

**ARTICLES OF ASSOCIATION OF
THE SOUTH INDIA PAPER MILLS LIMITED, MYSORE**

Constitution:

1. The regulations contained in Table 'A' in Schedule I to the Companies Act, 1956, shall not apply to this Company except in so far as they are embodied in the following articles which shall be the regulations for the management of this Company.

Interpretation:

2. The marginal notes hereto shall not affect the construction hereof. In interpretation of these presents, the following words and expressions shall have the following meaning unless excluded by the subject or context.
 - a) "The Act" means the Companies Act, 1956, as amended from time to time.
 - b) "The Company" when used with reference to this Company shall mean THE SOUTH INDIA PAPER MILLS LIMITED.
 - c) "The Company Seal" shall mean the common seal of the Company approved by the Board of Directors from time to time.
 - d) "The Board" or 'The Board of Directors' means the Board of Directors of the Company.
 - e) 'Dividend' includes Bonus Shares.
 - f) "Financial Year" means in relation to the Company, the period in respect of which any profit and loss account of the Company laid before it in an Annual General Meeting is made up, whether that period is a year or not, provided the period shall not exceed fifteen months.
 - g) "In Writing" includes printing, lithography, typewriting and any other usual substitutes for writing.
 - h) "Member" shall mean member of the Company holding a share or shares in the capital of the Company.
 - i) "Month" shall mean a calendar month.
 - j) "Paid-up" shall include credited as paid-up.
 - l) "Person" shall include any Association, Corporation, Company as well as individual.
 - l) "These Presents" or "Regulations" means these Articles of Association or as they may stand altered from time to time and includes the Memorandum where the context so requires.
 - m) Words importing the singular shall include the plural and the words importing the plural shall include the singular.
 - n) Words importing the masculine gender shall include the feminine gender and vice-versa.
 - o) "Alter" and 'Alteration' shall include the making of additions and omissions.
 - p) "Office" means the Registered Office for the time being of the Company.
 - q) "Variation" shall include abrogations and "Vary" shall include abrogate.

Article 2(A) inserted vide Special Resolution passed at the 43rd Annual General Meeting of the Company held on 26th Sept 02:

2(A) Dematerialisation of Securities

- (i) For the purpose of dematerialisation of securities, the expressions "beneficial owner", "depository", "registered owner" and "security" shall have the meaning as defined in the Depositories Act, 1996, any re-enactment or modifications thereof.
- (ii) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize/rematerialize its securities and to offer securities in dematerialized form pursuant to the Depositories Act, 1996.
- (iii) All the securities held by a Depository shall be dematerialized and be in fungible form.
- (iv) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of the security on behalf of the beneficial owner. Depository shall not have any voting right or any other rights in respect of the securities held by it.
- (v) Every person whose name is entered as beneficial owner of Company's equity shares in the records of the depository shall be deemed to be a member of the Company.
- (vi) Nothing contained in these Articles 24, 25 & 26 relating to transfer of shares in physical form shall apply to transfer of securities held in a depository.
- (vii) The register and index of beneficial owners maintained by a Depository shall be deemed to be the register and index of members and register and index of security holders of the Company.

Prohibition of Investment of funds of the Company in Company's own shares.

3. Except as provided by Section 77 of the Act, no part of the funds shall be employed in the purchase of or for loans on the security on the shares of the Company.

4 Capital

Article 4 altered vide special resolution passed at the Extra Ordinary General Meeting of the Company held on 27th August, 2010

The Authorised share capital of the Company is Rs.20,00,00,000 (Rupees Twenty Crores Only) divided into 2,00,00,000(Two Crore Only) Equity Shares of Rs.10(Rupees Ten) each

Control and Allotment of Shares.

5. Subject to the provisions of the Act and these presents, the shares in the capital of the Company shall be under the control of the Board who may allot or otherwise dispose of the same at such times and to such persons and in such manner and upon such terms and conditions either at a premium or at par as they may think proper.

Provided the option or right of call on the shares shall not be given to any person except with the sanction of the Company in General Meeting.

On what condition New Shares may be issued.

6. Subject to any special rights or privileges for time being attached to any shares in the capital of the Company, then issued, the new shares may be issued upon such terms and conditions

and with such rights and privileges attached thereto as the General Meeting resolving upon the creation thereof, shall direct, and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company.

7. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered part of the then existing capital of the Company and shall be subject to the provisions herein contained with reference to the payment of dividends, calls and instalments, transfer or transmission, forfeiture, lien, surrender, and otherwise.

Variation of rights.

8. The rights attached to any class of share (unless otherwise provided by the terms of the issue of that class) may, subject to provisions of Sections 106 and 107 of the Act, be varied with the consent in writing of the holders of three-fourths of the issued share of that class or with the sanction of a special resolution passed at separate meeting of the holders of the shares of that class. To every such separate meeting of the holders of the shares of that class the provision of these articles relating to meetings shall mutandis apply, but so that necessary quorum thereof shall be two persons at least holding or representing by proxy one-third of the issued shares of that class in question.

Commission for placing shares.

9. The Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolute or conditionally) for any shares, debentures or debenture stock of the Company or procuring or agreeing to procure subscription (whether absolute or conditional) for shares, debentures or debenture stock of the Company but so that if the commission in respect of shares shall be paid as per the provisions of Section 76 and 79 and other statutory requirements shall be observed and complied with and the amount or rate of commission shall not exceed 5 per cent of the issue price of shares and two and half per cent of the issue price of debenture or debenture stocks in each case subscribed or to be subscribed.

Liability of Jointholders of shares.

10. The joint holder of a share shall severally as well as jointly be liable for the payment of all instalments and calls due in respect of such shares.

Trust not recognised.

11. Subject to the provisions of Section 187-C of the Act, no person shall be recognised by the Company as holding any shares upon trust and the Company shall not be bound by or be compelled to recognise any equitable, contingent, future or partial interest in any share or any other rights in respect of any shares except an absolute right entirely thereof in the registered holders.

Issue and return of allotments.

12. The Board may issue and allot shares in the capital of the Company as payment or part payment for any property sold or goods transferred or machinery or appliances supplied, for cash or for services rendered or to be rendered to the Company; as regards all allotments from time to time made, the Board shall duly comply with Section 75 of the Act.

Acceptance of shares.

13. An application signed by or on behalf of the applicant for share in the Company, followed by an allotment of any shares therein, shall be acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purpose of these Articles be a shareholder.

Members right to shares.

14. Every person whose name is entered as a member in the register of Members shall, without payment, be entitled to a certificate under the common seal specifying the share or shares held by him and the amount paid thereon; provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and the delivery of certificate for the shares to one of the several joint holders shall be sufficient delivery to all. The share certificates shall be issued in market lots and where share certificates are issued in either more or less than market lots, sub-division or consolidation of share certificates into market lots shall be done free of charge.

As to issue of new Certificate, in place of defaced, lost or destroyed.

15. If a share certificate be defaced, lost or destroyed, a fresh one may be issued in its stead in accordance with the issue of Share Certificate Rules and on payment of such fee if any, as may be determined by the Board, not exceeding Rupee One and on such terms as to evidence and indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating the evidence as the Board may think fit, but the purchase of any share sold by the company in exercise of its powers on forfeiture of or lien on shares shall not be required to pay any fee for the fresh certificate they may have to be issued by the Board in default of the original holder of such share returning the certificate of the Company. No fee shall, however, be charged for the issue of certificates in replacement of those which are old, decrepit or worn out or where the cages of the reverse for recording transfer was fully utilised.

LIEN

Company's lien on shares.

16. The Company shall have a first and paramount lien upon all the shares (not being fully paid shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all money (whether presently payable or not) called or payable at a fixed time in respect of such shares and such lien shall extend to all dividends from time to time declared in respect of such shares. The board may however, at any time, declare any shares to be wholly or partly exempt from the provisions of this Article. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.

As to enforcing by shares.

17. The Company shall sell in such manner as the Board thinks fit any shares on which the Company has a lien but no sale shall be made until the expiration of fourteen days after a notice in writing, stating and demanding payment of such amount in respect of which the lien exists has been given to the registered holder for the time being of the shares or to the person entitled to the shares by reasons of holders death or insolvency. The Board may appoint a person to affect the sale and transfer.

Application of proceeds of sale.

18. The net proceeds of the sale shall be applied in or towards payment of such part of the amount in respect of which the lien exists as presently payable. The residue, if any shall be paid to the person entitled to the shares so sold. The purchaser shall be registered as the holder of the shares and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the share.

CALLS

Calls.

19. The Board may, on an uniform basis on all shares falling under the same class, from time to time make such calls as they think fit, upon the members in respect on all money unpaid on the allotment thereof, made payable at fixed times and each member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board. A call may be made payable by instalments.

Explanation: For the purpose of this clause, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

When interest on calls payable.

20. If a sum called in respect of the shares is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at the rate fixed by the Board from time to time from the day appointed for the payment thereof to the time of actual payment but the Board shall be at liberty to waive payment of interest wholly or in part.

Sums payable at fixed time to be treated as calls.

21. The provisions of the above Articles as to the payment of interest shall apply in case of non payment of any sum which, by the terms of issue of share, become payable at a fixed time, whether on account of the amount of the share or by way of premium, as if the same had become payable by virtue of a call duly made and notified.

Payment of calls in advance.

22. The Board may, if it thinks fit, receive from any member willing to advance the same all or any part of the moneys uncalled and unpaid upon any shares held by him and upon all or any of the money so advanced may (until the same would, but for such advance become presently payable) pay interest at such rate not exceeding 18% per annum as may be agreed upon between the member paying sum in advance and the Board. Moneys paid in advance on call shall not confer in respect thereof a right of dividend or to participate in profits.

Partial payment not to preclude forfeiture.

23. Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any share nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any share either by way of principle or interest nor any indulgence granted by the Company in respect of the payment of any such moneys shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares hereinafter provided.

TRANSFER OF AND TRANSMISSION OF SHARES

Transfer.

24. The instrument of transfer of any shares in the Company shall be in writing executed both by the transferee and the transferor. The transferor shall be deemed to remain holder of the share until the name of the transferee is entered in the Register of Members in respect thereof. The instrument of transfer shall be presented in the manner prescribed under Section 108 of the Act or any statutory modification thereof. No fee shall be charged for transfer and transmission of shares or for registration of any Power of Attorney, Probate, Letters of Administration or other similar documents.

Form of transfer.

25. The instrument of transfer shall be in Form No.7-B prescribed under the Companies (Central Government's) General Rules and Forms, 1956, or in such other form as may be prescribed under the Act from time to time or generally approved by the Stock Exchanges in India.

Board's right to refuse to register.

26. The Board may, subject to the right of appeal conferred by Section 111 of the Act, and also Section 22A of the Securities Contracts (Regulation) Act, at any time in their absolute discretion and without assigning any reason, decline to register any proposed transfer of shares, whether fully paid up or not and whether the transferee is a member of the Company or not and may also decline to register any transfer of shares on which the Company has a lien. Registration of a transfer shall, however, not be refused on the ground of the transferor being, either alone or jointly with any other person or persons, indebted to the Company on any account whatsoever except when the company has lien on such shares. No instrument of transfer shall be recognised by the Board unless:
- (a) the instrument of transfer duly stamped is accompanied by the certificate of the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor or his right of transfer the same; and
 - (b) the instrument of transfer is in respect of one class of shares only.

Register of transfer.

27. (a) The Company shall keep a book to be called the Register of Transfers wherein shall be entered the particulars of every transfer or transmission of any shares and all other particulars of shares required by the Act to be entered in such Registers.
- (b) The register of transfer and register of members may be closed during such time as the Board thinks fit not exceeding in the whole forty five days in each year, but not exceeding thirty days at a time after giving not less than seven days previous notice by advertisement in some newspapers circulating in the State of Karnataka.

Transmission of registered shares.

28. Executors or administrators of a deceased member (Not being one of several joint holders) shall be the only person recognised by the company as having any title to the share registered in the name of such member and in the case of death of any one or more of the joint holders of any registered shares the survivors shall be the only persons recognised in such shares. Provided that, if the member should have been a member of a Joint Hindu Family, the Board on being satisfied to that effect and on being satisfied the share standing in his name in fact

belonged to the joint family may recognise the survivors or the Karta thereof as having the title to the shares registered in the name of such member. Provided further that, in any case it shall be lawful for the Board in their absolute discretion to dispense with the production of probate or letters of Administration or other legal representation upon such terms as to indemnify or otherwise as the Board may deem just.

As to transfer of shares of deceased or bankrupt member.

29. Any person becoming entitled to share in consequence of death or bankruptcy of any member or by any lawful means other than by a transfer in accordance with these presents upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article of his title as the Board thinks sufficient, may, with the consent of the Board (which it shall not be under any obligation to give), be registered as a member in respect of such shares or any, subject to the Article as to the transfer hereinbefore contained, transfer such shares.

Rights of successors.

30. Any person becoming entitled to a share by reason of death or insolvency of the holder or by any other lawful means shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not before being registered as a member in respect of the share be entitled in respect of it to exercise any right conferred by membership in regard to the meetings of the Company.

Application for transfer.

31. (1) An application for the registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor no registration shall, in the case of the partly paid shares be effected unless the Company give notice of the application to the transferee and subject to the provisions of sub clause (4), the Company shall unless objection is made by the transferee within two weeks from the date of the receipt of the notice, enter in the Register of members the name of the transferee in the same manner and subject to the same conditions as the application for registration was made by the transferee.

- (2) For the purpose of sub clause (1) notice to the transferee shall be deemed to have been fully given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered at the time at which it would have been delivered in the ordinary course of post.

- (3) It shall not be lawful for the Company to register the transfer of any shares unless the proper instrument of transfer duly stamped and executed by the transferor and the transferee specifying the name, address and occupation, if any of the transferee has been delivered to the Company along with the share certificate and if no such certificate is in existence along with the letter of allotment.

Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit.

- (4) If the Company refuses to register the transfer of any shares, the Company shall, within one month from the date on which the instrument of transfer is lodged with the Company, send to the transferee and the transferor notice of refusal.

- (5) Nothing in sub clause (1) shall prejudice any power of the Company to refuse to register the transfer of any shares, but in no case the Company shall effect the transfer of the shares in favour of a person of unsound mind.

Company's right to register transfer to apparent legal owner.

32. The Company shall incur no liability or responsibility in consequence of their registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of members) to the prejudice of persons having or claiming any equitable right, title or interest or notice prohibiting registration or transfer and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable right or title or interest or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred

to in the books of the Company, but the Company shall, nevertheless be at liberty to have regard to and attend to any such notice and give effect thereto if the Board shall think fit.

FORFEITURE OF SHARES

If call or instalment not paid, notice may be given.

33. If a member fails to pay any call or instalment of a call or any other sum of sums on the shares on the day appointed for the payment thereof, the Board may at any time thereafter during such time as the call or any part of such call or instalment or sums remains unpaid, serve a notice on him requiring payment of so much of the amount as is unpaid together with any interest which may have accrued thereon. The Board may accept in the name of and for the benefit of the Company and upon such terms and conditions as may be agreed, the surrender of any shares liable to forfeiture.

Forms of notice.

34. The notice shall name the place or places on and at which a further day (not earlier than the expiration of fourteen days from the day of the notice) on or before which the payment required by the notice is to be made. The notice shall detail the amount which is due and payable on the shares and shall state that in the event of non-payment at or before the time appointed the share will be liable to be forfeited.

If notice not complied with the shares may be forfeited.

35. If the requirements of any such notice as aforementioned are not complied with, any shares in respect of which the notice has been given may at any time thereafter before the payment required by the notice has been made be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

Sale of forfeited shares.

36. A forfeited or surrendered share may be sold or otherwise disposed off on such terms and in such manner as the Board may think fit and at any time before a sale or disposal, the forfeiture may be cancelled on such terms as the Board may think fit.

Liability after forfeiture.

37. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall not withstanding the forfeiture, remain liable to pay the Company all moneys which at the date of forfeiture were presently owing by him to the Company in respect of such shares, but his liability shall cease if and when the Company receives payment in full of the amount payable on such shares.

Declaration of forfeiture.

38. A duly verified declaration in writing that the declarant is a Director of the Company and that a share in the Company has been duly forfeited in 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, and that declaration and the receipts of the Company for consideration, if any, given for the shares on the sale or disposal thereof, shall constitute a good title to the share and the person to whom the share is sold or disposed of shall be registered as the holder of the share and shall not be bound to see as to the application of the purchase money (if any) nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

Non-payment of sums payable at fixed times.

39. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which by the terms of the issue of the share become payable at a fixed time whether on account of the amount of the share or by way of premium or otherwise as if the same had been payable by virtue of a call duly made and notified.

ALTERATION OF CAPITAL

Power to increase capital.

40. The Company may from time to time by ordinary resolution in General Meeting, increase the authorised share capital by such sums to be divided into shares of such amount as the resolution shall prescribe.

New shares to be offered to members.

- 41 (1) Where it is proposed to increase the subscribed capital of the Company by allotment of further shares, then

- (a) such further shares shall be offered to the persons who, at the date of the offer are holders of the equity shares of the Company, in proportion as nearly as circumstances admit, to the Capital paid-up on those shares as at date;
 - (b) the offer above said shall be made by the notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer, within which the offer, if not accepted, will be deemed to have been declined;
 - (c) the offer aforesaid 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 and the notice referred to in clause (b) shall contain a statement of this right;
 - (d) after the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of directors may dispose of them in such manner as they think most beneficial to the Company.
- (2) Notwithstanding anything contained in clause (1) above the further shares aforesaid may be offered to persons whether or not those persons include the persons referred to in sub-clause (a) of clause (1) above, in any manner whatsoever if a special resolution to that effect is passed by the Company in General meeting.
- (3) Regulation 46 of Table A shall apply.

On what condition new shares may be issued.

42. The new shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer transmission, forfeiture and otherwise as the shares in the original share capital.

Division and sub-division of shares.

43. The Company may by ordinary resolution:
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (b) sub-divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association subject, nevertheless, to the provisions of clause (d) of section (1) section 94 of the Act;
 - (c) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any persons.

GENERAL MEETING

When and where General Meeting to be held.

44. The Annual General Meeting shall be held in accordance with Section 166 of the Act and shall be called for at a time during business hours, on a day that is not a public holiday and shall be held either at the Registered Office of the Company or at some other place within the town limits where the registered office is situate as the Board of Directors may determine and the notice calling the meeting shall specify it as the Annual General Meeting.

Distinction between Annual and Extra-Ordinary General Meeting.

45. All General meetings other than Annual General Meetings shall be called Extra-Ordinary General Meeting.

When Extra-Ordinary General Meetings to be held

46. The Board may, whenever it thinks fit, call an Extra-Ordinary General Meeting and shall be held on such requisition or in default may be called by such requisitionists as provided by Section 169 of the Act. If at any time there are not within India sufficient Directors capable of acting to form a quorum, any director or any two members of the Company may call an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which may be called by the Board.

Notice of General Meeting.

47. All General Meetings shall be convened by giving not less than 21 days notice (exclusive of the day on which the notice is served or deemed to be served and of the day on which the notice is given) specifying the place and the hour of the meeting and in case of special business the general nature of the business shall be given in the manner mentioned in Section 173 of the Act. Notice shall be given to all shareholder and to such persons as are, under the Act, and/or these articles entitled to receive such notice from the Company but the accidental

omission to give notice to or the non-receipt of the notice by any member shall not invalidate proceedings at any General Meeting.

Waiver of notice.

48. A General Meeting may be called by giving a shorter notice than 21 days if consent thereto is accorded in the case of the Annual General Meeting by all the members entitled to vote there at and in case of any other meeting by members of the Company holding not less than 95% of such part of the paid up share capital which gives the right to vote on the matters to be considered at such meeting.

Special Business.

49. All business shall be deemed special that is transacted at an Extra-Ordinary General Meeting and that is transacted in an Annual General Meeting with the exception of sanctioning dividend, the consideration of the Accounts, Balance Sheet and the Reports of the Board and Auditors, the election of Directors in the place of those retiring and the appointment of and fixing up the remuneration of Auditors.

Quorum.

50. Five members entitled to be and personally present shall be the quorum for a General Meeting and no business shall be transacted at any General Meeting unless the requisite quorum is present at the commencement of the business.

If quorum not present when meeting to be dissolved and when to be adjourned.

51. If within half an hour from the time appointed for the meeting quorum is not present, the meeting, if called upon the requisition of members, shall be dissolved and in any other case, it shall stand adjourned to the same day in the next week at the same time and place and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be the quorum.

Chairman of General Meeting.

52. The Chairman, if any, of the Board of Directors shall preside as Chairman at every General Meeting of the company.

When Chairman absent choice of another chairman.

53. If there is no such Chairman or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman, any other director may preside as Chairman, and if no director be present or if all the Directors decline to take the chair, then the members present may choose some one of them to be the Chairman.

Adjourned Meeting.

54. The Chairman may, with the consent of any meeting at which a quorum is present (and shall, if so directed by the meeting), adjourn that meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as nearly as may be in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Questions at General Meetings how decided

55. At any General Meeting a resolution put to vote at the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded in accordance with the provisions of Section 179 of the Act. Unless a poll is so demanded a declaration by the Chairman that a resolution has, on a show of hands, been carried unanimously, or by a particular majority, or lost, and any entry to that effect in the book of the proceedings of the company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution.

Poll

56. If a poll is duly demanded, it shall be taken in such manner as the Chairman directs and the result of the poll shall be deemed to be the decision of the meeting on the resolution of the meeting at which the poll was demanded.

Casting Vote.

57. In the case of votes whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or a casting vote.

In what case poll taken without adjournment.

58. A poll demanded on the election of Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time not being later than 48 hours from the time of demand as the Chairman of the meeting decide or directs.

Business may be proceeded with notwithstanding demand for poll.

59. A demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than that of which a poll has been demanded. The demand for poll may be withdrawn at any time.

VOTES OF MEMBERS

Votes of Members.

- 60 (1) (a) On a show of hands every member holding equity shares present shall have one vote.
- (b) On a poll every member holding an Equity share either present in person or by proxy shall have voting right in proportion to his share of the paid-up Equity share capital.
- (2) A member holding preference share capital shall not be entitled to vote on any resolution unless:
- (i) the dividend due on such capital or any part of such dividend (whether declared or not) has remained unpaid in respect of an aggregate period of not less than two years preceding the date of commencement of the meeting; or
 - (ii) such a resolution directly affects the right attached to preference shares or
 - (iii) such a resolution is for winding up of the company.
- On a poll, his voting right, when he is entitled to, will be in the same proportion as the amount paid-up in respect of preference shares held by him bears to total paid-up equity capital of the company.

Joint Holders.

61. In the case of joint holders, the vote of the first named of such joint holders, who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders.

Members of unsound mind

62. A member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committees or other legal guardian and any such committee or guardian, on a poll, may vote by proxy.

No member shall be entitled to vote while call due to the company

63. No member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of his shares in the company have been paid.

Proxies permitted on polls

64. On a poll, votes may be given either personally or by proxy.

Instrument of proxy

65. The instrument appointing a proxy shall be in writing under the hands of the appointer or of his attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hands of its attorney duly authorised in writing. Any person whether or not he is a member of the company may be appointed as proxy.

Proxy to be deposited at the office

66. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarily certified copy of that power of authority shall be deposited at the registered office of the company not less than forty eight hours before the time for holding the meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.

Proxy form

67. An instrument appointing a proxy may be in any one of the forms prescribed under Schedule IX of the Act, or in any other form as near thereto as circumstances admit.

Form of proxy of corporation acting by representative at the meeting

68. Any corporation which is a member of the company may by resolution of its Board of Directors or other governing body authorise such person as it thinks fit to act as its representatives at the meeting of the company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could have exercised if it were an individual member of the company.

Number of Directors

69. The company will have not less than three and not more than twelve directors.

Retirement of directors by rotation

70. Not less than 2/3rd number of directors shall be persons whose period of office is liable to determination by retirement of directors by rotation.

Qualification shares for Directors

71. Unless otherwise determined by the company in General Meeting, a Director shall not be required to hold any shares in the company as his qualification.

Appointment of nominees of Financial Institution

72. If the directors enter into any contract with the Central Government or any State Government or Industrial Development Bank of India or Industrial Finance Corporation of India or Industrial Credit and Investment Corporation of India Limited or Life Insurance Corporation of India or Unit Trust of India or State Industrial Investment and Development Corporation or State Financial Corporation or with any other Credit institutions for providing financial assistance by way of loan, subscription to debentures, providing any guarantee or underwriting or subscription of shares of the company, the directors of this company shall have the power to agree that, subject to the provisions of Section 255 of the Companies Act, 1956, such Government or Institution shall have the right to appoint or nominate by notice in writing addressed to the company one or more directors on the Board of the company during such period and upon such conditions as may be mentioned in the agreement and that such Director/s shall not be liable to retire by rotation nor be required to hold any qualification shares.

Board's powers to fill up casual vacancies and to appoint additional directors

73. The Board shall have power to appoint one or more individuals as a Director either to fill a casual vacancy or as additional director, provided that the total number of directors shall not at any time exceed the limits fixed in Article 69 and such person shall hold office only upto the date of the next Annual General Meeting of the company but shall be eligible for appointment by the company as a director subject to the provisions of the Act.

Alternate Directors

74. The Board of Directors may appoint any individual to be an alternate director during the absence of a director from the State in which the meetings of the Board are ordinarily held provided such absence shall not be for a lesser period than three months. Such appointee whilst he holds office as an Alternate Director shall be entitled to notice of all the meetings of the Board and to attend and vote thereat and on all resolutions proposed by circulation.

Remuneration

- 75 (a) Subject to the provisions of the Act, the directors for the time being of the company shall be entitled to such remuneration and perquisites/benefits fixed from time to time by the Board.
- (b) The Directors for the time being of the company shall each be paid a sitting fee of such sum not exceeding a sum fixed by Central Government under second provision to Sec. 311 of the Act as may be decided by the Board from time to time for every meeting of the Board or of a committee of the Board attended by them in addition to all travelling expenses by rail, road or air as the case may be and such other allowances as the Board may decide from time to time in respect of halting and other expenses incurred by them in attending and returning from such meeting of the Board or any committee of the Board or of General Meeting of the company and also for other visits made by directors for company's business.

Remuneration for extra-services.

76. If any director shall be appointed to advise the Board as an expert or be called upon to perform extra services or make special exertions for any of the purposes of the company, the Board may subject to and in accordance with the provisions of the Act pay to such Director/s such special remuneration may be in the form of either salary or commission or percentage of profits

and may either be in addition to or in substitution of the remuneration specified in the last preceding Article.

Reappointment.

77. A retiring director shall be eligible for reappointment.

Election of person other than retiring Directors.

78. (1) The company at Annual General Meeting at which a director retires in the manner aforesaid may fill the vacated office by electing another individual thereto, if he or some member intending to propose him has, not less than fourteen days before the meeting, left at the office of the company a notice in writing under his hand signifying his candidature for the office of director or the intention of such member to propose such person as a candidate for that office as the case may be along with a deposit of Rs.500/-, which shall be refunded to such person or as the case may be to such member, if the person succeeds in getting elected as a director.
- (2) The company shall inform its members of the candidature of the person for the office of the director or the intention of the member to propose such person as a candidate for that office by serving individual notices on the members not less than seven days before the meeting. Provided that it shall not be necessary for the company to serve individual notice upon the members as aforesaid if the company advertises such candidature or intention not less than seven days before the meeting in at least two newspapers circulating in the place where the Registered Office of the company is located of which one is published in English and the other in Kannada.

On failure of election, retiring director to continue.

79. If at any annual general meeting at which an election of directors ought to take place, the place of any retiring director is not filled up and the meeting has not expressly resolved not to fill up the vacancy the meeting shall stand adjourned till the same day in the next week, at the same time and place or if that day is public holiday, till the next succeeding day which is not a public holiday at the same time and place and if at the adjourned meeting also the place of the retiring director is not filled up and the meeting has also not expressly resolved not to fill up the vacancy, he shall, if willing be deemed to have been reappointed unless the resolution for such reappointment has been put to vote and lost either at the adjourned meeting or at the previous meeting.

Increase or reduction in the number of directors.

80. The company may, from time to time, in a general meeting increase or reduce the number of directors subject to approval by the Central Government in case of an increase over the limit prescribed by Section 259 of the Act.

Removal of Directors.

81. Any director other than the directors appointed under Article 72 hereof and a director appointed by Central Government in pursuance of Section 408 of the Act may, by ordinary resolution and in accordance with the provisions of section 284 of the companies Act, 1956 be removed before the expiry of his period. Special notice shall be required of any resolution to remove any such director. Vacancy so created may be filled by the appointment of another individual in his place at the meeting at which he is removed provided Special Notice of the intended appointment at the meeting has been given.

Vacation of office of director.

82. The office of the director shall become vacant in the circumstances mentioned in Section 284 of the Act. It shall also become vacant whenever any director resigns from the Board on acceptance of the Resignation by the Board.

Directors and their contract with the company.

83. (1) Subject to the provisions of the Act and particularly Section 297, 299 and 300 of the Act, the directors shall not be disqualified by reasons of their office as such from contracting with the company either as a Vendor, purchaser, lender, agent, broker or otherwise nor shall any such contract or arrangement entered into by or on behalf of the company with any director or with any company or partnership firm in which any director is a director, member or partner or otherwise interested in any contract or arrangement be liable to account to the company for any profit realised on such contract or arrangement by reason only of such director holding that office of the fiduciary relation thereby established, but the nature of the interest must be disclosed by him at the meeting of the Board

at which the question of entering into the contract or arrangement is considered, if the interest then exists or in any other case at the first meeting of the Board after the acquisition of the interest provided nevertheless that no director shall vote as a director in respect of any contract or arrangement in which he is so interested as aforesaid and if he does so his vote shall not be counted but he shall be entitled to be present at the meeting during the transaction of the business in relation to which he is precluded from voting although he shall not be counted for the purpose of ascertaining whether there is quorum of directors present. This restriction shall not apply to any contract by or on behalf of the company to give to the directors any security by way of indemnity against any loss which they or any of them may suffer by becoming or being sureties for the company. A general notice that any director is a director or a member of any specified firm and is to be regarded as interested in any subsequent transaction with such company or firm shall, as regards any such transaction, be sufficient disclosure under this article and after such transaction it shall not be necessary to give notice (special) relating to any particular transaction with such company or firm.

- (2) Nothing in sub-clause (1) shall apply to any contract or arrangement entered into between this company and any other company where any of the directors of this company or this company or two or more of them together holds or hold not more than 2 per cent of the share capital in the other company.

Directorship in other company.

84. (a) The Board of directors shall have power to nominate one or more persons to be director/s on the Board of other company in which the company has invested in the share capital or to which the company has loaned or advanced money. Such Directors shall not be liable to retire by rotation in other company. The Board of directors of the company shall have power to remove such directors from such directorship and nominate any other person. The Board shall also have power to nominate any other person to fill the vacancy by resignation, death or otherwise of such nominated directors.
- (b) A director of this company may be or become a director of any other company promoted by this company or in which this company may be interested as vendor, shareholder or otherwise and no such director shall be accountable to the company for the benefit he may have derived or may derive as a director or member of such company.

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

General Powers.

85. (1) The business of the company shall be managed by the Board who may exercise all such powers of the company as are not, by Act or any statutory modifications thereof for the time being in force or by these Articles, required to be exercised by the company in General Meeting subject, nevertheless to any regulations of these articles or to the provisions of the Act and to such regulations being inconsistent with the aforesaid regulations or provisions as may be prescribed by the company in General Meeting, but no regulations made by the company in general meetings shall invalidate any prior act of the Board which would have been valid if that regulation has not been made.
- (2) In furtherance and not in limitation of and without prejudice to the general powers conferred by these Articles, it is hereby expressly declared that the directors shall have the following powers that is to say, powers:
- (a) to pay and to charge to the capital account of the company the legal and professional costs, charges and expenses of and including incidental to the promotion, registration, formation and establishment of the company.
- (b) to purchase or otherwise acquire for the company any property, rights or privileges which the company is authorised to acquire at such price and generally on such terms and conditions, as they may think fit.
- (c) at their discretion to pay for any property rights or privileges acquired by, or services rendered to the company either wholly or partially in cash or shares, bonds, debentures or other securities of the company, and such shares may be issued either as fully paid-up or such amount credited as paid up thereon as may be agreed upon and any such bonds, debentures or other securities may be either specifically charged upon all or any part of the property of the company and its uncalled capital not so charged.

- (d) to secure the fulfilment of any contracts or engagements 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.
- (e) to appoint any person or persons (whether incorporated or not) to accept and hold in trust for the company any property belonging to the company or in which it is interested or for any purposes and to execute and to do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustee or trustees.
- (f) to determine who shall be entitled to sign on company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, releases, contracts and documents.
- (g) from time to time to provide for the management of the affairs of the company outside Karnataka 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.
- (h) to execute in the name of and on the behalf of the company in favour of any director or other person who may incur or be about to incur any personal liability for the benefit of the company, such mortgages of the company's property (present and future) as may be thought fit and any such mortgage may contain a power of sale and such other powers covenants and provisions as shall be agreed upon.
- (i) to invest the funds of the company from time to time in government securities or in securities guaranteed by Government or in loans to other companies or banks, if the directors shall deem fit to do so, and to every such investments and to execute all assignments and transfers, receipts and documents that may be necessary or expedient in that behalf.
- (j) to execute all agreements, contracts, receipts and other documents that may be necessary or expedient for the purposes of the company.
- (k) to insure and keep insured against loss or fire, if deemed expedient by the directors, for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other articles of the company either separately or jointly also to insure all or any portion of the goods, produce, machinery and other articles imported and exported by the company and to sell assign, surrender or discontinue, any policies of assurance, effected in pursuance of this power.
- (l) On behalf of the company, to commence, institute, prosecute, and defend all such actions and suits either at law or in equity as may in the opinion of the directors, be necessary or proper, and to compromise or submit to arbitration, the said action and suits as they may in their discretion deem expedient. The directors for the time being or any person duly authorised by them, being hereby empowered to make, give, sign and execute all and every warrant, to sue, or defend, on behalf of the company and all and every submission to arbitration as may be requisite; and for the purposes aforesaid, the Board of directors shall be empowered to use their names on behalf of the company or the name or names of any other person or persons connected with the said company and such director or directors, or such persons whose names shall be so used shall be saved harmless and indemnified, out of the funds and property of the company, from all costs and damages which he or they may incur or be liable to by reason of his or their names being so used as aforesaid, and such person or persons shall do nothing to prevent the Board of Directors from effectually conducting and bringing to an issue any such action or suit.
- (m) to refer any dispute to arbitration to compromise any debt to claim and to give time to any debtor for payment of his debt.
- (n) to use or apply moneys standing to the credit of the said accounts in or towards the objects for which the said accounts are respectively opened; together with any interest that may have accumulated there on or for the purpose of equalizing dividends and meeting contingences or for the purpose of carrying on the general business of the company and in the last case, to pay to the credit of the several accounts interest at such rates as the directors may think proper, but not exceeding 18 per cent per annum. Wherever the directors may think fit, they can invest the whole or any part of the funds which may from time to time stand to the credit of the

said several account in such manner as the directors think fit; and the same investments again to sell or vary from time to time and to apply the proceeds of any such sale in the manner aforesaid, or to re-invest the same as the directors may deem expedient.

- (o) to use or apply the interest of all moneys that may be set apart or credited to fire insurance fund account towards payment of premiums upon any policy or policies of insurance that may be effected by the company, and to use or to apply the principal moneys themselves towards enabling the company to become its own insurer against loss or damage by fire.
- (p) to make advances upon or for the purchase of raw materials goods, machinery, stores and other articles required for the purpose of the company.
- (q) to ship and consign for sale to any place or places within India or elsewhere all or any portion of the goods manufactured by the company and to appoint agents for such sales at such place or places and on such terms and conditions as to the directors may seem fit.
- (r) to authorise, delegate or empower the chairman or the president or the Managing Director or other officers for the time being, of the company or such other persons as the Directors may think fit to exercise and perform all or any of the powers, authorities and duties conferred or imposed upon the directors by these articles of association.
- (s) to enter into all such negotiations and contracts to make all the necessary arrangement and to rescind and vary all such contracts and execute and to do all such acts, deeds and things, in the name and on behalf of the company, as they may consider expedient for and in relation to any of the matters aforesaid or otherwise for purpose of the company.
- (t) to give to any person employed by the company commission on the profits of any particular business or transactions or a share in the general business or transactions or a share in the general profits of the company, and such commission or share or profits shall be treated as part of the working expenses of the company.
- (u) to appoint, remove, suspend all or any officers or employees.
- (v) and generally to do, sanction and authorise all such matters and things as may be necessary to be done in and about conducting the affairs of the company or carrying into effect all or any of the objects or powers of the company as expressed in the Memorandum of Association, or in and about the execution of all or any of the powers herein before conferred upon the directors.

Powers as to commencement of business.

86. Any branch or kind of business, which the memorandum of association of the company or these presents is expressly or by implication authorised to be undertaken by the company may be undertaken by the Board at such time or times as they shall think fit and further may be deferred by them to be in abeyance whether such branch or kind of business may have been actually commenced or not so long as the Board may deem expedient not to commence or proceed with such branch or kind of business.

Delegation of power.

87. Subject to Section 292 of the Act, the Board may delegate all or any of its powers to any directors jointly or severally or to any one director at their discretion.

Attorney of the Company.

88. The Board may appoint at any time and from time to time by a power of attorney under the company's seal, any person to be the attorney of the company for such purpose and with such authorities and discretions not exceeding those vested in or exercisable by the Board in these Articles and for such period and subject to such conditions as the Board may from time to time think fit and any such power of attorney may contain such provisions for the protection and conveniences of persons dealing with such attorney as the Board may think fit.

Borrowing.

89. The Board of Directors may, from time to time at their discretion, raise any money or borrow or secure payment of or themselves lend any money or sums of money for the purpose of the company provided that the moneys to be borrowed together with the money obtained from the company's bankers in the ordinary course of business shall not without the sanction of the

company at a general meeting exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose and in particular, the board may, from time to time and at their discretion, raise or borrow or secure the payment of any sum or sums of moneys for the purpose of the company by the perpetual annuities and in security of any such money so borrowed, raised or received to mortgage, pledge or change the whole or any part of the property, assets or revenue of the company, present or future, including its uncalled capital by a 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 of any such securities.

Assignability of securities.

90. Subject to the provisions of the Act, debentures or other securities may be made assignable free from any equities between the company and the person to whom the same may be issued. Any debentures or other securities may be issued at discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, appointment of directors and otherwise. Debentures with the right to allotment or conversion into shares shall not be issued except with the sanction of the company in general meeting.

Duty to maintain registers.

91. The Board shall duly comply with the provisions of the Act and in particular with the provisions in regard to the registration of the particulars of the mortgage and charges affecting the properties of the company or created by it and to keeping register of directors share holdings and notice of any consolidation or increase of share capital or conversion of shares into stock and copies of special resolutions and other resolution of the Board as are required to be filed with the Registrar under section 192 of the Act and a copy of the Register of Directors and notifications of any changes therein.

Minutes.

92. (1) The Board shall cause minutes to be made in the books provided for the purposes:
- (a) of all appointments of officers made by the Board in a meeting;
 - (b) of the names of directors present at each meeting of the directors and of the committee of the Directors;
 - (c) of all resolutions at all meetings of the company and of the directors and of the Committees of Directors;
 - (d) in the case of each resolution passed at the meeting of the Board of directors the names of the directors if any, dissenting from or not concurring with the resolution.
- (2) The Chairman of the meeting may exclude in his absolute discretion such of the matters as are or could, reasonably be regarded as defamatory of any person, irrelevant or immaterial to the proceedings or detrimental to the interest of the company.
- (3) The minutes of the proceedings of the General Meeting and the Board meetings (including any proceedings of the committee of the Board) shall be written in the books kept for that purpose within 30 days of the conclusion of every such meeting with every page consecutively numbered. Each page of such books shall be initialled or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed:
- (a) in the case of minutes of proceedings of a meeting of the Board or a committee thereof by the chairman of the said meeting or the chairman of the next succeeding meeting;
 - (b) In the case of minutes of proceedings of a General Meeting by the Chairman of the same meeting within the aforesaid period of 30 days or in the event of death or inability of that Chairman within that period, by a director duly authorised by the Board for that purpose.

SECRETARY

Secretary of the company.

93. Subject to the provisions of the act and the Rules made thereunder, the Board may appoint a Secretary for the company for such term, on such remuneration and upon such conditions as it may think fit. Any Secretary so appointed may be removed by the Board.

SEAL

Common seal of the company.

94. (a) The Board shall provide a seal for the purpose of the company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof and the Board shall provide for the safe custody for the time being.
- (b) The seal shall not be affixed to any instrument except by authority of a resolution of the Board or of committee and unless the Board otherwise determines every deed or other instrument to which the seal is required to be affixed shall, unless the same is executed by a duly constituted attorney for the company, be signed by two directors atleast or one director and secretary and or one director and such other person as the Board may appoint in whose presence the seal shall have been affixed provided nevertheless that any instrument bearing the seal of the company and issued for valuable consideration shall be binding on the company notwithstanding any irregularity in affixture thereof.

PROCEEDING OF THE BOARD OF THE DIRECTORS

Proceedings of the Board.

95. The Board may meet together for the dispatch of business, adjourn and otherwise regulate their meetings, as they may think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of equality of votes, the Chairman shall have a second or casting vote. The Secretary or the Managing Director on the requisition of a Director shall, at any time, summon a meeting of the Board.

Meeting place and quorum.

96. All meetings of the Board of directors of the company shall ordinarily be held at the Registered Office. The quorum for a Board meeting shall be one-third of the total strength (any fraction contained in that one-third being rounded of as one) or two directors whichever is higher; Provided that where at any time the number of interested directors exceed or is equal to two third of the total strength, the number of the remaining directors, that is to say, the number of directors who are not interested present at the meeting being not less than two shall be the quorum during such time. The Board shall meet at least once in every three months in accordance with Section 285 of the Act.

Power of continuing Directors.

97. The continuing directors may act notwithstanding any vacancy in their body but if and so long so as their number is reduced below the number fixed by the Articles as the necessary quorum the continuing directors may act for the purpose of increasing the number of directors to that number for summoning a General Meeting of the company but for no other purposes.

Chairman.

98. The Chairman of the Board shall be appointed by the Board of directors of the company. If at any meeting the chairman is not present at the time appointed for holding the meeting, the Managing Director, if any, may preside over the meeting. If at any time either the Chairman or the Managing Director is not present or is present but not willing to preside over the meeting, the Directors present may choose some one of their number to be Chairman of such meeting.

Committee.

99. The Board may, subject to the provisions of the Act, delegate its powers to a committee or committees consisting of such number of members of its body as it thinks fit. A committee so formed shall, in the exercise of the powers so delegated, conform to any regulation that may be imposed on it by the Board.

Chairman of committee.

100. A Committee may elect chairman of its meeting. If no such chairman is elected or if at any meeting the chairman is not present within 5 minutes after the time appointed for holding the meeting, the members present may choose one of their numbers to be chairman of the meeting.

Proceedings.

101. A committee may meet and adjourn as it thinks proper, questions arising at any meeting shall be determined by a majority of votes of the members present and in case of equality of votes, the chairman shall have a second or casting vote.

Act of Board etc. valid inspite of defective appointments of directors.

102. All acts done by any meeting of the Board, or of a Committee thereof or by any person acting as a Director shall notwithstanding that it may 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 any of them was disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

Resolution in writing without meeting valid.

103. A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation if the resolution has been circulated in draft, together with the necessary papers, if any, to all the directors or to all the members of the committee then in India (not being less in number of the quorum fixed for a meeting of the Board or committee) as the case may be and to all other directors or members at their usual address in India and has been approved by such of the directors as are then in India or by a majority of such of them as are entitled to vote on the resolution.

President/Vice President, Managing/Joint Managing Director.

104. Subject to the provisions of the Act, the Directors may, from time to time, appoint one or more of their body to be President, Vice-president, Managing Director or Joint Managing Director, as the case may be, of the company for a fixed term not exceeding five years at a time for which he or them, to hold office and may from time to time (subject to the provisions of any contract between him or them and the company) remove or dismiss him or them from office and appoint another or other in his or their place or places. A retiring President, Vice-president, Managing Director or Joint Managing Director may be reappointed subject to the provisions of the Act. The President, Vice-president, Managing Director or Joint Managing Directors, as the case may be, shall not while he or they continue or continues to hold that office, be subject to retirement by rotation and shall not be reckoned as director/s for the purpose of determining the number of directors to retire by rotation. But he or they ipso facto cease to be President, Vice-President, Managing Directors as the case may be, if he or they cease or ceases to hold the office of director/s from any cause.

General Managers.

105. Subject to Section 197-A of the Companies Act, the board may appoint a President/Vice-president or a General Manager who will have the management of the company subject to the supervision, control and direction of the Board and Board may determine the terms and conditions of the appointment of the President, Vice-president or General Manager in any manner they may deem fit and delegate all or part of the powers to the President, Vice-President or General Manager that are to be delegated and exercised by the Managing Director.

Remuneration of President, Managing/Jt. Managing Director.

106. (a) Subject to the provisions of Section 198 and 309 of the Act and subject to such sanction of the Central Government as may be necessary, the Board of directors may determine the remuneration payable to the President, Vice-president, Managing Director or Jt. Managing Director as the case may be, in any manner they may deem fit. The remuneration may be in the form of a monthly salary or a commission based on profits or partly in one way and partly in another as the Board may deem fit.
- (b) The Directors may, in addition to the remuneration referred to in the preceding clause, provide the President, Vice-president, Managing Director or Jt. Managing Director as the case may be such allowances, amenities, benefits and facilities as they may deem fit from time to time with such sanction as may be necessary.
- (c) The President, Vice-president, Managing or Joint Managing Directors as the case may be shall be entitled to be reimbursed all his or their out-of-pocket expenses incurred by him or them in connection with the business of the company.

Power and duties of the President, Vice-president, Managing /Jt. Managing Directors.

107. Subject to the provisions of the Act, the Directors may from time to time entrust to and confer upon the President/Vice-President, Managing Director or Joint Managing Director as the case may be, for the time being such of the powers exercisable under these presents by the Board of Directors as they may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as may confer such powers either collaterally with or to the exclusion of and in substitution for, all or any of the power of the Board of Directors in that behalf and may from

time to time revoke, with draw, alter or vary all or any of such powers. The Joint Managing Directors may exercise all the powers entrusted to them by the Board of Directors jointly and severally in any manner as they may deem fit.

Dividends and Reserves.

108. (1) The company in General Meeting may declare dividend but no dividend shall exceed the amount recommended by the Board.
- (2) The company can declare or pay dividend for any financial year only out of the profits of the company after providing for depreciation in accordance with Section 205 (2) of the Act and after transferring to the General Reserve Account the prescribed percentage of profits of that year.
- (3) In the event of inadequacy or absence of profits for purpose of declaring the dividend the company may transfer any amount from its accumulated profits of the earlier years provided that amount so transferred is in accordance with the rules made by the Central Government for the purpose. The company may transfer more amount also with the prior approval of the Central Government.

Interim Dividends.

109. The Board may, subject to the provisions of the Act, from time to time, pay to the members such interim dividends as appears to it to be justified by the profits of the company.

Reserve Fund.

110. (1) The Board may, before recommending any dividend set aside out of the profits of the company, such sums as it thinks proper as reserves which shall, at the discretion of the Board, be applicable to for any purpose for which the profits of the company may be properly applied, including provisions for meeting contingencies or for equalising dividends; and pending such application may at the like discretion either be employed in the business of the company or be invested in such investments (other than the shares of this company) as the Board may, from time to time think fit.
- (2) The Board may also carry forward any profits which it may think prudent not to divide, without setting aside the same as a reserve.

Dividend how calculated.

111. (1) Subject to the rights of persons if any entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividends is paid but if in so long as nothing is paid upon any of the shares in the Company dividends may be declared and paid according to the nominal amounts of the shares.
- (2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this Article as paid on the share.
- (3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is on terms of promising that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

Appropriation of Dividends towards calls to arrears.

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

Dividends.

113. (1) Any general meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets and the Board shall give effect to the resolution of the meeting.
- (2) Where any difficulty arises in regard to such distribution the Board may direct to settle the same as it thinks expedient and in particular may issue fractional certificates and fix the value for the distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any member upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Board.

Dividend how paid.

114. (1) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheques or warrants sent through the post directed to the registered address of the holder or in the case of joint holders to the address of that one of the joint holders who is first named on the register of members or to such person and to such address as the holder or joint holder may in writing direct.
- (2) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

Unclaimed Dividend

115. In case of unclaimed dividend the procedure as prescribed under the provisions of section 205A of the Act be followed.

Transfer to General Revenue Account.

116. If any dividend remains unpaid or unclaimed for a period of three years after the amount is transferred to the special bank account mentioned in Article No.115, the amount remaining in the special Bank account will have to be transferred to the General Revenue Account of the Central Government in Reserve Bank of India. The company must furnish a statement to the officer appointed by the Central Government containing the details of the shareholders who have not been paid the dividend and the amount of dividend unclaimed. Any person who is entitled to receive the said dividend may apply at any time to the Central Government and receive payment after providing sufficient proof for that purpose.

Joint Holders.

117. Any one of the two or more joint holders of a share may give effectual receipts for any dividends, bonus or other moneys payable in respect of such shares.

Notice of declaration of dividend.

118. Notice of any dividend that may have been declared shall be given to the person entitled to share therein in the manner mentioned in the Act. No dividend shall bear interest against the company.

ACCOUNTS

Accounts.

119. (1) The Board shall, in accordance with Section 209 of the Act cause proper books of account to be kept with respect to:
- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure take place;
 - (b) all sales and purchases of goods by the company;
 - (c) assets and liabilities of the company and proper books shall not deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

Inspection of books by directors.

- (2) The books of account shall be kept at the registered office of the company or at such other place or places in India as the Board thinks fit and shall always be open to the inspection of the Directors during business hours.

Inspection of books by members other than Directors.

120. The Board shall from time to time, determine whether and to what extent at what time and place under what conditions or regulations the accounts and books of the company or any of them shall be open to the inspection of the members not being directors and no member (not being a director) shall have any right to inspection of any accounts or books or documents of the company except as conferred by statute or authorised by the Board/by the company in General Meeting.

Balance Sheet and Profit and Loss Account.

121. The Board shall in accordance with Section 210, 216 and 217 of the Act, cause to be prepared and to be laid before the company in General Meeting such Profit and Loss Account, Balance Sheet and other documents and reports as referred to in these sections. A copy of every Balance Sheet (including every documents required to be annexed thereof) which has to be laid before the Annual General Meeting together with a copy of the Auditors Report shall, not less than twentyone days before the date of meeting, be sent to every member, every trustee

for holders of debentures issued by the company and to every other person referred to in section 219 of the Act. But this Article shall not require a copy of these documents to be sent to any person of whose address the company is not aware of or to more than one of the joint holders of any shares or debentures.

CAPITALISATION OF PROFITS

Resolution to capitalise.

122. (1) The company in General Meeting may, upon the recommendation of the Board, resolve:
- (a) that it is desirable to capitalise any part of the amount for 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 (2) amongst the members who would have been entitled thereto, if distribution by way of dividend and in the same proportions.
- (2) The sums aforesaid shall not be paid in cash, but shall be applied subject to the provisions contained in clause (3) either in 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 or debentures of the company to be allotted and distributed, credited as fully paid-up to and amongst such members in the proportions aforesaid; or
 - (c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b).
- (3) A share premium account and a capital redemption reserve account may, for the purpose of this Article only, be applied in paying up of un-issued shares to be issued to members of the company as fully paid Bonus shares.
- (4) The Board shall give effect to the resolution passed by the company in pursuance of this Article.

Capitalisation.

123. (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall:
- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issue of fully paid shares or debentures, if any, and
 - (b) generally to do all acts and things required to give effect thereto;
- (2) The Board shall have full powers:
- (a) to make such provisions, by the issue of fractional certificate or by payment in cash or otherwise as it thinks fit, in the case of shares or debentures becoming distributable in fractions, and also
 - (b) to authorise any person to enter on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively credits as fully paid up of any further shares or debentures to which they may be entitled upon such capitalisation or (as the case may require) for the payment of by the company on their behalf by the application thereto of their respective portions of the profits resolved to be capitalised, for the amounts or any part of the amounts remaining unpaid on their existing shares.
- (3) Any agreement made under such authority shall be effective and binding on all such members.

AUDIT

Appointment of Auditors.

124. (a) The company shall at each annual general meeting appoint an auditor or auditors and shall within 7 days of the appointment give intimation thereof to every auditor so appointed unless he is a retiring auditor.
- (b) The auditor or auditors appointed by the company in general meeting shall hold office from the conclusion of that meeting until the conclusion of the next annual general meeting.

- (c) Retiring auditor or auditors shall be re-appointed at the annual general meeting at which he retires unless:
- (1) he is not qualified for re-appointment;
 - (2) he has given the company in writing of his unwillingness to be re-appointed;
 - (3) a resolution has been passed at that meeting appointing somebody instead of him or providing expressly that he shall not be re-appointed; or
 - (4) where notice has been given of an intended resolution to appoint some person or persons in the place of a retiring auditor and by a reason of the death, incapacity or disqualification of that person or all of those persons as the case may be, the resolution cannot be proceeded with.
- (d) The Board may fill any vacancy in the Office of an Auditor but while such vacancy continues the surviving or the remaining auditor or auditors, if any, may act, but the vacancy caused by the resignation of auditor shall only be filled by the company in General Meeting.
- (e) The remuneration including the expenses of the auditors shall be fixed by the company in general meeting in the case of any auditor or auditors appointed by the Board the same may be fixed by the Board.

SERVICE OF DOCUMENTS AND NOTICE

Service of documents on company.

125. A document must be served on the company or on an officer thereof by sending it to the company or the officer at the Registered Office of the company by post under a certificate of posting or by registered post or by leaving it at the Registered Office.

Service on members by the company.

126. (1) Documents may be served by the company on any member either personally or by sending it by post to him or to his registered address or (if he has no registered address in India) to the address, if any within India supplied by him to the company for the giving of notices to him.
- (2) Where a document is sent by post, service thereof shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the document, provided that where a member has intimated to the company in advance that document should be sent to him under a certificate of posting or by registered post with or without acknowledgement and has deposited with the company, a sum sufficient to defray the expenses of doing so, service shall not be deemed to be effected unless it is sent in the manner intimated by the members and unless the contrary is proved such service shall be deemed to have been effected:
- (i) in the case of a notice of a meeting at the expiration of 48 hours after the letter containing the same is posted; and
 - (ii) in any other case at the time at which the letter would be delivered in the ordinary course of post.

Members with no registered address in India.

127. If a member has no registered address in India and has not supplied to the company any address within India for the giving of notices to him a document advertised in a newspaper circulating in the neighbourhood of the Registered Office of the company shall be deemed to be duly served on him on the day on which the advertisement appears.

Notice to joint holder.

128. A notice may be given by the company to the joint holder of a share by giving notice to the joint holder named first in the register in respect of the share.

Notice to deceased or bankrupt members.

129. A document may be served by the company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name or by the title or representative of the deceased or assignee of the insolvent or by any like description at the address, if any, in India supplied for the purpose by the person claiming to be so entitled to until such an address has been so supplied by serving the documents in any manner in which the same might have been served if the death or bankruptcy had not occurred.

Notice to Auditors

130. The auditor of the company shall be served with a notice of the Annual General Meeting at which the accounts audited by him are to be adopted.

Winding up

131. 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 and may for such purposes set such values 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. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trust for the benefit of the contributories as the Liquidators with the like sanction shall think fit, but so that no member shall be compelled to accept any shares or other securities whereof there is any liability.

INDEMNITY

Indemnity

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

Secrecy

133. No member shall be entitled to inspect the company's book without the permission of the Board or require discovery of any matter which is or may be in the nature of trade secret, mystery of trade or secret process, which may relate to the conduct or the business of the company and in the opinion of the Board will not be expedient in the interest of the members of the company to communicate to the public.

Note : *The above regulations containing the Articles of Association has been adopted in the Extra Ordinary General Meeting held on Saturday, on 24th September 1994 at the registered office of the Company. The extract of Special Resolution is as follows :*

Resolved that the regulation contained in the draft Articles of Association submitted to this meeting, and for the purpose of identification initialled by the Chairman thereof, be and are hereby approved and adopted as the Articles of Association of the Company in Substitution for, and to exclusion of, all the existing Articles thereof.