be present when business commenced**: No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting precedes to business. Save as herein otherwise provided five members present in person shall be quorum.
64. **Resolution to be passed by Company in general meeting** : Any act or resolution which, under the provision of these Articles or of the Act, is permitted or required to be done or passed by the Company in general meeting shall be sufficiently so done or passed if effected by an ordinary resolution as defined in Section 189 (1) of the Act.
65. The Chairman of the Board shall be entitled to take the chair at every general

- meeting. If there be no such Chairman, or if at any meeting he shall not be present within 15 minutes after the time appointed for holding such meeting, or is unwilling to act, the members present shall choose another Director as Chairman, and if no Director be present, or if all the Directors present decline to take the chair, then the members present shall on a show of hands or on a poll, if properly demanded, elect one of their member being a member entitled to vote, to be Chairman.
66. **When if quorum not present meeting to be dissolved and when to be adjourned :** If within half an hour from the time appointed for the meeting a quorum be not present, the meeting, if convened upon such requisition as aforesaid shall be dissolved, but in any other case shall stand adjourned to the same day in the next week. at the same time and place, or to such other day and at such time and place as the Board may notice appoint and if at such adjourned meeting a quorum be not present as aforementioned those members who are present and not being less than two shall be a quorum and may transact the business for which the meeting was called.
67. **How question to be decided at meeting:** Every question submitted to a meeting shall be decided, in the first instance by a show of hands, and in the case of an equality of votes, both on a show of hands and on poll, the Chairman of meeting shall have a casting vote in addition to the vote to which he may be entitled as a member.
68. **What is to be evidence of passing of resolution where poll is not demanded:** At any general meeting, unless a poll is (before or on the declaration of the result by show of hands) demanded by the Chairman of his own motion or by at least five members having the right to vote on the resolution in question and present in person or by proxy, or by any member or members present in person or by proxy, and having not less then one tenth of the total voting power in respect of such resolution, or by any member or members present in person or by proxy and holding shares in the Company conferring a right a vote on such resolution, being shares on which an aggregate sum has been paid-up which is not less than one tenth of the total sum paid-up on all the shares conferring that right, declaration by the Chairman that the resolution has or has not been carried, either unanimously, or by a particular majority, and entry to that effect in the book containing the minutes, of the proceedings of the Company shall be an conclusive evidence of the fact, without proof of the number of proportion of the votes cast in favor or against the resolution.
69. **Poll (1)** If a poll be demanded as aforesaid it shall be taken forthwith on a question of adjournment or election of a Chairman and in any other case in such manner and at such time not being later than forty eight hours from the time when demand was made and at such place as the Chairman of the meeting directs, and subject as aforesaid either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was demanded.
- (2) The demand of the poll may be withdrawn at any time,
- (3) When a poll is to be taken the Chairman of the meeting shall appoint two scrutineer's one at least of whom shall be 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 to scrutinize the votes given on the poll and to report to him thereon.

- (4) On a poll a member entitled to more than one vote or his proxy or other person entitled to vote for him as the case may be need not, if he votes, use all his votes or cast in the same way all the votes he uses.
 - (5) The demand of a poll shall not present the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.
70. (1) The Chairman of general meeting may adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (2) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTES OF MEMBERS

71. Subject to any rights or restrictions for the time being attached to any class or classes of shares :-
- (a) On a show of hands every member present in person and holding any equity share capital shall have one vote; and
 - (b) On a poll the voting rights of members shall be as laid down in Section 87 of the Act.
72. **Procedure where a Company is a member of the Company** : Where a Company or a body corporate (hereinafter called "member company" is a member of the Company, a person duly appointed by resolution in accordance with the provisions of Section 187 of the Act to represent such members company at a meeting of the Company, shall not, by reason of such appointment, be deemed to be a proxy, and the production at the meeting of a copy of such resolution duly signed by one Director of such member company and by its managing agents (if any) and certified by him or them as being a true copy of the resolution shall, on production at the meeting be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the member company which he represents as that member company could exercise
73. **Joint Holder** -Where there are joint registered holder of any share anyone of such persons may vote in any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto; and if more than one of such joint holders be present at any meeting either personally or by proxy, that one of the said persons so present whose names stands first on the Register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of this article be deemed joint holders thereof.
74. On a poll votes may be given either personally or by proxy, or in the case of a body corporate, by a representative duly authorised as aforesaid.
75. **Instrument appointing proxies to be in writing proxies may be general or special.** The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a

body corporate be under its common seal or the hand of its officer or attorney duly authorised. A proxy who is appointed for a special meeting only shall be called a special proxy. Any other proxy shall be called a general proxy.

A person may be appointed a proxy though he is not a member of the Company and every notice convening a meeting of the Company shall state this and that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him.

Any member of the company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself but a proxy so appointed shall not have right to speak at the meeting and further a proxy shall not be entitled to vote except on a poll.

76. **Instrument appointing a proxy to be deposited at the office** -The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the office not less than forty eight hours before the time for holding the meeting at which the person named in the instrument purports to vote in respect thereof and in default the instrument of proxy shall not be treated as valid.
77. **When vote by proxy valid though authority revoked** - A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding, the previous death or insanity of the principal, or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the shares shall have been received by the Company at the office before the vote is given, provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of any instrument of proxy and that the same has not been revoked.
78. **Form of instrument appointing special proxy :-** Every instrument appointing a special proxy shall be retained by the Company and shall, as nearly as circumstances will admit, be in either of the forms in Schedule IX of the Act or a form as near thereto as circumstance may admit.
79. **Restrictions on voting :-** No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

DIRECTORS

80. Until otherwise determined by the Company in general meeting the number of the Directors shall not be less than 3 nor more than 15. The names of the first Directors of the Company shall be determined in writing by the Governor, Himachal Pradesh and until so determined, the subscribers to the Memorandum of Association shall be the first Directors.
81. A Director shall not be required to hold any share qualification of the Company.
82. The Board of Directors shall be nominated by the Governor, Himachal Pradesh from time to time and may consist of officers of the Himachal Pradesh Government or any other nonofficial person or persons as may be nominated by

- the Governor, Himachal Pradesh.
83. Subject to the general Directions as may be issued by the Governor, Himachal Pradesh from time to time, the Directors will have power to co-opt, any technical person as a Director as an addition to the Board, but so that the total number of Directors shall *not* at any time exceed the maximum number fixed thereof. The Director so appointed shall hold office until his appointment is terminated by the Governor, Himachal Pradesh and shall not be liable for retirement by rotation.
- (a) Notwithstanding anything to the contrary contained in these Articles IDBI shall, pursuant to an agreement between it and the Company, have a right to appoint one Director on the Board of Directors of the Company (such Director is herein after referred to as "the special Director"). The special Director shall not be required to hold, qualification shares and shall not be liable to retire by rotation. IDBI may at any time and from time to time remove the special Director appointed by it and may, in the event of such removal and in case of death or resignation of the special Director, appoint another in his place and also and fill any vacancy which may occur as a result of the Special Director ceasing to hold office for any reasons whatsoever. Such appointment or removal shall be made in writing by IDBI and shall be delivered to the Company at its registered office. The Board of Directors of the company shall have no power to remove the special Director from office. Such special Director shall be entitled to attend all General meetings, Board's meetings and meeting of the Committee of which he is a member and, he and IDBI shall also be entitled to receive notice of all such meetings. The Special Director shall be paid normal fees and expenses to which other Directors are entitled: PROVIDED THAT if the special Director is an officer of the IDBI unless IDBI otherwise direct no sitting fee shall be payable to him but the Company shall reimburse IDBI the amounts paid or payable under its rules to such Special Director on account of, traveling and halting allowances and any other expenses for attending General meeting or any meeting of the Board or Committee.

FEES FOR MEETING OF THE BOARD

84. Until otherwise determined by the Company in general meeting, each Director shall be paid remuneration for his services fee of such amount as may be fixed by the Directors from time to time not exceeding Rs.100 for each meeting of the Directors, or a committee of the Directors attended by him. In addition the Directors shall be paid such further remuneration (if any) as the Company in general meeting may determine from time to time. Each Director shall be entitled to be reimbursed his reasonable traveling, hotel and other expenses incurred in consequence of his attendance at meetings of the Directors and otherwise in the execution of his duties.
85. If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from the usual place of his residence for any of the purposes of the Company or in giving special attention to the business of the Company or as a member of the committee of the Board, the Board subject to the orders of the Governor, Himachal Pradesh may remunerate the Director so doing either by fixed sum of such remuneration to which he may be entitled. No Director shall hold office of profit except under a special resolution adopted in accordance with the provisions of the Section 314 of the Act.
86. Subject to the provisions of Sections 252, 255 and 259 of the Act, the Company in general meeting may, by ordinary resolution, increase or reduce the number of

- Directors within the limits fixed in these articles. Any increase in the number of Directors beyond the limit so fixed shall not have any effect unless approved by the Central Government and shall become void if, and so far as, it is disapproved by that Government.
87. The Board of Directors may appoint Additional Directors provided that such additional Director shall hold office only up to the date of next annual meeting of the Company. Provided further that the number of the Directors and Additional Directors together shall not exceed the maximum strength fixed for the Board by these Articles.
88. The Board may, with the previous approval of the Governor, Himachal Pradesh may appoint as Alternate Director to act for a Director during his absence from India for a period of not less than 3 months. An Alternate Director so appointed shall not hold office as such for a longer period than that permissible to the original Director in whose place he has been appointed, and shall vacate office if and when the original Director returns to India or if the term of original Director is determined before he so returns to India. Any provision in the Act or in these Articles for the automatic re-appointment of the retiring Director in default of another appointment shall apply to the original Director and not to the Alternate Director.
89. **Director may act notwithstanding vacancy :-**The continuing Directors may act notwithstanding any vacancy in their body, but, if any so long as their number is reduced below the minimum number fixed by Article 80 hereof, the continuing Directors not being less than two 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.
90. **When office of Directors to be vacated :-** (1) The office of a Director shall ipso facto be vacated if :-
- (a) he fails to obtain within the time specified in sub- Section (1) of Section 270 of the Act, or any time thereafter ceases to hold, the share qualification, if any, necessary, for the appointment; or
 - (b) he is found to be of unsound mind by a court of competent jurisdiction; or
 - (c) he applies to be adjudicated insolvent; or
 - (d) he is adjudged an insolvent; or
 - (e) he is convicted by a court of India of any offence and is sentenced in respect thereof to imprisonment for not less than six months; or
 - (f) he fails to pay any calls in respect of shares of the Company held by him, whether alone or jointly with others within six months from the last date fixed for the payment or the call; or
 - (g) he absents himself from three consecutive meetings of the Board or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or
 - (h) he, or any firm of which he is a partner, or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or
 - (i) he acts in contravention of Section 299 of the Act; or he becomes disqualified by any order of court under Section 203 of the Act; or

- (j) he be removed from office in pursuance of Section 284 of the Act; or
 - (k) he or any partner or relative of his, or any firm of which he or his relative is a partner, or any private company of which he is a director or member, without the previous, sanction of the Company accorded by special resolution accepts or holds any office or place of Section 314 of the Act.
- (2) Notwithstanding any matter or thing in sub-clauses (d), (e) and (j) of clause (1), the disqualification referred to in those sub-clauses shall not take effect:-
- (a) for thirty days from the date of adjudication sentence or order; or
 - (b) where an appeal or petition is preferred within 30 days aforesaid against the adjudication sentence or conviction resulting in the sentence, or order until the expiry of seven days from the date on which such appeal or petition disposed of; or
 - (c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition if allowed would result in the removal of the disqualification until such further appeal or petition is disposed, of.
91. **Contract by Directors** : Subject to provisions of Sections 297 and 314 of the Act, a Director shall not be disqualified from contracting with the Company either as vendor, purchaser or otherwise for goods, materials or services or for underwriting the subscription of any share in or debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director or a firm in which such Director or relative is (partner or with any other partner in such firm or with a private company of which such Director is a member or director, be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding office or of the judiciary relation thereby established.
92. Every Director who is in any way, whether directly, or indirectly concerned or interested in a contract or arrangement, entered into or to be entered into, by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the: Board as required by Section 299 of the Act. A general notice that a Director is a member of any specified body corporate or is a member of any specified firm and is to be regarded as concerned or interested in any subsequent contract arrangement with that body corporate or firm, shall be sufficient disclosure of concern interest in relation to any contract so made, and after such general notice, it shall not be necessary to give a special notice, relating to any particular contract or arrangement with such body corporate or firm.

ROTATION OF DIRECTORS

93. At the first annual general meeting "of the Company and at the annual general meeting in every subsequent year the Directors shall retire by rotation as per the provisions of Section 255-256 of the Companies Act, 1956.
94. The Directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last nomination but as between persons who become Directors on the same day, those who are to retire shall (unless and otherwise agreed among themselves) be determined by lot
95. A retiring Director shall be eligible for re-nomination.

96, 97 & 98. Deleted.

99. **Acts of Board or committees valid notwithstanding informal appointment :-** 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 as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated his 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 Company to be invalid or to have terminated.

100. **Minutes of Proceedings and of Directors and Committees to be kept.** The Company shall cause minutes to be duly entered in a book provided for the purposes :

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

Every such book shall be maintained and the minutes entered therein and signed and the minutes so entered and signed shall be received as evidence of the proceedings recorded therein.

PROCEEDINGS OF DIRECTORS

101. The meetings of the Board of Directors shall be held at least once in every three calendar months, and at least four such meetings shall be held in every year. Notice of every meeting of the, Board shall be given in writing to every Director for the time being in India, and at his usual address in India to every other Director.

102. **Director may summon meeting :** A Director may at any time, and the Secretary shall upon the written request of the Directors made at any time, convene a meeting of the Board.

103. **Chairman/Vice Chairman :** So long as the Himachal Pradesh State Govt. holds not less than 51% of the paid up Share Capital of the Company, it shall have the right to appoint/ remove a Chairman/ Vice Chairman of meetings of the Company and determine the period for and remuneration at which he/they shall hold office. The chairman of the Board of Directors for the time being shall preside as Chairman or if he be not present at the meeting within 15 minutes after the time appointed for holding the same or if no Chairman is appointed, the Vice Chairman will preside the meeting and if he be also not present at the meeting or if no Vice Chairman is appointed, the Directors present shall elect one of their member to preside as Chairman of the meeting.

The Chairman/ Vice Chairman appointed/ removed by the State Govt. ip-so-facto also deemed to be appointed/removed as Director under Article 82 of the Articles

- of Association of the Company.
104. **Quorum** : The quorum for the meeting of the Board of Directors of the Company shall be one-third of it & total strength (any fraction contained in that one-third being rounded off as one) or two Directors, whichever is higher :
- Provided that where at any time the number of interested Directors exceeds or is equal to one- third of its total strength, the number of the remaining Directors who are not interested present at the meeting being not less than two, shall be the quorum during such time.
105. **Power of quorum** : A meeting of the Board at which a quorum be present shall be competent to exercise all or any of the authorities, powers and discretion by or under these Articles for the time being vested in or exercisable by the Board.
106. **How question to be decided** : Subject to the provisions of Sections 316, 372 (5) and 386 of the Act, questions arising at any meeting shall be decided by a majority of votes, and, in case of an equality of votes, the Chairman shall have a second or casting vote.
107. **Powers to appoint committees delegates** : The Board may subject to the provisions of the Act, from time to time and at any time delegate any of its powers to a committee consisting of such Director or Directors as it thinks fit, and may from time to time revoke such delegation. Any committee so formed shall in the exercise of powers so delegated, conform to any regulation that may from time to time be imposed upon it by the Board.
- A committee may elect a Chairman of their meeting. If no such Chairman is elected, or if, at any meeting the Chairman is not present within fifteen minutes after the time appointed for holding the same, the committee members present may choose one of their member to be Chairman of the meeting.
- A committee may meet and adjourn as they think proper, question arising at any meeting shall be determined by a majority of votes of the committee member present, and in case of an equality of votes, the Chairman shall have a second or casting vote.
108. **Proceedings of committee**: -The meeting and proceedings of any such committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto, and are not superseded by any regulations made by the Board under the last proceeding Articles.
109. **When acts of a Director valid notwithstanding defective appointment etc:-** Acts done by a person as a Director shall be valid, notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provisions contained in the Act or in these Articles. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

MANAGEMENT

110. **(1) "Powers to appoint Managing/Deputy/Whole time Director :-** Subject to the provisions of Section 269 of the Act, the Board shall have powers from time to time to appoint one or more of their body to the office of Managing Director and/or Deputy Managing Director/Whole Time Director for such time and at such remuneration and otherwise on such terms as it thinks fit, and subject to the

provisions of the Act may from time to time delegate to the Managing Director, or Deputy Managing Director or Whole Time Director all or any of the powers of the Director excepting powers to make calls on shareholders in respect of moneys unpaid or share in the Company, borrow moneys except within limits previously fixed by the Board at meeting, invest the funds of the Company and make loans except within the limits previously fixed by the Board at a meeting, that it may think fit. The exercise of all powers by the Managing Director or Deputy Managing Director or Whole Time Director by whatsoever name he is called shall be subject to such regulations and restrictions as the Director may from time to time make and impose and such powers may at any time be revoked or varied. The office of the Managing Director or Deputy Managing Director or Whole Time Director shall be vacated ipso facto if the Managing Director or Deputy Managing Director or Whole Time Director ceases for any cause to be a Director.”

111. **Director** : The Board may from time to time appoint Secretary for such term, at such remuneration and upon such conditions as it may think fit, and may remove any Manager or Secretary so appointed.

112. **Powers of the Managing Director** : Subject to the provisions of the Act and these Articles, the Managing Director or a whole-time Director by whatsoever name he is called other than a technical or nominated Directors shall have the management of the whole of the affairs of the Company, subject to the superintendence, control and direction of the Board of Directors of the Company.

Without prejudice to the general powers conferred otherwise by these Articles the Managing Director shall have the following powers subject to the supervision and control of the Directors and the provisions of the Act.

- (a) To carry on the business of the Company in any manner beneficial to the Company and to provide for the Management of the affairs of the Company in any specified locality in or outside India and to delegate to persons in charge of local management such power as the general meeting may decide.
- (b) To pay the costs, charges and expenses, preliminary and incidental to the promotion formation, establishment and registration of the Company and subsequent to the registration fees and stamps paid in respect thereof and the cost of advertising, printing, stationery, brokerage, legal charges, furniture and fittings of office and other such costs.
- (c) To sell for cash or on credit and either wholesale or in retail and for ready or future delivery and realise the proceeds of sale of property movable or immovable or any rights or privileges belonging to the Company or in which the Company is interested or over which the Company may have and such powers of disposal and to exchange any such property or rights, belonging to the Company or other property or rights.
- (d) To appoint at any time and from time to time by power of attorney or otherwise any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers and authorities and directions and for such period and subject to such conditions as the Managing Director may from time to time think fit, with powers for such Attorney or Attorneys to sub-delegate all or any of the powers, authorities and discretions vested in the Attorney or Attorneys for the time being.
- (e) To execute all deeds, agreements, contracts, receipts, and other

documents that may be necessary or expedient for the purposes of the Company and to make and give receipts releases and other discharges for moneys or goods or property received in the usual course of business of the Company or lent or payable to or belonging to the Company and for the claims and demands of the Company.

- (f) To institute, conduct, defend, compound or abandon any actions, suits and legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound or compromise or submit to arbitration such actions, suits and legal proceedings.
- (g) To enter into, vary or cancel all sorts of contracts on behalf of the Company.
- (h) To invest, subject to the provisions of Section 49 of the Companies Act, 1956, all monies and properties of the Company on such terms and in such manner as the Managing Director thinks it fit and to alter, vary or realise by sale, mortgage or otherwise such investments from time to time.
- (i) To engage and in his discretion to remove, suspend, dismiss and remunerate bankers, legal advisers, accountants, managers cashier, clerks, agents, commission agents, dealers, brokers, foremen, servants. employees of every description and to employ such professional or technical or skilled assistants as from time to time may in his opinion be necessary or advisable in the interest of the Company and upon such terms as to duration of employment, remuneration or otherwise and may require security in such instances and to such amounts as the Managing Director thinks it.
- (j) To acquire by purchase, lease. exchange, pledge, hypothecation or otherwise transfer lands estates, fields, buildings, office, show rooms, godowns and other buildings in the State of Himachal Pradesh or elsewhere, machinery engine plant, rolling stock tools, machine tools outfits stores, hardware and any other materials of whatever description either on credit or for cash and for present or future delivery.
- (k) To plant, develop, improve, cut down, process, sell or otherwise dispose of the products of the Company and to incur all expenses in this behalf.
- (l) To erect, maintain, repair, equip, alter and extend buildings arid machinery in the State of Himachal Pradesh or in any other place.
- (m) To enter into all such negotiation and contracts and rescind and vary all such contracts and execute and to do all such act, deeds and things in the name of and on behalf of the Company as he may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of company.
- (n) To pay all moneys due by the Company and look after the finance of the Company.
- (o) To open current and time deposit accounts or other accounts with banker or bankers at his choice and to operate on such accounts and also when necessary to overdraw or take loans on such accounts on the security of the Company or of any of its assets.
- (p) To draw, accept, endorse discount, negotiate and discharge on behalf of

the Company all bills of exchange, promissory notes, cheques, hundies, drafts, railway receipts, dock warrant. delivery orders, Government promissory notes, other Government instruments, bonds, debentures or debenture-stock of Corporation, local bodies, port trusts, improvement trusts or other corporate bodies and to execute transfer deeds for transferring stock, shares or stock certificates of the Government and other local or corporate bodies in connection with any business or any activity of the Company.

- (q) To borrow from time to time such sums of money for the purposes of the Company upon such terms as may be expedient and with or without security.
- (r) To take loans from time to time upon such terms and of such sums as may be expedient, with or without security.
- (s) To receive and give effectual discharge on behalf of and against the Company for moneys, funds goods or property lent, payable or belonging to the Company or for advances against the goods of the Company.
- (t) To make or receive advance of money, goods, machinery plants and other things by way of sale mortgage, hypothecation, lien, pledge, deposit or otherwise in such manner and such terms as he may deem fit.
- (u) To submit to arbitration and enforce the fulfilment of awards regarding any claims in which the Company may be interested, to adjust, settle or compromise any claims due to or by the Company and to give to debtors of the Company time for payment.
- (v) To institute, appear in or defend any legal proceedings in the name and on behalf of the Company, to sign any pleading and other documents, engage and to instruct any advocate, solicitors and lawyer and to execute any vakalat name or other authority in their favour and to compound and compromise any claim, suit and proceedings.
- (w) To make all manner of insurances
- (x) To delegate all or any of the powers. authorities and discretions for the time being vested in the Managing Director and also from time to time provided by the appointment of any Attorney or Attorneys to sign, seal, execute, deliver, or cause to be registered all instruments, deeds, documents or writing, usually necessary or expedient for any of the purposes of the Company not requiring the common seal of the Company.

MANAGER OR SECRETARY AND SECRETARY AND TREASURERS

113. (1) Subject to the provisions of the Act, the Company may from time to time appoint any person, firm or Company to be its Secretaries and Treasurers for such period and upon such terms and conditions and such remuneration as they may think fit.
- (2) Subject to the provisions of Sections 209, 310, 314 and 388 a Manager or Secretary may be appointed by the Boards for such term, at such remuneration and upon such conditions as it may think fit; and any Manager or Secretary so appointed may be removed by the Board.
- (3) A director may be appointed as Manager or Secretary.
114. Any provisions of the Act or these regulations requiring or authorising a thing to be done by or to a Director and the Manager or the Secretary shall not be satisfied by its being done by or to the same person acting both as, Director and as or in place of the Manager or Secretary.

THE SEAL

115. (1) The Board 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 anew seal in lieu thereof, and the Board shall provide for the safe custody of the seal for the time being and the seal shall not be used except by authority of the Board or a committee of the Board previously given and in the presence of a Director of the Company or some other persons appointed by the Directors for the purpose.
- (2) The Company shall also be at liberty to have an official seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.
116. 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 person appointed by the Directors for the purpose be signed by the Managing Director or by two Directors provided nevertheless that certificates of shares shall be sealed as provided as per the Articles in that regard herein before contained in accordance with the Companies (Issue of Share Certificates) Rules, 1960.

DIVIDENDS

117. **Division of profits :-** The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these articles and subject to the provisions of these articles shall be divisible among the members, in proportion to the amount of capital paid-up on the shares held by them respectively.
118. The Company in general meeting may declare dividends to be paid to members but no dividends shall exceed the amount recommended by the Board, but the Company in general meeting may declare a smaller dividend.
119. **Dividends to be paid on out of profits :-** No dividend shall be declared or paid except in accordance with Section 205 of the Act and no dividend shall carry interest as against the Company The declaration of the Board as to the amount of the profits of the .Company shall be conclusive. Where a dividend has been declared, either the dividend shall be paid or the warrant in respect thereof shall be posted to the shareholders entitled to the payment of the dividend within forty-

- two days from the date of the declaration of the dividend.
120. **Interim dividend** : The Board may, from time to time, pay to the members such interim dividend as in their judgement the profits of the company justify.
121. **Capital paid-up in advance at interest not to earn dividend** :- Where capital is paid in advance of calls upon the footing that the same shall carry interest, such capital shall not whilst carrying interest confer a right to participate in the profits or dividends.
122. **Dividends in proportion to amount paidup** :- The Company shall pay dividends in proportion to the amount paid or credited as paid-up on each share, where a larger amount is paid-up or credited as paid-up some shares than on others.
123. **Dividend and call together** :- Any general meeting declaring a dividend may on the recommendation of the Directors make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that call be made payable at the same time as the dividend, and the dividend may, if so arranged between the company and the members, be set off against the calls.
124. **Capitalisation** :- (a) The Company in general meeting may resolve upon the recommendation of the Directors that any moneys, investments, or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund or any Capital Redemption Reserve Fund, or in the hands of the Company and available for dividend (or representing premiums received on the issued shares and standing to the Credit of the Share Premium Account) be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full either at such premium as the resolution may provide, any unissued shares or debentures or debenture-stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares or debentures or debenture-stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction or their interest in the said capitalized sum.
- (b) A general meeting may resolve that any surplus moneys arising from the realization of any capital assets of the Company, or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income-tax, be distributed among the members on the footing that they receive the same as capital.
- (c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Article, the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, and may fix the value or distribution of any specific assets, and may determine that such cash payment shall be made to any members upon the footing of the value so fixed or that fractions of less value than Rs.10 may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts the persons entitled to the dividend or capitalized fund as may seem expedient to the Board. Where for requisite, a proper contract shall be delivered to the Registrar for registration in accordance with Section 75

of the Companies Act, 1956, and the Board may appoint any person to sign such contract on behalf, of the persons entitled to the dividend or capitalized fund and such appointment shall be effective.

125. **Transfer of shares must be registered :-** A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer .
126. **Unclaimed dividend :-** Dividends unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed. Subject to the Stock Exchange Rules, all dividends, the claim to which has become barred by law may be forfeited by the Directors for the benefit of the Company. The Directors may remit the forfeiture whenever they may think proper.
127. **No interest on dividends :-** No unpaid dividend shall bear interest as against the Company.

ACCOUNTS

128. **Directors to keep true accounts :-** The Company shall keep at office or at such other place in India as the Board thinks fit, proper books of account in accordance with Section 209 of the Act with respect to :-
- (a) all sums of money received and expended by the Company and the matters in respect of which the receipts and expenditure take place ;
 - (b) all sales and purchases of goods by the Company;
 - (c) the assets and liabilities of the Company;
- Provided that all or any of the books of account aforesaid may be kept at such other place in India as the Board of Directors may decide and when the Board of Directors so decides, the Company shall, within seven days of the decision, file with the Registrar a notice in writing giving the full address of that place.
129. **Summarised return of the branch offices to be mentioned :-** When the Company has a branch office whether in or outside India the Company shall be deemed to have complied with the above article if proper books of account relating to the transactions effected at the branch office are kept at the branch office and proper summarised returns made up-to-date at intervals of not more than three months, are sent by the branch office to the Company at its registered office or other place in India at which the Company's books of account are kept as aforesaid.
130. **Book to show true and fair view of the Company's affairs :-** (a) The books of account shall give a true and fair view of the state of affairs of the Company or branch office, as the case may be and explain its transaction and shall be open to inspection by any Director during business hours.
- (b) The books of accounts shall also be open to the inspection of the Registrar or other persons authorised by the Himachal Pradesh Government pursuant to the provisions, in that regard contained in the proviso to Section 209(4) of the Act.
 - (c) The books of accounts of the Company relating to a period of not less than eight years immediately proceeding the current year shall be preserved in good order.
131. **As to inspection of accounts of books by members :-** The Board shall from time to time determine whether and to what extent and at what time and places

- and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in general meeting.
132. **Statement of accounts to be furnished to General meeting :-** The Directors shall from time to time in accordance with Sections 210, 211, 212, 215 and 217 of the Act, cause to be prepared and to be laid before the Company in general meeting such balance sheets, profit and loss accounts and reports as required by the Sections, and by the form set out in Part I of the Schedule VI of the Act.
133. **Accounts to be sent to each member :-** A copy of every such profit and loss account and balance sheet (including the auditor's report and every other document required by law to be annexed or attached to the balance sheet), shall 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 Company, to holders of debentures issued by Company (not being debenture which ex facie are payable to the bearer thereof), to trustees of the holders of such debentures and to all persons entitled to receive notice of general meeting of the Company:
- (a) 'The Company shall provide all facilities to IDBI to inspect from time to time through its officials or other agents, the books, accounts, records, papers, documents and other material at the registered office of the Company or at any of its offices/branches and the Company shall also furnish all such informations and particulars as may be required by IDBI and its officials and agents'.
- (b) 'The Company shall keep and maintain such books, accounts and other records as may be required by the IDBI in respect of its business, affairs and operations showing all such particulars as may be specified by the IDBI, The Company shall furnish to IDBI all such information as the IDBI may require from time to time'.
134. The Auditors of the Company shall be appointed, or reappointed, notwithstanding anything contained in Sections 224 to 233 of the Act, by the Central Government on the advice of the Comptroller and Auditor-General of India,
135. The Comptroller and Auditor-General of India shall have power:-
- (a) to direct the manner in which the Company's account shall be audited by the Auditor appointed in pursuance of sub-section(2) of Section 619 of the Act and to give such auditor instructions in regard to any matter relating to the performance of his functions as such;
- (b) to conduct a supplementary or test audit of the company's account by such person or persons as he may authorise in this behalf; and for the purposes of such audit, to require information or additional information to be furnished to any person or persons so authorise on such matters by such person or persons, and in such form, as the Comptroller an Auditor-General may, by general or special order, direct.
136. The auditor aforesaid shall submit a copy of his audit report to the Comptroller and Auditor General of India who shall have the right to comment upon or supplement, the audit report in such manner as he may think fit,

137. Any such comments upon, or supplement to, the audit report shall be placed before the annual general meeting of the Company at the same time and in the same manner as the audit report.

SERVICE OF NOTICES

138. The Company shall comply with the provisions of Sections 51 to 54 of the act in so far as they relate to the service of notices or other documents.

WINDING UP

139. **Liquidator may divide assets in specie:-** The liquidator on any winding up (whether voluntary, under supervision, or compulsory) may, with the sanction of a special resolution, but subject to the rights attached to any preference share capital divide among the contributories in specie any part of the assets of the Company and may, with the like sanction vest and any part of the assets of the Company in trustee upon such trusts for the benefit of the contributories as the liquidator with the like sanction shall think fit.

INDEMNITY AND RESPONSIBILITY

140. **Directors and others right to indemnity: -** Subject to Section 201 of the Act, the Board of Directors, Managers, Auditors, Secretary, and other officers or servants for the time being of the Company and the trustee (if any) for the time being acting in relation to any of the affairs of the Company and everyone of them and every one of their heirs, executors and administrators shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges losses, damages and expenses which they or any of them, their or any of their executors or administrators shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain though or by their own wilful neglect or default respectively, and none of them shall be answerable for the acts, receipts, neglect or default other or others of them, or of any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for the insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out or invested, or for any loss, misfortune or damage which may happen in the execution of their respective offices of trusts or in relation there-to except when the same shall happen by or through their own wilful neglect or default respectively.

SECRECY

141. **Secrecy clause :-**No member shall be entitled to visit or inspect any work or premises of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process, or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be expedient in the interest of the Company to disclose.

ARBITRATION

142. Whenever any difference arises between the Company on the one hand and any

of the members, their executors, administrators or assigns on the other, touching the true intent or construction or the incident or consequences of these presents, or otherwise connected with any breach or alleged breach of these presents, or directly and indirectly relating to these presents every such difference shall be referred to two arbitrators to be appointed by either party and umpire appointed by them i.e. with the concurrence of the said arbitrators or failing which by the court, or to the arbitration of a single arbitrator if the parties to the difference agree to such reference.

- (a) If either party to the dispute makes default in appointing the arbitrator for fifteen days after the other party has given the notice to him to appoint the same, such other party may appoint an arbitrator to act, in the place of arbitrator of the defaulting party

Subject to the aforesaid clause the provisions of the Indian Arbitration Act shall apply to such arbitration.

SPECIAL PROVISIONS

143. Without prejudice to the generality of the above provisions and subject to the provisions of the Act, Directors shall reserve for the decision of the Government of Himachal Pradesh :
- (i) any programme of capital expenditure exceeding Rs.15 lakhs
 - (ii) rules of the Company governing the conditions of service of the employees, provident fund and other rules, creation of reserve and special funds;
 - (iii) sale less or disposal otherwise of the whole, or substantially the whole of the undertaking of the Company;
 - (iv) formation of a subsidiary Company;
 - (v) division of capital in different classes of shares :
 - (vi) increasing or reducing the issued capital of the Company;
 - (vii) granting by the Company of a loan or giving of a guarantee or any other financial assistance to anyone particular concern of an amount exceeding Rs.15 lakhs:
 - (viii) winding up of the Company;
 - (ix) any other matter which in the opinion of the Chairman be of such importance as to be reserved for the approval of the Government of Himachal Pradesh :

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

Names, addresses and description of subscribers	No. of shares taken by each	Signature
Lieutenant Governor, Himachal Pradesh M. C. Sharma, Chief Secretary to the Government of H. P. for and on behalf of Lt. Governor, H. P.	19,994	Sd/- M. C. Sharma

2. B. S. Singh, Development Commissioner, Himachal Pradesh.	1	B. S. Singh
3. D. B. Lal, Judicial Secretary to the Government of Himachal Pradesh	1	D. B. Lal
4. P. R. Mahajan, Finance Secretary to the Government of Himachal Pradesh.	1	P. R. Mahajan
5. P. K. Mattoo, Secretary (Industries) to the Government of Himachal Pradesh.	1	P. K. Mattoo
6. Dewan Govind Sahai, Under Secretary (Industries) to the Government of Himachal Pradesh.	1	Govind Sahai
7. G. M. Laul, Project Executive Officer.	1	G. M. Laul
Total	20,000	
	Twenty thousand only	

Witness with full address :

Sd/- K. N. CHANDLA,

Chartered Accountant, 70/1, The Mall, Shimla,

Dated the 23rd day of November, 1966.

[D] SERVICE BYE-LAWS

By virtue of the powers vested in the Board of Directors of the Himachal Pradesh State Industrial Development Corporation Limited, under Section 291 of the Companies Act, 1956, the Board of Directors of the Corporation hereby make the following Bye-laws to regulate the conditions of service and miscellaneous matters connected therewith of persons appointed to various positions under the Corporation.

The Himachal Pradesh State Industrial Development Corporation Limited-Employees' Service Bye-Laws and Rules Governing Miscellaneous Matters connected Therewith.

CHAPTER-1 **PRELIMINARY**

- 1.1 These bye-laws may be called the Himachal Pradesh State Industrial Development Corporation Employees' Service Bye-laws and Rules governing miscellaneous matters connected therewith.
- 1.2 These bye-laws and Rules shall take effect from Ist July, 1991.
- 1.3 These bye-laws and Rules shall apply to all employees of the Corporation.
- 1.4 In these bye-laws, unless there is anything repugnant in the subject or context:-
 - (i) "Appointing Authority" means the Authority as may be defined by the Board of Directors from time to time.
 - (ii) "Allowances" means dearness allowance and other allowances sanctioned by the Govt. for its employees from time to time.
 - (iii) "Board" means the Board of Directors of the Himachal Pradesh State Industrial Development Corporation Limited, Shimla.
 - (iv) "Bye-laws" means the Himachal Pradesh State Industrial Development Corporation Employees' Service Bye-laws and Rules governing misc. matters connected therewith as amended from time to time.

- (v) “Corporation” means the Himachal Pradesh State Industrial Development Corporation Limited, Shimla.
- (vi) “Direct Appointment” means an appointment made otherwise than by promotion or transfer of a person already in the service of the Corporation or made by taking a person on deputation from the Government or any other Corporation/Company or from any other source.
- (vii) “Duty” means Duty as defined in F.R.9.6.
- (viii) “Employees” means a person employed in any position under the Corporation, but does not include trainees/apprentices, work charged persons, labour and persons employed on contract basis.
- (ix) “Government” means the Govt. of Himachal Pradesh.
- (x) “Managing Director” means an Officer appointed by the Board to be the Managing Director of the Corporation as per Article 110 of the Articles of Association.
- (xi) “Pay” means the amount defined as pay by the State Govt. of H.P. for its employees from time to time.
- (xii) “Position” means a job(s) which may be created in the Corporation from time to time by the Board of Directors of any other authority duly authorised by the Board.
- (xiii) “Permanent Employee” means a person who holds substantively a permanent post or who holds a lien on a permanent post or who would hold a lien on permanent post had the lien not been suspended.
- (xiv) “Regular Employees” means an employee who has successfully completed the period of probation and has been declared as such in writing by the competent authority.
- (xv) “Temporary Employee” means a person who has been appointed to officiate against a temporary or a permanent post.

CHAPTER -2:
CREATION/ABOLITION OF POSTIONS UNDER THE CORPORATION:

- 1.5 The Board or any authority duly authorised by the Board in this behalf may create from time to time, such positions as may be expedient to the working of the Corporation.

1.6 For the purpose of these bye-laws, the positions under the Corporation shall be classified into the following categories viz:-

- a) Permanent;
- b) Temporary;
- c) Work-charged;
- d) Contract;
- e) Labour;
- f) Apprenticeship;
- g) Trainees.

NOTE:

- a) “Permanent post’ means a post carrying a definite scale of pay and sanctioned sanctioned without limit of time.
 - b) Temporary post’ means a post carrying a definite rate of pay sanctioned for a limited period.
 - c) Work-charged’ means a position created for a particular work which shall automatically stand abolished on completion of the work.
 - d) ‘Contract’ means a position filled on the basis of mutual agreement with a fixed or sliding scale of payment for a specified period/purpose.
 - e) ‘Labour’ means a position covered under the Factories Act and other relevant Acts of Labour Legislation.
 - f) Apprenticeship’ means a position governed by the Apprenticeship Act.
 - g) “Trainee’ means a position carrying a stipend as per various training schemes of the Corporation.
- 2.3 The Board/Authority duly authorised by the Board of Directors shall review the positions from time to time and abolish such positions as have outlived their utility or are no longer required in the interest of efficient working of the Corporation.

CHAPTER-3:
RECRUITMENT:

3.1 Recruitment to permanent and temporary positions under the

Corporation shall be made by the Appointing Authority by adopting any of the following methods:-

- (i) by direct appointment;
- (ii) by promotion of existing personnel.

3.2 While resorting to recruitment, as provided in bye-law 3.1(i) and against the positions mentioned in bye-law 2.2(c) to (g), the Appointing Authority may adopt/use one or any of the following sources of recruitment:-

- (i) Insert an advertisement in a few newspapers;
- (ii) Write to educational institutions asking them to recommend suitable candidates;
- (iii) Consider suitable candidates amongst the existing employees of the Corporation;
- (iv) Take the advice/service on hire/payment of fee or otherwise of professional management consultants;
- (v) Write to labour organisations;
- (vi) Write to Employment Exchanges;
- (vii) Request Governmental agencies/Departments to sponsor suitable candidates.

Provided that the Employment Exchanges shall be notified wherever required and instructions of the Govt. on the subject issued from time to time shall be followed.

3.3 Reservation of vacancies in direct recruitments and promotions for Scheduled castes /Scheduled Tribes/ Ex-servicemen/ Backward Classes/Physically Handicapped Candidates etc. shall be allowed as per roster points fixed by the Govt. and instructions issued by the Govt. from time to time.

3.4 The Corporation shall frame Recruitment & Promotion Rules for different posts in the Corporation laying down the minimum qualifications/experience, age requirement, mode of recruitment, pay scales etc. from time to time.

3.5 No person below the age of 18 years at the time of his application for service in the Corporation shall be considered for an appointment.

3.6 No person who has been dismissed from Govt. service or Govt. Corporation/Undertaking shall be considered for employment under the Corporation.

- 3.7 No person who has more than one living wife shall be considered for appointment/service in the Corporation.

CHAPTER-4: **SELECTION AND APPOINTMENT:**

- 4.1 After due consideration of all the applications received for a particular position and when candidates not fulfilling the basic qualifications/ experience required for a job, have been eliminated, personal interview/tests will be conducted.
- 4.2 The Appointing Authority may prescribe that anyone or all of the following tests will be conducted:-
- i) General Intelligence Test:
 - ii) Test of knowledge of the subject matter/ requirements of a job;
 - iii) Aptitude Test;
 - iv) Performance Test;
 - v) Test of Special interests; &
 - vi) Personality Test.
- 4.3 Prior to his appointment in the service of the Corporation a person shall be required to produce a certificate acceptable to the Managing Director regarding his bearing a good moral character. The Managing Director may also solicit confidential inquiries from the previous employers of the person regarding the work, conduct and integrity of a prospective employees.
- 4.4 Prior to the appointment of a person in the service of the Corporation, he shall be required to undergo a medical test to be conducted by a Medical Officer/Board so authorised by the Corporation. Medical fitness standards will be those as are applicable to the corresponding categories of employees in the Govt. The standards of medical fitness may be relaxed by the Managing Director in the case of a physically handicapped person/war injury/ army demobilized/discharged candidates to the extent to which it does not limit/impair/retard his efficiency at work.

- 4.5 The period of probation should be two years subject to such extension not exceeding one year as may be ordered by the competent authority in special circumstances and for reasons to be reduced to writing.
- 4.6 After the period of probation, if the work and conduct of an employee is found to be satisfactory, the Managing Director may regularise an employee in the service of the Corporation.
- 4.7 An employee directly appointed or promoted against a sanctioned post shall be confirmed in accordance with the instructions/rules of the State Government as amended from time to time.

CHAPTER-5:
SENIORITY:

- 5.1 Separate seniority lists of persons employed in the service of the Corporation, shall be maintained cadre wise as may be decided by the Managing Director. The seniority of employees joining the Corporation on the basis of the same interview/test in the same grade and Discipline, shall be in the same order in which they have been placed in the merit list. While drawing the merit list if two or more persons have equal ranking, the older in age shall be placed higher in the merit list than the younger ones.
- 5.2 The general principles for determining seniority, as issued by the Govt. from time to time shall be followed by the Corporation.
- 5.3 The seniority lists so maintained by the Corporation shall be fully binding on its employees and the Corporation and shall be strictly adhered to at the time of lay off, retrenchment, abolition of posts etc.

CHAPTER-6:
PROMOTION:

Promotion will be made as per the Recruitment & Promotion Rules for each category of post(s) as framed by the Corporation from time to time. In case of selection post(s), the promotion will be made on merit-cum-seniority basis. In case of non-selection post(s), the

promotion(s) will be made on seniority-cum-merit basis. The procedure for promotion to selection and non-selection posts shall be the same as prescribed by the Govt. from time to time.

CHAPTER-7:**PAY AND ALLOWANCES:**

7.1 The pay-scale(s) and allowances attached to each category/discipline of post(s) shall be those as have been allowed by the Corporation from time to time.

7.2 Employees of the Corporation shall be granted conveyance allowance as per Govt. instructions from time to time.

7.3 Bonus as admissible in accordance with the provisions contained in the Bonus Act shall be payable to the eligible employees of the Corporation.

CHAPTER-8:**TRAVELLING ALLOWANCE:**

Travelling Allowance, Transfer Travelling Allowance, Leave Travel Concession etc., shall be allowed to the employees of the Corporation as per the rules and rates applicable to the employees of Govt. from time to time.

CHAPTER-9:**ADVANCES TO EMPLOYEES:**

The employees of the Corporation will be eligible for various advances e.g., Bi-cycle/Motor-cycle/Scooter/Motor-car/House Building/Purchase of Built-up House/Plot and other advances in accordance with the instructions/rules of the Govt. as amended from time to time.

CHAPTER-10:**LEAVE AND HOLIDAYS:**

All kinds of leave/holidays to the employees of the Corporation will be allowed/observed as applicable to Govt. employees from time to time.

**CHAPTER-11
WORKING HOURS**

The working hours in the Corporation shall be as fixed by the Corporation from time to time.

**CHAPTER-12
SUPPLY OF LIVERIES RULES**

12.1: Liveries will be supplied to the employees of the Corporation at the scale/rate prescribed by the govt. for their employees and as amended by the Govt. from time to time.

12.2: The categories of employees eligible for liveries shall be those as are eligible in the Govt.

**CHAPTER-13
MEDICAL ATTENDANCE RULES**

The employees of the Corporation shall be eligible for medical attendance/ reimbursement of medical expenses according to the rules applicable to the employees of the Govt. from time to time.

**CHAPTER-14
STATE CAR RULES & MAINTENANCE RULES**

14.1 All the staff cars of the Corporation will be under the administrative control of the Officer empowered by the Managing Director.

14.2 The procedure/regarding use and maintenance of staff cars/ vehicles shall be as per Govt. pattern.

CHAPTER-15**JOINING TIME:**

Joining time on transfer shall be allowed to the employees of the Corporation as per pattern and rules as applicable to the employees of the Govt.

CHAPTER-16:**SUPERANNUATION AND RETIREMENT:**

- 16.1 All employees of the Corporation shall retire on attaining the age of 58 years (60 years in the case of Class-IV) employees).
Provided that all employees of the Corporation who were recruited on or before 14th June, 1989 shall retire from the service of the Corporation on attaining the age of 60 years.
- 16.2 The Himachal Pradesh Civil Services (Premature Retirement) Rules, 1976 and the instructions issued by the Govt. from time to time in this regard will be applicable to the employees of the Corporation.

CHAPTER-17:**GRATUITY:**

“ The Gratuity to the employees of the Corporation shall be payable in accordance with the Group Trust Rules and rates already adopted by the Corporation”.

CHAPTER-18:**CONTRIBUTORY PROVIDENT FUND:**

Contributory Provident Fund shall be regulated/paid as per rules adopted by the Corporation on the subject.

CHAPTER-19:**EX-GRATIA GRANT TO THE DEPENDENTS OF EMPLOYEES:**

Ex-gratia grant and other facilities shall be given to the Dependents of the deceased employees of the Corporation as per Govt. instructions/rules.

CHAPTER-20:**CONDUCT & DISCIPLINARY RULES:**

- 20.1 The provisions of the following rules as amended from time to time and as applicable to the employees of the Govt. shall be applicable in the case of employees of the Corporation:-

- (i) Central Civil Services (Conduct) Rules;
 - (ii) Central Civil Services (Classification, Control & Appeal) Rules;
 - (iii) Central Civil Services (Temporary Services) Rules.
- 20.2 The appointing authority, Disciplinary Authority and Appellate Authority under the provisions of aforesaid rules for each category of employees of the Corporation shall be as decided by the Corporation from time to time.
- 20.3 Persons appointed against positions mentioned in bye-law 2.2(c) to (g) shall be governed by labour laws, terms and conditions of contract and instructions of the Govt. issued from time to time as the case may be.

CHAPTER-21:
TERMINATION AND RESIGNATION:

- 21.1 Notwithstanding the provisions of bye-laws 20, services of employees are liable to be terminated on one month's notice and three months' notice in case of temporary and permanent employees respectively or in lieu thereof pay for a period the notice falls short of one month/three months as the case may be.
- 21.2 Similarly any employee can tender resignation from the service of the Corporation after giving three months' notice, in case of permanent employee and one months' notice in case of temporary employees or in lieu thereof pay for a period the notice falls short.

CHAPTER-22
RESIDUAL MATTERS:

- 22.1 The Board may confer on the Managing Director or a whole-time Director of the Corporation any of its powers under these bye-laws by a resolution.
- 22.2 The Managing Director may confer on a whole-time employee of the Corporation any of the powers which are exercised by him under these bye-laws, provided that such powers as have been delegated by the Board to the Managing Director shall not be further delegated by him.
- 22.3 Powers to relax or interpret any of the provisions contained in these bye-laws shall vest in the Board of Directors.
- 22.4 Any matter not covered under these bye-laws shall be decided by the Board keeping in view the instructions of the Govt. issued from time to time and the decision of the Board shall be final.
- 22.5 All previous instructions, rules, regulations etc. issued in this behalf shall stand repealed from the date these bye-laws come into force.

[E] ACCOUNTING MANNUAL

INTRODUCTION:

Scientific Management is a movement which has grown in importance with the evolution of financial institutions. The art of management can be practised effectively only if periodical, timely and reliable information is available with the management. Management Information System is now an important discipline and subject of study. Basic information, however, is mainly supplied by the Accounting System which is directly based upon "Accounting Manual".

2. ACCOUNTING MANNUAL:

Accounting Manual has been prepared covering the following:-

- (a) Financial Accounting Procedure.
- (b) System of Accounting.
- (c) Principal Books.
- (d) Subsidiary Books.
- (e) Memorandum Books.

3. ACTIVITIES COVERED:

Accounting Manual covers the following activities of the Corporation:

- (a) Project Financing.
- (b) Project Promotion.
- (c) Infrastructure Development.

4. BASIC CONCEPTS OF ACCOUNTS:

Accounts are the backbone of any Organisation as every transaction has to be reflected in the accounts. It is from the books of accounts that the entire information, as per the requirements of the organisation, is generated. The quality of records and the classified information that is derived from these records, therefore, has a direct impact on the quality of decision making and formulation of policy in an organisation.

5. ACCOUNTING PROCEDURE:

With specific reference of the activities of the H.P. State Industrial Development Corporation Limited (HPSIDC), the accounting procedures require all the more specialisation keeping in view its areas of operation, nature of activities and objectives of extending financial assistance to the entrepreneurs for the industrialisation in the State of Himachal Pradesh.

6. SYSTEM OF ACCOUNTING:

6.1 The accounts of the Corporation were maintained on Accrual basis upto 31-03-1988. The Corporation switched over to cash system of Accounting with effect from 1-4-1988 subject to certain exceptions.

6.2 Prior to 1-4-1988, the Income and Expenditure were accounted for on accrual basis. This system was not considered to be transparent more particularly because it did not reflect the true health of the organisation as the interest or other income accrued in a particular period was not fully recovered during that period and sometimes in a number of cases the unrecovered income had ultimately to be written off as bad debt. As a natural corollary, the profits of the Corporation were unduly inflated, resulting in higher tax liabilities. Hence cash system of accounting was introduced w.e.f. 1.4.1988. However, the following were the exceptions:-

- (a) Depreciation of Assets.
- (b) Adjustment related to balances of accounts receivable or payable as on 31-03-1988 upto which the system of accounting maintained on accrual basis.
- (c) Amount spent by employees in excess of advance drawn.
- (d) Provisions/reserves created.
- (e) Charging of supervision charges on deposit work on the basis of quantum of work executed.

6.3 HP SIDC has adopted the centralised system of accounts. In other words, no site-wise accounts are being maintained at site offices. However, the transactions taking place at site offices are passed on to head office for incorporation in the accounts.

6.4 The annual accounts i.e. Balance Sheet and Profit & Loss Account and related schedules were prepared upto 31-3-2001 under that cash system of accounts wherein only cash transactions were recorded in the principal books. However, to fulfil other statutory requirements, disclosure of information on accrual basis is provided and for other general requirements of the management, memorandum books are also maintained.

7. CHANGE OF SYSTEM OF ACCOUNTING:

The HP SIDC switched over to maintain accounts w.e.f.1.4.2001 as per the exemption granted by the Govt. of India under Section 620 of the Companies Act, 1956 vide Notification No GSR 550(E) dated 16.05.1989 wherein Interest income on term loan is accounted for on cash basis and the other income and expenditure are accounted for on accrual basis. However, Memorandum loan accounts on accrual basis are continued to be maintained for the purpose of Management Information System.

8. **SIGNIFICANT ACCOUNTING POLICIES:**

8.1 Accounting Concept

The Corporation maintains its accounts on accrual basis following the historical cost convention, except for interest income on loans & Advances to Industrial units, in view of the exemption granted by the Govt. of India under section 620 of the Companies Act, 1956 vide its notification No.G.S.R 550 (E) dated 16.05.1989. Memorandum loan accounts on mercantile basis are, however, maintained for the purpose of management Information System.

8.2. Revenue Recognition:

- a) Interest on loans, Up-front fees, appraisal fees and other financial services are to be accounted for on Cash basis.
- b) Dividend income is recognised on realisation basis.
- c) Supervision charges on the deposit work are to be charged on the basis of quantum of work executed, measured and bill raised by the contractors.
- d) Realisations from borrowing units including the units approaching the Corporation for One Time Settlement(OTS) are to be firstly appropriated towards miscellaneous expenses, interest accrued and due up to 31.03.1988 then towards interest accrued and due including penal interest, if any, and thereafter towards principal.
- e) In case of sale of taken-over assets of the borrowing units, the realisations are to be appropriated firstly towards miscellaneous expenses, interest accrued and due up to 31.03.1988 then towards principal and thereafter towards interest accrued and due.
- f) For the cheque deposited in the bank at the end of the year, the necessary adjustment entries are to be made in the books of accounts up to the date of finalisation of accounts in case of dishonoured cheques.
- g) Revenue in respect of Annual Maintenance Charges and Water Charges of plots under Self Financing Scheme (SFS) is recognised on accrual basis subject to reasonable certainty of ultimate collection.
- h) Interest on Loans & Advances to staff is accounted for on mercantile basis.

8.3 **Sale of Plot/Resumption/Extension**

- a) Industrial plots (saleable) at SFS are to be treated to be sold if the entire price of the plots received and possession has been given to the allottee irrespective of the execution of sale/conveyance deed.
- b) In case of transfer of plots, the Corporation is entitled to 50% of unearned increase (i.e. the difference between the final price paid and market value) or 10% of the original cost of plot whichever is higher which is to be taken to income at the time of realisation of transfer fee.
- c) On resumption of plots due to non- fulfilment of terms & conditions of allotment, 25% of the allotment price is to be deducted and treated as administrative charges and recognised as income.
- d) Extension charges on SFS plots are to be accounted for on realisation.

8.4. **Investment**

a) **Valuation**

Investments (quoted & unquoted) are to be valued at cost and provision for diminution in realisable value is provided for wherever considered necessary.

b) **Sale of Investment**

- I. Surplus/ Deficit on buy back of shares is credited/debited to the revenue accounts.
- II. Accounting of dis-investments of shares in assisted units is done after the receipt of full consideration amount against each trench of shares.

8.5. **Fixed Assets**

Fixed assets are to be taken at the cost of acquisition inclusive of freight, taxes and incidental expenses.

8.6. **Depreciation**

Depreciation is to be provided for on written down value method (WDV) at the rates and in the manner specified in schedule XIV of the Companies Act, 1956.

8.7. **Inventories**

- a) Stores and spares- Valued at cost.
- b) Plots under SFS- Valued at cost.

8.8. **Bad debts/classification of assets and rovisioning**

- a) 100% provision is to be made for short fall in respect of units taken over and disposed off till date.
- b) Other Loans are to be classified in to performing and non- performing categories based on age of default as prescribed by IDBI/SIDBI prudential norms and provisions are to be calculated as per following existing provisioning norms.

i	Standard	0.25%
ii	Sub-Standard	10%
iii	Doubtful upto	
	One year	20%
	Three years	30%
	More then three years	50%
	Unsecured portion	100%
iv	Loss Assets	100%

8.9 **Retirement Benefits**

a) **Gratuity**

Liability towards Gratuity is to be paid to a fund maintained by the Life Insurance Corporation of India (LIC) under Gratuity Linked Insurance Scheme and administered through a separate trust created by the Corporation. The premium is to be paid to LIC so as to cover the liability of all the employees at the end of their future anticipated services to the Corporation. In the event of an employee leaving the services earlier, the Corporation will have to bear a certain portion of the amount of gratuity, which is to be charged to the Profit & Loss Account in the year of actual payment.

b) **Provident Fund:**

Contribution to Provident Fund is to be made to HPMIDC Ltd. CPF Trust having members of HPSIDC and Ex-employees of HPSIDC Ltd. transferred to HPGIC Limited on 01.04.1988. Contribution to provident fund as per Provident Fund Act, 1952 is charged to revenue account. Any deficit(excess of expenditure over income) of the Trust in any financial year is borne by HPSIDC Limited and HPGIC Limited according to the ratio of total interest paid to the members working in both the Corporations.

c) **Leave Encashment**

Liability towards leave encashment is paid to a fund maintained by the Life Insurance Corporation of India (LIC) under Leave Encashment Scheme and administered through a separate Trust created by the Corporation. The premium is to be paid to LIC so as to cover the liability of all the employees at the end of the year.

8.10 Prior Period Adjustments

The Corporation follows the practice of making adjustments through "Expenses/Income related to earlier years" in respect of prior period/extra ordinary items related to earlier years.

8.11 Contingent Liability

Contingent Liabilities not provided for and are to be disclosed separately by way of notes.

9. PRINCIPAL BOOKS:

Following are the principal books which are required to be maintained:

- (1) Cash book: To record daily transactions of cash/cheques/drafts received and payments by way of cash/cheques/drafts.
- (2) Journal (Engg.Wing & Others): To record transactions, other than cash and bank, requiring adjustments and transfers etc.;
- (3) General Ledger(Engg Wing & Others): To post transactions under relevant heads according to their nature and classifications.

10. Subsidiary Books:

To post transactions relating to various Control Accounts of general ledger(s) according to their classifications, the following subsidiary books are to be maintained:

- i) Advance ledger (individual -wise).
- ii) Borrowers' imprest ledger(party-wise).
- iii) IDBI/SIDBI ledgers.
- iv) Sundry parties ledgers (civil & others).
- v) Earnest money and security (civil & others) ledgers.
- vi) Contributory provident fund ledger (General & Individual).
- vii) Such other ledgers as may be required from time to time.

11. MEMORANDUM BOOKS:

- (i) Loan Ledgers: to record all transactions of individual loanees, both on cash and accrual basis as also to provide for periodical interest;
- (ii) Daily scroll book: to record transactions affecting loan accounts and investment accounts;
 - Loan sanction register: to keep record of sanctions of loan;
 - Loan Security register: to keep record of

securities obtained against loans;

- Insurance Register: to keep record of insurance covers of assets created.

- (iii) Statistical books containing classified information in respect of sanctions and disbursement of loans.
- (iv) Such other books as are required to be maintained as per guidelines of Companies Act/IDBI/SIDBI/Govt.

12.ACCOUNTING OF TRANSACTIONS AND POSTING IN PRINCIPAL BOOKS:

12.1 Vouching

The moment a transaction whether of receipt or payment takes-place, it has to be routed through cash book.

- 12.2 When a transaction of receipt takes place, a proper receipt in the prescribed form is to be issued. Receipt voucher giving sufficient details of the receipt is to be prepared and entered in the cash book if it is by cash/cheque/draft. Similarly, in case of payment or disbursement, the payment voucher giving sufficient details thereof is to be prepared and entered in the cash book if payment is made by cash/cheque/draft.
- 12.3 No payment or disbursement is made unless the voucher is supported by the bills duly passed for payment or disbursement order is issued by the competent authority. Where, however, a payment has been authorised by the Managing Director or by any other competent authority on the file, a precise reference of the order, file no, noting no and date must invariably be given in the voucher.
- 12.4 In case of both receipt and payment, the voucher must clearly indicate the classified heads to which the transaction is credited/debited so as to ensure that the transaction is not booked under wrong head.
- 12.5 In cases, where adjustments have to be carried out to rectify mis-classifications in head of accounts, to make provisions for depreciation etc. or to make inter head transfers, rectification of entries etc. such adjustments shall be routed through adjustment vouchers which will contain all material particulars of the same and entries are to be recorded in Journal.
- 12.6 The vouchers in respect of all types of transactions as discussed above should invariably contain the following information:
 - (i) Voucher type:/ Cash and Journal.
 - (ii) Nature of voucher (debit/credit).
 - (iii) Voucher number.
 - (iv) Voucher date (accounting date)
 - (v) Effective date ("as of" date)
 - (vi) Narration of voucher (cheque/D.D.no,

- Banker's cheque no., bank name etc.)
(vii) Type of transaction (principal ,interest, borrowers imprest,Adjustment/payment relating to construction works and payment to others etc.

12.7 The vouchers shall be given continuous numbers for each type of transaction recorded in the cash book and Journal.

12.8 The two types of vouchers shall be got printed in different distinct colours.

13. **Cash Receipt Book:**

13.1 Immediately on receipt of cash/draft/cheques, a cash receipt in the prescribed form containing all particulars necessary to identify the nature and classification there of shall be prepared in duplicate, first copy for being issued to the depositor and second copy for use in office. The receipts at head office shall be signed and issued by the cashiers and Financial Adviser/Manager (Finance & Accounts)

13.2 The receipt books shall be got printed in duplicate and serially numbered. Each book shall contain 100 receipts: Proper record of receipt books and their issue to cashier at head office and site offices indicating the serial numbers of books issued shall be maintained by store keeper which will be subject to audit verification. The issue of receipt books shall be made, on the basis of requisitions, strictly in their serial order so as to avoid their possible misuse.

14. **CASH BOOK:**

14.1 All receipts and payments by cash/draft/cheques shall be entered in the cash book immediately after the transaction takes place on the basis of voucher prepared by the cashier/concerned officer or official and approved by the competent authority. The cash book shall be closed and balanced daily at the end of the day. The closing balance of previous day shall be taken as opening balance on the next day.

14.2 The entries in the cash book shall be checked daily with reference to the receipts issued and payment vouchers duly passed for payment by the competent authority/by an officer authorised for the purpose. He will also initial cash entry in the cash book simultaneously with the voucher, in token of the correctness of the entries in the cash book and vouchers.

14.3 At the close of the month or at such intervals as may be deemed appropriate, the cash balance in the chest shall be counted by the authorised officer and a certificate to this effect recorded in the cash book indicating the discrepancy, if any, for taking appropriate action.

14.4 The cashier shall deposit the cheques/drafts with the bank on the same day or, if received beyond banking hours, the next working day.

- 14.5 In order to ensure that bank charges for purchase of drafts are simultaneously debited to the party, the cashier shall obtain details of such charges from the bank immediately. After the cheques/draft deposited with the bank for clearance, the bank charges are to be enquired from the bank and to be debited in the relevant head of accounts.
- 14.6 Immediately on receipt of a dishonoured cheques from the bank, reverse entry is to be passed in the books of accounts for the financial year in which the cheque is related.
- 14.7 Payment or disbursements required to be made by cheques or by bank draft/ transfers shall be recorded in the cash book by the cashier on the basis of payment voucher. The payment vouchers shall be signed by dealing hand and by the officer authorised for the purpose.
- 14.8 The balances with the books as per bank ledger and as per bank statements shall be reconciled periodically, preferably monthly, and invariably at the close of the financial year.

15. JOURNAL:

- 15.1 Apart from cash and bank transactions, there may still be certain transactions which are not capable of being recorded through cash book. For example, rectification of mis-classification in accounts, transfer from one head to another, appropriation of certain receipts and expenditure, making provisions for depreciation and taxation etc., are the transactions. Therefore, to record such type of transactions, another book of original entries, named Journal, is essentially required.
- 15.2 Whenever necessity arises to make adjustments in account, a journal voucher giving sufficient details of the nature of adjustments shall be prepared mutatis-mutandis in the manner as other vouchers are prepared. Such vouchers shall be routed through the journal. These adjustments shall only be made after obtaining proper approval of the controlling authority which will satisfy itself about the necessity of such adjustment. A reference of such approval shall be recorded in the voucher.

16. LOAN WING

After receipt of amount from borrower/assisted companies in the shape of cash/cheque/draft/pay order, the same is to be entered in the Day Book and thereafter pass on the cash voucher to Finance & Accounts Branch mentioning the references of approval by the competent authority.

17. GENERAL LEDGER

The general ledger is the basic classified record of transactions as recorded in the books of original entries as discussed above. It is on the basis of the final balances of general ledger that the accounts of the organisation for the particular accounting period i.e. profit and loss account and balance sheet are prepared.

17.1 At the beginning of the financial year, the final closing balances of previous year in respect of heads pertaining to balance sheet are taken as opening balances in the general ledger.

17.2 The balances of general ledger shall be prepared on monthly basis. However, sometimes, due to time taken in the finalisation of accounts of previous year, the final closing balances may not be available immediately before the close of first quarter. In such a situation, the general ledger may be brought out with zero opening balances. This will avoid delay as also facilitate the process of reconciliation. As soon as the opening balances are available, the same shall be updated.

17.3 The quarterly balances of general ledger so generated shall also serve the purpose of preparing Trial Balance. In other words, the total debits and credits upto a particular quarter/month must be equal. In case there is any difference, it may be either due to opening balances having not been taken correctly or due to mistakes while posting in ledger from cash book or journal and totalling of accounting head of ledger. Sometimes there is mistake by the bank and the same is to be verified as per the bank reconciliation statement. Any such discrepancy shall be located and rectified immediately before getting the final print out the trial balance.

A. The classification of accounts in general ledger is done broadly under four major groups, namely Assets, Liabilities, Expenditure and Income.

I. SUBSIDIARY LEDGERS:

The general ledger depicts the overall position of each classified head of accounts. It, however, does not indicate the detailed position of individual accounts which is monitored through subsidiary ledgers. These subsidiary ledgers, in fact, supplement the general ledger. In other words, the total of closing balances of various account in the subsidiary ledgers pertaining to a particular head in the general ledger must tally. In case of any difference, the discrepancy must be located, reconciled and rectified.

19. TERM LOAN/EQUITY INVESTMENT LEDGER:

Term Loan ledgers

- 19.1 The details of individual transactions on cash basis pertaining to these accounts i.e. disbursements and receipts against principal, interest are recorded in the loan/equity investment ledgers. As this is the basic record of individual loanees/assisted units, it is of paramount importance that each account is meticulously maintained not only to satisfy the parties of account of their remittances but also to ensure that appropriation of receipts as per policy of the Corporation has correctly been done. However, Ledgers as per Memoranda basis are to be maintained wherein the details of term loan sanctioned, term loan disbursed, equity sanctioned, equity disbursed, interest due on quarterly/half yearly basis, remittances of dues by the borrower/assisted units are to be recorded.

[F] PROCEDURE FOR DISBURSEMENT OF TERM LOAN

COMPLIANCE OF TERM AND CONDITIONS OF SANCTION:

After the receipt of the sanction letter for financial assistance issued by the Corporation, the promoters are required to convey forthwith their acceptance to the terms/ conditions of sanction which are specified in the sanction letter. A report about the compliance of these terms and conditions is to be submitted by the promoters alongwith necessary documents to the Corporation.

LEGAL DOCUMENTATION:

Immediately after the receipt of the letter w.r.t. sanction of financial assistance from the Corporation, the promoters are required to submit the original documents relating to the title of land on which the project is proposed to be set up, the titles of the collateral security, photo of the promoters/guarantors and details of personal assets & liabilities of the guarantors in the form of affidavits with supporting documents. On the receipt thereof, the title of land is independently verified by the Corporation. After the title of the land is cleared and compliance report of the terms and conditions of the sanction of financial assistance is received, the legal documents viz. loan agreement, personal guarantees, undertakings etc. are executed by the promoters with the Corporation on the appointed date.

DISBURSEMENT OF LOAN:

The disbursement of term loan commences after the said legal documents have been executed , charge is created with the Registrar of companies and the creation of mortgage/entry in the revenue records. The following procedure is followed for the drawl of the loan.

- a) The under mentioned documents are further required to be submitted to the Corporation in connection with the drawl of loan :-
 - i) A copy of the balance sheet of the concern duly verified by a firm of Chartered Accountant(s).
 - ii) A certificate for the raising of paid-up share capital duly certified by a firm of Chartered Accountant(s).
 - iii) No lien letter from the suppliers of plant & machinery and other assets in case advances are proposed to be given for their purchase out of the loan amount.

iv) Physical progress report on the building construction along with a certificate of the architect in respect of the investment made on the buildings/civil works.

v) Photo copies of the running bills of building contractor, evidence of purchase of iron and steel, bricks, cement etc. along with the receipts of payments made.

vi) Photo copies of the bills of plant and machinery and other assets already purchased along with the receipts of payments made.

vii) Original copies of the proforma invoices for plant & machinery and other assets along with a copy of the Certificate from the machinery supplier that the machinery is lying ready for dispatch, in case the drawl of loan is sought for direct payment to the machinery suppliers.

viii) Details of pre-operative expenses like traveling, fees, rates and taxes, salaries, interest etc.

The Corporation, generally, allows the drawl of loan as reimbursement against the expenditure on the purchase of land, construction of building, acquisition of plant & machinery, misc. fixed assets and the pre-operatives after retaining the stipulated margin on the security created and accepted. However, drawl is also allowed for direct payment to the machinery suppliers against proforma invoices and/or agreement for purchase of machinery and other assets. Periodic inspections are also carried out by the Corporation to verify the creation of assets at site. The Corporation may also inspect the books of accounts of the company. For timely implementation of the project and quick drawl of loan, it is essential that the promoters raise their share of contribution as early as possible. However, promoters are generally supposed to raise their full share of equity and unsecured loans, to avail the loan beyond 50% of the sanctioned loan amount is drawn from the Corporation or as per the specific condition mentioned in the letter of sanction. This not only ensures quick implementation of the project but it also helps in the saving of interest, which the term loans carry, to an appreciable extent.

DISBURSEMENT OF BREIDGE LOAN:

The disbursement of bridge loan is made on the same pattern on which the term loans are disbursed. The disbursement of bridge loan is linked with the creation of assets and raising of promoters contribution towards share capital/unsecured loans by charging 1% higher rate of interest. Direct payments to the machinery suppliers against the proforma invoices are also allowed.

[G] PROCEDURE FOR CONDUCT OF PROJECT APPRAISALS

1. **RECEIPT OF APPLICATION FOR THRESHOLD ANALYSIS:**

After receipt of the term loan application, the Appraisal Section convenes a meeting of the Internal Committee of Officers under the Chairmanship of the Managing Director to take an in-principle decision on the case. In this meeting, it is decided as to whether the project specific is to be taken up for term loan appraisal or not. The decision is thereafter be communicated to the applicant and in case the appraisal is to be conducted, the list of the queries (if any) is dispatched to the applicant by post/email/fax. The prescribed term loan application form (priced Rs.100.00) is obtainable from the Corporation's Office and is also available on the web.

2. **CONDUCT OF APPRAISAL**

After the in-principal approval, the appraisal of the case is completed within a period of one month subject of course to compilation of all information, site visit, one to one discussions with the promoters etc.

3. **DISCUSSION ON DRAFT APPRAISAL**

After completion of the appraisal, the Appraisal Section convenes a meeting of the Internal Committee to discuss the draft appraisal. Based on the discussions/ suggestions, the necessary modifications/changes in the appraisal are carried out within a maximum period of one week. The finalized appraisal is thereafter put up for approval of the Managing Director for placing the same for further consideration of the Competent Authorities i.e. the Advisory Committee & the Board of Directors or the Managing Director as the case may be.

EQUITY PARTICIPATION POLICY

The Corporation may provide equity subscriptions in exceptional cases, on a very selective basis on merits and especially in promotion of such projects where equity subscriptions are required from the Corporation as part of a specific policy of the Central/State Governments. The price payable for the shares to be bought back by the promoters shall be the highest of the following alternatives :-

- a) par value of shares or price paid by the Corporation for acquiring the shares whichever is higher plus simple interest @ 12% p.a. or
- b) highest market price of the share at the time of buy back as published by the Indian Stock Exchanges where the Company's shares are listed; or

- c) net worth of the shares based on the latest audited Balance Sheet of the Company as calculated by the Corporation.

The buy back is governed through an equity – buy back agreement which incorporates the mutually acceptable terms of buy back.

[H] CRITERIA FOR RECOVERY OF TERM LOAN DUES

The Corporation issues notices in routine to the loanees for deposit of the interest & principal installments as per the repayment schedule. In cases of chronic defaulters, normally the following steps are taken for the recovery of overdues and revival of sick/potentially sick units/NPAs :-

- a) Proposal from the promoter/directors are invited for the rehabilitation of the units and steps are taken to revive these units which are found technically and economically viable by giving various reliefs and concessions.
- b) In case the unit is found non-viable, the promoters are advised to submit One Time Settlement (OTS) proposals to settle the dues of the Corporation.
- c) In case the Promoters are not in a position to pay the dues of the Corporation, the assets of the Company are taken over u/s 29 of SFCs' Act and the taken over assets disposed off to recover the dues. Recovery suits are also filed against the Promoter Directors by invoking personal guarantees.
- d) In cases where units are running but the assets can not be taken over for one or other reason, recovery suits under section 30 of SFC's Act are initiated.
- e) In case of closed/sick units, change of management proposals are also considered to revive the unit by handing over the management to other financially sound Promoters.

CRITERIA ADAPTED BY HPSIDC IN DECIDING ONE TIME SETTLEMENTS (OTS)

The criteria adapted by the HPSIDC for consideration of OTS, inter-alia, determining the OTS amounts broadly include :-

- a) Status of the unit i.e. whether in operation or closed or disposed off. If operational, financial performance of the last three Financial Years.
- b) Quantum of dues recoverable.
- c) The recovery process with likely time frame and impediments if any.
- d) Whether unit is in the category of suit filed/BIFR case/ taken over unit.
- e) Value, condition and nature of security available such as fixed assets, liquid assets of promoters, personal guarantees, corporate guarantees, collateral securities etc.
- f) Assessed/Realisable value of assets of unit.
- g) Constraints if any in the sale/disposal process of the available security.
- h) Whether OTS is being funded by existing promoter or with a co-promoter/ new promoter i.e. change of management - sources of funding the OTS.

- i) Current and future prospects of the industry in question and Govt. policy if any effecting the industry.

The sanctioning authority for settlements in all cases is the Board of Directors and all cases are normally routed through the Advisory Committee headed by the Secretary (Industries). The Board of Directors have the full and final authority to approve, or reject any OTS proposal and decide the terms of payment or modify the settlement depending on merits of individual cases. The settlements approved are without prejudice to any legal proceedings initiated by the Corporation against applicant Companies/promoters. The Corporation, in the past has approved One time settlements (OTS) depending on individual merits while broadly keeping in view the above mentioned criteria. The settlement amounts range from a level of only the principal outstanding to figures covering the principal + 100% simple interest + additional amounts, on a case to case basis. As per decision of the Board of Directors, all cases of OTS are dealt purely on individual merits and there is no documented or laid down policy in this regard.

As regards the repayment of the OTS amount, option is available to the promoters to either clear the entire settled amount without further interest within a period of 45 days or within a maximum period of two years in installments carrying interest @ 12.5%. The HPSIDC has so far approved 47 cases of OTS.

SALE OF TAKEN OVER UNITS:

After thorough evaluation of the status of a particular unit, if it is determined that it may not be possible either for the unit to be revived or for the management to discharge its liabilities, punitive actions like issuance of legal notice, recall-cum-take over proceedings and action for enforcing security/filing of recovery suits are taken. Under the recall-cum-take over proceedings, the assets of units are taken over under section 29 of the SFCs Act and thereafter disposed off through a completely transparent process. After a unit (financed/mortgaged assets) is taken over, the valuation of the assets and other mortgaged assets are got conducted through an independent agency. The reassessment of the unit may be got done after one year or as and when it may be considered necessary.

The sale process is as outlined below :-

1. After independent evaluation of the assets, advertisements for the sale are issued in leading newspapers and offers are invited by a specified date on a prescribed application form (available on website) costing Rs.100/-, which also indicates the terms and conditions of the sale. Alternatively, bids may be obtained through public notice in an open auction. Normally earnest money to the tune of 10% of the bid amount is mandatory for any bid to be considered.
2. The date of negotiations including inter-se bidding are fixed and published in the advertisement/public notice itself. The intending buyers are advised to attend negotiations on the fixed date and time. Only those bidders are allowed to participate in the negotiations who have deposited the earnest money. In case the Corporation receives a better offer at a later date the same is also entertained for negotiations. The Corporation reserves the right to have negotiations with any other person/party for fetching a better price.
3. The bids are negotiated by an Officer level Committee constituted by the Managing Director and if required, inter-se bidding is also held to arrive at a highest bid.

4. The highest bid received is again advertised through a brief public notice informing all concerned, including promoters/guarantors of the Company and any other person(s)/ other prospective purchasers thus providing another opportunity to improve the received bid by a specific date which may not extend beyond 15 days. It is mandatory for the improved bids to be accompanied by 10% earnest money.
5. The improved bids so received are finally negotiated along with the earlier bid by a high level Sale Sub Committee under the Chairmanship of the Managing Director and comprising of nominees of HPFC, Directorate of Industries, independent evaluators as well as special invitees, if required. Normally inter-se bidding is conducted in order to fetch the maximum price of assets put to sale. A final decision is thereafter taken on the sale depending upon the assets value, number of attempts made in the past to effect the sale, factual status of the unit etc. The decision to finalize the sale rests with the Sale Sub Committee. The cases approved are thereafter submitted to the Board for information at a later date.
6. In case the Committee approves the highest bid, option is available to the successful purchaser to deposit the bid amount within six months, between 6-12 months and beyond 12 months in instalments carrying interest @ 10.25%, 11% and 12.5% respectively as the case may be.
7. The possession of the assets is handed over to the purchaser :-
 - a. after receipt of 100% of the bid amount in case the sale is approved on cash down basis.
 - b. In case of sale on deferred payment basis, the possession of the assets is handed over on receipt of initial down payment after execution of sale agreement/other documents.
 - c. Interest on deferred repayment is to be charged as per terms and conditions of sale.
8. The right to modify/alter/relax all or any of the above provisions vests in the Board of Directors.

The HPSIDC has so far sold 27 units on its own for a consideration of Rs.1741.39 lacs and recovered an amount of Rs.1231.22 lacs as its share from the proceeds. Similarly 18 units were sold through HPFC for a consideration of Rs.948.67 lacs with HPSIDC's share being Rs.454.17 lacs.

[I] PROCEDURE FOR EXECUTION AND AWARD OF CIVIL WORKS

AIMS

The main aim of the Engineering Wing of the Corporation is to execute infrastructure development works in the State entrusted by the various Departments and Public Undertakings besides development of Industrial Area/Estates under Self Financing Scheme, on deposit work basis. The agency charges @10% charged on the total amount of work done.

PROCEDURE

The procedure adopted for execution of works is based on HPPWD Specification/Manual, HP Schedule of Rates (HPSR-1999 & 1993) subject to time-to-time revisions.

1. EXECUTION OF WORK :

Initially the preliminary / detailed estimates are prepared after conducting the survey/investigation and sent to client departments as per requisitions/requests received for execution of works. After the receipt of Administrative Approval and Expenditure Sanction, the tenders for the works are invited through press and by wide publicity for the works from the Head Office of the Corporation, Shimla.

The works having amount put to tender more than Rs.1.00 lac called from Head Office on prescribed form 7/8. The tenders upto Rs.1.00 lac are invited at Division level by the Executive Engineer concerned after getting the approval of Draft Inviting Tenders (DNIT) from the Head Office of the Corporation, Shimla. After receipt of tenders called from the head-office of the Corporation through press, the comparative statements are furnished to evaluate the financial implication of the tenders. In case, the lowest offer received is quite reasonable, the tenders are submitted to accounts branch for vetting and getting the approval of the Managing Director. If the lowest offers received are not reasonable/justified then the lowest contractors are called for negotiation, this process is done by seeking the justification of rates from the Division Office and are checked in the head office. After getting rates reduced from the lowest contractors by negotiation then the tenders are submitted to accounts branch for vetting and obtaining the approval of Managing Director.

The tenders called at Division level by the Executive Engineer concerned are sent to head office by them along with comparative statement of the tender case, the same are checked in the head office and if the rates are not justified and found to be on higher side the tenders are returned to respective Executive Engineers for getting the rates reduced from the contractors to the reasonable extent.

The tenders are re-submitted by the Executive Engineer concerned to head office for approval of rates. After examine the case the tenders are submitted to the Superintending Engineer for approval in case of tendered amount is up-to Rs.1.00 lac. The cases above Rs.1.00 lac are submitted for vetting of accounts and approval of the Managing Director.

2. AWARD OF WORK :

The works are awarded by the Executive Engineer concerned after getting the approval of the tenders from the head office, Shimla of the Corporation. The agreement on form 7 & 8 for percentage rate tender and item rate tenders respective are executed between Executive Engineer and contractors to govern the works under various clauses of agreement.

3. ARBITRATION:

There was clause-25 in the agreement to settle the dispute if so arise between contractors and department regarding execution of the work. This clause has been abolished by the Govt. & it is now subject to the jurisdiction of the Civil Courts in H.P.

4. ESCALATION CLAIMS :

There is provision of payment of an escalation in under clause10-C & 10CC in the agreement, if during the execution of the work the rates of material except the material issued by the department or labour wages increased more than 10% subject to the condition if the contractors keep all relevant record with regard to the payment of increased wages to the worker and bills of the materials in the support of payment made by the contractor(s) and supposed to produce all such record for releasing the escalation under these clauses.

5. WORKING DIVISIONS :

We have 2 Nos. working divisions situated at Baddi, Distt. Solan and Dari (Dharamshala), Distt. Kangra headed by the Superintending Engineer, Head Office, Shimla with the following staff:

1. HEAD OFFICE

Staff:	1.	Assistant Engineer(HQ)	1 No.
	2.	Head Draughtsman	1 No.
	3.	P.S. to S.E.	1 No.
	4.	Junior Engineer(E)	1 No.
	5.	Junior Engineer (civil)	1 No.
	6.	Sr. Assistant	1 No.

7.	Jr. Scale Stenographer	1 No.
8.	Jr. Draughtsman	2 Nos.
9.	T. mate (Electrician)	1 No.
10.	Peon (Work charged)	1 Nos.
11.	Peon (DW)	1 No
12..	Lift Operator	1 No.
13.	Plumber	1 No

BADDI DIVISION:

Jurisdiction : Distt. Solan, Sirmour, Shimla and Kinnaur

Staff :	1.	Executive Engineer	1 No
	2.	Assistant Engineer	2 Nos.
	3.	Junior Engineer(Civil & Electrical)	2 Nos.
	4.	Dy. Manager (F&A)	1 No.
	5.	Supervisor	6 No.
	6.	Surveyor	2 Nos
	7.	Pump operator	2Nos
	8.	Meter Reader	1No
	9.	Bedar-cum-chokidar	42Nos

Dari (Dharamshala)

Jurisdiction : Distt. Kangra, Chamba, Hamirpur, Bilaspur, Mandi
Una, and Kullu.

Staff:	1.	Assistant Engineer	3 No. (one on Contract)
	2.	Junior Engineer	4 Nos.
	3.	Sr. Assistant	1 No.
	4.	Clerk (DW)	1 No.
	5.	Surveyor	1 No
	6.	Supervisor	6 Nos
	7.	Pump-Operator	1 No
	8.	Beldar-cum-chokidar	27 Nos

9. Mortar-Mate

1 No.

[J] PROCEDURE ADOPTED BY ARCHITECTURAL WING

PROCEDURE ADOPTED BY ARCHITECTURAL WING:

Architectural Wing of the HP SIDC is primarily associated with the planning, designing and execution of the projects taken on as deposit works from different agencies/Corporations and providing Industrial Infrastructure i.e. by planning and designing Industrial Areas/Estates in Himachal Pradesh on deposit work basis and self financing scheme.

PROCEDURE:

1. To help/advise the client Department in identification of suitable site according to the magnitude of the proposed project.
2. To finalise the requirements of the buildings to be constructed/ designed in consultation with the client Department.
3. To evolve initial sketches taking into account the requirements, norms, site conditions and feasibility as per site conditions keeping in view the economy and desired expenditure.
4. To co-ordinate with the specialists of different fields i.e. electrical, mechanical, structure, plumbing, water supply, air conditioning and landscaping.
5. Finalisation of specifications taking into account climate, terrain, number of floors, its utility and cost for framing the preliminary estimates.
6. Preparation of working drawings and detailed drawings for the execution of the particular project.
7. Inspection of site w.r.t. feasibility at site and periodic inspection during progress of work to achieve the desired results.

8. To regulate construction activity according to the zoning in the layout plan and building norms.

[K] TERMS AND CONDITIONS **GOVERNING ALLOTMENT OF** **DEVELOPED PLOTS**

<p>1. Receipt of full cost of plot from the allottee before issuing the allotment letter giving tentative area of the plot (to be confirmed at the time of possession) after which the allotment of plot shall be governed by the following terms and conditions:-</p>
<p>2. The allottee is required to execute an agreement with the Corporation on non-judicial stamp paper of Rs.3/-and subsequent pages on judicial papers of Re.1/-each, within 30 days from the date of allotment at Shimla. The allottee shall have to bring the papers to Shimla Office for executing the same personally.</p>
<p>3 a) Further the allottee will undertake to pay the additional price for any additional land indicated in (1) above as determined by the Corporation which shall be payable by the allottee within a period of 30 days from the date of demand raised on the allottee. In case the area of the plot is less at the time of possession than the advertised area, the excess amount received shall be refunded.</p> <p>b) In case of any default in the payment of additional amount as per demand raised by the Corporation indicated above, the allottee shall be liable to pay the amount alongwith interest @ 15% per annum for the defaulted period.</p>
<p>4. In case the allottee fails to execute agreement as per clause 2, the allotment shall stand cancelled and amount deposited shall be refunded after deducting 15% of the cost of plot received by the Corporation as administrative charges.</p>
<p>5. The possession of plot will be handed over to the allottee subject to completing the formalities as in clause 2 to 4 above.</p>
<p>6. The allottee, within 60 days from the date of auction, shall have to obtain a licence for industry under the Industries (Development & Regulation) Act/DGTD/SSI,SIA Registration/Letter of Intent/IPARA Approval as applicable to the project of the allottee and also submit detailed project report/ Project profile to the Corporation.</p>
<p>7. Further within two years from the date of allotment, the allottee shall fulfil the following requirements:-</p> <p>a) Submit the building plans of the proposed industrial unit conforming to the building bye-laws of HP SIDC Limited and obtain necessary approval.</p> <p>b) Erect the industrial building as per approved building plans by the HP SIDC Limited in substantial and workman like manner subject to:-</p>

- i) The allottee shall not be allowed to subdivide or amalgamate the plot (in case two or more plots have been allotted) without specific written approval of the Competent Authority.
- ii) The allottee shall not be allowed to cut/ damage/destroy trees standing in the said plot without specific written approval of the Competent Authority.
- iii) The allottee shall not change the land use of the plot from Industrial purpose to any other purpose.

b) Complete the erection and installation of machinery and commence production. Failure to discharge above obligation by the allottee shall make the plot liable for resumption by the Corporation.

c) However, in case of failure to complete the building and commencement of production within the above stipulated period due to the reasons and circumstances beyond the control of the allottee, the competent authority of the Corporation may consider grant of extension on specific request being made for such extension(s) giving detailed reasons. In case the Corporation agrees to grant extension, the allottee shall have to pay the following extension charges:-

- i) 5% of the cost of plot for first year extension after the expiry of normal time.
- ii) 10% cost of the plot for second year extension from the expiry of first years extension time.
- iii) 15% cost of the plot for the third year extension from the expiry of second years extension time.
- iv) No further extension shall be granted beyond three years in any circumstances and the plot shall be resumed.

8. THE ALLOTTEE SHALL HAVE TO FOLLOW/PERFORM THE FOLLOWING FURTHER STIPULATIONS:-

- i) That all mines and minerals whatsoever under the said site shall vest in the Government with all right and power as may be necessary or expedient for the purpose of searching for working, obtaining, removing and enjoying the same at all such times and in such manner as

<p>the Government shall think fit with power to carryout any surface or any underground working and let down the surface of all or any part of the said site and to sink pits,erect building, construct lines and use the surface of the said site for the purpose of doing all such things as may be convenient/necessary for the full enjoyment on the exceptions and reservations herein after contained.</p>
<p>ii) The allottee will ensure that the proposed Industrial Project/Unit does not create or cause to create any kind of pollution whatsoever. All measures required to be taken for disposal/treating industrial waste/effluents of all kinds shall be undertaken by the allottee at his own cost in consultation and with the approval of the concerned competent state regulatory authorities as applicable from time to time. In case of failure of allottee to take all such measures, the plot along with building constructed thereon shall be liable to be resumed by the Corporation.</p> <p>The allottee shall further ensure to arrange the plantation of ornamental type trees within his premises and in the front area commanded by the plot allotted to him as per layout approved by HPSIDC to improve overall environment.</p>
<p>iii) The allottee shall maintain thereon a good and substantial building,equipped with necessary machinery for the industry and such other staff as may be deemed necessary for the functioning of industrial unit.</p>
<p>iv) The allottee shall pay on demand the annual maintenance charges of the industrial area as fixed from time to time by the Corporation from the date of possession or after 2 months from the date of allotment whichever is earlier. In the event of failure of the allottee to pay the said charges regularly to the Corporation, the Corporation shall have the right to impose penal charges as decided by the Corporation from time to time.</p>
<p>5. The allottee shall be liable to pay to the appropriate authorised agency all existing general and local taxes, rates or cesses or charges or proposed to be levied in future on the said plot by the Competent Authority/Corporation/Local body.</p>
<p>vi) The allottee</p> <p>a) shall have to bear the actual expenditure incurred towards cutting /repairing of road for water and sewerage connection.</p> <p>b) shall have to deposit the charges for sewerage and water connection as fixed by the Corporation from time to time.</p>
<p>vii) The allottee shall not use or permit to be used the industrial plot or any building or part thereof within these premises for carrying on any activity other than that of carrying on the</p>

<p>manufacturing process. The allottee shall perform, observe and comply with all obligations and requisitions in respect of the industrial plot and building thereon and business carried therein imposed by any statute, regulation or bye-laws of any competent authority or Corporation.</p>
<p>viii) The Corporation shall also have the right to call for periodical progress reports every six months from the allottee starting from one year after the date of delivery about implementation of the project and if after hearing the allottee, the competent authority of the Corporation is of the opinion that the progress is not satisfactory, the resumption of the plot may be ordered.</p>
<p>ix) a) The Corporation may by its Officers and servants at all reasonable time and manner after twenty four hours' notice in writing enter in and upon any part of the said site of building erected thereon for the purpose of ascertaining that the allottee has duly performed and observed by the covenants and conditions to be performed & observed by him/her/them under these presents.</p> <p>ix) b) Provided further the Corporation also shall have full right, power and authority at all times to do, through its Officers and servants for the purpose of enforcing compliance with all or any of the terms, conditions and reservations herein contained and to recover from the allottee as first charge upon the said site, the cost of doing all or any such acts and things and all cost incurred in connection therewith or in any way relating thereto.</p> <p>ix) c) I) The limited and private limited companies are required to submit a copy of the annual return filed before the Registrar of Companies every year to the Corporation. In addition, they are required to submit the share-holding pattern, duly certified by the Chartered Accountant, specifically indicating therein the number of shares held by each promoter-director of the company alongwith issued, subscribed and paid up capital.</p> <p>ix) c)ii) The firms and sole-proprietorship concerns are required to submit the name of partners/sole proprietors to the Corporation on half yearly basis.</p> <p>ix) c)iii) The partnership concerns are required to submit a copy of partnership deed to the Corporation on half yearly basis.</p>
<p>x) a) The allottee will have to take water for human consumption and general purposes from the Corporation on payment in accordance with the rates fixed by it from time to time. For consumption of water for industrial purposes the allottee will have to take prior permission of the Corporation and in case of its inability to meet with the requirement, the allottee will have to make its own arrangements.</p> <p>x) b) The allottee shall not dig any tubewell in his plot without the prior written approval from the Corporation.</p>
<p>xi) In case the allottee surrenders or seeks cancellation of plot allotment or Corporation cancels the allotment order due to non-fulfilment of conditions at any stage after the allottee has executed required documents and paid the application/allotment money, he shall be</p>

entitled to the refund of 75% of principal amount paid by him(25% of such amount shall be deducted as administrative charges). In case the allotment is cancelled before the possession of allotted plot has been taken , the dues of annual maintenance and others charges shall also be deducted out of the deposit.

The allottee shall be paid the amount after deducting interest if payable on account of default, annual maintenance charges alongwith penal charges, unpaid water charges or any other charges which remain unpaid by the allottee.

(xii)a) The allottee shall have no right to transfer by way of sale, gift, mortgage or otherwise, the land or any right of the plot or the building erected thereon except with the prior written approval of the Corporation. The competent authority of the Corporation shall have the right to refuse such request without assigning any reason thereof. The competent authority while granting such permission may impose such conditions as may be decided by the HP SIDC from time to time.

b) In the event of such approval being given, the Corporation shall be entitled to claim and recover 50% unearned increase or 10% of the original cost of plot whichever is higher (i.e. difference between the final price paid and the market value) of the Industrial Plot at the time of sale, transfer, assignment or parting with the possession. The decision of the Corporation in respect of market value (as per prevailing market rates) shall be final and binding.

c) The allottee may with the prior written approval from the Corporation mortgage his rights in the industrial plot to such institutions as may be approved by the Corporation.

In the event of sale or foreclosure of the mortgaged property, the Corporation shall be entitled to claim and recover 50% unearned increase or 10% of the original cost of plot whichever is higher as aforesaid and the amount of the Corporation's share of the said un-earned increase shall be first charge having priority over the said mortgage or charge. Before selling/transfer of assets of the allottee/transferee, the Mortgagor shall have to take consent from the Corporation.

xiii) In the event of death of the allottee, the person to whom the title of the deceased devolves, shall within three months of such devolution inform/apply to the Corporation for transfer of plot by producing a valid succession certificate to the satisfaction of the Corporation.

xiv) Any dispute or differences arising out or in any manner touching or concerning this agreement shall be referred to the sole arbitration of the nominee of the Secretary(Ind.) to the Government of Himachal Pradesh . The award of such arbitrator shall be final and binding on the Corporation and the allottee.

All disputes arising out between the parties shall be subject to jurisdiction of Courts at Shimla (Himachal Pradesh) only.

xv) The allottee undertakes further to comply with the terms and conditions contained hereinabove

even after the agreement and conveyance deed has been executed in his favour. In case of breach of any of the terms and conditions of the agreement and conveyance deed, the Corporation shall have the right to exercise its right of resumption of plot including the building erected thereon without payment of any compensation.

xvi) All expenses regarding conveyance deed shall be borne by the allottee.

In the event of failure to comply with the terms and conditions of allotment letter/agreement/conveyance deed, the plot allotted shall be deemed as cancelled and refund of money shall be made after deducting the administrative charges, interest, if any, dues of annual maintenance charges alongwith penal charges, unpaid water charges and any other charges outstanding at the time of cancellation.

SPECIAL TERMS AND CONDITIONS APPLICABLE TO SHOP SITES/COMMERCIAL AREA:

1. The Shops are to be constructed within two years of allotment. However, extension for completion of construction may be allowed for another one year on payment of extension charges @ 5% of the total purchase price of shop site. No further extension for completion of construction of the shop shall be permissible and the shop site alongwith incomplete civil structure, if any, shall be resumed by the Corporation.
2. In case the allottee completes the construction of any of the floors within the extended time, the resumption option as mentioned above may not be exercised by the Corporation.
3. Construction of basement, ground floor & first floor is allowed on the shop site. However, the shops shall have to be constructed as per drawing supplied by the Corporation at the time of auction so that the front façade of all the shops is identical.
4. (a) The allottee shall have no right to transfer by way of sale, gift, mortgage or otherwise, the land or any right of the shop site or the building erected thereon except with the prior written approval of the Corporation.

(b) That in the event of sale/transfer being allowed by the Corporation, the allottee shall have to pay unearned increase to the Corporation calculated @ 5% of the purchase price of the shop site in case the transaction is made within two years of the date of allotment and @ 10% of the purchase price of the shop site in subsequent years.
5. That in the event of sale/transfer of specific floor being allowed by the Corporation in a constructed/partially constructed shop, the allottee shall have to pay unearned increase calculated @ 15% of the purchase price of the shop site. Further, the purchase price shall be presumed to have been enhanced @ 10% after every 5 years from the date of first allotment of the shop site.