



Haryana Government Gazette

Published by Authority

© Govt. of Haryana

No. 34]

CHANDIGARH, TUESDAY, AUGUST 25, 2009 (BHADRA 3, 1931 SAKA)

PART-III

Notifications by High Court, Advertisement, Notices and Change of Name etc.

HARYANA FINANCIAL CORPORATION

REVISED GENERAL REGULATIONS

The 12th August, 2009

Effectuated from the date of publication in the Official Gazette as per provision of Section 48 (3) of State Financial Corporations Act, 1951 in terms of regulation No. 317.37 passed by the Board of Haryana Financial Corporation in its meeting held on 11th June, 2009

No. HFC/Gen-Regu. /Letter/2009/6408.—In exercise of the powers conferred by Section 48 of the State Financial Corporations Act, 1951 (LXIII of 1951), and in supersession of the Panjab Financial Corporation General Regulations (as applicable to Haryana Financial Corporation in terms of clause XVII of the scheme for the reorganisation of the erstwhile Punjab Financial Corporation) and in supersession of the said Regulations, except in respect of things done or omitted to be done before such supersession, the Board of Directors of the Haryana Financial Corporation, after consultation with the Small Industries Development Bank of India and with the previous sanction of the Government of Haryana, has made the following Regulations, namely:—

CHAPTER I

INTRODUCTORY

1. SHORT TITLE AND COMMENCEMENT

- (i) These Regulations may be called Haryana Financial Corporation General Regulations.
- (ii) These Regulations shall come into force from the date of publication in the Official Gazette or the earlier date mentioned, if any, in the Official Gazette.

2. DEFINITIONS :- In these Regulations unless there is anything repugnant in the subject or context:—

- (a) "The Act" means the State Financial Corporations Act, 1951 (LXIII of 1951) as amended from time to time.
- (b) "Corporation" means the Haryana Financial Corporation.
- (c) "Depository" shall mean a depository as defined under clause (e) of Sub-section (1) of Section 2 of the Depositories Act, 1996.
- (d) "Beneficial Owner" means the beneficial owner as defined under clause (a) of Sub-section (1) of the Section 2 of the Depositories Act, 1996.

- (e) "Form" means a form appended to these Regulations.
- (f) "In Writing" or "Written" includes printing, lithography and other modes of representing or reproducing words in a visible form.
- (g) "Member" means a member of the Executive Committee constituted under Sub-section (1) of Section 18 or, as the case may be, any other Committee constituted under Section 21.
- (h) "Register" means the register of shareholders kept in one or more books of the Corporation as defined under Sub-section (6) of Section 6 of the Act and includes the register of shareholders kept in computer floppies or diskettes, compact discs and any other electronic form; as defined under Sub-Section (7) of Section 6 of the Act as also the register of beneficial owners maintained by a depository under Section 11 of Depositories Act, 1996.
- (i) "Section" means a section of the Act.
- (j) Words and expressions used and not defined in these Regulations but defined in the Act shall have the meanings respectively assigned to them in the Act.

CHAPTER II

SHARES OF THE CORPORATION

3. SHARES - MOVEABLE PROPERTY:

- (a) The equity shares of the Corporation will be for the face value of Rs.10/- each.
- (b) The equity shares of the Corporation shall be movable property.
- (c) Redeemable preference share means shares issued by the Corporation pursuant to Section 4D of the Act.

4. ALLOTMENT OF SHARES:

- (i) Subject to the provisions of Section 4, the allotment of shares shall be made to the applicants.
- (ii) An application for allotment of shares may not be entertained unless an amount of at least 25 percent of the full value has been paid with the application.
- (iii) The Board may make allotment to an applicant for shares either in full or in part, depending on the number of applicants from the class of shareholders to which he belongs. In so far as it is practicable, the Board shall make full allotment in respect of applications up to such number of shares as the Board may decide so that there may be as many shareholders of that class as possible; and the allotment in respect of remaining applications shall be made in part; provided, however, that no allotment shall be made for a number of shares which is less than fifty, or which is not a multiple of fifty; and provided further that the number of shares that may be allotted to an applicant, shall in no case exceed such number of shares as may be allocated to the class of shareholders to which he belongs.
- (iv) The decision of the Board as to whether on a particular application for shares, there shall be full, partial or no allotment shall be final.
- (v) If a person to whom shares have been allotted fails to pay the balance of the full value of shares due on the shares allotted to him by the date mentioned in the letter of allotment for the payment of the same, the amount paid with the application may be forfeited and the allotment treated as cancelled, and the Board may proceed to dispose of the said shares as if no allotment had been made in respect thereof.
- (vi) For the purpose of making the allotment, there shall be a Committee of the Board consisting of the Chairman, the Managing Director and one other Director who shall be appointed in this behalf by the Chairman. The Committee so constituted shall advise the Board in making allotments of the shares after due consideration of the applicable norms as prescribed by SEBI/Stock Exchanges from time to time.

5. CONTROL OVER SHARES:

Subject to the provisions of the Act and these Regulations, the Board shall decide any question relating to any matters pertaining to the shares other than those covered by specific Regulations hereafter.

6. PARTIES WHO MAY NOT BE REGISTERED AS SHAREHOLDERS:

Except as otherwise provided by these Regulations no minor or person who has been found by Court of competent jurisdiction to be of unsound mind shall be entitled to be registered as a shareholder.

7. JOINT HOLDING OF SHARES:

Except in the case of individuals, the Corporation shall not recognise the joint holding of shares. In case of firms, shares shall be registered not in the name of the firms, but only in the names of the individual partners of the firms.

8. SHARE REGISTER:

- (i) The Corporation shall maintain, at its Head Office, a register of shareholders qualified by the Act to be registered therein either in manual or in accordance with and subject to the provisions of Information Technology Act, 2000 and the Rules made thereunder, in the format enclosed as at Annexure 'A'.
- (ii) Control Over Registration of shares. Subject to the provisions of the Act and these Regulations, and such directions as the Board may give from time to time, the register kept at the Head Office shall be maintained by and be under the control of the Board and the decision of the Board as to whether or not a person(s)/company is entitled to be registered as a shareholder in respect of any share shall be final.

Provided that nothing contained in this regulation shall apply to the shares held with a depository. The register of beneficial owners maintained by a depository under section 11 of the Depositories Act, 1996 shall deem to the register of shareholders for the purpose of this regulation.

- (iii) A separate ledger shall be maintained in the share register for each class of shareholders referred to in Section 4, 4A & 4D of the Act.
- (iv) In the case of joint holders of any shares, the particulars required by clause (i) shall be entered under the name of any one of such joint holders specified by them and the names of other holders shall be entered after the name of such specified joint holder.
- (v) A shareholder resident outside India shall furnish to the Corporation an address in India and such address when entered in the register shall be deemed to be his registered address for the purposes of the Act and these Regulations.
- (vi) Nothing contained herein above in these Regulations shall apply to shares held with the depository under the Depository Act, 1996.
- (vii) The register of beneficial owners maintained by a depository under Section 11 of the Depository Act 1996 shall be deemed to be a register of shareholders.

9. TRUST NOT TO BE RECOGNISED:

The Corporation shall deal with the shareholders irrespective of whether they are full owners of their shares or trustees for some other person or persons. No notice of any trust expressed, implied or constructive shall be entered on the register, nor shall any trust be recognized by the Corporation.

10. EXERCISE OF RIGHT OF JOINT HOLDERS:

If any share stands jointly in the names of two or more persons, the person first named in the register shall, as regards voting, receipt of dividends, service of notices and all or any other matter connected with the Corporation, except the transfer of the share, be deemed to be the sole holder thereof.

11. INSPECTION OF SHARE REGISTER :

- (i) The share register maintained under Regulation 8, except when closed under the provisions of these Regulation 12, shall be open to the inspection of any shareholder free of charge at the Head Office of the Corporation during business hours subject to such reasonable restrictions and such advance notice as the Managing Director may impose, but so that not less than two hours in each working day may be allowed for inspection.

- (ii) A shareholder shall not have the right himself to make a copy of any entry in any such register, but may, except when the register is closed, require a copy of any such register or of any part thereof on pre-payment therefore at such rate as may be decided by the Managing Director.
- (iii) Notwithstanding anything contained in Sub- Regulation (ii), any officer of the State Government or the Small Industries Bank authorised in this behalf, shall have the right to make a copy of any entry in the register or require a copy of the register or any part thereof free of charge.

12. CLOSING OF SHARE REGISTER :

The Board may, after giving not less than seven days previous notice by advertisement in the newspaper circulating in the place where the Head Office of the Corporation is situated, close the share register for such periods (not exceeding forty-five days in all during any one financial year) as shall, in its opinion, be necessary but not exceeding 30 days at one time.

13. SHARE CERTIFICATES:

- (i) Every share certificate shall be issued in the format enclosed as at Annexure 'B' and 'B-I' as modified by the Board from time to time.
- (ii) Every share certificate shall be signed on behalf of the Corporation by two Directors including the Managing Director duly authorised in this behalf by the Board and such signature may be printed, engraved, lithographed or impressed by such other process as the Board may direct and countersigned by any authorised signatory of the Corporation who shall sign the share certificates.
- (iii) A signature of the Directors so printed, engraved, lithographed or otherwise impressed shall be as valid as a signature of the proper handwriting of the signatory himself:

Provided that nothing contained in this regulation shall apply to the shares held with a depository.

- (iv) Every share certificate shall be issued under the Common Seal of the Corporation.

14. ISSUE OF SHARE CERTIFICATE FREE OF CHARGE:

- (i) The State Government and the Small Industries Bank shall each be entitled free of charge, to one certificate for all the shares registered in their names at each allotment. If any shares are allotted to the State Government and the Small Industries Bank in pursuance of Sub-section (5) of Section 4, an additional certificate in respect of such shares shall also be issued free of charge to the State Government and the Small Industries Bank respectively.
- (ii) Every other shareholder shall be entitled, free of charge, to one certificate, for each 100 shares registered in his name and one additional certificate for the number of shares in excess of a multiple of 100 shares registered in his name at each allotment. A shareholder holding less than 100 shares shall be entitled, free of charge, to one certificate for all the shares registered in his name at each allotment.
- (iii) If any shareholder requires more certificates than the number to which he is entitled free of charge under this Regulation, he shall pay for each additional certificate such sum as may be decided by the Board from time to time.
- (iv) In the case of shares held jointly by several persons, delivery of the relative certificates to one of such joint holders shall be sufficient delivery to all, and the receipt therefore signed by any one of the joint holders shall effectively bind all the joint holders:

Provided, that nothing contained in this regulation shall apply to the shares held with a depository.

15. ISSUE OF DUPLICATE/SUB-DIVISION OF SHARE CERTIFICATES:

- (i) If any share certificate is worn out or defaced or tendered for sub-division, then upon production thereof to the Head Office of the Corporation, the Board may order the same to be cancelled and have a new certificate or certificates issued in lieu thereof.
- (ii) If any share certificate is alleged to be lost or destroyed, then after publication of such loss at least once in any newspaper circulating in the State of Haryana and/ or upon production of such evidence of the loss or destruction thereof as the Board may consider satisfactory and upon such indemnity with or without security as the Board may require, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate and the person availing himself of the provisions of this clause shall

also pay to the Corporation all the expenses incidental to the advertisement and investigation of evidence of loss or destruction and the preparation of the requisite form of indemnity as aforesaid.

- (a) Provided that nothing contained in Regulation shall apply to the shares held with a depository.
- (b) Loss of share certificates may be reported to the Police and a copy of such report may be submitted to the Corporation while approaching the duplicate certificate.
- (c) The decision of the Managing Director as to the quantum of these expenses shall be final.

16. TRANSFER OF SHARES:

- (i) Subject to the restrictions contained in the Act and in these Regulations, shares except redeemable preference shares shall be transferable, but every transfer shall be in writing and in the form prescribed under the Companies Act, 1956 for transfer of shares.
- (ii) The instrument of transfer of shares shall be signed by the transferor and the transferee or any persons duly authorised to do so on their behalf and shall be submitted to the Board duly stamped under the Indian Stamp Act, 1899, along with the share certificate and the transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the share register. Each signature to such transfer shall be duly attested by one witness who shall sign giving his address and occupation.
- (iii) The above provisions in Sub-Regulations (i) and (ii) of Regulation 16 shall also apply to transfer of debentures/bonds.
- (iv) Upon receipt by the Board of an instrument of transfer with a request to register the transfer, the Board shall, unless it refuses to register the transfer under Sub-section (3) of Section 5, cause the transfer to be registered within 30 days:

Provided that nothing contained in this Regulation shall apply to the shares held with a depository.

The register of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996 shall deem to be the register of share holders for the purpose of this regulation.

17. POWER TO SUSPEND TRANSFER :

The Board may suspend the registration of transfer during any period in which the register is closed.

18. TRANSMISSION OF SHARES/DEBENTURES IN THE EVENT OF DEATH, INSOLVENCY ETC. OF A SHAREHOLDER/DEBENTUREHODLER:

- (i) The executors or administrators of a deceased sole holder of the shares/debentures, or the holder of a succession certificate issued under part X of the Indian Succession Act, 1925, in respect of such shares/debentures or a person in whose favour a valid instrument of transfer of such shares/debentures was executed by such person or by the deceased sole holder during the later's lifetime shall be the only person who may be recognised by the Corporation as having any title to such shares/debentures.
- (ii) In the case of the shares/debentures registered in the names of two or more holders, the survivor or survivors and on the death of the last survivor, his executors or administrators or any person who is the holder of a succession certificate in respect of such shares/debentures or a person in whose favour a valid instrument of transfer of the shares/debentures was executed by such person and such last survivor during the later's life-time, shall be the only person who may be recognised by the Corporation as having any title to such shares/ debentures.
- (iii) The Corporation shall not be bound to recognise such executors or administrators unless they shall have obtained probate or letters of administration or other legal representation, as the case may be, from a court of competent jurisdiction:

Provided, however, that in case where the Board in its discretion thinks fit, it shall be lawful for the Board to dispense with the production of a succession certificate, letters of administration or such other legal representation upon such terms as to indemnity or otherwise as it may think fit.

- (iv) Any such person becoming entitled to any shares/debentures in consequence of death of a shareholder/debenture holder and any person becoming entitled to shares/ debentures in consequence of the insolvency, bankruptcy or liquidation of a shareholder/debenture holder shall upon production of such evidence as the Board may require, have the right.

- (a) to be registered as a shareholder/debenture holder in respect of such shares/debentures upon his satisfying the Board in the same manner as if he was the proposed transferee under Regulation 18 (ii) that he is qualified to be shareholder/debenture holder; or
- (b) to make such transfer of such shares/ debentures as the person from whom he derives title could have made.

19. CALLS ON SHARES:

The Board may, from time to time, make such calls as it thinks fit upon the shareholders in respect of all moneys remaining unpaid on the shares held by them, and not by the conditions of allotment thereof made payable at fixed times, and such shareholder shall pay the amount of every call so made on him to the person and at the time and place appointed by the Board. A call may be made payable by installments.

20. CALLS TO DATE FROM RESOLUTION:

A call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed and may be made payable by the shareholders on the register on such date or at the discretion of the Board on such subsequent date as may be fixed by the Board.

21. NOTICE OF CALL:

A notice of not less than thirty days of every call shall be given specifying the time of payment provided that before the time for payment of such call the Board may by notice in writing to the shareholders revoke the same.

22. EXTENSION OF TIME FOR PAYMENT OF CALL

The Board may, from time to time and at its discretion, extend the time fixed for the payment of any call as to all or any of the shareholders having regard to any special circumstances subject to SEBI regulations but no shareholder shall be entitled to such extension as a matter of right.

23. LIABILITIES OF JOINT HOLDERS:

The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

24. AMOUNT PAYABLE AT FIXED TIME OR BY INSTALMENTS AS CALLS:

If by the terms of issue of any share or otherwise any amount is payable at any fixed time or by installments at fixed time, every such amount or installment shall be payable as if it were a call duly made by the Board and of which due notice had been given and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.

25. WHEN INTEREST ON CALL OR INSTALMENT PAYABLE:

If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the holder for the time being or the allottee of the share which include his successor(s) or assignee in respect of which a call shall have been made, or the installment shall be due, shall pay interest on such sum at such rate as the Board may fix, from time to time, from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part.

26. NON-PAYMENT OF CALLS BY SHAREHOLDER:

No shareholder shall be entitled to receive any dividend or to exercise any privilege as a shareholder until he shall have paid all calls for the time being due and payable on every share held by him, whether singly or jointly with any person, together with interest and expenses, if any.

27. NOTICE TO BE GIVEN IF CALL OR INSTALMENT NOT PAID:

If any shareholder fails to pay the whole or any part of a call or installment or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Board may at any time thereafter during such time as the call or installment or any part thereof or other moneys remain unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such shareholder or on the person (if any) entitled to the share by transmission, requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued

and all expenses (legal or otherwise) that may have been paid or incurred by the Corporation by reason of such non-payment.

28. FORM OF NOTICE:

The notice shall name a day not being less than fourteen days from the date of the notice and the place or places on and at which such call or installment or such part or other moneys and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment on or before the time and at the place appointed, the share in respect of which the call was made or installment is payable will be liable to be forfeited.

29. IN DEFAULT OF PAYMENT, SHARES TO BE FORFEITED:

If the requirements of any such notice as aforesaid are not complied with, any of the shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interest and expenses or the money due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

30. ENTRY OF FORFEITURE IN THE REGISTER:

When any share has been forfeited under Regulation 29, an entry of the forfeiture with the date thereof shall be made in the register.

31. FORFEITED SHARES TO BE PROPERTY OF THE CORPORATION AND MAY BE SOLD:

Any share so forfeited shall be deemed to be the property of the Corporation and may be sold, reallocated 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 may decide.

32. POWER TO ANNUL FORFEITURE

The Board may, at any time, before any share so forfeited under Regulation 29 shall have been sold, reallocated or otherwise disposed of, annul the forfeiture thereof upon such conditions as it may think fit.

33. SHAREHOLDER LIABLE TO PAY MONEY OWING AT THE TIME OF FORFEITURE AND INTEREST:

Any shareholder whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Corporation all calls, instalments, interest, expenses and other moneys owing upon or in respect of such shares at the time of the forfeiture with interest thereon from the time of forfeiture until payment at such rate as may be specified by the Board and the Board may enforce the payment of the whole or a portion thereof.

34. PARTIAL PAYMENT NOT TO PRECLUDE FORFEITURE:

Neither a judgement nor a decree in favour of the Corporation for calls or interest in arrear or other moneys due in respect of any shares or any payment or satisfaction thereunder or the receipt by the Corporation of a portion of any money which shall be due from any shareholder from time to time in respect of any shares either by way of principal or interest nor any indulgence granted by the Corporation in respect of payment of any money shall preclude the forfeiture of such shares under these Regulations.

35. APPLICATION OF FORFEITURE PROVISIONS:

The provisions of these Regulations as to the forfeiture shall apply in the case of non-payment of any sum which by terms of issue of a share becomes payable at a fixed time, as if the same had been payable by virtue of a call duly made.

36. CORPORATION'S LIEN ON SHARES:

The Corporation shall have a first lien upon all shares registered in the name of each shareholder and upon the proceeds of sale thereof for his debts, liabilities and engagements solely or jointly with any other person to or with the Corporation whether the period for the payment, fulfillment or discharge thereof shall have actually arrived or not, 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 Corporation's lien, if any, on such shares.

37. ENFORCING LIEN BY SALE OF SHARES:

The Board may, for the purpose of enforcing the lien referred to in Regulation 36 sell the shares subject thereto in such manner as it thinks fit, but no sale shall be made unless any sum in respect of which the lien exists is presently payable nor until notice in writing of the intention to sell shall have been served on such shareholder or person, if any, entitled for transmission to the shares and default shall have been made by him in payment of the sum presently payable for seven days after such notice.

38. APPLICATION OF PROCEEDS OF SALE OF SHARES:

The net proceeds of any sale of shares under Regulation 37 after deduction of costs of such sale, shall be applied in or towards the satisfaction of the debt or liability in respect whereof the lien exists so far as the same is presently payable and the residue, if any, paid to the shareholders or the person, if any, entitled by transmission to the shares so sold.

39. CERTIFICATE OF FORFEITURE:

A certificate in writing under the hands of any Director, or any other officer of the Corporation duly authorised in this behalf, that the call in respect of a share was made and that the forfeiture of the share was made by a resolution of the Board to that effect, shall be conclusive evidence of the fact stated therein as against all persons entitled to such shares.

40. TITLE OF PURCHASER AND ALLOTTEE OF FORFEITED SHARE:

The Corporation may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share and the remedy of any person aggrieved by the sale shall be in damages only and against the Corporation exclusively.

41. SHAREHOLDER CEASING TO BE QUALIFIED FOR REGISTRATION.

- (i) It shall be the duty of any person registered as a shareholder, forthwith upon ceasing to be qualified to be so registered, to give intimation thereof to the Board.
- (ii) The Board may, at any time, cause such enquiry to be made as it may consider necessary for ascertaining whether any person registered as a shareholder has ceased to be so qualified and upon being satisfied that any such person has ceased to be so qualified, it shall inform him that he is not entitled to be a shareholder of the Corporation. He will not be further entitled to the payment of any dividend on any such shares nor to exercise any of the rights of shareholders otherwise than for the purpose of the sale of such shares, and the Corporation shall make an entry in the share register to that effect.
- (iii) If the Board shall ascertain that a person who is not qualified to be a shareholder of the Corporation is registered, by inadvertence or otherwise, as a shareholder of the Corporation, it shall inform the shareholder that such shareholder is not entitled to the payment of any dividend on any share nor to exercise any of the rights of a shareholders otherwise than for the purpose of the sale of such shares, and shall make an entry in the share register to that effect.
- (iv) A determination of the Board under this Regulation as to whether a person is qualified to be shareholder or not shall be conclusive.

42. SERVICE OF A NOTICE OR DOCUMENT TO SHAREHOLDER:

- (i) The Corporation may serve a notice or a document on any shareholder either personally, or by post or by courier at his registered address or if he has no registered address in India, at the address, if any, within India supplied by him to the Corporation for the giving of notice to him.
- (ii) Where a document or a notice is sent by post, the service of such document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice:

Provided that where a shareholder has intimated to the Corporation in advance that document should be sent to him under a certificate of posting or by registered post, with or without acknowledgement

due or by speed post or by courier or any other mode of service as may be requested by the share holders and agreed to by the Corporation and has deposited with the Corporation a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the shareholder, and unless the contrary is proved, such service shall be deemed to have been effected in the case of a notice of a meeting at the expiration of forty eight hours after the letter containing the same is posted, and in any other case, at the time at which the letter would have been delivered in the ordinary course of post.

- (iii) A notice or a document advertised in a newspaper shall be deemed to be duly served on the day on which the advertisement appears, on every shareholder of the Corporation who has no registered address in India and has not supplied to the Corporation an address within India for giving of notices to him.
- (iv) A notice or a document may be served by the Corporation on the joint-holders of a share by serving it on the joint-holder named first in the register in respect of the share.
- (v) A notice or a document may be served by the Corporation on the persons entitled to a share upon death or in consequence of the insolvency of a shareholder by sending it through post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or assignees of the insolvent, or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied, by serving the document in any manner in which it might have been served if the death or insolvency had not occurred.
- (vi) The signature to any notice to be given by the Corporation may be written or printed or be affixed in any other manner.

CHAPTER III

MEETING OF SHAREHOLDERS OR ANY CLASS OF SHAREHOLDERS

43. CHAIRMAN OF MEETING:

- (i) unless the context does not permit, the reference to "general meeting" shall include a reference to a meeting of a class of shareholders, and
- (ii) the word 'Chairman' means the 'Chairman' of a meeting under Regulation 49.

44. ANNUAL GENERAL MEETINGS :

The Annual General Meeting of the Corporation shall be held at the place where the Head Office of the Corporation is situated, or if so directed by the Board at any other place within the State where there is an office of the Corporation. Each Annual General Meeting shall be held within four months from the date on which the annual accounts of the Corporation are closed or within such period as may be specified in the Act from time to time.

"Without prejudice to the aforesaid provision, the date and time of the Annual General Meeting shall be fixed by the Managing Director or by any other officer of the Corporation authorized by the Board in this behalf".

45. GENERAL MEETINGS (OTHER THAN ANNUAL GENERAL MEETING):

- (i) The Board may convene a general meeting at such date, time and place as may be decided by the Board.
 - (i)(a) "The Board may determine the business to be transacted in such General meetings including appointment of auditors".
 - (i)(b) The Board shall convene a general meeting if a requisition for such a meeting has been received from the shareholders carrying in aggregate not less than 10% of the total voting rights of all the shareholders not later than 3 months from the receipt of the requisition.
 - (i)(c) The requisition referred to in sub-regulation (i)(b) shall state the purpose for which the general meeting is required to be convened, but may consist of several documents like form each signed by one or more of the requisitionists.

- (i)(d) Where two or more persons hold any shares jointly a requisition or a notice calling a meeting, signed one or some of them shall for the purposes of this regulation have the same force and effect as if it had been signed by all of them.
- (i)(e) The time, date and the place of the general meeting shall be decided by the Board.
- (i)(f) If the Board does not convene the meeting as required by sub-regulation (i)(b) within a period of 3 months as stipulated, the meeting may be called by the requisitionists themselves within next 3 months:

Provided that nothing in this sub-regulation shall be deemed to prevent a meeting duly commenced before the expiry of the period of 3 months aforesaid from adjourning to some day after the expiry of that period.

- (i)(g) The meeting called under sub-regulation (i)(f) by the requisitionists shall be called in the same manner, as nearly as possible, as that in which the other general meetings are called.
- (i)(h) Any reasonable expenses incurred by the requisitionist in calling a meeting under sub-regulation (i)(f) shall be reimbursed to the requisitionists by the corporation.
- (ii) When it is necessary to hold a general meeting (other than the Annual General Meeting) for any purpose, such meeting shall be convened under the direction of the Board by the Managing Director or in his absence by any other officer of the Corporation authorised by the Board in this behalf.

46. NOTICE CONVENING A GENERAL MEETING:

- (i) A notice convening a General Meeting signed by the Managing Director or Secretary or any other officer of the Corporation authorised by the Board, shall be sent to every registered shareholder or every shareholder of the class to which the meeting relates at his address, if any, in India and published at least twenty-one-clear days before the meeting one in English newspaper and one in regional language newspaper.
- (ii) Every such notice shall state the time, date and place of such meeting, and also the business that shall be transacted at that meeting.

47. BUSINESS AT GENERAL MEETINGS :

- (i) At the annual general meeting the following business shall be transacted namely:—
 - (a) To discuss and if deemed fit, to adopt the annual accounts of the Corporation including the Profit and Loss Account and the balance sheet for the year ending the 31st March, together with a report by the Board on the working of the Corporation throughout the year, the auditor's report(s) on the said balance sheet and accounts and proposals for declaration of dividend and capitalisation of reserves; as referred to in Sub-section (2) of Section 36.
 - (b) To consider appointment of auditors as referred to in Section 37; and
 - (c) To discuss any other matter to be transacted at the annual general meeting in terms of Sub-section (3) of Section 36.
- (ii) No business shall be transacted, or any matter discussed, other than that mentioned in the notice for the meeting, except with the consent of the Chairman or unless not less than two weeks' notice has been given of the same by the State Government, or the Small Industries Bank or by the other shareholders holding shares carrying in the aggregate not less than 10% of the total Voting Rights of all the shareholders or a class of the shareholders as the case may be. Such notice shall take the form of a definite resolution to be put to the meeting.

48. QUORUM AT GENERAL MEETINGS:

- (i) No business shall be transacted at any meeting of the shareholders, or a class of shareholders, whether it is the Annual General Meeting or any other general meeting, unless a quorum of at least five shareholders entitled to vote at such meeting in person or by proxy or by duly authorised representative is present at the commencement of such business.
- (ii) If within thirty minutes from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place, and if at such adjourned meeting, a quorum is not present, the shareholders who are present in person or by proxy or by duly authorised representative shall form a quorum and may transact the business for which the meeting was called.

- (iii) If within fifteen minutes from the time appointed for the meeting, a quorum is not present, in the case of meeting called by the requisition of shareholders other than the State Govt. or the IDBI/SIDBI, the meeting shall stand dissolved:

Provided that no Annual General Meeting shall be adjourned to a date later than four months or as per provisions of the Act, after the 31st March and if adjournment of the meeting to the same day in the following week would have this effect, the Annual General Meeting shall not be adjourned but the business of the meeting shall be commenced either as soon within one hour from the time appointed for the meeting as a quorum may be present, or immediately after expiry of one hour from that time and those shareholders who are present in person or by proxy or by duly authorised representative at such time shall form a quorum.

49. CHAIRMAN OF GENERAL MEETINGS:

- (i) The Chairman of the Board or, in his absence, the Managing Director or, in his absence, a Director authorised by the Chairman in writing in this behalf shall be the Chairman and in default of such authorisation or in the absence of the Director so authorised, the meeting may elect any other Director to be the Chairman of the meeting.
- (ii) The Chairman shall regulate the procedure at all general meetings, and in particular, shall have full power to decide the order in which shareholders may address the meeting, to fix a time limit for speeches, to apply the closure when in his opinion any matter has been sufficiently discussed and to adjourn the meeting.

50. PERSONS ENTITLED TO ATTEND GENERAL MEETINGS :

- (i) All Directors and all shareholders of the Corporation and/or the Secretary of the Corporation or such other officers as the Managing Director may decide shall, subject to the provisions of Sub-Regulation (ii), be entitled to attend a general meeting.
- (ii) A shareholder being one of the parties mentioned in clauses (c) or (d) of Sub-section (3) of Section 4, attending a general meeting, shall for the purpose of identification and to determine his voting rights, be required to sign and deliver to the Corporation a form containing the particulars relating to—
- his full name, folio number and registered address ;
 - the distinctive numbers of his shares;
 - the class of shareholders to which he belongs;
 - whether he is entitled to vote and the number of votes to which he is entitled in person or by proxy or as a duly authorised representative.

51. VOTING AT GENERAL MEETINGS:

- (i) At any general meeting, a resolution put to the vote of the meeting shall, unless a poll is demanded, be decided on a show of hands.
- (ii) Save as otherwise provided in the Act, every matter submitted to a general meeting shall be decided by a majority of votes.
- (iii) Unless a poll is demanded under Sub-Regulation (i), a declaration by the Chairman of the meeting that a resolution on show of hands has or has not been carried, either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings, shall be a conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.
- (iv) Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion, or shall be ordered to be taken by him on a demand made in that behalf by any shareholder or shareholders present in person or by proxy or by duly authorised representative and holding shares in the Corporation which confer a power to vote on the resolution not being less than one tenth of the total voting power in respect of the resolution.
- (v) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.
- (vi) A poll demanded on a question of adjournment or election of Chairman of the meeting shall be taken forthwith.

- (vii) A poll demanded on any question other than those under sub-Regulation (vi) above shall be taken at such place and time but not later than forty-eight hours from the time when the demand was made, as the Chairman may direct. The poll may be either by open voting or ballot as the Chairman may direct and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. At such poll a vote shall be given by a shareholder entitled to vote either personally or by proxy or by duly authorised representative and the shareholders shall exercise the voting rights in accordance with the Regulations made in that behalf.
- (viii) The decision of the Chairman as to the qualification of any person to vote, and also in the case of a poll, as to the number of votes any person is competent to exercise, shall be final.

52. MINUTES OF GENERAL MEETINGS:

- (i) The Corporation shall cause the minutes of all proceedings of general meetings to be maintained in manual form in the book(s) kept for the purpose or may be in the form of binders containing loose leaves which be bound in book form after some reasonable period.
- (ii) The Minutes of proceedings of General Meeting(s) shall be signed by the Chairman of the same meeting within 30 days of the meeting and in his inability, by any Director so authorised by the Board of Directors in its meeting held immediately after the said General Meeting.
- (iii) Until the contrary is proved, every General Meeting in respect of the proceedings whereof minutes have been so recorded shall be deemed to have been duly called and held, and all proceedings stated to have taken place there at, to have duly taken place.

CHAPTER IV

VOTING RIGHTS

53. DEFINITION OF COMPANY:

In this chapter a "Company" mean a body corporate either incorporated under the Companies Act, 1956 or any other law for the time being in force and unless there is anything repugnant in the subject or context, includes the Small Industries Bank, Public Sector Banks, Co-operative Banks, Co-operative Societies, a Society registered under the Societies Registration Act, 1860 (21 of 1860) LIC, other Insurance Companies owned or controlled by Central Government, other Institutions owned or controlled by the Central Govt. or State Govt.

54. SHAREHOLDERS ENTITLED TO VOTE AND THEIR VOTING RIGHTS:

- (i) Subject to the provisions of Section 4F and 10(e) of the Act and Sub-Regulation (ii), (at a general meeting), each shareholder who has been registered as a shareholder not less than 90 days prior to the date of the meeting shall have, on poll, a voting right in proportion to his or its share of the paid up equity capital of the Corporation:
 Provided, however, that no shareholder, other than a shareholder referred to in clause (a), (b) and (c) of Sub-section (3) of Section 4 of the Act, shall be entitled to exercise voting rights in respect of any equity share held by him in excess of ten percent, of the issued equity capital.
- (ii) In the case of election of a Director at general meeting, only the shareholders of the class to represent which the Director is to be elected, shall be entitled to vote, and in the case of appointment of the auditor, all the parties who are shareholders of the Corporation, shall be entitled to vote.
- (iii) Every shareholder entitled to vote as aforesaid who being an individual is present in person or by proxy or being the State Government or a company is present by a duly authorised representative or by proxy shall have one vote, on a show of hands and in the case of poll, shall have voting right in proportion to his or its share of the paid up equity capital of the Corporation subject to the restrictions as may be prescribed in the Act from time to time.
- (iv) For the purpose of voting rights, one share entitles a shareholder for one vote.

55. VOTING BY GOVERNMENT:

- (i) The State Government and institutions covered under clauses 'b' and 'c' of Sub section 3 of Section 4 of the Act may, by an order in writing, authorise any of its officers or a Director of the Corporation to act as its representative at any general meeting of the Corporation and the person so authorized shall be

entitled to exercise the same powers on behalf of the State Government, the said institutions as if he were an individual shareholder of the Corporation. The authorisation so given may be in favour of two or more persons as alternate representatives and in that case, any one of such persons may act as the duly authorised representative of the Government, the said institutions. The person so authorised shall not be deemed to be a proxy.

- (ii) A copy of any order made under sub-Regulation (i) shall be deposited at the Head Office of the Corporation before the time fixed for the meeting.
- (iii) An order made under Sub-Regulation (i) may subsequently be revoked by the State Government and institutions covered under clauses 'b' and 'c' of Sub section 3 of Section 4 of the Act by depositing a notice of revocation at the Head Office of the Corporation before the time fixed for the meeting and the due revocation of an order shall, in no way prohibit the issue of another order by the State Government and institutions covered under clauses 'b' and 'c' of Sub-section 3 of Section 4 of the Act and the deposit of a copy thereof at the Head Office of the Corporation within the time specified in Sub-Regulation(ii).

56. VOTING BY DULY AUTHORISED REPRESENTATIVE PRECLUDES VOTING BY PROXY:

No shareholder being a company shall vote by proxy so long as a resolution referred to in Regulation 57 authorising any person to act as its duly authorised representative at any general meeting, shall be in force.

"For the purpose of this regulation, a company shall also include a Society registered under The Societies Registration Act, 1861 (21 of 1861) or any other law for the time being in force providing for registration of Societies".

57. VOTING BY DULY AUTHORISED REPRESENTATIVE :

- (i) A shareholder, being a company, may by a resolution of its Board of Directors or other Governing Body authorise any of its officials or any other person to act as its representative at any meeting of the Corporation and the person so authorised shall be entitled to exercise the same powers on behalf of the company which he represents, as if he were an individual shareholder of the Corporation. The authorisation so given may be in favour of two or more persons as alternate representatives and in that case any one of such persons may act as the duly authorised representative of the company. A person acting in pursuance of an authorisation given under this Sub-Regulation shall not be deemed to be a proxy.
- (ii) No person may attend or vote at any meeting of the Corporation as a duly authorised representative of a company unless a copy of the resolution appointing him as a duly authorised representative certified to be a true copy by the Chairman of the meeting at which it was passed or by an authorised official/Director of the company shall have been deposited at the Head Office of the Corporation not less than 48 hours before the date fixed for the meeting. An appointment of a duly authorised representative shall, after the deposit of a certified copy of the resolution as aforesaid, be irrevocable for the meeting for which it is made and shall revoke any authorisation previously deposited for such meeting by the company.
- (iii) No person may be appointed a duly authorised representative or a proxy who is officer or an employee of the Corporation.
- (iv) Nothing contained in this Regulation shall apply to the State Government and the State Government may appoint such persons as it thinks fit to act as its representative at any general meeting of the Corporation. A person so appointed shall for the purpose of the meeting be deemed to be the shareholder of the Corporation.

58. PROXIES :

- (i) Any shareholder of the Corporation entitled to attend and vote at a general meeting shall be entitled to appoint another person (whether a shareholder or not) as his proxy to attend and vote instead of himself but a proxy so appointed shall not have any right to speak at the meeting.
- (ii) No instrument of proxy shall be valid unless in the case of an individual shareholder it is signed by him or by his attorney duly authorised in writing, or in the case of joint holders, it is signed by the shareholder first named in the register or his attorney duly authorised in writing or in the case of a company it is

executed under its common seal, if any, or signed by its attorney duly authorised in writing:

Provided that an instrument of proxy shall be sufficiently signed by any shareholder, who is, for any reason, unable to write his name, if his thumb impression affixed thereto is attested by a Judge, Magistrate, Registrar or Sub-Registrar of Assurances, Government Gazetted Officer or an officer of a Nationalised Bank or of the Corporation of the rank of Manager and above.

- (iii) No proxy shall be valid unless it is made out specifically for the purpose of voting at the meeting at which it is to be used.
- (iv) No proxy shall be valid unless it is duly stamped and unless it, together with the power of attorney or other authority, if any under which it is signed, or a copy of that power or authority certified by a Notary Public or a magistrate, is deposited with the Head Office of the Corporation not less than 48 hours before the time fixed for the meeting or adjourned meeting or in the case of poll, not less than 24 hours before the time fixed for the purpose of the poll.
- (v) No instrument of proxy shall be valid unless it is in the following form and date

“HARYANA FINANCIAL CORPORATION”

I/We ___ (Folio No. ___) resident of ___ being a/the shareholder(s) of the Haryana Financial Corporation holding Share Nos. ___ hereby appoint Sh. ___ of ___ (or failing him Sh. ___ of ___) as my/our proxy to vote for me/us and on my/our behalf at the ___ meeting of the shareholders of the Corporation to be held at ___ on the ___ day of ___ and at any adjournment thereof. As witness I/we have affixed my/our hand(s) this day of.....

(AFFIX REVENUE STAMP AS APPLICABLE)

(Specimen signature of proxy holder(s))

(Signature of Shareholder(s))

- (vi) An instrument of proxy so deposited shall be irrevocable unless :—
 - (a) on or before the last day for the deposit of proxies there shall have been deposited at the Head Office of the Corporation a notice in writing under the hand or common seal of the grantor specifically stating :—
 - (i) the name of the person in whose favour the instrument was granted; and
 - (ii) that such instrument is revoked; or
 - (b) the same is deemed to be invalid under any of Sub-Regulations (i to iv).
- (vii) In the case of an instrument of proxy granted in favour of two or more grantees in the alternative, it shall not be necessary to mention in a notice of revocation the name of the second or alternative grantee provided that the notice is otherwise sufficient to identify beyond doubt the instrument of proxy which it is intended to revoke.
- (viii) If two or more instruments of proxy in respect of the same shares shall be deposited and if on or before the last day for deposit of proxies all but one of such instruments of proxy shall not have been duly revoked in accordance with the procedure prescribed in Sub-Regulation (vi) all such instruments of proxy shall be deemed invalid.
- (ix) The due revocation of an instrument of proxy shall in no way prohibit the deposit of another valid instrument of proxy within the time specified in Sub-Regulation (iv).
- (x) Notwithstanding anything to the contrary in these Regulations, the grantor of an instrument of proxy which has become irrevocable under this Regulation shall not be entitled to vote in person at the meeting to which such instrument relates.

59. ELECTION DISPUTES:

- (i) If any doubt or dispute shall arise as to the qualification or disqualification of a person deemed or declared to be elected or otherwise as to the validity of the election of a Director, any person interested, being a candidate or shareholder entitled to vote at such election, may, within seven days of the date of the declaration of the result of such election, give an intimation in writing thereof to the Chairman of the Board and shall in so doing give full particulars of the grounds upon which he doubts or disputes the validity of such election.

- (ii) On receipt of an intimation under clause (i) the Chairman shall forthwith refer such doubt or dispute for the decision of a Committee consisting of himself Managing Director and any one of the Directors nominated under clauses (b) (c) (d) & (e) of Section 10. The Committee shall make such enquiry as it deems necessary and if it finds that the election was a valid election, it shall confirm the declared result of the election, or, if it finds that the election was not a valid election, it shall, within 30 days of the commencement of the enquiry, make such order and give such directions including the holding of a fresh election as shall in the circumstances appear just to the Committee. On receipt of a direction from the committee to hold a fresh election the Board shall cause a fresh election within such a reasonable period, as the Board may consider.
- (iii) Any order and direction of the Committee made in pursuance of this Regulation shall be conclusive.

CHAPTER V

SPECIAL PROVISIONS REGARDING THE NOMINATION

OR ELECTION OF DIRECTORS AND APPOINTMENT OF AUDITORS

60. ISSUE OF NOTICE OF ELECTION:

Where at any general meeting an election of any Director(s) is to be held, notice thereof shall be included in the notice convening the meeting. Every such notice shall also specify the number of Directors to be elected and the particular vacancies in respect of which the election is to be held.

61. LIST OF SHAREHOLDERS:

- (i) For the purpose of election of Directors mentioned in clause (e) of Section 10, a separate list shall be prepared of the shareholders mentioned in clause (d) of Sub-section (3) of Section 4.
- (ii) Such a list shall contain the names of the shareholders, their registered addresses in India, the number and distinctive number of shares held by them and the number of votes to which they will be entitled on the date fixed for the election and copies of such a list shall be available for purchase at least three weeks before the date fixed for the election at a price per copy to be decided by the Managing Director on application at the Head Office of the Corporation.

62. PROPOSAL OF CANDIDATES FOR DIRECTORSHIP:

- (i) No candidate for election as a Director of the Board shall be validly proposed unless:—
- (a) he is, on the last date for receipt of proposals, not disqualified to be a Director under Section 12 and who has not been removed earlier under Section 13 of SFC (Amendment Act, 2000).
- (b) he is proposed by at least two shareholders entitled to elect Directors under clause (e) of Section 10.
- (c) the proposal is in writing signed by the shareholders or by their duly constituted attorneys, provided that a proposal by a shareholder who is a body corporate may be made by a resolution of the Directors of the said body corporate and where it is so made, a copy of the resolution certified to be a true copy by the Chairman of the meeting at which it was passed or by the Secretary, or the Chief/ Vice Chief, Executive Officer of that body corporate shall be dispatched to the Head Office of the Corporation and such copy shall be deemed to be a proposal on behalf of such body corporate.
- (d) the proposal contains a declaration signed by the candidate before a Judge, Magistrate, Registrar or Sub-Registrar of Assurances, or other Government Gazetted officer or an officer of Nationalised Bank or of the Corporation not below the rank of Manager, that he accepts the proposal and is willing to stand for election, and that he is not disqualified for election under Section 12 or earlier removed under Section 13.
- (ii) No proposal shall be valid unless it is complete in all respects and received in the Head Office of the Corporation on a working day not less than 14 clear days before the date fixed for the election.

63. SCRUTINY OF PROPOSALS AND PUBLICATION OF LIST OF CANDIDATES FOR THE DIRECTORSHIP:

- (i) The Managing Director shall scrutinise the proposals on the first working day following the last date fixed for the receipt of proposals. He shall after such enquiry, if any, as he thinks necessary, satisfy himself in regard to the provisions of Regulation 62 and shall accept or reject the proposal for nomination of each candidate accordingly, and, in the case of rejection, shall briefly record his reasons for so doing. The decision of the Managing Director that a proposal is valid or invalid shall, subject to the result of any reference under Regulation 66, be final. If there is only one valid proposal for any particular vacancy to be filled by election, the candidate so proposed shall be deemed to be elected forthwith and his name and address shall be published as so elected. In such an event there shall not be any election at the meeting convened for the purpose and if the meeting has been called solely for the purpose of the aforesaid election, it shall stand cancelled.

If the number of valid proposals exceed the number of vacancies, the Managing Director shall cause to be published the names and addresses of candidates validly proposed one in English newspaper and one in regional language newspaper.

- (ii) A Director elected to fill an existing vacancy shall be deemed to have assumed office from the date following that on which he is, or is deemed to be, elected.

64. NOMINATION OF DIRECTORS UNDER SECTION 10 (d):

- (i) The shareholders mentioned in clause (c) of Sub-section (3) of Section 4 among themselves shall nominate two Directors as referred in clause (d) of Section 10 to represent the shareholders of this category.
- (ii) The Corporation shall make a formal request to the shareholders referred in the clause as and when a vacancy of Director(s) arises to represent the shareholders of this category, inviting from them nomination for directorship in the prescribed proforma as per Annexure-C by giving them 14 days clear notice.
- (iii) The nomination(s) so received will be scrutinised as per provisions given in clause 63 of the General Regulation. In case the valid nomination(s) so received within the stipulated period are equal to or less than the vacancies of Directors, the nomination(s) of the shareholder so received will be declared as directors under the category.
- (iv) In case the valid nomination(s) so received within the stipulated period exceed the number of vacancies of the Directors, the Corporation will issue a registered notice to the shareholders under the category informing them the position and will call their meeting at the Head Office of the Corporation.
- (v) The Chairman of the meeting so called will be as per provisions given in Regulation 49 of the General Regulations.
- (vi) The shareholders of the category present in the meeting will be asked to discuss among themselves and finalise the nomination so received equal to the vacancies by mutual consent in writing.
- (vii) In case the shareholders fail to finalise the nomination equal to the vacancies referred in clause (vi) above, the Chairman of the meeting will take steps for election of the Directors by adopting the following procedure:—

The Chairman to put the motion/each nomination so received to the meeting for voting by show of hands and record the hand raised in favour of the each nomination.

The nomination(s) of the candidate/candidates to whom maximum votes (in order of preference) recorded as per the vacancies of directorship will be declared elected.

IN CASE THE SHAREHOLDER(S) PRESENT IN THE MEETING NOT SATISFIED WITH THE DECLARATION OF THE RESULT UPON SHOW OF HANDS, POLL MAY BE DEMANDED IMMEDIATELY IN WRITING BY:—

- (a) Atleast three shareholders present in the meeting.

OR

- (b) Any shareholder(s) present in the meeting having not less than one fifth of the total voting power in respect of the resolution:

Provided that the demand for a poll may be withdrawn at any time by the shareholder(s) who made the demand:—

If a poll is duly demanded, it shall be taken either at once or at such time and place and either by open voting or by secret ballot as the Chairman may direct.

The Chairman to appoint two scrutiniers to facilitate smooth polling. Ballot paper duly initialed by the Chairman are to be circulated to the members.

In the ballot paper, the shareholder will mark against the candidates as per the number of vacancies.

The shareholders under the system will have the votes in equal to the number of their shares for each candidate(s) marked by the shareholders in the ballot paper.

The scrutiners will count the votes and place the same before the Chairman to announce the outcome of the poll.

65. APPOINTMENT OF AUDITORS UNDER SECTION 37:

- (i) Corporation shall write to Reserve Bank of India at least 2 months prior to date for appointment of Auditor in Annual General Meeting for obtaining names and addresses of auditors approved by RBI and the terms of appointment and remuneration payable to such auditors.
- (ii) Soon after the receipt of panel of auditors approved by RBI the Corporation shall ascertain about their willingness to work as auditors if so appointed by shareholders in General Meeting on terms and remuneration as fixed by RBI.
- (iii) The notice convening General Meeting shall convey the names of Auditors so approved and willing to accept appointment if so decided in the General Meeting. If the number of auditors willing to accept appointment is only one he shall be appointed as auditor after his acceptance as such in General Meeting.
- (iv) If the number exceeds one the appointment shall be decided by Resolution of General Meeting and shareholders of all classes shall have right to vote at such meeting including vote at polls if validly so demanded. For such purpose the regulations on voting rights and election shall apply *mutatis mutandis* to the election of auditors also.

65-A. REMOVAL OF AUDITORS:

Any Auditor appointed under Section 37 of the SPCs (Amendment) Act, 2000 may be removed from the office before the expiry of his term only by the Corporation in General Meeting and the vacancy so caused be filled up out of the panel of RBI.

CHAPTER VI

REMOVAL OF DIRECTOR

66. REMOVAL OF DIRECTOR FROM OFFICE UNDER SUB SECTION (2) OF SECTION 13:

- (i) The shareholders in clause (d) of Sub-section (3) of Section 4 may remove any Director elected under clause (e) of Section 10 before the expiry of his tenure of office in the following manner :—
 - (a) The intimation of the intention to remove a Director shall be given by such shareholders holding not less than 25% in the aggregate of the total issued equity share capital to this class of shareholders.
 - (b) The shareholders shall have right to withdraw the intimation before a notice for holding general meeting for this purpose is issued.
 - (c) If the intimation is not withdrawn by the shareholders, the Board of Directors shall fix up a date for holding a general meeting and business to be transacted there at.

- (d) On receipt of such intimation from the shareholders for removal of a Director, the Managing Director shall cause a communication to be sent to the Director concerned about the proposed resolution for his removal asking him to make representation, if any, in the matter, within a period of 21 days from the date of receipt of such communication by him.
- (e) After the communication, as aforesaid is sent to the Director concerned, if the Director concerned makes any representation with respect thereto, in writing, to the Corporation and request for its notification to members of the Corporation, Corporation shall, unless the representation is received too late for it, do so:—
- (i) shall in the notice of the resolution given to the shareholders of class (d) of the Corporation state the brief facts of the representation having been made; or
- (ii) send a copy of the representation to shareholder of class (d) of the Corporation and if a copy of the representation is not sent as aforesaid because they were received too late, the Director may require that a representation shall be read out at the meeting. The provision aforesaid will not prejudice the right of the Director to be heard orally in the meeting.
- (iii) The resolution for removal of the Director shall be placed before shareholders of class (d) in General Meeting for its decision and the Director concerned if he so wishes shall be given an opportunity to represent his case before the meeting for such time as the Chairman of the Meeting permits.
- (f) The vacancy created by the removal of Director under the above Regulation be filled in by the appointment of another Director in his place in the meeting at which he is removed provided a special notice of intended appointment has been given.
- (g) Procedure prescribed under these Regulations for nomination and election of Director shall apply to the election to be made for filling the vacancy caused by removal of Director.
- (ii) The Director so elected shall hold the office until the date upto which his predecessor would have held the office if he had not been removed as aforesaid;
- (iii) While convening a special general meeting for the above purpose, the Board shall call for proposals for election of Directors to fill the casual vacancy in the event of resolution for removal of the Director being approved by the requisite number of shareholders as provided in Section 13(2) and in that event the provisions of Chapters III and Chapter IV of these Regulations shall *mutatis mutandis* apply to the special general meeting to be convened and to the election to be held as above.

67. RETIREMENT OF DIRECTORS CO-OPTED:

- (i) Subject to clause (e) of Section 10, the Directors co-opted by the Board shall retire in the order of co-option on assumption of charge by the Directors elected by the Shareholders. If the co-option of more than one director is made on the same day, the retirement of such co-opted director will be decided by consensus amongst themselves and in the absence of such consensus, the retirement shall be decided by draw of lots by the Chairman of the meeting of the Board at which the issue comes up for decision.
- (ii) The Directors shall be co-opted for a maximum tenure of three years and shall also be eligible for reappointment:

Provided that no such director shall hold office continuously for a period exceeding six year.

CHAPTER VII

MEETINGS OF THE BOARD AND THE EXECUTIVE COMMITTEE

68. MEETINGS OF THE BOARD:

- (i) A meeting of the Board shall be held at least once during each quarter and shall be convened by the Managing Director or in his absence any other director or officer of the Corporation duly authorised by the Board in accordance with the instructions, if any, of the Board.
- (ii) Any three Directors may require the Managing Director to convene a meeting of the Board at any time and the Managing Director shall, on receipt of the requisition, convene a meeting of the Board giving sufficient notice, provided that the date of the meeting so convened shall not be later than 21 days from the date of the receipt of the requisition.
- (iii) Meetings of the Board shall be held at the place where the Head Office of the Corporation is situated, or at such other place as the Chairman or the Board, in the absence of the Chairman may decide.
- (iv) Ordinarily not less than 15 days notice shall be given of each meeting of the Board, and such notice shall be sent to every director at his usual address in India. Should it be found necessary to convene an emergency meeting, a notice shall be sent to every director at the usual address in India sufficiently in advance to enable him to attend.
- (v) No business other than that for which the meeting was convened shall be discussed at a meeting of the Board except with the consent of the person presiding at the meeting and a majority of the Directors present, unless one clear week's notice has been given of the same in writing to the Chairman or in his absence to the Managing Director.
- (vi) Quorum for the transaction of business at a meeting of the Board shall be one-third of the total number of persons for the time being constituting the Board (any fraction contained in that one-third being rounded off as one), or not less than three Directors, whichever is less.
- (vii) In the event of there being a casual vacancy or otherwise in the office of the Chairman which cannot be filled before the date on which a meeting of the Board may have to be called, the Directors present at the meeting may elect a Director from amongst themselves to preside over the meeting.
- (viii) If for any reason the Chairman of the Board is unable to attend any meeting of the Board, a Director authorised by the Chairman of the Board in writing shall preside at such meeting, but if the Director so authorised is absent or if no such authorisation has been made, the directors present may elect any of its members to preside at that meeting.
- (ix) Minutes of the meetings of the Board.
 - (a) The Corporation shall cause proceedings to be maintained in the books kept for the purpose which may be in the form of binders containing loose leaves.
 - (b) Any such minutes, if signed by the Chairman of the meeting at which the proceedings took place or by the Chairman of the next succeeding meeting shall be evidence of such proceedings.
 - (c) Until the contrary is proved, every Board meeting in respect of the proceedings hereof minutes have been so recorded shall be deemed to have been duly called and held, and all proceedings taking place thereat, to have duly taken place.
 - (d) If for any reason, the minutes of any meeting could not be signed in the manner specified in clause (c) above, such minutes shall be deemed to be in order if signed by the Managing Director on the authorisation of a meeting of the Board held thereafter.

69. MEETINGS OF THE EXECUTIVE COMMITTEE :

- (i) The Executive Committee shall ordinarily meet once during each quarter at the Head Office of the Corporation or at such other place as the Chairman/Managing Director may decide to attend to the business of the Corporation as may be delegated to it by the Board, from time to time. Sufficient notice shall be given to the members of the Committee to enable them to attend the meeting.

- (ii) The Board may delegate to the Executive Committee powers to transact all the usual business of the Corporation except such matters as are specifically reserved to the Board under the Act or any Regulations made thereunder.
- (iii) In the exercise of its powers, the Executive Committee shall be bound by such general or special directions as the Board may give from time to time.
- (iv) Quorum for the transaction of business at a meeting of the Executive Committee shall be as fixed by the Board of the Directors of the Corporation from time to time but in no case it shall fall below 1/3rd of the total strength of the Executive Committee (any fraction contained in that one-third being rounded off as one) or not less than two members of the Committee, whichever is higher.
- (v) The provisions of the Act and save as otherwise provided in these Regulations, these Regulations shall apply to the meetings of the Executive Committee as if they were meetings of the Board.

70. DISCLOSURE OF INTEREST BY DIRECTOR IN ANY INDUSTRIAL CONCERN:

- (i) Every Director of the Board and every member of the Executive Committee who has any interest in or connection with an industrial concern in respect of contract or arrangement or proposed contract or arrangement entered into or to be entered into of the nature specified in Sub-section (2) of Section 28 shall disclose the nature of such interest or connection at a meeting of the Board or the Executive Committee, as the case may be.
- (ii) (a) In the case of proposed contract or arrangement, the disclosure required to be made by a Director of the Board or member of the Executive Committee under Sub-Regulation (i) shall be made at the meeting of the Board or the Executive Committee, as the case may be, at which the question of entering into contract or arrangement is first taken into consideration or if the Director or member was not, at the date of that meeting, concerned or interested in the proposed contract or arrangement, at the first meeting of the Board or the Executive Committee, as the case may be, held after he becomes so concerned or interested.
- (b) In the case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board or the Executive Committee, as the case may be.
- (iii) (a) For the purpose of sub-Regulations (i) and (ii), a general notice by a Director or a member, to the Board or to the Executive Committee, as the case may be, to the effect that he is a Director or a member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may after the date of notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of his concern or interest in relation to any contract or arrangement so made.
- (b) A Director or a member giving a general notice to the Board or the Executive Committee under clause (a) shall, as soon as possible, give notice of any change in the particulars contained therein.
- (iv) No such general notice, or no notice of any change therein shall be of effect unless either it is given at a meeting of the Board or the Executive Committee, as the case may be, or the Director or member concerned takes reasonable steps to secure that it is brought upon and read at the first meeting of the Board or the Executive Committee, as the case may be, after it is given.
- (v) No Director of the Board and no member of the Executive Committee shall, as a Director or member, as the case may be, take any part in the discussion of, or vote on, any contract or arrangement entered into or to be entered into by or on behalf of the Corporation, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote; and if he does vote, his vote shall be void.

71. FEE FOR DIRECTORS' MEETINGS:

- (i) Each Director (other than the Managing Director and an employee of the State Government or any employee of the Corporation) shall receive a fee for attending a meeting of the Board or the Executive Committee or any other committee constituted by the Board under Section 21 as may be decided by the Board of Directors from time to time.

- (ii) In addition, each Director attending a meeting of the Board or of the Executive Committee shall be reimbursed his traveling and halting expenses, if any, on such scale, at his option, as he is entitled to in the institution in which he holds office or on such scale as may be fixed by the Board from time to time and in any other case, at the latter scales.

72. APPOINTMENT OF COMMITTEES:

- (i) The Board may appoint Committees consisting wholly of Directors or wholly of other persons or partly of Directors and partly of other persons as it deems fit for the purpose of efficient discharge of the functions of the Corporation.
- (ii) Any Committee constituted under Section 21 shall, in the exercise of the powers entrusted to it, be bound by such general or special directions as the Board or the Executive Committee may give from time to time.
- (iii) Meetings of any such committee may be convened from time to time at the Head Office of the Corporation, or at such other place as may be specified in the notice convening the meeting. Sufficient notice shall be given for such meetings.
- (iv) The Chairman of the Board or the Managing Director or any other member of such a Committee shall be the Chairman of that Committee. If the Chairman of any such Committee is, for any reason, unable to attend a meeting of the Committee, a person authorised by the said Chairman in writing shall preside at that meeting. In default of such authorisation or in absence of the person so authorised, the Committee may elect a Chairman to preside at that meeting.
- (v) Each member of any such Committee, who is not a Director, auditor, officer or other employee of the Corporation who has already made a declaration under Section 40 shall, before entering upon his duties, be required to sign a declaration of Fidelity & Secrecy, to the effect set out in the form given in the schedule to the Act.
- (vi) The provisions of the Act and save as otherwise provided in these Regulations, these Regulations shall apply to the meetings of such Committee formed under Section 21 as if they were the meetings of the Executive Committee.

73. RESOLUTION WITHOUT MEETING VALID:

A resolution in writing signed by a majority of the directors on the Board of the Corporation, or where the matter concerns the Executive Committee or any other Committee of the Board, by the majority of Directors/members of such Committee shall, and shall always be deemed to have been, as valid and effectual as if it had been passed at a duly called and constituted meeting of the Board or other committee, as the case may be:

Provided that any resolution passed as aforesaid shall be placed before the next meeting of the Board/Executive Committee or other Committee, as the case may be for confirmation.

- (ii) Nothing in clause (i) shall apply to a resolution in respect of any matter relating to granting of any loan or financial assistance in any form to any industrial concern under the Act.

CHAPTER VIII

MANNER IN WHICH THE ACCOMMODATION GRANTED BY THE CORPORATION WILL BE SECURED

74. INSTRUMENTS EVIDENCING SECURITY TO BE IN PRESCRIBED FORM.

Instruments evidencing the security to be taken for accommodation given by the Corporation, under Sub-section (i) of Section 25 shall be in the form specified by the Board and no material alteration shall be made in the form as prescribed without the approval of the Board. The Board may make such variations in the forms as may be found necessary to suit the requirement of individual cases:

Provided no such instrument shall be open to challenge only on the ground that the said document or any alteration thereto is not approved by the Board.

75. NORMS FOR GRANTING ACCOMMODATION :

The Board may fix norms for granting of accommodation and in doing so the Board shall be guided by such instructions as may be given by the Government, the Small Industries Bank from time to time

76. INSTRUMENTS EVIDENCING SECURITY TO CONTAIN STIPULATION FOR REQUIRING ADDITIONAL SECURITY IN THE EVENT OF FALL IN VALUE OF ASSETS:

In the instruments evidencing the security taken by the Corporation, there shall be stipulation that in the event of a fall occurring in the value of the assets pledged, mortgaged, hypothecated, or assigned to the Corporation, the industrial concern obtaining accommodation from it may be required to furnish such additional security as may be considered reasonable by the Board/Executive Committee/M.D/or any other officer authorised by the Board.

CHAPTER IX**GENERAL PROVISIONS****77. BOARD TO INFORM THE STATE GOVERNMENT REGARDING DISQUALIFICATIONS:**

The Board shall forthwith inform the State Government if it comes to the notice of the Board that any Director has become subject to any disqualification under the Act.

78. ACTS OF DIRECTORS VALID NOTWITHSTANDING SUBSEQUENT DISCOVERY OF DISQUALIFICATIONS:

All acts done at any meeting of the Board or the Executive Committee or an Advisory Committee by any person acting as Director of the Board or member of the Executive Committee or of an Advisory Committee shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such persons or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and duly qualified.

79. DELEGATION OF POWERS:

- (i) Without prejudice to the powers conferred under the Act or these Regulations, the Board may, if deemed expedient, authorise the Executive Committee or a Committee appointed under Section 21 or the Managing Director to decide on delegation in respect of powers and duties as referred in SFCs Act. Delegation so decided by the Executive Committee/ Committee/ Managing Director, as the case may be, shall be reported to the Board immediately.
- (ii) Delegation of powers to Managing Director or any other officer of the Corporation.

Without prejudice to the generality of the powers conferred or restrictions imposed under the Act or these Regulations, the Managing Director or any other officer shall, subject to such restrictions or instructions as may be considered necessary by the Board or the authority who has been delegated necessary powers by the Board in this behalf, exercise the following powers:—

- (a) all the powers and duties of the Board and doing of all such acts or things as the Corporation is authorised to exercise or do; except further delegation by the Managing Director or any other officer.
- (b) to operate bank and other accounts either singly or jointly with a Director or any other officer of the Corporation authorised in this behalf by the Board or the authority who has been delegated necessary powers by the Board in this behalf and to draw, accept and endorse bills of exchange or any other instruments in the current or authorised business of the Corporation and to sign all other accounts, receipts, documents etc. connected with such business.
- (c) to organize and supervise the office, maintain discipline and exercise such powers in connection with appointment, promotion, determination of service, transfers, suspension and granting of leave to the staff of the Corporation etc., and to allocate duties to the staff and make such other arrangements as may be necessary for the efficient discharge of the functions of the Corporation.
- (d) to incur such expenditure for the day to day administration of the office and conduct of business as may be necessary.