

**THE COMPANIES ACT, 1956**  
**COMPANY NOT FOR PROFIT**  
**(Section 25 Company)**  
**COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**  
**OF**

**NATIONAL INSTITUTE FOR SMART GOVERNMENT**

**PRELIMINARY**

1. Subject, as hereinafter provided, the regulations contained in Table "A" in the schedule 'I' to the companies Act, 1956 shall not apply to the company.

**INTERPRETATION**

2. In the construction of these Articles unless inconsistent with the context, the words or expressions given hereinbelow shall have the following meaning: -
- (a) "The company" means NATIONAL INSTITUTE FOR SMART GOVERNMENT.
  - (b) "The Act" means the Companies Act, 1956 and includes any statutory modification or re-enactment thereof for the time being in force.
  - (c) "Board" or "Board of Directors" means the meetings of the Directors duly called and constituted or, as the case may be, the Directors assembled at a Board Meeting or the requisite number of Directors entitled to pass a circular resolution in accordance with these Articles.
  - (d) "Chairman" means the Chairman, for the time being of the Board.
  - (e) "The Committee" means a committee duly constituted under these Articles.
  - (f) "The Managing Director" means the Managing Director or Managing Director of the Company for the time being.
  - (g) "Member" means a shareholder holding Shares in the Company including members who are subscribers to the Memorandum of Association and Articles of Association.
  - (h) "Month" means the English calendar month.
  - (i) "The Office" means the Registered Office of the Company for the time being.
  - (j) "Ordinary Resolution" and "Special Resolution" shall have the meanings assigned thereto respectively by Section 189 of the Act.
  - (k) "These presents" means the Memorandum of Association and these Articles of Association as originally framed or the regulations of the Company for the time being.
  - (l) "Proxy" includes an attorney duly constituted under a power of attorney to vote for a Member at a general meeting or poll.
  - (m) "The Directors" means the Directors of the company and include persons occupying the position of Directors by whatever name called.
  - (n) "The Seal" means the common seal of the company.
  - (o) "Year" means financial year ending 31<sup>st</sup> March, each year.
  - (p) "Chief Executive Officer" means Chief Executive Officer of the Company.
  - (q) "Private Company" means a company which by its articles,-
    - (i) restricts the right to transfer its shares,
    - (ii) limits the number of its members to fifty not including -
      - (A) persons who are in the employment of the company ;and
      - (B) persons who, have been formerly in the employment of the company, were members of company while in that employment and have continued to be members after the employment ceased ; and
    - (iii) prohibits any invitation to the public to subscribe for any shares in, or debentures of, the company;
    - (iv) prohibits any invitation or acceptance of deposits from persons other than its members, directors or their relatives:

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- (r) "Industry Association" means which are not for profit organizations / institutions/ associations, whether micro, small or big to promote interest of private industry.
- (s) "NASSCOM" means National Association of Software and services Companies or by whatever name called for the time being.
- (t) "Civil Society" means any organisation/ entity/institution/association not for profit, and working to further the interests of citizens of the country.
- (u) "Financial Institutions" means any financial institution and includes institutions established under Central and State Financial Acts
3. Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meanings as in Act or any statutory modifications thereof in force.

### Share Capital

4. The Authorised Share Capital of the Company shall be such amount and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Association with power to increase or reduce such capital.
5. The paid up share capital shall be owned by the following Government and non-Government entities. It is clearly understood that the percentage of holding mentioned against each entity hereunder shall not ordinarily exceed the specified percentage against their respective names and in any case shall not exceed twenty four (24) percent. However, it shall be open for such entities to take lesser percentage, if they so wish.

<u>Names of entities</u>	<u>Percentage of paid capital</u> <u>Not exceeding</u>
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#### GROUP - A

Government of India	
Department of Administrative Reforms and Public Grievances	10
Ministry of Communication and Information Technology	10
State Govt. of Andhra Pradesh	10
Other States	9
Other Central Govt. Ministries/ Departments/ Agencies/ Organizations	5
Local Bodies	5

#### GROUP - B

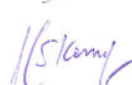
NASSCOM	10
Industry Associations	10
Civil Society	10
Financial Institutions	10
Others	11

Total	100
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Further, at any point of time, the total shareholding of Entities / Institutions / Organizations, Central and State Government as included in Group - A, would not in any case exceed Forty Nine (49) percent of overall paid up capital of the company.

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## Further issue of Shares

6. Subject to the provisions of Article 5 herein above, the shares shall be issued whenever required to the existing share holders in the same proportion as the shares held by each one of them. However the following restriction shall apply:
- (i) The Shareholder would not have a right to renounce the shares offered to him.
  - (ii) Such shares not taken by any existing Shareholder can only be taken by any other entity specified in article 5 herein above with in their respective overall limits.

## Transfer of Shares


7. (I) The instrument of transfer of any share in the company shall be executed by or on behalf of the transferor and transferee.
- (ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of the members in respect thereof.
8. All transfers of shares must be in writing and executed both by the transferor and the transferee whose signatures shall be certified by one witness.
9. (I) Any member of Group – A, as referred in Article 5, desirous of selling his shares, will be able to do so within the same group, so long any other member in the same group is willing to purchase the same.
- (ii) If none of the remaining member / members of the Group – A is / are willing to purchase the same, then such shares can be sold to any willing member in Group – B.
- (iii) It is further agreed between the members that no Share holder falling in Group – B, as referred in Article 5 shall be able to sell his shares to any member or person who is or may fall under the category of Group – A.
10. The Board may also decline to recognize any instrument of transfer unless 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 required to show the right of the transferor to make the transfer.
11. Subject to the provisions of section 108, the shares in the company shall be transferred in such form as prescribed in General Rules and Forms for the time being inforce.

## General Meetings

12. All general meetings other than annual general meetings shall be called extraordinary general meetings.
13. (I) The board may, whenever it thinks fit, call an extra ordinary general meeting.
- (ii) If at any time there are not within India directors capable of acting who are sufficient in number to form a quorum, any director or any two members of the company may call an extra ordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.
14. Subject to the provisions of Sections 166 and 210 of the Act, the First Annual General Meeting shall be held within 18 months from the date of incorporation of the Company and the subsequent Annual General Meeting of the Company shall be held in each calendar year provided that not more than 15 months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166 (1) of the Act to extend the time within which any Annual General Meeting may be held.

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## VOTES OF MEMBERS

25. In casting votes at a general meeting, each Shareholder shall have one vote for each share of which he is the holder.
26. In the case of joint holders, the vote of the senior, who tenders a vote, whether in person or in proxy, shall be accepted to the exclusion of the votes of the other joint holders.

For this purpose, seniority shall be determined by the order in which the names stand in the register of the members.

27. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
28. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall valid for all purposes.
- (ii) Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.
29. Where a company or a body corporate is a member of the company (hereinafter called "Member Company"), a person, duly appointed by resolution in accordance with the provisions of section 187 of the Act to represent such member company at the meeting of the company, shall not, by reason of such appointment, be deemed to be a proxy, and the lodging with the company at its office or production at the meeting of a certified copy of such authority.

30. A shareholder may appoint any other person as a proxy who is also a member of the company.
31. Such proxy should be lodged with the company at least 48 hours before the time appointed for the meeting.

## DIRECTORS

32. Maximum number of Directors shall not exceed 15 (fifteen) at any time.
33. The composition of the Board of Directors shall be as under:
- A chairperson of the Board as provided in Article 37 hereunder
  - The person who holds the position of Chief Executive Officer (CEO) of the Company shall be one of the members on Board
  - Each entity referred to in Article 5 herein before and holding ten (10) percent or more of the paid up share capital of the Company, either singly or jointly with any other entity in the respective groups, shall be entitled to nominate one person as Director on the Board of the Company, with the right to replace such nominee with any other person. However, the total number of such nominated Directors by each group referred to in Article 5 shall not exceed five in any case so that the aggregate number of such nominated Directors shall not exceed ten at any point of time.
  - Maximum three Directors having technical, legal or any professional qualification as may be co-opted by the majority of Directors.
34. The first Directors of the Company shall be:
- Shri. Rajeeva Ratna Shah
  - Shri. Ajay Kumar Agarwal
  - Shri. Kiran Karnik
  - Shri. Rentala Chandrashekhar
35. The Directors shall not be required to hold any qualification shares in the Company.
36. The Directors need not retire.

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37. The Officer on Special Duty (NISG) of the Government of India (Shri. Rentala Chandrashekhara) shall communicate to the Company the designation of the functionary of the Government of India to act as the Chairperson of the Board of Directors of the Company in ex-officio capacity. On receipt of such communication by the Company, the named functionary shall be deemed to be the Chairperson of the Board of Directors without any further act or deed. The Company shall intimate about such appointment to the Registrar of Companies. Till such time any communication is received from the Officer on Special Duty to the Government of India, the members on the Board shall choose one of them to preside over each meeting of the Board.
38. The business of the Company shall be managed by the Board of Directors who may pay all expenses incurred in getting the company registered and may exercise all such powers of the Company as are not restricted by the Act or any statutory modification thereof for the time being in force or by these Articles required to be exercised by the Company in General meeting subject nevertheless, to all regulations of these Articles to the provisions of the Act and to such regulations being inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in general meeting. Nothing shall in-validate any prior act of the Directors, which would have been valid, if that regulations had not been made.
39. The Directors may be paid travelling and other expenses for attending and returning from meetings of the Board of Directors (including hotel expenses) and any other expenses properly incurred by them in connection with the business of the Company. No sitting fee shall be payable to any Director.
40. Subject to Section 313 of the Act, the Board may appoint any person as an Alternate Director to act for a director during his absence for a period of not less than three months from the state in which meetings of the boards are ordinarily held. Such appointment shall have effect and such appointee whilst he holds office as an Alternate Director, shall be entitled to notice of meetings of the Board and to attend and vote thereat accordingly. However, such person shall be the nominee of the entity which was represented by the erstwhile director.
41. If the Director appointed by the company in a General Meeting vacates office as a Director before his term of office expires in the normal course, the resulting casual vacancy may be filled by the Board, at a meeting of the Board, but any person so appointed shall retain his office so long only as the vacating director would have retained the same if the vacancy had not occurred. However, new director shall be the nominee of the same entity, who has vacated such office.
42. The company may exercise the powers conferred by section 50 with regard to having an official seal for use abroad, and such powers shall be vested in the board.
43. All cheques, promissory notes, drafts, hundies, bill of exchange and other negotiable instruments, and all receipts for moneys paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

## PROCEEDINGS OF DIRECTORS

44. (i) The Board of Directors may meet for the despatch of business, adjourn and otherwise regulate its meetings, as it thinks fit.
- (ii) A Director or Secretary on the requisition of a Director may, at any time, summon a meeting of the Board.
45. Quorum for Meetings of the Board:
- The quorum for a meeting of Board of Directors of the company shall be either three (3) members or  $\frac{1}{4}^{\text{th}}$  of its total strength whichever is more.
46. The Board may elect a Chairman of its meeting, when the chairperson referred in Article 37 is not present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be the Chairman of the meeting, only for conducting the business for that meeting.

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47. Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

In case of an equality of votes, the Chairman of the Board, if any, shall have a second or casting vote.

48. (I) The Board may, subject to the provisions of the Act, delegate any of its power to committees consisting of such member or members of its body, as it thinks fit.

(ii) Any committee so formed shall, in the exercise of powers so delegated, conform to any regulations that may be imposed on it by the Board.

49. (I) A committee may elect a Chairman of its meetings.

(i) If no such Chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their number to be the Chairman of the meeting.

50. (I) A committee may meet and adjourn as it thinks proper.

(ii) Questions arising at any meeting of a Committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairman shall have a second or casting vote.

51. Resolutions by Circulation:

A Resolution not being a resolution required by the Act or by these Articles to be passed only at a meeting of the Board or a committee of Directors, may be passed without the meeting of the Board or the Committee provided that the resolution has been circulated in draft together with necessary papers (through any mode including through Electronic Communication), if any, to all the Directors or to all the members of the Committee then in India (not less than the quorum fixed for a meeting of the Board or a committee, as the case may be) and to other Directors or members at their usual addresses in India, and has been approved by such of the Directors as then in India or by a majority of such of time as are entitled to resolution to vote on the resolution.

52. Meetings of the Board through Electronic Communications: -

Subject to provisions of section 285 & 287 of the Companies Act, 1956, a Director may participate in and vote at a meeting of the Board by means of telephone, video conferencing or similar communications equipment which allows all persons participating in the meeting to hear each other and record the deliberations. Where any Director participates in a meeting of the Board by any of the means above, the company shall ensure the such Director is provided with a copy of all documents referred to during such Board meeting at least two days prior to the commencement of this Board Meeting. The quorum requirements for meeting of the Board as provided in Article 45 shall be applicable to any meeting of the Board in terms of this Article 52.

53. Upon the discussions being held by audio conferencing, video conferencing or net conferencing, as the case may be, the Chairman or the Secretary shall record the deliberations and get confirmed the views expressed, pursuant to a circular regulation or by a subsequent meeting of the Directors to reflect the decision of all the Directors participating in such discussions.

54. Unless overridden by a resolution approved by a majority of the total strength of the Board at a subsequent meeting of the Board or by a resolution by circulation, any decision taken by a majority of the Directors participating in the discussions held by audio conferencing, video conferencing, or net conferencing, as the case may be, shall not be reversed by the Board.

55. A meeting of the Board of Directors, Executive Committee or Governing Committee of the company shall be held atleast once in every six (6) calendar months.

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56. Every notice convening a meeting of the Board of Directors, Executive Committee shall set out the agenda of the business to be transacted thereat in full and sufficient detail, provided that with the unanimous consent of all the Directors present, any item of business not included in the agenda can be transacted at the meeting.
57. All acts done by any meeting of the Board or of a committee thereof or by any person acting as a Director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more such Directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if such Director or such person had been duly appointed and was a qualified to be a Director.
58. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a Committee thereof, for the time being entitled to receive notice of a meeting of the Board or a committee, shall be as valid and effectual as if it had been passed at a meeting of the Board or committee, duly convened and held.
59. The Board shall have the power to take a decision on the matters specified in the provisions of section 293, of the Companies Act, 1956.

### **Manager or Secretary**

60. Subject to the provisions of the Act, a manager or secretary may be appointed by the board for such term, at such remuneration and upon such conditions as it may think fit; and any manager or secretary so appointed may be removed by the board;

### **DIVIDEND**

61. The Company shall not distribute its profit among Share holders by way of Dividend or by any means which amounts to distribution of dividend in any form.

### **INSPECTION OF ACCOUNTS**

62. The Board shall cause proper books of accounts to be maintained under section 209 of the Act.
63. The Board of Directors shall from time to time, to determine whether and to what extent and at what times and place and under what conditions or regulations all books of the Company, or any of them, shall be open to inspection of members, not being Directors.
64. No member (not being a Director) shall have any right of inspecting any account book or document of the Company except as conferred by law, authorized by the Board of Directors or by the Company in general meeting or agreed by the shareholders in a separate agreement.

### **Books and Accounts**

65. The Company's books and accounts shall be kept in English and shall be maintained according to accepted accounting practices and procedures.
66. The Board of Directors shall cause true and complete accounts to be kept :
  - a) Of the sums received and expended by the COMPANY and of the matters in respect of which each receipt or expenditures takes place.
  - b) Of the assets and liabilities of the COMPANY.
67. The Board of Directors shall cause a balance sheet to be made at least once in every twelve months as of the end of the fiscal year of the COMPANY. The balance sheet must contain a summary of the assets and liabilities of the COMPANY. Provided however, the first balance sheet will be made for a period beginning from date of incorporation and up to end of the fiscal year.

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68. Every Balance Sheet and Profit & Loss A/c of the Company when audited and adopted by the Company in General Meeting shall be conclusive.

## AUDIT

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- (i) At least once in every year ; the accounts of the company shall be examined and the correctness of the Profit & Loss A/c and Balance Sheet be ascertained by the Auditor or Auditors of the Company.
- (ii) The Company at each Annual General meeting shall appoint an Auditor or Auditors to hold such office until the next Annual General Meeting and their appointment, remuneration, rights and duties shall be regulated by Companies Act.
- (iii) Where the Company has a Branch Office the provisions of the section 228 of the Act shall apply.
- (iv) All notices or other communications relating to any General Meeting of the Company, which any Member of the Company is entitled to have sent to him shall also be forwarded to the Auditor of the Company and the auditor shall also be entitled to attend any general Meeting and to be heard at any General Meeting which he attends on any part of the business which concerns him as a Auditor.
- (v) The Auditor's Report shall be read before the Company in General Meeting and shall be open to inspection by any Member of the Company.

## Minutes of Meetings

70. The Board of Directors shall cause minutes of all proceedings and resolutions of all meetings of Shareholders and Directors to be recorded and duly entered into the minutes book which shall be kept at the registered office of the COMPANY. Any such minutes signed by the Chairman of the meeting shall be presumed correct evidence as to the matters therein contained and all resolutions and proceedings of which minutes have been so made are presumed to have been duly passed.

## SECRECY

71. Every General Manager, Auditor, Trustee, Member of a committee, Officer, Servant, Agent, Accountant or other person employed in the business of the company shall, if so required by the Board of Directors, before entering upon his duties, sign declaration, pledging himself or otherwise to observe strict secrecy respecting all transactions of the company with its customers and the state of account with individuals and in matter relating thereto and shall by such declaration, pledging himself or otherwise not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Directors or by any general meeting or by the laws of country and except so far as may be necessary in order to comply with any of the provision in these presents of the Act.

## THE SEAL

72. The company shall have a common seal and the Board shall provide for the safe custody of the seal.
73. The seal shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors or of a Committee of the Board authorised by it in that behalf and except in the presence of one of the directors who shall sign every instrument to which the seal of the Company is so affixed.

## WINDING UP

74. If the company shall be wound up, the liquidator may, with the sanction of a special regulation of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
75. For the purpose of aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

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76. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

#### ARBITRATION

77. Whenever any difference or dispute arises between the Company on the one hand and any of the Members or heirs, executors, administrators, nominees, or assignees on the other hand or between the Members inter-se or their respective heirs, executors, administrators, nominees or assignees inter-se touching the intent construction or incidents or consequences of these Articles or touching any thing done, executed, omitted or suffered in pursuance thereof or to any affairs of the Company, every such dispute or difference shall be referred to the sole arbitration of the chairman for the being of the Company or to some person appointed by both parties and it will be no objection that he is an officer of the Company or that he had to deal with such disputes, or difference and it is only after an Award is given by such arbitrator that the parties will be entitled to take any other proceedings relating to such disputes, difference and award. The Award made by such Arbitrator shall be final and binding on the parties, the arbitration shall be conducted according to the provisions of the Arbitration and Conciliation Act, 1996.

#### INDEMNITY

78. Every officer or Agent for the time being of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application u/s 633 in which relief is granted to him by the court.

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

Sl. No.	Name, Address, Description and Occupation of each subscriber	Signature of Subscriber	Name, Address, Description and Signature of Witness
1.	Ajay Kumar Agarwal s/o Krishna Murari Lal Agarwal Secretary, Ministry of Personnel Public Grievances & Pensions Govt. of India		
2.	Rajeeva Ratna Shah s/o Janardan Das Shah, Secretary, Dept. of Information Technology, Govt. of India		
3.	KIRAN KARNIK s/o Shavardchandra Karande President, NASSCOM		
4.	Rentale Chandreshokhar OSD (NISA) Government of India s/o Rentale Ramachandra Rao		

Place:

Date: