

THE COMPANIES ACT, 2013
COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
OF

----- COCONUT PRODUCER COMPANY LIMITED

Preliminary

1. The provision contained in Part IX A of the Companies Act 1956 ,Shall apply to the extent which is not repugnant to the context or meaning hereof. Since the provisions relating to the producer company under the companies act 2013 are yet to be notified, so the applicable provisions under the Companies Act 2013 will prevail save as otherwise provided in Part IX A of the Companies Act 1956.

Interpretations

2. In these Articles the following words and expressions shall have the following meaning unless excluded by the subject or context:-
- a. "The "Act" or "The Companies Act" means the Companies Act, 1956 and its statutory modifications from time to time and all rules made there under.
 - b. "The company" or "this company" when used with reference to this company shall mean "----- COCUNUT PRODUCER COMPANY LIMITED".
 - c. "Articles of Association" means these articles, which may be amended by the Company from time to time with the approval of the General Body Meeting.
 - d. "CPS" Means Coconut Producers Society, which is a Producer Institution registered under Indian Societies Registration Act, having Forty to two hundred coconut farmers with about 4000 to 10000 coconut trees in a geographically well-defined and contiguous area and recognized by Coconut Development Board.
 - e. "The Seal" shall mean the Common Seal of the company as approved by the Board of Directors.
 - f. 'Member' means a person admitted as a member of the Company under the provisions of these articles and Part IX of the Indian Companies Act 1956.

- g. 'Active Member' means a CPS/Farmer which is involved in any of the operations mentioned in the Articles of Association or Memorandum of Association, who fulfils the conditions for eligibility criteria, in the preceding financial year with documentary evidence.
- h. Conflict of interest means an activity done by any member-CPS or Farmer-which affects the prospects or income of coconut farmers as a class is defined as an activity with conflict of interest. The specific ones are,
 - a. Collection or processing or trading of coconut palm produce from other farmers with an objective of individual profit
 - b. An employee or partner or consultant of a firm which is involved in the above mentioned activities with an objective of profit.
- i. "Primary Producer" means persons producing or developing Primary Produce.
- j. Primary Produce means produce of Coconut or development of coconut products and its allied and ancillary produce.
- k. "Person" shall include any Association, Corporation, body corporate (whether incorporated or not), Company as well as individual.
- l. 'Chairman' means a member of the Board who has been elected as Chairman by the Board under the provisions of these Articles.
- m. 'Board' means the Board of Directors constituted under the provisions of these Articles.
- n. Commodity' includes coconut, and other allied and ancillary products –raw or processed, other inputs, packaging material, equipment and machinery.
- o. "General Meeting" includes annual general meetings and Extra Ordinary general meetings.
- p. 'Chief Executive Officer means an individual, who has been appointed by the Board for the management of the affairs of the Company.
- q. 'Mutual Assistance Principles' means the principles set out in these Articles.
- r. 'Patronage' means the use of services offered by the Company to its Members by participation in its business activities;
- s. 'Patronage Bonus' means payments made to members of the Company from out of the resultant surplus income.
- t. Limited Return means maximum dividend as may be specified by this Articles of Association.
- u. CDB means Coconut Development Board.
- v. "Withheld price" means part of the price due and payable for various crop producers and inputs supplied by any Member to the Company; and withheld by the Company for payment on a subsequent date.
- w. "Auditors" shall mean and includes those persons appointed as such for the time being by the company, who holds prescribed qualifications under the Act.
- x. "Special Resolution", "Ordinary Resolution" and "Resolution requiring Special Notice" respectively by the Act shall have the meaning assigned thereto. (Where assigned).

- y. "The Office" means the Registered Office for time being of the company.
 - z. "The Registrar" means the Registrar of Companies, Kerala and Lakshadweep.
 - aa. "Proxy" includes attorney duly constituted under a power of attorney.
 - bb. "Ex-Officio Director" means the Director appointed by some person by virtue of a power contained in these articles or in agreement between the company and the appointer.
 - cc. Words importing the singular shall include the plural and the words importing the plural shall include the singular.]
 - dd. Words importing the masculine gender include the feminine gender and vice versa.
3. Unless the context otherwise requires, words or expressions contained in these Regulations shall bear the same meaning as in the Act or any statutory modification thereof in force.

Producer Company

4. i) The company is a Producer Company within the meaning of Section 581A(i) of the Act Companies Act 1956.
- ii) All the limitations, restrictions and provisions of the Act, other than those specified in Part IX A of the Act, applicable to a private company shall apply to this company, as if it is a private limited company in so far as they are not in conflict with the provisions of Part IX A of the Act.
- iii) The Company is deemed to be a private company within the meaning of section 581 C (5) of Companies Act, 1956 with minimum paid- up capital of One Lakh Rupees or such higher paid-up capital as may be prescribed and accordingly;
- (a) Restricts the right to transfer its shares, if any:-
 - (b) Prohibits any invitation to the public to subscribe for any securities of the Company; and

Mutual Assistance Principles:

5. The company shall adopt the following mutual assistance principles, namely:-
- a. The membership shall be voluntary and is available to all eligible persons or Producer Institutions specified in this Articles of Association, who/which can participate and avail the facilities or services of the Company.
 - b. Each member shall, save as otherwise provided in the Part IX A of the Companies Act, have only a single vote irrespective of the shareholding;

- c. The Company shall be administered by a Board consisting of persons elected or appointed as directors in the manner consistent with the provisions of the Part IX A of the Companies Act and as per the provisions of these Articles of Association and the Board shall be accountable to the Members;
- d. Save as provided in the Part IX A of the Companies Act, there shall be limited return on share capital;
- e. The surplus arising out of the operations of the Company shall be distributed in an equitable manner by-
 - i. Providing for the development of the business of the Producer Company;
 - ii. Providing for common facilities; and
 - iii. Distributing amongst the Members, as may be admissible in proportion to their respective participation in the business;
- f. Provision shall be made for the education and other welfare of Members and employees on the principles of mutuality and techniques of mutual assistance;
- g. The company shall actively co-operate with other Producer Companies (and other organizations following similar principles) at local, national or international level so as to best serve the interest of their Members and the communities it purports to serve.

Funds:

- 6. Funds may be raised by:
 - a. Shares from new members;
 - b. Issue of Shares to existing Members, as decided by the Board of the Company and communicated to the members.
 - c. Deposits and/or Debentures from members;
 - d. Loans from bank and other financial institution;
 - e. Grants, aids and subsidies;
 - f. Donations
- 7. The Funds of the kind specified in c and d above to be raised, shall not exceed ten times the total of paid up share capital and reserve fund less accumulated losses.
- 8. The Company may accept funds from any development agency or any other financing institution in the form of loans or grants or in any other forms except equity capital, as per the terms and conditions prescribed by such institutions as may be mutually agreed upon.

Share Capital and Membership

9. The authorized Share Capital of the Company is as stated in clause V of the Memorandum of Association of the company or altered thereat, from time to time.
10. The Company has the power from time to time to increase or reduce its capital.
11. Subject to the provisions of the Companies Act, any shares of the original or increased capital shall be issued upon such terms and conditions as the General Meeting may decide.
12. Whenever the capital of the Company has been increased under the provisions of this article the Board shall comply with the provisions of Section 64 of the Companies Act 2013.
13. 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 of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
14. The company may allot sufficient number of shares to the members against the money kept as 'withheld price' or against the patronage extended by the members.
15. Subject to the provisions of Section 61 of the Companies Act the Company in General Meeting may from time to time, consolidate and divide or sub-divide its shares,
16. 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 share capital by the amount of the shares so cancelled.
17. Subject to the provisions of Sections 52, 55 and 55 inclusive and other applicable provisions of the Companies Act 2013 the Company may from time to time by Special Resolution, issue new shares at a premium or reduce its capital.
18. No person or CPS, who/which has any business interest which is in conflict with business of the Company, shall become a member of that Company.
19. A CPS, which fulfills eligibility conditions under the provisions of these Articles, and as decided by the members in a general meeting by way of ordinary resolution, may apply for membership in the prescribed form to the Board of the Company undertaking to carry out the responsibilities of membership in writing.

20. Membership shall be voluntary to all eligible persons of CPS's who can participate and avail the facilities or services of the Producer Company and are willing to accept the duties of membership.
21. The company shall issue Share Certificates to all members, in compliance with the provisions of the Act and Rules framed there under.
22. Where admission is refused by the board, the decision with the reasons for refusal shall be communicated to the concerned person by registered post within fifteen days of the date of the decision, or within thirty days from the date of application for membership, whichever is earlier.
23. A member, who acquires any business any business interest which is in conflict with the business of the Company, shall cease to be a member of that company and be removed as may be recommended by the Board of directors subject to the approval of members in the general meeting.

Transfer, Transmission and Forfeiture of Shares

24. Save as otherwise provided in this article, the shares of a Member of a Company shall not be transferable.
25. A member who desires to transfer the whole or part of his shares along with any special rights must notify to the Board of Directors, the number of shares and the value and other details as may be required by the Board. The Board of Directors must offer it to the other active members. The shares shall be offered only after ascertaining the fair value, and if the offer is accepted, the shares shall be transferred to the acceptors. In case of any dispute, regarding the fair value of the share it shall be decided and fixed by the experts appointed by the Board for this purpose, whose decision shall be final and binding to all those concerned.
26. The Board of Directors may refuse to transfer of shares (1) where the Company has a lien on the share, or (2) where the share is not a fully paid up share, subject to the provisions of the Companies Act 2013.
27. A Member of a Company may, after obtaining the previous approval of the Board, transfer the whole or part of his shares along with any special rights, to an active Member/CPS.
28. Every individual Member may, within three months of their membership in the Company, nominate a person to whom his shares in the Company shall vest in the event of his death or dissolution.

29. The nominee shall, on the death of the Member, become entitled to all the rights in of the deceased Member to his nominee, subject to these Articles of Association.

30. If the nominee is not a producer, the Board shall direct him/them to the surrender of shares together with special rights, if any, to the Company at par value or such other value as may be determined by the Board.

31. Where the Board is satisfied that-

- a. Any Member has ceased to be a primary producer; or
- b. Any Member has failed to retain his qualifications to be a member as specified in articles;

The Board shall direct him/them to the surrender of shares together with special rights, if any, to the Company at par value as may be determined by the Board:

32. The Board shall not direct such surrender of shares unless the Member has been served with a written notice and given a opportunity of being heard.

33. Subject to the provisions of Section 56 of the companies Act 2013, the shares in the Company can be transferred only after executing a transfer deed duly stamped or any other instrument as may be specified in the Act.

34. The Board may, subject to section 58, of the Act decline to register-

- a. The transfer of share , not being a fully - paid share, to a person of whom they do not approve, or
- b. Any transfer of shares on which the Company has a lien.

35. The board may also decline to recognize any instrument of transfer unless the board is satisfied that -

- a. The share transfer request does not affect the stability or change in the basic characteristics or constitution of a producer company;
- b. The instrument of transfer is accompanied by the certificate of the shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transfer to make the transfer; and
- c. The instrument of transfer is in respect of only one class of shares.

36. Subject to the provisions of section 94 of the companies Act 2013, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine.

37. The registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

38. The company shall be entitled to charge a fee not exceeding ten rupees on the registration of every probate, letters of administration certificate of death or marriage, power-of-attorney or other instrument.
39. On the death of an individual member the survivor or survivors where the member was a joint holder, and his legal representatives where he was a sole holder, shall be the only persons recognized by the Company as having any title to his interest in the shares.
40. In the case of the dissolution of the CPS, their membership shall be terminated automatically and the shares shall vest with the company. The Board of Directors, with the approval of shareholders, can dispose it in any manner as they think fit.
41. Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as herein provided elect, either-
 - a. To be registered himself as holder of the share, or
 - b. To make such transfer of the share as the deceased or insolvent member could have made.
 - c. 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.
42. If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
43. If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
44. All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.
45. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends/Limited Return and other advantages to which he would be entitled if he were the registered holder of the share, 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 elect either to be registered himself or to transfer the share, 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 in respect of the share, until the requirements of the notice have been complied with.

46. If a member fails to pay any call or installment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such times as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid together with any interest which may have accrued.
47. The notice aforesaid shall:-
 - a. Name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
 - b. State that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made will be liable to be forfeited.
48. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
49. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
50. At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
51. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited share, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.
52. The liability of such person shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.
53. A duly verified declaration in writing that the declarant is a director, the Manager of the Secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

54. The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.
55. The transferee shall thereupon be registered as the holder of the share.
56. The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to forfeiture, sale or disposal of the share.
57. The provision of these regulations as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Lien

58. The Company shall have a first and paramount lien:
 - a. On every share (not being a fully-paid share), for all moneys (whether presently payable or not) called, or payable at a fixed time in respect of that share, and
 - b. On all shares (not being fully-paid shares), standing registered in the name of a single person, for all moneys presently payable by him or his estate to the Company. Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.
59. The company's lien, if any, on a share shall extend to all dividends payable thereon. (3) The company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien: Provided that no sale shall be made-
 - a. Unless a sum in respect of which the lien exists is presently payable, or
 - b. Until the expiration of fourteen days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or person entitled thereto by reason of his death or insolvency.
60. To give effect to any such sale, the Board may authorize some person transfer the shares sold to the purchaser thereof.
 - a. The purchaser shall be registered as the holder of the shares comprised in any such transfer.

- b. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
61. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. The residue, if any, shall be subject to a like lien for sums not 'presently payable' as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

Benefits to Members

62. The Company will procure coconuts, tender coconuts and plans to collect Neera (unfermented coconut sap), palm sugar and other produce from the shareholders and resells the raw or value added produce to various governmental and business agencies and through its own outlets. The produce collected from each farmer is proportionate to his/her number of shares.
63. Every Member shall initially receive only such value for the produces supplied to the Company as the Board may determine.
64. There shall be a limited return as may be specified by the Board and approved by the General Body from time to time, on paid share capital.
65. The withheld price may be disbursed at a later date during the financial year, in cash or in kind or by allotment of equity shares or bonus shares in proportion to the value of various produces supplied to the Company to such extent and in such manner and subject to such conditions as may be decided by the Board.
66. The surplus, if any, arising after setting aside provision for payment of limited return and after making provisions for reserves as per the provisions of this Articles of Association, may be disbursed as patronage bonus amongst the Members, in proportion to their participation in the business of the Producer Company, either in cash or by way of allotment of equity share or both, as may be decided by the general meeting.

Patronage Bonus

67. The Board shall
- (a) Evolve a system for ascertaining the patronage that is, use of services offered by the company and participation in the business activities of the company, of each member.
 - (b) Determine the patronage bonus to each member in the ratio of patronage.
 - (c) Disburse such bonus either in cash or by issue of equity shares or partly in cash and partly by shares.

Withheld Price

68. The company may withhold a portion not exceeding 10 percent of the value of the produce or products pooled from members. Such withheld price may be determined by the Board from time to time and distribute to the members at such intervals as may be decided by the Board.

Bonus Shares

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

Amalgamation, Merger or Division

70. The company may by a resolution passed at its general meeting-

- i. Decide to transfer its assets and liabilities, I whole or in part, to any other Producer Company, which agrees to such transfer by a resolution passed at its General Meeting.
- ii. Divide itself into two or more new Producer Companies.

71. Any member or any creditor not consenting to the resolution for amalgamation, merger or division shall, during the period of one month of the date of service of the notice on him have the option-

- a. In the case of any such member, to transfer his shares with the approval of the Board to any active member there by ceasing to continue as a member of the company or.
- b. In the case of a creditor to withdraw his deposit, loan or advance as the case may be.

72. Any member or creditor who does not exercise his option within the period of one moth shall be deemed to have consented to the resolution.

Accounts and Audit

73. The Board shall cause to be kept proper books of accounts as required by Section 581ZE of the Act Companies Act 1956.

74. The company should appoint an internal auditor and comply with the provisions of section 581ZE of the Act Companies Act 1956.

75. At the close of every year the accounts shall be balanced and balance sheet and profit and loss account prepared and the same after being got fully audited, shall

be placed before the company in General Meeting within six months from the date up to which they are made up.

Appointment of Auditors

76. The first Auditor shall be appointed by the Board within one month after incorporation on such remuneration as may be fixed by the Board, subsequent Auditor shall be appointed and his remuneration fixed by the company in General Meeting.

Duties of auditor

77. Without prejudice to the provisions contained in section 143, the auditor shall report on the following additional matters relating to the Producer Company, namely:-

- a. The amount of debts due along with particulars of bad debts if any;
- b. The verification of cash balance and securities;
- c. The details of assets and liabilities
- d. All transactions which appear to be contrary to the provisions of this Part;
- e. The loans given by the Company to the directors;
- f. The donations or subscriptions given by the Producer Company;
- g. Any other matter as may be considered necessary by the auditor.

Donations or subscription by Producer Company

78. The Company may, by special resolution, make donation or subscription to any institution or individual for the purposes of promoting the social and economic welfare of Producer Members or producer's general public; or promoting the mutual assistance principles:

Provided that the aggregate amount of all such donation and subscription in any financial year shall not exceed three per cent of the net profit of the Company in the financial year immediately preceding the financial year in which the donation or subscription was made:

Provided further that no Company shall make directly or indirectly to any political party or for any political purpose to any person any contribution or subscription or make available any facilities including personnel or material.

General and other reserves

79. The Company shall maintain a general reserve fund in which 10% of the Net profit or Rs. One Lakh, whichever is more, shall be transferred in every Financial Year.
80. In a case where the Company does not have sufficient funds in any financial year for transfer to maintain the reserves as may be specified in articles the contribution to the reserve shall be shared amongst the Members in proportion to their patronage in the business of that company in that year.

Issue of bonus shares

81. The Company may, upon recommendation of the Board and passing of resolution in the general meeting. Issue bonus shares by capitalization of amounts from general reserves referred to in section 581ZI Companies Act 1956. in proportion to the shares held by the Members on the date of the issue of such bonus share.

Loans to Members and Investments

82. The Board may, subject to the provisions made in articles, provide financial assistance to the Members of the Company
- a. By way of credit facility, to any Member, in connection with the business of the Company, for a period not exceeding six months,
 - b. Loans and advances, against security specified in articles to any Member, repayable within a period exceeding three months but not exceeding seven years from the date of disbursement of such loan or advances

Provided that any loan or advance to any director or his relative shall be granted only after the approval by the Members in General Meeting.

Investment in other companies, formation of subsidiaries, etc

83. The general reserves of any Company may be invested to secure the highest returns available from approved securities, fixed deposits, units, bonds issued by the Government or co-operative or scheduled bank or in such other mode as may be prescribed.
84. The Company may, for promotion of its objectives acquire the shares of another Producer Company.
85. The Company may subscribe to the share capital of, or enter into any agreement or other arrangement, whether by way of formation of its subsidiary company, joint venture or in any other manner with anybody corporate, for the purpose of promoting the objects of the Company by special resolution in this behalf.

86. The Company, either by itself or together with its subsidiaries, may invest, by way of subscription, purchase or otherwise, shares in any other company, other than a Producer Company, specified under sub-section (2), or subscription of capital under sub-section (3), for an amount not exceeding thirty per cent of the aggregate of its paid up capital and free reserves:

Provided that a Company may, by special resolution passed in its general meeting and with prior approval of the Central Government, invest in excess of the limits specified in this section.

87. All investments by the Company may be made if such investments are consistent with the objects of the Company.

88. The Board may, with the previous approval of Members by a special resolution, dispose off any of its investments referred above

89. The Company shall maintain a register containing particulars of all the investments, showing the names of the companies in which shares have been acquired, number and value of shares; the date of acquisition; and the manner and price at which any of the shares have been subsequently disposed off.

90. The register referred to in sub-section (7) shall be kept at the registered office of the Company and the same shall be open to inspection by any Member who may take extracts therefrom.

Appropriation of Net Profit

91. The Company shall maintain a general reserve fund in which 10% of Net profit of Rs. One Lakh, whichever is more, shall be transferred to the general reserves.

92. There shall be a limited return as may be specified by the Board and approved by the General Body from time to time, on paid share capital;

93. The surplus arising out of the operations of the Company shall be distributed in an equitable manner-

a. for development of the business of the Company on year to year basis;

b. for common services;

c. withheld price

d. distributing amongst the Members of the excess, as may be admissible in proportion to their respective participation in the business;

94. The Board shall obtain the previous approval of the company in General Meeting for applying the reserve or other funds or any part thereof for any purpose mentioned in the foregoing Clauses.

95. The Board may deduct from any dividend/ limited return payable to any member all sums of money, if any presently payable by him to company on account of calls or otherwise in relation to the shares held by him.

Provisions for Special User Rights

96. The Board of the Company may from time to time, based on measurable criteria, issue special user rights valid for a specific duration to the active members, to promote the business interests of the Company. Such user rights shall be issued in the form of appropriate instruments.

97. The instruments so issued shall, subject to the approval of the Board in that behalf, be transferable to any other active member of the Company.

Surrender Of Shares

98. If any member has ceased to be a producer or has failed to retain qualifications to continue as a member as specified, the Board shall serve with a written notice to the concerned members and provide an opportunity of being heard in the next Board meeting.

99. If the Board is satisfied it may direct the member for surrender of shares together with special rights, if any to the Producer Company, at par value or the Board may determine such other value.

Voting Rights of the Members

100. Every member shall have one vote.

General Meeting

101. The first general meeting shall be held within 90 days from the date of its incorporation and have the same powers as are given to the annual general meeting. The Memorandum of Association and the Articles of Association shall lay before the meeting for the adoption of the same by the Members

102. The Members of the Company appoint directors to its Board in the Annual General Meeting.

103. The Annual General Meeting shall be called once in every year in compliance with the Provisions of the Companies Act 2013.

104. The general meeting shall consist of the following:

- a. Every Members of the Company.
- b. Any person competent/authorised to represent and act on behalf of the CPS.
- c. All members of the Board of the Company
- d. The Auditors of the company
- e. The secretary (if any) of the company

105. The Chairman of the Company shall preside over the general meeting. In case of his absence, the members present and entitled to vote shall elect one of them as Chairman for the meeting.

106. The annual general meeting of the Company shall be called by the Board with not less than fourteen days' notice, which shall specify the date, time, venue and the agenda. The notice of the annual general meeting shall be sent to each member along with the following documents.

- a. The agenda of the meeting.
- b. Minutes of the previous Annual General Meeting or Extra Ordinary General Meeting, whichever occurred later.
- c. Names of candidates for election, if any, to the Board of Directors including a copy of a statement of qualifications in respect of each candidate;
- d. Audited balance sheet and profit and loss accounts of the Company and its subsidiary if any, together with a report of the Board of Directors with respect to:
- e. The state of the Company's affair,
- f. The amounts proposed to be carried to reserves,
- g. The amount to be paid as limited return on share capital,
- h. Material changes and commitments, if any, affecting the financial position the Company and its subsidiary, if any, which have occurred in between the date of the annual accounts of the Company to which the balance sheet relates and the date of the report of the Board and
- i. The text of the draft resolution for appointment of the auditors,
- j. Any other matter of importance relating to energy conservation and environmental protection, foreign exchanges earnings or outgo, etc.
- k. The text of any resolution or proposed amendment to the Memorandum of Association or Articles of Association to be considered at the annual general meeting along with the recommendations of the Board with respect to each;
- l. Any other matter that is required to be, or may be, specified by the board.

107. The proceedings of every annual general meeting along with Directors Report, the audited balance sheet and the profit and loss account of the Company and its subsidiary, if any shall be filed with the Registrar within thirty days from the date on which the annual general meeting is held, with an annual return along with the filing fees as applicable to a private limited Producer Company.

108. The notice of Annual General Meeting and Extra-Ordinary General Meeting shall be placed on the notice board of the Company and will also be published at least in one newspaper.
109. Attendance of one fourth of the total number of members, in person, shall form a quorum for the general meeting.
110. If there is no quorum within half an hour from the time to time of meeting, the meeting shall stand dissolved if it was called upon requisition. But in other cases the meeting is automatically adjourned to reassemble on the same day in next week. And if at the reassembled meeting also quorum is not present within half an hour, as many members as are actually present shall constitute the quorum. Provided that a single member shall not constitute a quorum.
111. The annual general meeting shall, among other things, deal with the following:
 - a. Confirm the proceedings of the previous General Meeting.
 - b. Declare the names of Board of Directors elected as per the election rules.
 - c. Approve the excess expenditure over the sanctioned budget.
 - d. Receive from the Board, the Annual Report together with profit and loss Account and Balance sheet as on 31st March of preceding financial year of the Company and sanction the appropriation of profits.
 - e. Approve the budget and program of activities of the Company for the next year as recommended by the Board.
 - f. Consider and adopt the audit memorandum and audit rectification report.
 - g. The limit of the outside borrowings subject to the conditions specified in the Articles.
 - h. Fix the allowances or financial assistance to be paid to the members of the Board and the members attending the Board meeting and other meetings.
 - i. Appoint auditors and fix their remunerations.
 - j. Amendment of the Articles as and when necessary.
 - k. To take note of admission of new member during the year.
 - l. Approve the expenditure incurred on any of the elected members of the Board.
 - m. Remove member(s) of the Board by simple majority of the active members present and voting at the General Meeting in accordance with provisions of section of the Companies Act 2013.
 - n. Consider any other business brought forward by or with the consent of the Chairman.
112. With the permission of 2/3rd of the members present at the General Meeting any member may bring forward any matter not specified in the notice of the meeting provided that he may not propose an amendment in the Articles and removal of a director of the Board of the Producer Company.

Extra Ordinary General Meeting

113. The Board may, whenever it thinks fit, call an extraordinary general meeting.
114. If at any time the directors are not capable to act as Board or there is no sufficient number of Directors to form a quorum, any director or one- third members of the Company may call an extraordinary general meeting, in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.
115. The Board of directors shall, on the requisition made in writing, duly signed and setting out the matters for the consideration, made by one-third of the Members entitled to vote in any general meeting, proceed to call an extraordinary general meeting in accordance with the provisions contained in sections 100 to 98 of the Companies Act 2013.
116. An extra ordinary general meeting of the Company shall be called by the Board with not less than fourteen days' notice, which shall specify the date, time, venue and the agenda.

Board of Directors

117. The Minimum and the Maximum number of Directors of the Company shall be 5 (Five) and 15 (Fifteen) respectively.
118. The First Directors of the Company shall be:
- 1.
 - 2.
 - 3.
 - 4.
 - 5.
 - 6.
 - 7.
 - 8.
 - 9.
 - 10.
 - 11.

119. The norms for the election of directors are, that they;-
- a. Should have played a critical role in the formation/functioning of CPS and federated bodies
 - b. Should be an elected nominee of a CPS

- c. Should have attended the training programmers' organized for CPS/federation members in a meaningful manner.
 - d. Should have played a leading role in copra or tender coconut procurement or in organized harvesting of coconut palm produce.
 - e. Regular and meaningful participation in CPS, Federation and higher level meetings of farmers and officials.
 - f. Should not have involvement in activities which may be in conflict with the interests of CPSs or the company.
 - g. Should have a PAN card, an identity card and willingness to sign various affidavits and documents for the company functioning.
120. Every director, in every Board Meeting, shall submit a declaration about their interest in other producer institutions or entities and details of business interest they have, in other entities, having similar objects with the Company, in the prescribed format, as decided by the Board, in a duly constituted meeting. The chief executive shall ensure the compliance of this Article.
121. The Board may co-opt one or more expert directors or additional directors not exceeding one fifth of the total number of directors or appoint any other person as additional director for a period not exceeding 3 years provided such appointment is approved in the immediately following Annual General Meeting. Such expert directors shall not have the right to vote in the election of the chairman but shall be eligible to be elected as chairman.
122. The conduct of elections of directors to the Board of the Company shall be the responsibility of the outgoing Board of the Company, in the manner specified in these articles of association and election rules, at least 10 days before the term of office of the outgoing directors comes to an end. The outgoing directors shall cease just after the expiry of the term and new directors shall take over from the very next day.
123. Election of directors shall normally take place at the annual general meeting. The election rules shall be formulated by the Board and approved by the general meeting.
124. The candidates for contesting the election shall have to fulfill all the qualifications required for directorship, except in case of the first election of the Board after its incorporation.
125. Where a Board fails to conduct elections before the expiry of the term of the directors or where there are no directors remaining on the Board, the Chief Executive of the Company shall call an Extra Ordinary General Meeting, within twenty days after the expiry of the term of the directors for the purpose. If the Board is not constituted in the meeting, a three member ad-hoc Board shall be appointed from among members for the specific purpose of conducting elections and to perform all functions of the articles of association.

126. The term of the ad-hoc Board so appointed shall not exceed three months and the ad-hoc Board shall cease to function as soon as a regular board is elected in accordance with the Articles of association.
127. The term of the every elected Board, including the First Board shall be 5 years **from the date of assumption of office. At the end of every five year after the constitution/ reconstitution of the Board as the case may be, one Fifth of the elected Board members shall retire and be eligible for reappointment. For the first such retirement, the directors who shall retire shall be determined by consensus.**
128. Mr. KUNHIMOHAMMED is the Chairman and Managing Director of the company.
129. The Chairman shall preside over the meeting of the board. In case of his absence, the directors present shall elect one of the elected directors the Chairman of the meeting.
130. The Board may meet as often as it may consider necessary for transaction of the business. However, it shall meet at least once in every three months.
131. The Board meeting shall be called generally with seven days notice, but in case of emergencies it can be called at a shorter notice.
132. The presence of at least one third of its total strength shall form the quorum for the Boards meeting.
133. Each member of the Board shall have one vote.
134. Decisions at the meeting of Board shall be arrived at by majority votes of the directors present. In case of a tie the Chairman of the meeting shall have a casting vote in addition to his usual vote except in case of election of the Chairman. Tie in case of election of the chairman, the matter shall be decided by draw of lots.
135. An elected member of the Board who absents from three consecutive meetings of the Board without obtaining the leave of absence shall cease to be a member of the Board.

136. No member shall be present at discussion or vote on any matter in which he has direct or indirect interest

137. A person shall be eligible for election/continuance as a director of the Board only if he:-

- a. Has fulfilled all the obligations as mentioned in the articles of association as on 31st March of the preceding year;
- b. Be a nominee of CPS as on the day of election.
- c. Has not withdrawn/cancelled the authority in writing given to him to represent in the general meeting.
- d. Is not convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months.

138. The office of the director of a Company shall become vacant if, the Producer Company, in which he is a director-

- a. Has not filed the annual accounts and annual returns for any continuous three financial years
- b. Has failed to, repay its deposit or withheld price or patronage bonus or interest thereon on due date, or pay dividend and such failure continues for one year or more.
- c. Has defaulted in holding elections for the office of directors, in the Company in which he is a director, in accordance with the provisions of this Act and articles.
- d. Has failed to convene the annual general meeting or extraordinary general meeting of the Company in which he is a director, in accordance with the provisions of this Act except due to natural calamities or such other reason.

139. In case of any vacancy in the office of any such Director caused by resignation, death or otherwise, the Board shall be entitled to appoint another in the vacancy.

140. So long as any loan or money is outstanding in favour of any other financial Institutions or Corporations or Boards, such Institution shall have the right to nominate a member or members on the Board of Directors of the Company. Such a director appointed by the financial institution shall not be required to take any qualification share or liable to retire by rotation. The financial institutions, corporations, boards or producer institutions shall also have the right to recall such directors from time to time and appoint another in that place.

141. Without prejudice to the generality of the foregoing, such power and functions of the Board of Directors shall include:

- a. To admit members;
- b. To formulate a corporate mission; to establish specific long-term annual objectives to be achieved, consistent with the mission and the goals; to formulate and approve corporate strategies;
- c. To approve corporate strategies and financial plans;
- d. To make periodic appraisal of operations of the Company in relation to its mission and objectives;
- e. To formulate, approve and periodically review corporate policies related to major functional activities of the Producer Company;
- f. To appoint Chief Executive as per the provisions of Articles.
- g. To finalize the proposed annual budget, and supplementary budget, if any, for approval at the General Meeting;
- h. To cause-
 - 1) Proper books of accounts to be maintained by the Producer Company, including in computerized form as permitted by the Company
 - 2) The annual accounts to be prepared for the financial year,
 - 3) The annual accounts to be duly audited by a qualified chartered accountant appointed for that purpose by the General Meeting, and the duly audited accounts to be placed before the general Meeting at the annual gen
- i. To ensure the calling of annual and other meetings of the general Meeting including the delivery of formal notice; the agenda of the meeting; the names of candidates for election to the Board and statement of their qualifications; the text of any amendment proposed to the Memorandum of Association and/or articles of association and the rationale for such amendment; and the audited statement of accounts with comments on the auditor's qualification or adverse remarks; and the proposed annual or supplementary budget to be considered by the General Meeting;
- j. To ensure that elections are conducted as provided in the articles of association.
- k. To determine the quantum of withheld price to be disbursed at the end of any year;
- l. To acquire or dispose property in the ordinary course of business;
- m. To raise funds as provided in these articles.
- n. To cause adequate security, insurance of the assets of the Producer Company.
- o. Delegate to the Chief Executive any of its powers under these articles of association of the Producer Company.
- p. To ensure compliances, terms and conditions of agreement for loans and granting funds with the financing institution as mutually agreed upon.

- q. The Directors shall exercise their powers regarding the affairs of the Company only at the Board meetings of the Board.
142. If required, the Board may constitute committee/s each for specific duration in framing policies or seeking suggestions in any matter that Board may deem fit under section 581U of the Companies Act 1956. The committee shall cease to exist after finalizing its suggestions and recommendations in the matter, or assigned work.
143. The committee/s may be formed of the following members;
1. At least two members of the board.
 2. Experts/in concerned field from outside as decided by the Board,
 3. The Chief Executive of the Producer Company.
144. The Board shall not delegate any of its powers or assign the powers of the Chief Executive, to any committee.
145. A committee constituted may, with the approval of the Board, co-opt such number of persons as it deems fit as members of the committee:
146. Every such committee shall function under the general superintendence direction and control of the Board, for such duration, and in such manner as the Board may direct.
147. The fee and allowances to be paid to the members of the committee shall be such may be determined by the Board.
148. The minutes of each meeting of the committee shall be placed before the Board at its next meeting.

Borrowing Powers

149. Subject to Section 179 and 180 of the Companies Act, and Regulations made there under and Directors issued by the RBI the Board of Directors shall have the power, from time to time and at their discretion to borrow, raise or to secure the payment of any sum of money for the purpose of the Company in such manner and upon terms and conditions in all respects as they think fit and particular by the issue of debentures or bonds of the company or by mortgage charged upon all or any of the properties of the company both present and future including its uncalled capital for the time being.

Chief Executive Officer

150. The Company shall have a full time Chief Executive and shall be appointed by the Board from amongst persons other than Members.
151. The Chief Executive shall be ex officio director of the Board
152. Save as otherwise provided in these articles, the qualifications, experience, remuneration and the terms and conditions of service of the Chief Executive shall be such as may be determined by the Board.
153. The Chief Executive shall be entrusted with substantial powers of management as the Board may determine.
154. Without prejudice to the generality of this Articles of Association and the Act, the Chief Executive may exercise the powers and discharge the functions namely:-
 - a. Do administrative acts of a routine nature including managing the day-to-day affairs of the Producer Company.
 - b. Operate bank accounts or authorize any person, subject to the general or special approval of the Board in this behalf, to operate the bank account;
 - c. Make arrangements for safe custody of cash and other assets of the Producer Company;
 - d. Sign such documents as may be authorized by the Board, for and on behalf of the company;
 - e. Maintain proper books of account, prepare annual accounts and audit thereof; place the audited accounts before the Board and in the annual general meeting of the Members;
 - f. Furnish Members with periodic information to appraise them of the operation and functions to the Producer Company;
 - g. Make appointments to posts in accordance with the powers delegated to him by the Board;
 - h. Assist the Board in the formulation of goals, objectives, strategies, plans and policies;
 - i. Advise the Board with respect to legal and regularity matters concerning the proposed and ongoing activities and take necessary action in respect thereof;
 - j. Exercise the powers as may be necessary in the ordinary course of business;
 - k. Ensure that the Board of Directors and the Company has been comply with the provisions of this Articles of Association and the Act and relevant rules
 - l. Decide as per approved Board's policies, procedures and limits, purchase price and sale price of various products, purchase of materials, sale price of processed items, purchase of packaging materials, and all other items pertaining to the business and activities of the Union subject to budgetary provisions.

- m. Arrange to purchase machinery; equipment, and such capital items as are required for the Business of the Company as per policies and procedures set for the purpose and subject to approved budgetary provisions.
- n. Decide the charges on services rendered by the Producer Company.
- o. Arrange for adequate security against embezzlement, stealing, and misappropriation and for damage by employees handling cash, goods and securities.
- p. Arrange for insurance against loss of property and take up agency for insurance work.
- q. Shall make all the necessary arrangement for conduct of the business of the Producer Company.
- r. Shall carry out negotiations with the Government and other organizations.
- s. Shall arrange to keep in custody all documents, promissory notes, bonds, etc.
- t. Subject to the provisions of the articles of association, the Chief Executive shall have full authority to carry out the business of the Producer Company.
- u. In absence of the Chief Executive, a senior officer authorized by him shall discharge the work of the Chief Executive.
- v. The Chief Executive shall manage the affairs of the Company under the general superintendence, direction and control of the Board and be accountable for the performance of the Producer Company.
- w. Discharge such other functions, and exercise such other powers, as may be delegated by the Board;

Appointment of the Company Secretary

155. If the average annual turnover exceeds five crore rupees in each of three consecutive financial years, the Company shall have a whole-time secretary.
156. No individual shall be appointed as whole time secretary unless he possesses membership of the Institute of Company Secretaries of India constituted under the Company Secretaries Act, 1980.

Miscellaneous

157. In addition to the sum as provided in the provision of these articles of association all subsidies, entrance fees, receipts on account of forfeited shares and fines other than those collected from the employees shall be carried to the Reserve Fund.
158. Any other income other than normal trading income, excess provisions and reserves, donations other than those for specific purposes etc. can be carried to a General Reserve Fund and shall be utilized with the permission of the Board from time to time.

159. The accounting year of the Company shall be from 1st day of April to 31st of March of the following year. The books of accounts and other records shall be maintained as prescribed.
160. The company shall not alter the conditions contained in its memorandum except in the cases, by the mode and to the extent for which express provision is made in the Act.
161. The Company may, by special resolution, not inconsistent with section 581B of the Companies Act 1956, alter its objects specified in its memorandum.
162. A copy of the amended memorandum, together with a copy of the special resolution duly certified by two directors, shall be filed with the Registrar within thirty days from the date of adoption of any resolution.
163. Any amendment of the articles shall be proposed by not less than two-thirds of the elected directors or by not less than one-third of the Members of the Producer Company, and adopted by the Members by a special resolution. A copy of the amended articles together with the copy of the special resolution, both duly certified by two directors, shall be filed with the Registrar within thirty days from the date of its adoption.
164. The company shall reimburse all expenses incurred by the promoters in connection with the formation of the company. A statement of expenses shall be submitted in the First Annual General Meeting, and the reimbursement should be made only after the approval of members by an ordinary resolution.
165. Minutes shall be recorded within 15 days after the completion of every meeting and the same shall be initialed by the Chairman

The Seal

166. The Board of Directors shall select a common seal of the Company and provide by resolution for the safe custody and affixing thereof. Unless otherwise determined, the Director may use and affix the seal of the company to any document and the Director in accordance with these articles shall sign every document to which the seal is so affixed.

Right for Information

167. The members shall be entitled to obtain information relating to General business of the company if requisition in writing. The Board may however refuse to divulge any information which the Board considers confidential in the interest of the company.

Secrecy Clause

168. Subject to the provisions of the Act, no member shall be entitled to visit or inspect works of the Company without the permission of the Director or Chief Executive or of the officer authorized by the Director to grant such permission or to require inspection of any books of accounts or documents of the Company or any discovery of any information or any detail of the Company's business or trading or any other matter which is or may be in the nature of a trade secret, mystery of trade or secrete processor which may relate to the conduct of business of the Company and which in the opinion of the Chief Executive or the Directors will not be expedient in the collective interest of the members of the Company to communicate to the public or any member.

Directors and Others' Right To Indemnity

169. Subject to the provisions of the Companies Act 2013, every director and officer of the company shall be indemnified by the company and it shall be the duty of the Directors to pay out of funds of the Company all costs, losses and expenses (including travelling expenses) which any such director, officer or employee may incur or become liable to by any reason of any contract, or deed entered into by him as such Director, Officer or servant or in any way in the discharge of his duties.

170. Subject to aforesaid every Director, Chief Executive, Manager, Secretary, or other officers or employees of the company shall be indemnified against any liability incurred by him/them in defending any proceedings whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under respective sections of the Companies Act 2013 in which relief is given to him by the Court.

Resolution of Disputes

171. Where any dispute relating to the formation, management or business of the Company arises

- a. Amongst Members, former Members or persons claiming to be Members or nominees of deceased Members; or
- b. Between a Member, former Member or a person claiming to be a Member, or nominee of deceased member and the Company, its Board of Directors, office-bearers, or liquidator, past or present; or
- c. Between the Company or its Board, and any director, office bearer or any former director, or the nominee, heir or legal representative of any deceased director of the Company,

Such dispute shall be settled as per section 581ZO of the act Companies Act 1956.

Amendment

172. Any of these articles may be amended as per the provision of Section 581-I of the Act Companies Act 1956.