

THE COMPANIES ACT, 2013
(as notified by the Central Government from time to time)

r/w

THE COMPANIES ACT, 1956
(as may be applicable)

ARTICLES OF ASSOCIATION
OF

KARNATAKA SOAPS AND DETERGENTS LIMITED

The following regulations comprised in these Articles of Association were adopted pursuant to members' resolution passed at the Thirty fourth Annual General Meeting of the Company held on 30.12.2014 in substitution for, and to the entire exclusion of, the earlier regulations comprised in the extant Articles of Association of the Company.

PRELIMINARY

The Regulations contained in Table 'F' in Schedule 'T' to the Companies Act, 2013 shall apply to the Company in so far as they are not specifically covered by these Articles and/or are not inconsistent with any of the provisions contained in these Articles or any amendments or modifications thereof;

INTERPRETATIONS

1. In these Regulations:

(i) Definitions:

(a) **“Act”** means the Companies Act, 2013, or any statutory modifications or re-enactment thereof for the time being in force and the term shall be deemed to refer to the applicable Section there to which is relatable to the relevant Article in which the said term appears in these Articles and any previous Company law, so far as may be applicable;

(b) **“Affiliate”** shall mean,

(i) In relation to a shareholder being an individual, a Relative, or any entity which is controlled by such Shareholder;

(ii) In relation to a Shareholder being a corporate entity, any entity, which controls, is controlled by, or is under the common control of such Shareholder.

The term “control” shall include the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

The Company is specifically excluded from the definition of the term “Affiliate”.

- (c) **“Articles”** means the Articles of Association of the Company as originally framed or as altered from time to time or applied in pursuance of any previous Company law or of this Act;
- (d) **“Auditor”** shall mean to include the appointed Statutory auditor of the Company;
- (e) **“Authorised Capital”** or **“Nominal Capital”** means such capital as is authorised by the memorandum of a Company to be the maximum amount of share capital of the Company;
- (f) **“Board of Directors”** or **“Board”**, means the collective body of the Directors of the Company;
- (g) **“Book and paper”** and **“Book or paper”** includes books of account, deeds, vouchers, writings, documents, minutes and registers maintained on paper or in electronic form;
- (h) **“Books of account”** includes records maintained in respect of –
 - (i) all sums of money received and expended by a Company and matters in relation to which the receipts and expenditure take place;
 - (ii) all sales and purchases of goods and services by the Company;
 - (iii) The assets and liabilities of the Company; and
 - (iv) The items of cost as may be prescribed under section 148 in the case of a Company which belongs to any class of companies prescribed under that section;
- (i) **“Branch office”** in relation to a Company, means any establishment described as such by the Company;
- (j) **“Business”** shall mean the business to carry on the business as manufacturers and / or processors and dealers in, and importers and exporters of all varieties of essential oils, solvent extracted products, de-oiled cakes, cattle feed and allied products, soaps, medicated soaps and soap products, synthetic detergents, surfactants, cosmetics and beauty aids, creams and vanishing creams, nail sticks, hair oils, shampoos, talcum powder, tooth paste, perfumes and flavours toilets soaps of all kinds and descriptions, bye products and allied products of soaps , detergents , essential oils, fatty acids perfumes and flavours and the like, agarbathis, aromatics, isolates, chemicals, phyta chemicals and all chemicals allied to fatty acids, essential oils, perfumes and flavours and soaps and detergents, hydrogenation of fatty acid and vegetable oils, glycerin and allied products and all other like products.
- (k) **Business Plan”** shall mean the annual business plan of the Company as prepared from time to time and approved by the Board of Directors of the Company including the projected financial statements of the Company;
- (l) **“Business Day”** shall mean any day, excluding Sunday and/or any Gazetted holiday;

- (m) **“Chief Executive Officer”**, means an Officer of a Company, who has been designated as such;
- (n) **“Chief Financial Officer”**, means a person appointed as the Chief Financial Officer of a Company;
- (o) **“Company”** mean Karnataka Soaps and Detergents Limited;
- (p) **“Control”**, shall include the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or person acting individually or in concert, directly or indirectly including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner;
- (q) **“Company Secretary”, or “Secretary”** means a Company secretary as defined in clause (c) of sub-section (1) of Section 2 of the Company secretaries Act, 1980 who is appointed by a Company to perform the functions of a Company Secretary under this Act;
- (r) **“Company Secretary in practice”** means a Company Secretary who is deemed to be in practice under sub-section (2) of Section 2 of the Company Secretaries Act, 1980 (56 of 1980);
- (s) **“Cost accountant”** means a cost accountant as defined in clause (b) of Sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959 (23 of 1959);
- (t) **“Depository”**, means a depository as defined in clause (e) of sub-section (1) of section 2 of the Depositories Act, 1996 (22 of 1996);
- (u) **“Director”** means a Director appointed to the Board of the Company. Such appointment to become effective shall be as per the Notification/s of the Government;
- (v) **“Dividend”** includes any interim dividend;
- (w) **“Executive” or “Administrator”** means a person who has obtained Probate or letters of Administration as the case may be, from competent court;
- (x) **“Expert”**, includes an engineer, a valuer, a chartered account, a Company secretary, a cost accountant and any other person who has the power or authority to issue a certificate in pursuance of any law for the time being in force;
- (y) **“Financial statement”, in relation to a Company, includes –**
 - (i) a balance sheet as at the end of the financial year;
 - (ii) a profit and loss account, or in the case of a Company carrying on any activity not for profit, an income and expenditure account for the financial year;
 - (iii) cash flow statement for the financial year;
 - (iv) a statement of changes in equity, if applicable; and

- (v) any explanatory note annexed to, or forming part of, any document referred to in sub-clause (i) to sub-clause (iv);
- (z) **“Financial year”** means 1st April to 31st March of the following year. The first financial year of the Company shall be from the date of Incorporation to the following 31st March;
- (aa) **“In writing” and “Written”** includes printing, lithography and other modes representing or reproducing words in a visible form;
- (bb) **“The Government”** means the Government of Karnataka;
- (cc) **“The Central Government”** means the Government of India;
- (dd) **“Government Company”** means any Company in which not less than fifty one percent of the paid-up share capital is held by the Central Government or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments and includes a Company which is a subsidiary Company of such a Government Company;
- (ee) **“Holding Company”** in relation to one or more other Companies, means a Company of which such companies are subsidiary companies;
- (ff) **“Independent Director”** means an independent Director referred to in sub-section (5) of section 149;
- (gg) **“Key managerial personnel”** in relation to the Company, means –
- (i) The Chief Executive Officer or the Managing Director or the manager;
 - (ii) The Company Secretary;
 - (iii) The whole-time Director;
 - (iv) The Chief Financial Officer; and/or General Manager (Finance)
 - (v) Such other officer as may be prescribed in the rules framed by the Company from time to time;
- (hh) **“Manager”** means an individual who, subject to the superintendence, control and direction of the Board of Directors, has the Management of the whole, or substantially the whole, of the affairs of a Company, and includes a Director or any other person occupying the position of a manager, by whatever name called, whether under a contract of service or not;
- (ii) **“Managing Director”** means a Director who, by virtue of the Articles of a Company or an agreement with the Company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the Company and includes a Director occupying the position of Managing Director, by whatever name called. Such appointment to become effective shall be as per the Notification/s of the Government;

Explanation – For the purposes of this clause, the power to do administrative acts of a routine nature when so authorised by the Board such as the power to affix the common seal of the Company to any document or to draw and endorse any cheque on the account of the Company in any bank or to draw and endorse any negotiable instrument or to sign any certificate of share or to direct registration of transfer of any share, shall not be deemed to be included within the substantial powers of management;

- (jj) “**Member**”, in relation to a Company, means –
- (i) the subscriber to the memorandum of the Company who shall be deemed to have agreed to become member of the Company, and on its registration, shall be entered as member in its register of members;
 - (ii) every other person who agrees in writing to become a member of the Company and whose name is entered in the register of members of the Company;
 - (iii) every person holding shares of the Company and whose name is entered as a beneficial owner in the records of a depository;
- (kk) “**Memorandum**” means the Memorandum of Association of a Company as originally framed or as altered from time to time in pursuance of the Acts;
- (ll) “**Net worth**” means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include the reserves created out of re-valuation of assets, write-back of depreciation and amalgamation;
- (mm) “**Office**” means the Registered Office of the Company;
- (nn) “**Ordinary or special resolution**” means an ordinary resolution or as the case may be, special resolution referred to in section 114;
- (oo) “**prescribed**” means prescribed by rules made under this Act;
- (pp) “**ROC**” shall mean the Registrar of Companies, Karnataka;
- (qq) “**Share**” means the share in the share capital of the Company;
- (rr) “**Subscribed capital**” means such part of the capital which is for the time being subscribed by the members of the Company;
- (ss) “**Subsidiary Company**” or “subsidiary” in relation to any other Company that is to say the holding Company) means a Company in which the holding Company –
- (i) controls the composition of the Board of Directors; or

(ii) exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies;

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

(tt) **“Seal”** means the common seal of the Company;

(uu) **“Turnover”** means the aggregate value of the realization of amount made from the sale, supply or distribution of goods or on account of services rendered or both, by the Company during a financial year;

(vv) **“Whole-time Director”** includes a Director in the whole-time employment of the Company;

(v) Unless the context otherwise requires, word or expressions contained in these regulations shall bear the same meanings as in the Act or any statutory modification thereof in force on the date at which the regulations become binding on the Company;

(vi) Words importing the singular number also include the plural number and vice versa and words importing the masculine gender also includes the feminine gender;

(vii) Words importing persons include corporations/companies;

(viii) The headings are inserted for convenience and shall not affect the construction hereof;

2. **Company to be governed by these Articles.**

The Articles for the management of the Company and for the observance of the members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company in reference to the repeal or alteration of or addition to the Articles by special resolution, as prescribed or permitted by the Act, be such as are contained in these Articles.

PUBLIC COMPANY

3. The Company is a Public Company within the meaning of sub-section (71) of Section 2 of the Companies Act, 2013 and accordingly it means a Company which -

(a) Is not a Private Company;

(b) has a minimum paid – up share capital of five lakh rupees or such higher paid – up capital, as may be prescribed:

Provided that a Company which is a subsidiary of a Company, not being a Private Company, shall be deemed to be Public Company for the purposes of this Act even where such subsidiary Company continuous to be a private Company in its Articles.

SHARE CAPITAL

4. The Authorised Share Capital of the Company shall be as defined in Clause V of the Memorandum of Association with rights, privileges and conditions attached thereto as per the relevant provisions contained in that behalf in these presents and with the power to the Company to increase or reduce the capital and to divide the share capital for the time being into several classes (being those specified in the Companies Act, 2013) and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or accordance with the Articles of Association of the Company and to vary, modify , enlarge, abrogate any such rights, privileges or conditions as may be permitted by the said Act, or provided by these Articles of Association of the Company.

SHARE CAPITAL AND VARIATION OF RIGHTS

5. Subject to the provisions of the Act and these Articles and subject to the directions of the Government, the shares in the capital of the Company shall be under the control of the Directors who issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and in such terms and conditions and either at premium or at par and at such time as they may from time to time think fit.
6. Subject to the provisions of the Act and these Articles, the Board may issue shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid up otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be.
7. The Share capital of the Company shall be paid in cash pro- rata to shareholding pattern in the Company and shall be payable in the manner as may be determined by the Board of Directors from time to time.

Kinds of Share capital

8. The Company may issue the following kinds of shares in accordance with these Articles, the Rules and other applicable laws:
 - (a) Equity share capital
 - (i) With voting rights; or
 - (ii) With differential rights as to dividend, voting or otherwise in accordance with such rules as may be prescribed; and
 - (b) Preference share capital: (As may be decided and directed by the Government)

Issue of Certificate

9. (i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after

allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided,-

1. One certificate for all his shares without payment of any charges; or
 2. Several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.
- (ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.
- (iii) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

Holding Shares in Dematerialisation Form

10. Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialize its existing securities, rematerialize its securities held in the depositories and/or offer its fresh securities in the dematerialized form pursuant to the Depositories Act, 1996, and the rules framed there under, if any.

Certificate to bear Seal

11. Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.

One certificate of shares held jointly

12. In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

Issue of new certificate in place of one defaced, lost or destroyed

13. If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of fees for each certificate as may be fixed by the Board.

Variation of members' rights

14. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Act and whether or not the Company is being wound up, be varied with the

consent in writing, of such member of the holders of the issued shares of that class, or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class, as prescribed by the Act.

(ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least five or such other number as may be prescribed by the Act from time to time.

Issue of further shares not to affect rights of existing members

15. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

Power to issue redeemable preference shares

16. Subject to the provisions of the Act, the Board shall have the power to issue or re-issue preference shares of one or more classes which are liable to be redeemed, or converted to equity shares, on such terms and conditions and in such manner as determined by the Board in accordance with the Act.

Further issue of Share Capital

17. The Board or the Company, as the case may be, may, in accordance with the Act and Rules, issue further shares to –
 - (a) Persons who, at the date of offer, are holders of equity shares of the Company, such offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; or
 - (b) Employees under any scheme of employees stock option; or
 - (c) Any persons, whether or not those persons include the persons referred to in clause (a) or clause (b) above.

Mode of further issue of shares

18. A further issue of shares may be made in any manner, whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act and the Rules.

ADDITIONAL FUNDING

19. In the event of the Company requiring additional funds or finance, to accomplish the turnover and result projected in the Business plan, the Board shall decide if it is to be arranged by way of increase in the paid-up share capital of the Company or by way of loan. In case if it is by way of

increase in the paid-up share capital of the Company, the same will be done as per the provisions contained in the Articles. If option of loan is decided upon, the Company may endeavor to obtain loan from term lending institutions or Nationalised/scheduled banks on the best terms, which could reasonably be expected to be obtained in the open market. In the event of any requirement of providing any corporate guarantee/security from the Shareholders for such loan, such guarantee and security shall be provided by the shareholders in proportion to their shareholding in the Company, in accordance with applicable exchange control regulations and any other applicable laws in India.

20. If no such finance can be obtained, the Shareholders may contribute monies in proportion to the shareholding ratio between them in the Company, by way of shareholders' loan (at the prevailing lending rate and in accordance with any other requirements prescribed by the Reserve Bank of India and any other applicable laws prevailing in India. (entered in separate heading i.e., Alteration of share capital)

LIEN

21. The Company shall have a first and paramount lien-

- (a) on every Share (not being fully-paid Shares), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that Share; and
- (b) on all Shares (not being fully- paid Shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the Company:

Provided that the Board of Directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause,

22. The Company's Lien, if any, on a Share shall extend to all dividends payable and bonus declared from time to time in respect of such Shares.
23. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made-

- (b) unless a sum in respect of which, the lien exists is presently payable; or
- (c) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

24. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists and is presently payable. The residue, if any, shall

subject to lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the Shares at the date of the sale.

CALLS ON SHARES

25. The Board may ,from time to time, make calls upon the Members of any monies unpaid on their Shares(whether on account of the nominal value of the Shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the shares or be payable at less than one month from the date fixed for the payment of the last preceding call.

- (i) Each member shall, subject to receiving at least 14 (fourteen) days' notice specifying the time/(s) and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his Shares.
 - (ii) A call may be revoked or postponed at the discretion of the Board.
 - (iii) A call may be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by installments.
 - (iv) The joint holder of a share shall be jointly and severally liable to pay all calls in respect thereof.
26. Where any calls for further share capital are made on the shares of a class, such calls shall be made on a uniform basis on all shares falling under that class. Shares of the same nominal value on which different amounts have been paid-up shall not be deemed to fall under the same class.
27. (i) If a sum called in respect of a Share is not paid on or before the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the appointed day for payment thereof to the time of actual payment at 10% (ten percent) per annum or at such lower rate if any, as the Board may determine.
- (ii)The Board shall be at liberty to waive payment of any such interest wholly or in part.
28. (i) Any sum which by the terms of issue of share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the shares or by way of premium, shall, for the purpose of these Articles, be deemed to be a call duly made and payable on the date on which by terms of issue of such sum becomes payable.
- (ii) In case of non-payment of such sum, all the relevant provisions of these regulations, as to payment of interest or expenses, forfeiture or otherwise, shall apply as if, such sum had become payable by virtue of a call duly made and notified.
29. The Board -

- (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and
- (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, twelve percent per annum, as may be agreed upon between the Board and the member paying the sum in advance.

FORFEITURE

- 30. If any Member fails to pay any call or installment of a call, on or before the day appointed for the payment of the same, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice to such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
- 31. The notice shall name a day (not being less than 14 (fourteen) days from the date of service of the notice) and a place or places on and at which such call or installment and such interest or 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 such call was made or the installment payable will be liable to be forfeited.
- 32. If the requirements of any such notice as aforesaid are not complied with, any Shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, interest or expenses, due in respect thereof, be forfeited by the resolution of the Board to that effect.
- 33. When any Share shall have been so forfeited, notice of the resolution shall be given to the Member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the register, But no forfeiture shall be in any manner invalidate by any omission or neglect to give such notice or to make such entry as aforesaid.
- 34. Any share so forfeited shall be deemed to be the property of the Company and the Board may sell, re-allot or otherwise dispose off, the same, as it thinks fit.
- 35. The Board may, at any time before any share so forfeited have been sold, re-allotted or otherwise disposed off, annul the forfeiture thereof upon such conditions as it thinks fit. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited Shares, but shall, notwithstanding the forfeitures remain liable to pay and shall forthwith pay to the Company, all calls, or installments, interest and expenses, owing upon or in respect of such shares, at the time of forfeiture, together with interest thereon, from the time of forfeiture until payment, at 10% percent per annum or such lower rate, if any, as the Board may from time to time determine and the Board may enforce the payment thereof, or any part thereof without any direction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so. The

liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.

36. A duly verified declaration in writing that the declarant is a Director, Manager or Secretary of the Company and that certain Shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Shares.
37. (i) The Company may receive the consideration, if any, given for the Share on any sale or disposal thereof and may execute a transfer of the shares in favour of the person to whom the shares are sold or dispose off.
- (ii) The transfer shall thereupon be registered as the holder of such Shares and shall not be bound to see the application of the purchase money, nor shall his title to such Shares be affected by any irregularity or invalidity in the proceeding in reference to such forfeiture, sale or disposal of the Shares.
38. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser name to be entered in the Register in respect of the shares sold and the purchaser shall not bound to see the regularity of the proceedings, nor to the application of the purchase money, and after his name has been entered in the Register in respect of such shares the validity of the sale shall not be impeached by any persons, and the remedy of any person aggrieved by the sale shall be damages only and against the Company exclusively.

TRANSFER AND TRANSMISSION OF SHARES

39. Transfer and Transmission of shares.

The right of members to transfer their shares shall be, subject to the following restrictions:-

- a) A share can be transferred by a member or other person entitled to transfer only to a person as approved by the Government.
- b) Subject to as aforesaid, the Board, may, in its absolute and unconditional discretion refuse to register any transfer of shares without assigning any reasons.
- c) Provisions of Section 56 of the Act shall not be applicable and no instrument of transfer is required to be presented for transfer of shares except the Government order directing to effect the transfer.

40. Power to increase share Capital

Subject to the approval of the Government, the Company may, from time to time, by ordinary resolution, increase the Share Capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

41. On what conditions new shares to be issued

Subject to such directions as may be issued by the Government, in this behalf, new shares shall be issued upon terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct, and if no direction is given as the Board shall determine.

42. How far new shares to rank with shares in original capital

Except so far as otherwise provided by the conditions for issues, or by these Articles, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment calls and installments, dividend, transfer, lien, voting, surrender and otherwise.

ALTERATION OF CAPITAL

43. Subject to the provisions of Section 61, the Company may, by ordinary resolution -

- (a) Consolidate or divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) Convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
- (c) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum;
- (d) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

44. Where shares are converted into stock, -

- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit.

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

- (a) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

45. Such of the regulations of the Company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.
46. The Company may, by special resolution, reduce in any manner and subject to, any incident authorised and consent required by law,—
- (a) Its share capital;
 - (b) Any capital redemption reserve account; or
 - (c) Any share premium account.

CAPITALISATION OF PROFITS

47. (i) The Company in its general meeting may, upon the recommendation of the Board, resolve-
- (a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company’s reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
 - (b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportion.
- (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either or towards-
- (A) Paying up any amounts for the time being unpaid on any shares held by such members respectively;
 - (B) Paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
 - (C) Partly in the way specified in sub-clause (A) and partly in the way specified in sub-clause (B);
- (iii) The securities premium account and the capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;
- (iv) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.
48. (i) Subject to the provisions of Section 63(2) and (3) of the 2013 Act, the Company may capitalise its profits or reserves for the purpose of issuing fully paid – up bonus shares out of:
- (a) Its free reserves;
 - (b) Its securities premium account; or

- (c) Its capital redemption reserve account

Provided that no issue of bonus shares be made by capitalising reserves created by revaluation of assets.

BUY-BACK OF SHARES

- 49. Notwithstanding anything contained in these Articles, but subject to the provisions of Section 68 to 70 of 2013 Act and any other applicable provisions of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

BORROWING POWERS

50. Power to Borrow

Subject to such directives as may be issued by the Government, in this behalf and subject to the provisions of section 179 of the Act, the Board may from time to time, borrow or secure the payment of any sum of money for the purpose or business of the Company.

51. Conditions on which money may be borrowed

The Board may, subject to such directives as may be issued by the Government, in this behalf, secure the repayment of monies in such manner and upon such terms and conditions, in all respects, as it thinks fit and in particular, by the issue of bonds, perpetual or redeemable debentures or debenture stock or by creating any mortgage, charge or other security on the understanding of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

52. Securities may be assignable free from equities

Debentures, debenture-stock, bonds, or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

53. Issue at discount or with privileges

Subject to such directives as may be issued by the Government, in these behalf and subject to applicable provisions of the Act, any debenture, debenture stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, allotment of shares, appointment of Directors or otherwise.

GENERAL MEETINGS

- 54. All Meetings of the Members other than the Annual General meeting shall be called Extra-ordinary General meetings. The Annual General Meeting and Extra-ordinary Meetings of the Members shall be called and held in accordance with the Articles and subject to the provisions of the Acts.

- i) The Board may, whenever it deems fit, call an extraordinary general meeting of the Company.

- ii) The Board shall, in accordance with the provisions of Section 100 of the 2013 Act and the rules made thereto also at the requisition made by such number of members who hold, on the date of the receipt of the requisition, not less than one-tenth of such of the paid-up share capital of the Company as on that date carries the right of voting, within twenty-one (21) days from the date of receipt of a valid requisition call for an extra-ordinary general meeting for consideration of the matter specified in the requisition on a day not later than forty-five (45) days from the date of receipt of the requisition. Failing which, the meeting may be called and held the requisitionists themselves within a period of three(3) months from the date of the requisition in the same manner in which the meeting is called and held by the Board. The requisition made under this Article shall set out the matters for the consideration of which the meeting is to be called and shall be signed by the requisitionists and sent to the registered office of the Company.
55. Any act or resolution which is permitted or required to be done or passed by the Company at a general meeting shall be done or passed by an ordinary resolution unless the Act specifically requires such an act to be done or resolution to be passed as a special resolution.
56. The members personally present at the meeting shall elect one among themselves to be the Chairman thereof through poll.
57. As and when permitted under the applicable law in India and subject to such conditions as may be prescribed thereto, a general meeting may be held by way of teleconference, video conference or through any other electronic medium.

Adjournment of meeting

58. (i) The Chairman may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
 - (iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
 - (iv) Save as aforesaid, and as provided in Section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Notice

59. At least twenty-one (21) days prior written notice of any meetings of the Members shall be given to:
- (a) Every member of the Company, legal representative of any deceased member or the assignee of an insolvent member;
 - (b) The Auditor or Auditors of the Company; and
 - (c) Every Director of the Company.

Either in writing or through electronic mode in such manner as may be prescribed. However, the meeting of the Members may be called at a shorter notice, if consent is given in writing or by electronic mode by not less than ninety-five per cent of the members entitled to vote at such meeting.

60. (i) In every notice calling a general meeting there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy, or, where that is allowed, one or more proxies, to attend and vote instead of himself, and that a proxy need not be a member.

(ii) Every notice of a meeting shall specify the place, date, day and the hour of the meeting. In every notice calling a general meeting there shall be annexed thereto a statement concerning each item of business to be transacted at a general meeting, in accordance with Section 102 of the 2013 Act.

Proxy

61. Any member of a Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as a proxy to attend and vote at the meeting on his behalf, provided that a proxy shall not have the right to speak at such meeting and shall not be entitled to vote except on a poll.
62. The instrument appointing a proxy shall be in writing and shall be in the form prescribed in the rules made under Section 105 of the 2013 Act and shall be signed by the appointer or his attorney duly authorised in writing or, if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it. The duly executed instrument of proxy should be deposited at the registered office of the Company not later than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote, or in case of a poll; not less than 24 hours before the time appointed for the poll; and in default the instrument of proxy shall not be treated as valid.
63. Every Member entitled to vote at the general meeting or any resolution to be moved there-at, shall be entitled, during the period beginning twenty-four (24) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three (3) days notice in writing of the intention so to inspect is given to the Company.

Quorum

64. The quorum for general meeting of the Company shall be five members personally present or such number as may be prescribed by the Act from time to time.
65. In the event a quorum as required herein is not present within thirty (30) minutes of the appointed time, the meeting of the shareholders, if called by the Board of Directors under Section 100(1) of the 2013 Act shall be adjourned to such other day and at such other time and place as the Board

may determine and if called by requisitionists under Section 100(2) of the 2013 Act, shall stand cancelled. Provided that in case of an adjourned meeting or of a change of day, time or place of meeting, the Company shall give not less than three (3) days notice to the members. In the event the required quorum is not present within thirty (30) minutes of the fixed time for such adjourned meeting, the members present shall constitute a valid quorum.

66. Right of Governor to appoint any person as his representative.
- a) The Governor, so long as he is a Shareholder of the Company, may from time to time, appoint one or more persons (who need not be a member or members of the Company) to represent him at all or any meetings of the Company.
 - b) Any of the person or persons appointed under Article 72 (ii) (a) of this Article who is personally present at the meeting shall be deemed to be member entitled to vote and be present in person and shall be entitled to represent the Governor at all such meetings and to vote on his behalf whether on a show of hands or on a poll.

Voting Rights

67. Voting on all matters to be considered at a general meeting of the Members shall be by way of poll unless otherwise agreed upon in writing among the members. All decisions in the Shareholders meeting shall be passed only if approved by the majority.

On a poll, the voting rights of members shall be in proportion to their share in the paid up equity share capital of the Company.

68. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
69. 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 be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.

BOARD MEETING

Board of Directors

70. (i) The number of Directors shall not be less than three and not more than twelve unless and until otherwise determined by the Company at a General meeting. Until the Directors are appointed by the Government of Karnataka in accordance with Article 71, the signatories to the Memorandum and Articles shall be the first Directors of the Company. The first Directors of the Company are

1. Sri.N.Narasimha Rao, IAS, Chairman,
Chief Secretary to Government of Karnataka,
Bangalore.

2. Sri.S.K.Warrior, IAS,

Secretary to Government of Karnataka,
Commerce & Industries Department,
Vidhana Soudha, Bangalore.

3.Sri.N.Prabhakara Rao, IAS,
Secretary to Government of Karnataka,
Finance Department, Vidhana Soudha, Bangalore.

4.Sri.A.L.Melekote, IAS.
Secretary to Government of Karnataka,
Food & Forest Department,
Vidhana Soudha, Bangalore.

5.Sri.P.K.Nayak, IAS,
Chairman & Managing Director,
Karnataka State Industrial Investment &
Development Corporation Limited,
Cunningham Road, Bangalore.

6.Sri.N.A.Muthanna, IAS,
Commissioner for Industrial Development &
Director of Industries & Commerce, Bangalore

7.Sri.K.M.Setty
Managing Director,
Mysore Sales International Limited,
Cunningham Road, Bangalore.

8.Sri.N.Vishwanatha,IAS,
Addl. Secretary to Government of Karnataka,
Commerce & Industries Department,
Vidhana Soudha, Bangalore

9.Sri.V.Jayappa, Director,
Government Soaps & Sandalwood Oil Factories,
Vidhana Veedhi, Bangalore

(ii) The present Directors of the Company

1. Smt. Veronica Cornelio,
Chairperson,
Karnataka Soaps & Detergents Ltd.,
P.B.No.5531,
Rajajinagar,
Bangalore.

2. Sri. A.C. Keshavamurthy, I.F.S.,
Managing Director,
Karnataka Soaps & Detergents Limited,
Bangalore- 560 055.

3. Dr. Mithileshwar Jha,

Prof. of Marketing,
Indian Institute of Management,
Bannerghatta Road,
Bangalore-560 076.

4. Sri G.S. Kariyappa, I.F.S.,
Managing Director,
Karnataka State Handicrafts
Development Corporation,
Bangalore-560 001.

5. Sri Tushar Giri Nath, I.A.S.,
Secretary to Government,
Commerce & Industries Department,
Vikasa Soudha,
Bangalore-560 001.

6. Sri.K.S.Saibaba, .I.F.S.,
Secretary to Government,
Department of Forests,
Ecology and Environment,
M.S.Building,
Bangalore – 560 001.

7. Dr.S.Chandrasekran,
Prof. & Chairman,
Dept. of Organic Chemistry,
Indian Institute of Science,
Bangalore – 560 012.

8. Sri. M D Ravindranath
Additional Secretary to Government (C & C)
Commerce & Industries Department,
Vikasa Soudha,
Bangalore-560 001.

9. Smt. Dipti Aditya Kanade, I.A.S.,
Deputy Secretary to Government (B & R)
Finance Department
Vidhana Soudha
Bangalore 560 001

10. Sri. Gangaram Baderia, I.A.S.,
Principal Secretary To Government
Department of Public Enterprises
M S Building
Ambedkar Veedhi
Bangalore 560 001

71. The Directors shall be appointed by the Government. However, from the Directors appointed by the Government, the Board of Directors has the power to appoint such person or persons to act as independent Director/(s) and also to appoint a women Director in pursuance to the 2013 Act.
72. (i) the remuneration of the Directors shall, in so far as it consists of a monthly payment, deemed to accrue from day -to-day
- (ii) in addition to the Sitting fee payable to them in pursuance to the Act, the Directors may be paid all travelling, hotel, and other expenses properly incurred by them –
- a) In attending and returning from the meetings of the Board of Directors or any committee thereof or General Meeting of the Company; or
- b) In connection with the business of the Company.
73. The Directors need not hold any qualification shares in the Company.
74. The Board of Directors shall manage the business of the Company. The Board of Directors shall have the power to pay all expenses incurred in registering the Company, subject to such expenses being duly audited and may exercise all such powers of the Company as are restricted by the Acts or by these Articles. All acts done in any meeting of the Board or a committee thereof or by any person acting as a Director, shall, notwithstanding that it may afterwards be discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Director or such person had been duly appointed and was qualified to be a Director.
75. The Board may, subject to the provisions of the Acts from time to time delegate any of its powers to a committee consisting of such Director or Directors as it thinks fit and may from time to time revoke such delegation. The committee shall exercise its powers and perform its functions in accordance with the regulations that may be imposed from time to time by the Board and in accordance with these Articles.
76. Subject to Section 184, 185 and 188 of the 2013 Act, any contract entered into by or on behalf of the Company in which any Director is interested shall be voidable at the option of the Company. It is essential for every interested Director to declare the nature of his interest at the meeting of the Directors in which, the contract is discussed and resolution for entering into the contract is passed.

77. **CHAIRMAN**

The Government shall appoint the Chairman/vice - Chairman from among the non-official members of the Board of Directors on such terms and conditions and for such period as it thinks necessary.

VACATION OF OFFICE OF DIRECTOR

78. The office of a Director shall become vacant in case -

- (a) He incurs any of the disqualification specified in Section 164 of the 2013 Act;
- (b) He absents himself from all the meeting of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board;
- (c) He acts in contravention of the provisions of Section 184 of the 2013 Act relating to entering into contracts or arrangements in which he is directly or indirectly interested;
- (d) He fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of Section 184 of the 2013 Act;
- (e) He becomes disqualified by an order of a court or the Tribunal;
- (f) He is convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months;

Provided that the office shall be vacated by the Director even if he has filed an appeal against the order of such court;

- (g) He is removed in pursuance of the provisions of the 2013 Act;
- (h) He having been appointed as a Director by virtue of his holding any office or other employment in the holding, subsidiary or associate Company, cease to hold such office or other employment in that Company;
- (i) He resigns from the Board of Directors in accordance with Section 168 of the 2013 Act.

79. The shareholders shall be entitled to:

- (a) Remove from the Board of Directors (with or without cause) their respective nominee Director(s) by way of a written request.
- (b) Designate a replacement of nominee Director(s) to fill the vacancy created if the nominee Director(s) ceases to serve as a member of the Board for any reason whatsoever and such replaced Director shall serve in the capacity of a nominee Director(s) as the case may be until his death, disability, resignation or removal whichever is earlier.

80. Subject to the provisions of the Act, the Government, shall have power at any time, and from time to time, to appoint a person as an additional Director/nominee Director/Independent Director/Women Director, provided the number of the Directors and all other Directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles.

81. (i) The Board may appoint alternate Director to act for a Director during his absence for a period of not less than three months from India. No person shall be appointed as an alternate Director unless he is qualified to be appointed as an independent Director under the provisions of the Act.

- (ii) An alternate Director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India.

- (iii) An independent Director to hold office for such term as prescribed under the Act.
- (iv) A women Director to hold office for such term as prescribed under the Act.

82. The Board may pay all expenses incurred in setting up and registering the Company.
83. The Company may exercise the powers conferred on it by Section 88 of 2013 Act, with regard to the keeping of the foreign register; and the Board may (subject to the provisions of that Section) make and vary such regulations as it may think fit respecting the keeping of such register.
84. All cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instruments and all receipts for monies 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 Board shall from time to time by resolution determine.
85. Every Director present at any meeting of the Board or of a Committee thereof shall sign his name in a book to be kept for that purpose.

MANAGING DIRECTOR

86. Appointment of Managing Director

- 1) The Government of Karnataka may appoint any one of the Directors of the Board to be Managing Director for such period and upon such terms as it may think fit, for the conduct or management of the business of the Company subject to the control and supervision of the Board of Directors, Managing Director so appointed may be authorised by the Board to exercise such of the powers and discretion in relation to the affairs of the Company as are specifically delegated to him by the Board and are not required to be done by the Board of Directors of the Company at the general meeting under the Act.
- 2) The Managing Director or Managing Directors shall be paid such salary and allowances as may be fixed by the Government.
- 3) In the absence of the Managing Director on leave or otherwise the Board may, with the previous approval of the Government, empower any other Director or any Principal officer of the Company to perform all or any of his functions and duties.

Provided that where such absence not likely to exceed three months, the previous approval of the Government shall not be necessary.

- 4) The executive and administrative powers, functions and responsibilities shall vest with the Managing Director and day to day managerial and administrative functions of the Company shall be carried out by the Managing Director.
- 5) i) The Managing Director shall be solely responsible for ensuring that Government instructions contained in various Government Orders, Circulars etc., are strictly enforced in the working of the Company. Further he shall, at best bring them to the notice of the Board for adoption.

- ii) The Managing Director shall not give effect to such Board resolutions which require approval of the Government without seeking approval from the government irrespective of any circumstances.
 - iii) The Managing Director shall be personally responsible for compliance with the Rules and instructions contained in the circulars, guidelines etc., issued by the Government with regard to roles, functions and responsibilities of Chairman/Directors of the Company.
 - iv) The Managing Director not to implement the decisions of the Board of Directors, if he finds such a decision either against financial commercial interests of the Company or contrary to rules, regulations, directions etc., issued by the Government.
87. Subject to the provisions of Section 188 and 196 of the 2013 Act, the Government may, from time to time, appoint one to the office of the Managing Director or whole time Director for such period and on such remuneration and other terms as they think fit and subject to the terms of any agreement entered into in any particular case, may revoke such appointment. Appointment of such Managing Director shall automatically be terminated if he ceases to be a Director.
88. A Managing or Whole Time Director may be paid such remuneration (whether by way of salary, commission or participation in profits of partly in one way and partly in other) as the Government, may determine.
89. The Board of Directors may entrust to and confer upon a Managing or Whole Time Director any of the powers exercisable by them, upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw or alter or vary all or any such powers.
90. (1) Subject to the control and supervision of the Directors and the Government, and subject to the provision of the Act, the Managing Director shall have the general conduct and management of the business and affairs of the Company and subject to such control and supervision and direction of the Board and/or the Government,, shall have and exercise the following powers, namely :
- a) To manage the affairs of the Company and to perform and exercise all the powers, rights and discretion assigned to or vested in him by these presents or by the Articles of Association and which may from time to time assign to or vested in him by the Government, / Board of Directors and/ or by the Company in General Meeting.
 - b) To enter into and become parties to and to sign and execute all deeds, instruments, contracts, receipts and all other documents or writings on behalf of the Company not required to be executed under its common seal or not otherwise provided for in the Articles of Company.
 - c) To make, sign, draw, accept, endorse, negotiate, sell and transfer on behalf of the Company all cheques, bills of exchange, drafts, hundies, promissory notes, dock warrants, delivery orders, railway receipts, bills of lading and other mercantile documents and other negotiable instruments, securities and debentures.

- d) To become parties to and to present for registration and admit execution of and to do every act, matter or thing necessary or proper to enable registration on behalf of the Company of all deeds and instruments whatsoever.
- e) To institute, defend, prosecute, conduct, refer to arbitration, abandon and compromise, legal or other proceedings, claims and disputes by or against the Company or in which the Company may be concerned or interested.
- f) To receive and give effectual receipts and discharges for all monies, goods or property payable to or to be received by the Company.
- g) To convene meetings of the Board of Directors, Committees, Sub- Committees of the Directors, if any, and to convene the Annual and Extra-Ordinary General Meetings of the Shareholders.
- h) To purchase, pay for, acquire, sell, re-sell, repurchase, import, export, all machinery, machines, raw materials and equipments, finished products and all other articles and things necessary or expedient for or in course of the business of the Company.
- i) To take on lease, hire, rent and movable and immovable properties required for the purpose of business of the Company at such rent, hire charges or consideration and condition as he may think fit.
- j) Subject to the approval of the Directors and within such limits as to price as they may from time to time prescribe to acquire by purchase or otherwise, lands hereditaments, buildings and immovable property of every description and kind.
- k) To erect, maintain and extend works, factories, factory buildings, warehouse and buildings and works of every description and kind within such limits as to price, if any, which the Board of Directors may from time to time prescribes.
- l) To sell, transfer and dispose of immovable or movable property of the Company of every description and kind.
- m) To let on hire any movable or immovable properties of the Company at such rent, hire charges or consideration and for such period and on such terms and conditions as he may think fit.
- n) To raise or borrow (otherwise than debentures) from time to time in the name of the Company or otherwise on behalf of the Company but not exceeding the total amount, if any, which may be specified by the Board of Directors from time to time such sum or sums of money and on such terms as Managing Director may think expedient.
- o) To insure and keep insured the Company's premises, buildings, machinery, plant, materials, equipment and all other properties and asset of the Company movable or immovable and profits of the Company against loss or damage by fire or other risks to

such amount and for such period as the Managing Director may deem proper in the interest of the Company

- p) Within the limits from time to time fixed by the Board of Directors and to invest and deal with the money of the Company not immediately required upon investment of such nature including Government securities as is specified by the Board of Directors and from time to time and subject as aforesaid to deposit the same with Banks, from time to time to realise and vary investments.
 - q) To open and operate upon accounts, currents, cash, credit, overdrafts, fixed or otherwise with any Banks or Bankers, merchant, or merchants or with any Company, firm or firms, individual or individuals, and to pay monies into and to draw monies from any such account or accounts from time to time as the Managing Director may think fit.
 - r) To attend and vote at all meetings in all bankruptcy, insolvency or liquidation or other proceedings in which the Company may interested or concerned.
 - s) To appoint, employ, remove, dismiss, discharge, suspend, re - appoint, or re – employ or replace for the management of the business and affairs of the Company, Officers, Sales managers, Branch Managers, Secretaries, Clerks, Servants, Workmen and other employees, Bankers, Solicitors, Advocates, Accountants, Architects, Valuers, Engineers, Mechanics, Muccadams, and other experts of the Company and with such powers and duties and upon such terms as to duration of employment, remuneration or otherwise.
 - t) To delegate to any person all or any of the powers, authorities and discretion for the time being vested in him other than those delegated to him under sub- article 2(c) of Article 90 of these presents and to revoke or withdraw all or any powers so delegated by him. And also from time to time to provide for the appointment of any attorney or attorneys or other persons for the management and transaction of the affairs of the Company and confer on such person such powers as he may think fit and from time to time remove and to appoint another or others in place of any person or persons so removed.
 - u) And generally to make all such arrangements and do all such acts, deeds, matters and things on behalf of the Company as may be usual, necessary or expedient in the conduct or management of the business and as are not by the Memorandum and Articles expressly forbidden to be done by the Managing Director or as are not required to be done by the Company in General meeting or by the Board of Directors.
- 2) The Managing Director, however, shall not exercise the powers to :-
- a) Make calls on Shareholders in respect of money unpaid of shares of the Company;
 - b) Issue Debentures;
 - c) Invest the funds of the Company or make loans or borrow monies, except as may be delegated by the Board under Section 179 of the Act.

**CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY AND
CHIEF FINANCIAL OFFICER**

91. Subject to the provisions of the Act, -

A Chief Executive Officer, Manager, Company Secretary and Chief Financial Officer so appointed may be removed by means of a resolution of the Board; the Board may appoint one or more chief executive officers for its multiple businesses.

PROCEEDINGS OF THE BOARD

92. The Managing Director may or the Manager or Secretary on the requisition of a Director shall at any time, summon a meeting of the Board. The Board shall meet at least four (4) times every year in such a manner that not more than one hundred twenty (120) days shall intervene between two consecutive meetings of the Board, at a location as determined by the Board for each of such meetings. The Board may also meet more often as and when it deems necessary.
93. Subject to applicable law, any meeting of the Board may be held at any place within or outside India or by way of teleconference, video conference or through any other electronic medium, in the manner as permitted under the applicable law in India and participation by a Director or his alternate in a meeting by such means shall constitute presence of such Director or his alternate in person at the meeting.
94. Subject to the provisions of applicable law, not less than seven (7) Business Day's written notice of every meeting of the Board shall be given simultaneously to each Director, whether such Director is located in India or outside India by facsimile at the facsimile number or by e-mail at the address provided by such Director. Notice of such meeting shall also be sent to a Director who is located outside India at his address, if any, in India. A meeting of the Board may be called by giving a shorter notice with the written consent of all the Directors.
95. The notice convening a meeting of the Board shall set out the agenda for the meeting listing those items of business to be taken up at the meeting. No item of business shall be transacted at such meeting, unless such item of business was previously stated in the agenda. Provided that with the unanimous consent of all the Directors, the total strength shall not include the Directors whose places are vacant which consent shall not be unreasonably withheld, any item of business not included in the agenda may be transacted at the meeting.
96. The quorum for a meeting of the Board shall be one-third of the total strength of Directors for the time being or two whichever is higher, subject to Section 174 of the 2013 Act. Participation of the Director by video conferencing or by other audio visual means shall also be counted for the purpose of quorum.
97. In the event the quorum as required herein is not present within thirty (30) minutes from the time appointed, the said meeting of the Board shall stand dismissed. Further meeting may be then called by issuing fresh Notice along with agenda.

98. The question arising at any meeting of the Directors shall be decided by a majority of votes. A resolution, not being a resolution required by the Acts or by these articles to be passed at a meeting of the Directors, may be passed by circulation and shall be as valid and effectual as a resolution duly passed at a meeting of the Directors called and held, provided it has been circulated in draft form, together with the relevant papers, if any, to all the Directors in India and abroad and has been approved by a majority of the Directors entitled to vote thereon.
99. Minutes of the proceeding of every general meeting of shareholders or creditors and every meeting of its Board of Directors or of every committee of the Board shall be taken in English and kept by the Company in accordance with Section 118 of the 2013 Act. The Board of Directors shall be provided with a copy of the minutes of each meeting of the Board within thirty (30) days from the relevant meetings.
100. All expenses with regard to attending the meetings of the Board shall be initially borne by the respective Director attending the meeting in person or through his/her nominee Directors.

Chairman of the Board of Directors Meeting

101. The Government may appoint Chairman of the Board of Directors and determine the period for which he is to hold office. If at any meeting the Chairman is not present, any other Director shall preside over the meeting. If at any meeting the Chairman is not present within 30 minutes after the time of holding the same, the Directors present may choose one of the members to be Chairman of the meeting.
102. A) The Chairman shall not have any executive powers, functions and responsibilities. Further, the Chairman will preside over the Board meeting and provide necessary guidance for transacting business of the Company.
- B) The Government shall determine, fix and sanction the remuneration, honorarium and other benefits payable to the Chairman and the Board shall not determine or pay or provide any other commission, allowance, benefits, perks, amenities or facilities to the Chairman beyond the sanctioned amount.

Delegation of Powers to Committees

103. The Board of Directors may subject to the provision of Section 179 of the Act delegate any of the powers to a committee consisting of such Director or Directors of their body as they think fit; any committees so formed shall, in exercise of the powers so delegated conform to any regulations that may be imposed on its by the Board. Proceedings of such Committees shall be placed before the Board of Directors at the next meeting.
104. The Committees of the Board of Directors or Sub-Committees, as may be considered by the Board, as per Articles, shall deal with matters on behalf of the Board only and not with any executive functions.
105. The Committee may elect the Chairman of their meetings; if more such Chairman is elected or if at any meeting the Chairman is not present within 30 minutes after the time appointed for holding

the same, the members present may choose one of their members to be Chairman of the meeting. When acts of Directors of committee valid notwithstanding defective appointment etc.,

POWERS OF THE DIRECTORS

106. Subject to Section 179 of the 2013 Act, by a resolution passed at a meeting, the a Board of Directors shall have the right to delegate any of their powers to any committee of Directors, the Managing Director, the manager or any other principal, agents or other persons as they deem fit and may at own discretion revoke such powers.
107. The Board shall have powers for the engagement and dismissal of managers, employees, clerks and assistants and shall have power of general direction, management and superintendence of the business of the Company with full power to do all such acts, matters and things deemed necessary, proper or expedient for carrying on the business of the Company, and to make and sign all such contracts and to draw and accept on behalf of the Company all such bills of exchange, cheques, drafts and other Government papers and instruments that shall be necessary, proper or expedient, for the authority and direction of the Company except only such of them as by the Act of by these presents are expressly directed to be exercised to be by Shareholders in the General Meeting.
108. Without prejudice to the general powers conferred by the provision of the Articles and the other powers conferred by theses Articles and subject to the provisions of the Act the Directors may have power –

To acquire Property

- 1) Purchase, take on lease or otherwise acquire for the Company property, rights or privileges which the Company is authorise to acquire at such price and generally on such terms and conditions as they think fit;

Works of Capital nature

- 2) Authorise the undertaking of works of a capital nature;

To pay for property in debentures, etc.

- 3) Pay for any property, rights or privileges acquired by or services rendered to the Company either wholly or partially in each or in shares, bonds, debentures or other securities of the Company, and any such shares may be issues either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bond, debentures or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;

To secure contracts by mortgage

- 4) Secure the fulfillment of any contract or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such other manner as they may think fit;

To borrow funds

- 5) With the previous approval of the Government, to borrow or raise or secure the payment of any sums of money for the purpose of the Company and in particular by the issue of debentures, perpetual or otherwise including debentures convertible into shares of this or any other Company or perpetual annuities and in security of any such money so borrowed, raised or received, to mortgage, pledge or charge the whole or any part of the property, assets or revenues of the Company, present or future, including its uncalled capital by special assignment or otherwise, or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and other powers as may seem expedient; and to purchase, redeem, or pay off any such securities.

To appoint Trustees

- 6) Appoint any person or persons (whether incorporated or not) as Trustees, to accept and hold interest for the Company, any property belonging to the Company or in which it is interested or for any other purposes, and execute and do all such deeds and things as may be requisite in relation to any such trust, and provide for the remuneration of such trustee or trustees;

To bring and defend action, etc.

- 7) Institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officer, or otherwise concerning the affairs of the Company; and also compound and allow time for payment or satisfaction of any clients or demands by or against the Company;

To refer to arbitration

- 8) Refer any claims or demands by or against the Company to arbitration, and observe and perform the awards;

To give receipts

- 9) Make and give receipts, releases, and other discharges for money payable to the Company and for the clients and demands of the Company;

To authorise to sign bills, etc.

- 10) Determine who shall be entitled to sign on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, releases, contracts and documents;

To appoint attorneys.

- 11) Provide from time to time for the management of the affairs of the Company outside a place of location of the registered office in such manner as they think fit, and in particular to appoint

any person to be the attorneys or agents of the Company with such powers (including power to sub- delegate) and upon such terms as may be thought fit;

To invest monies

- 12) Invest in the Reserve Bank of India or in such securities as may be approved by the Government and deal with any of the monies of the Company upon such investments authorise by the Memorandum of Association of the Company (not being shares in this Company) and in such manner as they think fit, and from time to time vary or realise such investments;

To give security by way of Indemnity

- 13) Execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any liability for the benefit of the Company such mortgages of the Company's property (Present and Future) as they think fit and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed on;

To give percentage of Commission

- 14) Subject to the approval of Government, and provision of the Act, to give any person employed by the Company a commission on the profits of any particular business transaction, or a share in the general profits of the Company, and such commission or share of profits shall be treated as part of the working expenses of the Company;

To make bye-laws

- 15) From time to time may, vary and repeal bye-laws for the regulation of the business of the Company, its officers and servants;

To give bonus

- 16) Give, award or allow any bonus, pension., gratuity or compensation to any employee of the Company or his widow, children or dependents, that may appear to the Directors just or proper, whether such employee, his widow, children or dependants have or have not a legal claim upon Company;

To create provident fund

- 17) Before declaring any dividend and subject to the approval of the Government, set aside such portion of the profits of the Company as they may think fit, for a fund to provide for such pensions, gratuities or compensations, or create any provident or benefit fund in such manner as the Directors may deem fit;

To establish Local Board

- 18) From time to time and at any time establish local Board for Managing any of the affairs of the Company in any specified locality in India, or out of India. And appoint any persons to be members of such local Board and fix their remuneration; and from time to time and at any time delegate to any person so appointed any of the powers, authorise and discretion for the time being vested in the Directors other than their powers to make calls, and authorise the members for the time being of any such Local Board or any of them, to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made in such terms, and subject to such conditions as the Directors may think fit, and the Directors may at any time remove any person so appointed and may annually or vary any such delegation;

To make contracts, etc.

- 19) Enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds, and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company;

BUSINESS PLAN

109. The Board of Directors shall draw out the annual business plan for the Company from time to time. The annual business plan shall include the projected Financial Statements of the Company.

AUDITOR

110. The Statutory Auditor shall be appointed by the office of the Comptroller and Auditor General of India in accordance with applicable rules. Provided that the Company shall place the matter relating to such appointment for ratification by members at every annual general meeting including remuneration and such amount reimbursable to such appointed Statutory Auditor of the Company
111. The Directors may fill up any casual vacancy in the office of the Auditors in communication with the Comptroller and Auditor General of India.
112. The remuneration of the first Auditor any Auditors appointed by the Board of Directors may be fixed by the Board of Directors. The remuneration of the Auditors of the Company shall be fixed by in its General Meeting or in such manner as may be determined therein.

BOOKS OF ACCOUNTS & INSPECTION

113. The Board shall keep true and fair books of accounts and records of all operations including those to be maintained under the Acts. Such books and records shall be kept in the English language and in Indian Rupees and in accordance with the Generally Accepted Accounting Principles (GAAP) applicable in India and audited annually by the Auditors.

114. The Directors of the Company will be provided with financial statements on an annual basis in accordance with the reporting standards and in accordance with Indian GAAP. Such financial statement of the Company shall be submitted electronically to each party not later than ninety (90) working days following the end of each financial year.

115. Each of the Shareholders shall have the right to audit the books of account of the Company through its resources at its own expenses at the office of the Company. Such audit will be conducted during the normal business hours of the Company, by giving advance written notice of at least three (3) working days.

Inspection of Accounts Books

116. The Books of Accounts shall be kept at the registered office of the Company or at such other place as the Board shall think fit and shall be open to inspection by the Directors during business hours.

Inspection by Member

117. The Board shall from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and the books of the Company or any of them shall be open to the inspection of members (not being a Director) and no member (not being a Director) shall have any right of inspection of any account or books or document of the Company except as conferred by law or authorised by the Board or by a resolution of the Company in general meeting.

Annual Accounts and Balance Sheet

118. The Board shall at least in every financial year lay before the Company in Annual General Meeting a Balance Sheet and Statement of Profit and Loss since the preceding account made upto a date not earlier than the date of the meeting by more than 6 months.

Annual Reports of the Board

119. The Board shall attach to every Balance Sheet a report with respect to the state of the Company's affairs, the amount, if any, which it proposes to carry to the Reserve Fund, General Reserve or reserve account to be shown specifically in subsequent Balance Sheet. The report shall be signed by the Chairman of the Board of the Directors on behalf of the Board if authorised in that behalf by the Board.

Contents of Statement of Profit and Loss

120. The Statement of Profit and Loss, shall subject to the provisions of Section 129 the Act and to the Schedule III referred to therein, show, arranged under the most convenient heads, the amount of gross income, distinguishing the several sources from which it has been derived, and the amount of gross expenditure, distinguishing the expenses of the establishment, salaries and other like matters.

Every item of expenditure fairly chargeable against the year's income shall be brought into account so that a just balance of profit and loss may be laid before the meeting and in cases where any item of expenditure which may in fairness be distributed over several years has been incurred in any one

year the whole of such amount of such item shall be stated with the addition of the reason why only a portion of such expenditure is charged against the income of the year.

Balance Sheet and Statement of Profit and Loss to be sent to members

121.The Company shall send a copy of such Balance Sheet and Statement of Profit and Loss together with a copy of the Auditor's Report to the registered address of every member of the Company in the manner in which notices are to be given hereunder at least 21 days before the meeting at which it is to be laid before the members of the Company.

Power of the Comptroller and Auditor General

122.The Comptroller and Auditor General of India shall have power :

- a) To direct the manner in which the Company's accounts shall be audited by the auditor/auditors appointed in pursuance of the article hereof and to give such auditor/auditors instruction in regard to any matter relating to the performance of his/their functions as such;
- b) To conduct a supplementary or test audit of the Company's accounts by such person or persons as he may authorise in this behalf; and for the purpose of such audit, to have access at all reasonable time, to all Account, Account Books, Vouchers, Documents and other papers of the Company and to required information or additional information to be furnished to any person or persons so authorised, on such form as the Comptroller and Auditor general may, by general or special order, direct.

Comments upon a Supplement to audit report by the comptroller and auditor general to be placed before General Meeting

123.The auditor/auditors aforesaid shall submit a copy of his/their audit report to the Comptroller and Auditor General of India who shall have the right to comment upon or supplement the audit report in such manner as Comptroller and he may think fit. Any such comments upon or supplement to, the audit report shall be placed before the Annual General Meeting of the Company at the same time and in the same manner as the audit report.

Rights of the Government of Karnataka

124.notwithstanding anything contained in any of these Article the Government of Karnataka may from time to time, issue such directives as Government of Karnataka may consider necessary in regard to the finance, conduct of the business and affairs of the Company or directives thereof and in like manner vary and annual such directives. The Company shall be immediate effect to the directives so issued. In particular, the govt. of Karnataka will have the powers;

- i) To give direction to the Company as to the exercise and performance of its functions in matters involving national security and substantial public interest;
- ii) To call for such return, accounts and other information with respect to the property and activities of the Company as may be required from time to time;

- iii) To approve the Company's five year plans, Annual plans of development and the Company's capital budget;
- iv) To approve the Company's revenue budget in case there is element of deficit which is proposed to be met by obtaining funds from the Government; and
- v) To approve agreements involving foreign collaboration proposed to be entered into by the Company.

OPERATION OF BANK ACCOUNTS

125. The Director/Managing Director shall have the power to open Bank Accounts, to sign cheques on behalf of the Company and to operate all Banking Accounts of the Company and to receive payments, make endorsements, draw, and accept negotiable instruments, hundies and bills or may authorize any other person or persons to exercise such powers.

INTER-CORPORATE LOANS AND INVESTMENTS

126. Subject to the provisions of Section 185,186,187 & 188 of the 2013 Act, the Board shall have the power, from time to time and at their discretion to make loan to any other body corporate, give any guarantee, or provide security, in connection with a loan made by any other person to or to any other person, and acquire by way of subscription, purchase or otherwise the securities of any other body corporate.

DIVIDEND AND RESERVES

127. Every year, the Board of Directors will decide the amount of profits that need to be retained in Company for expanding the operation of the Company, both as required by law as well as the needs of Company, and the amount, if any, to be recommended for shareholders approval to be distributed to the Members as dividend, in proportion to the amount paid-up on each share after providing for depreciation in accordance with the provisions of the Acts and in compliance with the Rules made there under. The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

128. The Company in General Meeting may by ordinary resolution declare a dividend to be paid to the Members but no dividend shall exceed the amount recommended by the Board. The Company shall, subject to the provisions of Section 127 of the 2013 Act, remit dividends so declare at the general meeting of the members to each of the shareholders within thirty (30) days.

129. If the Company is required to deduct Tax at source, if any, from time to time from dividends payable to the Members under the Laws of India, the Company shall furnish to the Members official receipts or such other documents evidencing the deduction of tax at source to enable the Members to file their returns. The Board may deduct from any dividend payable to any Member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the Shares of the Company.

130. Subject to the provisions of the Acts, no dividend shall be payable except out of the profits of the Company or out of monies provided by the Central or a State Government for the payment of the dividend in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company.
131. The Board may, from time to time, pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company.
132. Unless otherwise directed in accordance with the Acts, any dividend, interest or other monies payable in cash in respect of a Share may be paid by cheque or warrant sent through the post to the registered address of the holder or, in the case of joint holder to that one of the joint holders who is the first named in the Register in respect of the joint holding or as per the direction of the joint holders.
133. No dividend shall bear interest against the Company.

THE SEAL

134. The Board of Directors shall provide a common seal for the purpose of the Company and shall provide for the safe custody of the same.
135. The common seal of the Company shall not be affixed to any instrument except by the authority of resolution of the Board or of a Committee of the Board authorised by it in that behalf and except in the presence of at least two Directors who shall sign every instrument to which the seal of the Company is so affixed in their presence. The share certificate will be signed and sealed in accordance with rules issued in this regard from time to time.
136. The Articles set out hereinabove may be altered or amended at any time subject to the provisions of the Acts and any statutory modification or re-enactment thereof and/or rules and regulations framed there under.

SECRECY

137. Subject to the provisions of the Act, each of the Shareholders (and its affiliated companies, Directors and employees) and the Company shall keep secret and prevent the access by any third party to all the know – how, trade secrets and other confidential information received by them from the Company or the other shareholders and shall not use any of such confidential information except as previously authorised in writing by the other shareholder and subject to such terms and conditions as are imposed by the other shareholder. This obligation shall survive winding up of this Company and shall apply in particular to the employees of the shareholders and of the Company beyond their employment with the shareholder concerned or with the Company. The shareholders concerned and the Company are liable for the fulfillment of this obligation.

138. The Company shall ensure that a separate Agreement is signed as to the obligation to maintain secrecy between the Company and all of its Directors, Managers, Officers, Employees, Representatives and other persons who have access to confidential information and other secret documents.

INDEMNITY

139. Subject to the provisions of the Acts, the Company shall indemnify the Directors against any and all claims made by third parties, which arise due to any and all claims made by third parties, which arise due to any acts of the Directors carried out within the scope of their powers, by taking out such insurance as is adequate and necessary to cover the liability of the Directors for all acts carried out by, or alleged against them, within the scope of their powers and functions.

WINDING UP

140. If the Company shall be wound – up , the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the Members in specie or in kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

141. For the purpose 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.

142. 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 shall think fit but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

ALTERATION

143. The Company may, in accordance with Section 13, 14 and 15 of the 2013 Act and any rules prescribed there under, alter the provisions of its Memorandum or Articles or both as may be necessary.

Sl No.	Name, Address, Descriptions and Occupations of the Subscribers	Signature of the Subscribers
1.	S K Warrior, S/o N.K.Warrior, "CHANDRIKA', Kumarakrupa Road, II Cross, Madhavanagar, Bangalore Govt. Service	Sd/-
2.	N.K.Prabhakara Rao, S/o Late Sri.N.D.Krishna Rao, No.62/2, Coles Road, Bangalore – 560 005, Govt. Service, For and on behalf of Govt. of Karnataka	Sd/-
3.	N.Vishwanathan S/o N.P.R.Nalgamu Chettiar, B-18, Jeevan Bheemanagar, Bangalore 560 075 Govt. Service	Sd/-

Dated this 27th day of June,1980 at Bangalore

Witness to the above Signatories:

M.C.KONNUR, S/o C.B.KONNUR,
Advocate,
49-A, Shankarmutt Road,
Bangalore – 560 004.1