

**MEMORANDUM OF ASSOCIATION OF KERALA URBAN AND RURAL
DEVELOPMENT FINANCE CORPORATION LIMITED**

1. The name of the Company is Kerala Urban and Rural Development Finance Corporation Limited.
- II. The Registered Office of the Company will be situated in the State of Kerala.
- III. (a) The main objects for which the Company is incorporated are:-
 - (i) to provide such financial assistance by way of loans and advances to Urban and Rural Local Bodies in the State for their developmental schemes as the Company considers necessary;
 - (ii) to provide technical or any other assistance and guidance to Urban and Rural Local Bodies in the matter of their developmental schemes, including implementation of the Master Plans prepared for the Urban and Rural Local Bodies;
 - (iii) to provide assistance and guidance to Urban and Rural Local Bodies for improving their administrative machinery and procedure.
 - (iv) To undertake the schemes in collaboration with the Urban and Rural Local Bodies or with public undertakings on such terms and conditions as the Company deems fit.
- (b) The objects incidental or ancillary to the attainment of the above main objects are:-
 - (i) to receive loans, advances, grants or other moneys from the Central Government, State Government, Local Bodies, Banks, Companies, Co-operative Societies, Trusts or individuals with or without interest for the purpose of carrying on the business of the Company;
 - (ii) to lend or advance money either upon or without security and to borrow or raise or secure the payment of money in such manner as the Board of Directors may deem fit for achieving the object mentioned in

- clause III (a) (i) above, and in particular by the issue of debentures, debenture stock, bonds, deposits, obligations and securities of all kinds; but the Company shall not carry on banking business within the meaning of Banking Regulation Act, 1949;
- (iii) to invest the capital of the Company in or to deal with shares, stocks, bonds, debentures and other securities of any Company or Association which may be seen calculated to benefit the Company directly or indirectly;
 - (iv) to pay all costs, charges, and expenses incurred or sustained in or about the promotion and establishment of the Company or which the Company may consider to be in the nature of preliminary expenses including therein the cost of advertising, commission for underwritings, brokerage, printing, and expenses attended upon the formation of branches and agencies;
 - (v) to construct, maintain and alter any buildings or works necessary or convenient for the purpose of the Company;
 - (vi) to make, draw, accept, endorse, discount, execute, issue and negotiate cheques, bills of exchange, promissory notes, debentures and negotiable or transferable instruments;
 - (vii) upon any issue of shares, debentures, or other securities of the Company to employ brokers, commission agents and underwriters and to provide for remuneration of such persons for their services in accordance with the provisions of the Companies Act, 1956;
 - (viii) to promote and operate schemes for Urban and Rural Development and for that purpose to prepare or get or cause to be prepared reports, blue prints, statistics and other information;
 - (ix) to employ and remunerate experts to investigate and examine the condition, prospects value and circumstances of any scheme of Urban and Rural Development and generally of any assets, property and rights of urban and rural local bodies sponsoring such schemes;
 - (x) to employ and remunerate experts to prepare project reports, plans and estimates of schemes of urban and rural development sponsored by urban and rural local bodies;
 - (xi) to enter in to any partnership or arrangement for joint working with any other Company - firm or person carrying on business with same or similar objects as this Company;
 - (xii) to sell, improve, manage, develop, exchange, lease, mortgage, enfranchise, dispose of, turn to account, or otherwise deal with all or any part of the property and rights of the Company;
 - (xiii) to accept stock or shares in or the debentures, mortgage debenture or other securities of any other Company in payment or part payment for any services rendered or for any sale made to or debt owing from any such Company;
 - (xiv) to carry on any other business (whether manufacturing or otherwise) which may seem to the Company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights;

- (xv) to acquire and undertake the whole or any part of the business, property and liabilities of any person or Company carrying on any business which the Company is authorised to carry on, or possessed of property suitable for the purposes of this Company;
- (xvi) to enter into any arrangements with Government of India, Government of Kerala or any other Government, or Local Authority for the purpose of carrying out the objects of the Company or furthering its interests and to obtain from such Government or Authority or person any charters, subsidies, loans, indemnities, grants, contracts, licences, rights, concessions, privileges, or immunities which the Company may think it desirable to obtain and exercise and comply with any such arrangements, rights, privileges and concession;
- (xvii) to invest the moneys of the Company, not immediately required, in such manner, other than in the shares of this Company, as from time to time may be determined;
- (xviii) to create any depreciation fund, reserve fund, sinking fund, insurance fund, or any special or other fund whether for depreciation or for repairing, replacing, improving, extending, or maintaining any of the properties of the Company or for redemption of debentures or redeemable preference shares or for special dividends or for equalising dividends or for any other purpose whatsoever, and to transfer any such fund or part thereof to any of the other funds herein mentioned:
- (c) Other objects for which the Company is established are:-
 - (i) to undertake commercial or other activities aimed to make, procure and supply articles, stores books, forms and registers required by Urban and Rural Local Bodies.
 - (ii) to establish, maintain, subscribe to or subsidise or become member of training institutions, research laboratories, research institutions and experimental workshops for scientific and technical research and experiments;
 - (iii) to act as agent for Government of India or State Governments or other authorities or any manufacturers, merchants, and others and to transact and carry on agency business of every kind and of any description.

IV. The liability of the members is limited.

V. The share capital of the Company is Rs. 1200 lakhs divided into 12 lakhs equity shares of Rs. 100 each. The Company shall have power to increase or reduce the capital of the Company and to divide the shares in capital for the time being into several classes and attach thereto respectively such preferential qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company.

We, the several persons whose names and addresses are subscribed below, are desirous of being formed into a Company in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

Name of Subscriber	Address, Description & Occupation	No. of Shares	Signature of Subscribers
1.	V. Balagangadharan, aged 53 years, for and on behalf of the Governor of Kerala, S/o. Late K.K. Nair, residing at 7/1518, Elankath Lane, Trivandrum - 10 (Government Servant)	10 Equity shares	(Sd)
2.	V. Balagangadharan, aged 53 years, S/o. Late K.K. Nair, residing at 7/1518, Elankath Lane, Trivandrum - 10 (Government Servant)	1 Equity share	(Sd)
3.	P.K. Abdulla, aged 52 years, S/o. Late Kammatty Hajee residing at Jawahar Nagar, Trivandrum. (Government Servant)		(Sd)

Dated this 27th day of January 1970 Trivandrum.

Witness to the above signature:

Name : S. Sankaranarayana Pillai,
aged 29, S/o. N. Shanmughom Pillai,

Address : Residing at Cheruvalli Veedu,
Judge Road, Karamana
Trivandrum - 2.

Description & Occupation } Government Servant

ARTICLES OF ASSOCIATION OF KERALA URBAN AND RURAL DEVELOPMENT FINANCE CORPORATION LTD.

Interpreta- tion

1. Unless the context otherwise requires 'words' or 'expressions' contained in these Articles shall bear the same meaning as in the Act or any statutory modifications thereof in force.

Definitions

2. In these Articles unless there is nothing repugnant to the subject or context.
 - i) 'The Act' means the Companies Act, 1956 (Central Act I of 1956).
 - ii) 'The Articles' or 'these presents' or 'Company Regulations' means these Articles of Association or as altered from time to time by special resolution.
 - iii) 'The Company' or 'the Corporation' means Kerala Urban and Rural Development Finance Corporation Limited.
 - iv) 'The Governor' means the Governor of Kerala.
 - v) 'The Government' means the Government of Kerala or the Union Government of India.
 - vi) 'The Board of Directors' or 'The Board' means the Board of Directors for the time being of the Company.
 - vii) 'Chairman' means the person appointed to act as Chairman of the Board of Directors for the time being of the Company.
 - viii) 'Managing Director' means a Managing Director appointed as such for the time being of the Company.

- ix) 'The Director' means the Director appointed as such for the time being of Company.
- x) 'Month' means calendar month.
- xi) 'The Office' means the Registered Office for the time being of the Company.
- xii) 'Proxy' includes Attorney duly constituted under a power of Attorney.
- xiii) 'Register' means the Register of Members to be kept pursuant to section 150 of the Act.
- xiv) 'Member' means person whose name is entered in the Register of Members as holding any share either solely or jointly.
- xv) 'Seal' means the common seal of the Company.
- xvi) 'In writing' and 'written' include printing lithography and other modes of representing or reproducing words in a visible form.

In these presents words importing the singular shall include the plural, and vice-versa, and words importing the masculine gender shall include feminine and words importing persons shall include bodies corporate.

Table 'A' not to apply

- 3. Save as reproduced herein the regulations in Table 'A' in schedule I of the Act shall not apply to the Company.

Alteration of Articles

- 4. Subject to the approval of the Governor, the Company may by resolution, passed in accordance with the provisions of the Act, alter and make provisions instead of or in addition to any of the regulations of the Company whether comprised in these Articles or not.

Company a Government Company

- 5. The Company shall be a Government Company within the meaning of section 617 of the Act and the provisions of the Act, in so far as they are applicable to a Government Company, shall be applicable to the Company.

SHARE CAPITAL

Division of Capital

- 6. The share capital of the Company is Rs. 12,00,00,000/- (Rs. Twelve hundred lakhs only) divided into 12,00,000 (Twelve lakhs only) equity shares of Rs. 100/- (Rs. one hundred only) each.

Alteration in Share Capital

- 7. Subject to the approval of the Governor, the Company in General Meeting is authorised to alter the conditions of its Memorandum as follows, that is to say, it may-
 - i) Increase its Share capital by such amount as it thinks expedient by issuing new shares.

- ii) Consolidate and divide all or any of its share capital into shares of lesser amount than its existing shares.
- iii) Convert all or any of its fully paid up shares into stock and reconvert that stock into fully paid up shares of any denomination.
- iv) Sub-divide its shares into shares of smaller amount, than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the shares from which the reduced share is derived.
- v) Cancel shares which, at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person, and diminish the amount of the share capital by the amount of the shares so cancelled.

Shares at the disposal of the Directors

8. Subject to the provisions of the Act the shares shall be at the disposal of the Directors who may allot or otherwise dispose of them to such persons and on such terms and conditions as they think fit and with full power to give any person the option to call for or be allotted shares of the Company either at a premium or at par or at a discount and for such time and for such consideration as the Directors think fit; provided however, that the option or right to call for shares shall not be given to any person except with the sanction of the Company, in General Meeting.

Commission and brokerage

9. The Company may exercise the powers of paying commission conferred by section 76 of the Act, provided that the rate of percent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner referred by the said section and a commission shall not exceed 5% of the price at which any shares in respect whereof the same is paid are issued or 2½% of price at which any debentures are issued as the case may be. Such commission may be satisfied by a payment of cash or the allotment of the fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.

Issue of shares at a premium

10. Subject to the approval of the Governor, the Company shall have power to issue shares at a premium but in doing so it shall comply with the provisions of section 78 of the Act or any Statutory modifications thereof.

Issue of shares at a discount

11. Subject to the approval of the Governor and with the previous authority of the Company in General Meeting and the sanction of the Central Government and upon otherwise complying with section 79 of the Act, the Board may issue, at a discount, share of any class already issued.

Liability of registered holders

12. If by the condition of allotment of any share, the whole or part of the amount or the issue price thereof shall be payable by instalments, every such instalment, when due, be paid to the Company by the person who, for the time being, shall be the registered holder of the share or by his executor or administrator.

**Liability of
Joint
holders**

13. The joint holder of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such share. Shares may be registered in the name of any person, Company or any other body Corporate. Not more than four persons shall be registered as joint holders of any share.

**Trust, etc.
not to be
recognised**

14. Save as herein otherwise provided, the company shall be entitled to treat the Registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction or as by statute required, be bound to recognise any equitable or other claim to or interest in such share on the part of any other person.

SHARE CERTIFICATE

Subject to the provisions of the Companies (Issue of Share Certificate) Rules, 1960, or any Statutory modification or re-enactment thereof Share Certificate shall be issued as follows:-

**Sealing and
signing of
certificate**

15. The certificate of title to shares and duplicate thereof when necessary shall be issued under the seal of the Company which shall be affixed in the presence of:-

- i) Two Directors or a Director and a person acting on behalf of another Director under a duly registered power of Attorney or two persons acting as Attorneys for two Directors as aforesaid and
- ii) The Secretary or some other person appointed by the Board for the purpose, all of whom shall sign such share certificate; provided that if the composition of Board so permits atleast one of the aforesaid two Directors shall be person other than a Managing Director.

**Issue of
certificate**

16. Every member shall be entitled free of charge to one certificate for all the shares registered in his name, or, if any member so wishes to several certificates each for one or more such share, but, in respect of each additional certificate which does not comprise shares in lots of market units of trading, the Board may charge a fee of Rs. 2/- or such lesser sum as it may determine. Unless the condition of issue of any share otherwise provide, the Company shall either within 3 months after the date of allotment and on surrender to the Company of its letter making the allotment or of its fractional coupons of requisite value (save in the case of issue against letters of acceptance or of renunciation or in cases of issues of Bonus shares) or within 2 months of receipt of application for registration of transfer, sub-division, consolidation or renewal any of the shares, as the case may be, complete and have ready for delivery the certificates of such shares. Every certificate of shares shall specify the name of person (s) in whose favour the certificate is issued, the shares to which it relates and the amount paid thereon. Particulars of every certificate issued shall be entered in the register maintained in the form set out in the above Rules or in a form as near thereto as circumstances admit, against the name of

the person to whom it has been issued, indicating the date of issue. In respect of any share held jointly by several persons the Company shall not be bound to issue more than one certificate and delivery of the certificate to one of the several joint holders shall be sufficient delivery to all such holders.

Issue of duplicate certificate

17. If a share or debenture certificate is defaced, lost or destroyed it may be renewed from time to time without any charge, on such terms, if any, as to evidence and indemnity and the payment of out of pocket expense incurred by the Company in investigating evidence notifying the loss, as the Directors think fit.

Making calls

18. The Board may from time to time, subject to the terms on which any share may have been issued and subject to the provisions of section 91 of the Act, make such call as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable on fixing the terms and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board. A call may be made payable by instalments and shall be deemed to have been made when a resolution of the Board authorising such call was passed.

Notice of calls

19. Not less than 14 days' notice of any call shall be given specifying the time and place of payment and to whom such call shall be made.

Interest on calls

20. If the sum payable in respect of call or instalment be not paid on or before the day appointed for payment thereof, the holder for the time being in respect of the share for which the call have been made or the instalment be due shall pay interest for the same at the rate of 10% per annum from the day appointed for the payment thereof to the time of actual payment or at such lower rate as the Board may determine.

Power of the Board to waive interest

21. The Board shall be at liberty to waive payment of interest on calls either wholly or in part.

Regulations to apply to sums becoming payable

22. If by the terms of issue of any share or otherwise any amount is made payable upon allotment or at any fixed time or by instalments of fixed times whether on account of the amount of share or by way of premium, every such amount or instalment shall be payable as if it was a call duly made by the Board and of which due notice had been given, and all the provisions herein contained in respect of calls, shall relate to such amount or instalments accordingly.

Evidence of debt

23. On the trial or hearing of any action or suit brought by the Company against any shareholder or his representatives to recover any debt or money claimed to be due to the Company in respect of the shares, it shall be sufficient to prove that the name of the defendant is or was when the claim arose, on the Register as a holder or one of the holders of the number of shares in respect of which such claim is made, and that the amount claimed is not entered as paid in the books of the Company and it shall not be

necessary to prove the appointment of the Board who made any call, nor that quorum was present at the Board meeting at which the call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever, but the proof of the matter aforesaid shall be conclusive evidence of the debt.

Payment of calls in advance

24. The Board may, if it thinks fit, receive from any member willing to advance the whole or any part of the money due upon the shares held by him beyond the sums actually called for, and upon the moneys so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such a rate not exceeding, unless the Company in General Meeting shall otherwise direct, 6% per annum to the member paying such sum in advance and as the Board agrees upon. Moneys so paid in excess of the amount of calls shall not rank for dividends or confer a right to participate in profits and shall not be regarded as a loan to the Company.

Revocation and postponement of calls

25. A call may be revoked or postponed at the discretion of the Board.

FORFEITURE AND LIEN

Service of notice

26. If a member fails to pay a call or instalment of call on the day appointed for payment thereof the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason for such non-payment.

Contents of notice

27. The notice aforesaid shall:-
- a) Name a further day, not being earlier than the expiry of fourteen days from the date of service of the notice on or before which the payment required by the notice is to be made; and
 - b) State that in the event of non-payment on or before the days so named, the shares in respect of which the call was made will be liable to be forfeited.

Forfeiture on non-compliance with notice

28. If the requirements of such a notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

Notice of resolution of forfeiture

29. 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 such

forfeiture shall be, in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

**Disposal of
forfeited
shares**

30. The forfeited share may be sold, re-allotted or otherwise disposed of on such terms or in such manner as the Board thinks fit.

**Cancellation
of forfeiture**

31. At any time before a sale or disposal as aforesaid the Board may cancel the forfeiture on such terms as it thinks fit.

**Liability after
forfeiture**

32. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall notwithstanding forfeiture, remain liable to pay to the Company all moneys which, at the date of forfeiture, presently payable by him to the Company in respect of the shares. The liability of such person shall cease if and when the Company shall have received payment in full or all such moneys in respect of the shares.

**Effect of
forfeiture**

33. The forfeiture of a share shall involve the extinction of all interest in and also on all claims and demands against the company in respect of the share and all other rights incidental to the share, except only such of those rights, as by these articles, expressly saved.

**Evidence of
forfeiture**

34. a) A duly verified declaration in writing that the declarant is a Managing Director, Director, Manager, or Secretary of the Company and that a share in the company has been duly forfeited on a date stated in the declaration shall by the conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

**Receipt for
consideration of good
title to shares**

b) The declaration aforesaid and the receipt of the Company for the consideration, if any, given for the share on any sale or disposal thereof shall constitute a good title to such shares. The Company may appoint some person to execute transfer of the share in favour of the persons to whom the share is sold or disposed of.

**Registration
of the transferee as a
member**

c) The transferee shall thereupon be registered as the holder of the share. The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the shares.

**Validity of
the sale**

d) The validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

**Company's
paramount
lien**

35. The Company shall have a first and paramount lien on every share, not being a fully paid share, for all moneys (whether presently payable or not) called, or payable at a fixed time in respect of that share, and on all shares not being fully paid share, standing registered in the name of each member, whether solely or jointly with each others, and upon the proceeds of sale thereof and upon all dividends payable thereon and such lien shall extend to all dividends from time to time declared in respect of such shares payable

thereon. But the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

Enforcement of lien by sale

36. The Company may sell, in such manner as the Board thinks fit, any share on which the Company has a lien, provided that no sale shall be made:-

- a) Unless a sum in respect of which the lien exists is presently payable, or
- b) Until the expiry of 14 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.

Disposal of sale proceeds

37. a) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

- b) The residue, if any, shall subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of sale.

TRANSFER AND TRANSMISSION

Instrument of transfer

38. Save as provided in section 108 of the Act, no transfer of a share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferee has been delivered to the Company together with the certificate relating to the share or, if no such certificate is in existence, the Letter of Allotment of the share. The transferor shall be deemed to remain the member in respect of such share until the name of the transferee is entered in the Register in respect thereof.

Procedure for transfer

39. Application for the registration of the transfer of share may be made either by the transferor or by the transferee, provided that, where such application is made by the transferor, no registration shall, in the case of partly paid share be affected unless the Company gives notice of the application to the transferee in the manner prescribed by section 110 of the Act, and subject to the provisions of these Articles the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of notice enter in the register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of transfer was made by the transferee.

Form of instrument of transfer

40. Every instrument of transfer shall be in the prescribed form and in accordance with the provisions of section 108 of the Act.

Right of Board to refuse transfer

41. The Board may, subject to the right of appeal conferred by section 111 of the Act, in their absolute discretion refuse to register any transfer of shares whether fully or partly paid up where in the opinion of the Board it would be undesirable in the interest of the Company to allow any transfer and the Board shall not be bound to disclose the reason or reasons for such refusal. Provided that registration of a transfer shall not be refused only on the ground of the transferor being either alone or jointly with any other person or persons in debt to the Company on any account whatsoever, except a lien on shares. The Board may also decline to register any transfer of shares on which the Company has a lien under the provisions of this Articles or otherwise.

Share certificate or letter of allotment to be lodged

42. Every instrument of transfer shall be lodged at the office for registration, accompanied by the certificate of shares to be transferred or if no such certificate is in existence by the Letter of Allotment of the share and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share. Every instrument of transfer which shall be registered shall be retained by the Company but any instrument of transfer which the Board may refuse to register shall be returned to the person depositing the same.

Notice of refusal of transfer

43. If the Board refuses whether in pursuance of Article 41 or otherwise to register the transfer or the transmission by operation of law, of the right to any share, the Company shall within two months from the date on which the instruments of transfer or the intimation of such transmission as the case may be, was lodged with the Company send to the transferee and to the transferor or to the person giving intimation of such transmission, as the case may be, notice of refusal.

Transfer fee, etc.

44. The Board may or may not charge a fee for the registration of each transfer, grant of probate, grant of letter of administration, certificate of death or marriage power of Attorney or other instrument. Such fee if required by the Board shall not exceed Rs. 2/- and be paid before the registration thereof.

Recognition of legal representatives

45. i) The legal representatives of a deceased sole holder of a share shall be the only persons recognised by the Company as having any title to the share. In the case of a share registered in the names of two or more holders, the survivor or survivors shall be the only persons recognised by the Company as having any title to the shares.

ii) Before recognising any executor or administrator or legal representatives, the Board may require him to obtain a Grant of Probate or Letters of Administration or other legal representation as the case may be, from some competent court in India, provided nevertheless in any case where the Board in their absolute discretion thinks fit, or shall be lawful for the Board to dispense with the production of Probate or Letter of Administration or such other legal representation upon such terms as to indemnity or otherwise as the Board in their absolute discretion, may consider adequate.

Transfer of shares of deceased or insolvent member

iii) Nothing in clause (i) shall release the estate of deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

46. i) Any person becoming entitled to a share in consequence of the death or insolvency or liquidation of a member may, such evidence being produced, and subject to such indemnity, if any as may from time to time properly be required by the Company and subject to as hereinafter provided elect, either:-

a) to be registered himself as a holder of the share, or

b) to make such transfer of the shares as the deceased or insolvent member could have made.

ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

Notice of Exercise of choice

47. i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer was a transfer signed by that member.

Right to dividend etc. of the legal representatives of a deceased or insolvent member

48. A person becoming entitled to a share by reason of the death or insolvency or liquidation of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he was the registered holder of the shares, except that he shall not, before being registered as a member in respect of the shares, be entitled, to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Company may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within, such time not being less than 7 days, as the Company may prescribe, the Company may withhold payment of all dividends, bonus or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

BORROWING POWERS

Power to borrow

49. The Board may, from time to time at its discretion, subject to the provisions of section 293 of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum of money for the purposes of the Company.

Securing repayment of borrowed money

50. The Directors may raise or secure the repayment of such sum/sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular, by the issue of bonds, or redeemable debentures or debenture stocks or by any mortgage, charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

Terms of issue of Debentures

51. Debentures, Debenture stocks, bonds or other securities may be made assignable, free from any equities between the Company and the persons to whom the same may be issued. Any debenture stocks, bonds or other securities, may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender drawings, allotment of debenture, appointment of Directors and otherwise. Debentures stock, bonds or other securities with a right of conversion into or allotment of shares will be issued only with sanction of the Company in General Meeting.

Directors to be indemnified against the personal liability

52. If the Directors or any of them or any other persons, shall become personally liable for the payment of sum primarily due from the Company, the Directors may subject to the provisions of the Act execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets, of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

GENERAL MEETING

A General Meeting to be held in each year

53. A General Meeting of the Company called Annual General Meeting shall be held once atleast in every calendar year not being more than 15 months after the holding of the last preceeding Annual General Meeting and within six months after the expiry of each financial year, at the Registered office of the Company or at such other place within the town in which the Registered office is situate and during working hours on a day that is not a public holiday.

NOTICE OF GENERAL MEETING

Time and contents of notice

54. 1) In the case of General Meetings not less than 21 days' notice in writing (exclusive of the day on which the notice is issued and the day for which notice is given) shall be served upon all members such other persons as are entitled to receive notice.
- 2) The notice shall specify the place, date and hour of the meeting and also the nature of the business to be transacted in the meeting.

- 3) In the case of a General meeting convened for the purpose of passing a special resolution, the notice shall specify the intention to propose the resolution as a special resolution.
- 4) Meeting may be convened on shorter notice in accordance with the provisions of section 171 of the Act.

Annual General and extra-ordinary General Meeting

55. The General Meeting convened as required in Article 53 shall be called Annual General Meeting and all other special meetings shall be called extra-ordinary General Meetings.

Directors may call special General Meeting upon requisition

56. The Directors may, whenever they think fit convene extra-ordinary General Meeting and they shall, whenever so required by the Governor or on the requisition of the holders of not less than one tenth of that part of the issued capital of the company upon which all calls or other sums when due have been paid, forthwith proceed to call extra-ordinary General Meeting of the company.

In the case of requisition by the members the following provisions shall have effect.

1. The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered office of the Company and may consist of several documents in like form, each signed by one or more requisitionists.
2. If the Directors do not proceed with 21 days' notice from the date of requisition being so deposited to cause a meeting to be called, the requisitionists or majority of them in value may themselves call the meeting but in either case any meeting so called shall be held within 45 days from the date of deposit of the requisition.
3. Any meeting called under this clause by the requisitionists shall be called in the same manner as nearly as possible, as that in which meetings are to be called by Directors.
4. A requisition by joint holders of shares must be signed by all such holders.

Accidental omission of notice will not invalidate proceedings of meeting

57. The accidental omission to give notice of any meeting to or the non-receipt of any such notice by any of the members shall not invalidate any resolution passed at any such meeting.

PROCEEDINGS AT GENERAL MEETING

Business to be transacted at Annual General Meeting

58. The business at an Annual General Meeting shall be to receive and consider the Profit and Loss Account, the Audited Balance Sheet, the Report of Directors and Auditors, to elect Directors and to declare a dividend. All other business transacted at an Annual General Meeting and all business transacted at extra-ordinary General Meeting shall be deemed special.

**Quorum for
General
Meeting**

59. No business shall be transacted at any General Meeting unless the requisite quorum be present at the commencement of the meeting. Five members (who are qualified to vote) present in person shall be quorum for a General Meeting.

**Representa-
tion of
Governor**

60. 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 meeting of the Company.

b) Any one of the persons appointed under sub-clause (a) above who is personally present at the meeting shall be deemed to be a member entitled to vote and present in person and shall be entitled to represent the Governor at all its meeting and to vote on his behalf whether on a show of hands or on a poll.

c) The Governor may from time to time cancel any appointment made under sub-clause (a) above and make fresh appointment.

d) The production at the meeting, of an order of the Governor evidenced as provided in the Constitution of India shall be accepted by the Company as sufficient evidence of any such appointment or cancellation as aforesaid.

**Dissolution
and adjourn-
ment of
General
Meeting**

61. If within half an hour after the time appointed for the holding of a General Meeting a quorum be not present, the meeting, if convened on the requisition of members, shall be dissolved and in every other case, the meeting shall stand adjourned to the same day in the next week at the same time and place as was appointed for holding the General Meeting and if in such adjourned meeting the quorum be not present, those members who are present, and entitled to vote shall form a quorum whatever be their number and the amount of shares held by them, and may transact business for which the meeting was called.

**Chairman to
preside at
General
Meeting**

62. The Chairman (if any) of the Board of Directors or in his absence any Director of the Company shall take the Chair at every General Meeting. If there be no Chairman or Director or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or is unwilling to act, the members present may choose a Chairman from among themselves.

**Power to
adjourn
meeting by
the Chairman**

63. The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn any meeting from time to time and from place to place but no business shall be transacted at 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 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.

Chairman's declaration on the passing of a resolution shall be final

64. At any General Meeting a resolution put to vote in the meeting shall be decided on a show of hands unless a poll (before or on the declaration of the result of the show of hands) is demanded in accordance with the provisions of section 179 of the Act and unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands been carried or carried unanimously or by a particular majority or lost, and an entry to that effect in the book containing the minutes 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.

Chairman to decide the manner of taking polls

65. If a poll is demanded as aforesaid, it shall be taken in such manner and at such time and place as the Chairman of the meeting directs subject to the provisions of section 180 of the Act. In case of any dispute as to the admission or rejection of the vote the Chairman shall determine the same, and such determination shall be final and conclusive.

Casting vote

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

Vote of joint holders

67. In the case of joint holders the vote of the senior, who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

Vote by legal guardian or by Committee

68. 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 poll by his Committee or other legal guardian and any such Committee or guardian may vote on a poll by proxy.

Shares of which calls are outstanding not entitled to vote

69. 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.

Validity of votes

70. i) No objections 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.
- ii) Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.

Proxy

71. The instrument of appointing a proxy and the power of Attorney or other authority if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument shall not be treated as valid.

Instrument appointing the proxy

72. The instrument appointing the proxy shall be in either of the forms in schedule IX to the Act or a form as near thereto as circumstances admit.

Validity of instrument of proxy

73. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the member or the revocation of the proxy or of the authority under which the proxy was executed or the transfer of the shares in respect of which the proxy is given.

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

DIRECTORS

Number of Directors

74. i) Unless otherwise determined by special resolution the number of Directors of the Company shall not be less than three nor more than eleven.

ii) One third of the total number of Directors shall be appointed by the Governor and the Directors so appointed shall not be liable to retire by rotation at the Annual General Meeting. The Directors appointed by the Governor shall, subject to the provisions of the Act, hold office for such time and shall be paid such salary and/or allowance as the Governor may from time to time determine.

iii) The Governor shall have the right to fill any vacancy caused by retirement, removal, resignation, death or otherwise of any Director appointed by him.

Only individual as Directors

75. Only an individual and not a body corporate, association or firm shall be appointed as a Director of the Company.

Share qualification

76. The share qualification of a Director may be fixed by the Company in General Meeting and unless until so fixed, no qualification shall be required.

Directors sitting fee

77. Unless otherwise determined by the Company in General Meeting, each Director (other than Managing Director and officers of the State Government serving in the Board) shall be entitled to receive out of the funds of the Company for his services in attending the meeting of a Board or a committee of the Board, a fee not exceeding Rs. 125/- (Rupees one twenty five only) for each meeting of the Board or a Committee of a Board attended by him.

Travelling and other expenses

78. The Director shall be entitled to be paid all fees for filing documents which they may be required to file under the Act and shall also be entitled to be paid their reasonable travelling and hotel and other expenses incurred in attending and returning from Board and Committee Meetings or otherwise incurred in the execution of their duties as Directors. However the officers of State Government serving in the Board shall be paid TA/DA at the rates applicable to them as per the relevant provision in Kerala Service Rules.

Extra remuneration for special service

79. Without prejudice to the generality of the foregoing Article, if a Director being willing be called upon to perform extra services or to make any special exertions for any of the purposes of the Company or in giving special attention to the business of the Company or as a member of the Committee of the Board then, the Board may remunerate the Director so doing by a fixed sum or otherwise and such remuneration may be either in addition to, or in substitution for any other remuneration to which he may be entitled.

Casual vacancy

80. Subject to the provisions of section 262 or any statutory modification thereof and subject to the approval of the Governor the Board shall have power to fill up casual vacancy.

Alternate Directors

81. Subject to the provisions of section 313 or any statutory modifications thereof, and subject to the approval of the Governor the Board shall have power to appoint a person as alternate Director during the absence of a Director for a period of not less than 3 months in the State in which meeting of the Board is ordinarily held.

Vacation of office by Directors

82. The office of a Director shall *ipso facto* become vacant upon the happening of any of the event enumerated in section 283 of the Act.

Office of profit

83. Any Director or other person referred to in section 314 of the Act may be appointed to or hold any office or place of profit under the Company or under any subsidiary of the Company only in accordance with the provisions of section 314 of the Act.

Disclosure of interest

84. Every Director who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, entered into or to be entered into by or on behalf of the Company, not being a contract or arrangement entered into or to be entered into between the Company and any other Company where any of the Directors of the Company or two or more of them together hold not more than two per cent of the paid up share capital in the other Company, shall disclose the nature of his concern or interest at a meeting of the Board as required by section 299 of the Act. A general notice, renewable in the last month of each financial year of the Company, that a Director is a Director or a member of any specified firm and is to be regarded as concerned or interested in any subsequent contract or arrangement with that body corporate or firm shall be sufficient disclosure of concern or interest in relation to any contract or arrangement so made and after such general notice, it shall not be necessary to give special notice relating to any particular contract or arrangement with such body corporate or firm, provided such general notice is given at any meeting of the Board or the Director concerned has taken reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given. Every Director shall be bound to give and from time to time renew a general notice aforesaid in respect of all bodies corporate on which he is a member.

APPOINTMENT & RETIREMENT OF DIRECTORS

Retirement of Directors

85. i) Not less than two-third of the total number of Directors shall be persons whose period of office is liable to termination by retirement by rotation.
- ii) At each Annual General Meeting of the Company one third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.

Directors longest in office to retire

86. The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since the last election but as between persons who became Directors of the same day, those who retire shall (unless they otherwise agree themselves) be determined by lot.

In case there are more candidates for appointment as Director than the number of vacancies, separate resolution for appointment of each candidate in the order in which the names of candidates appear in the agenda, shall be moved individually and the votes in each case recorded. After voting in the case of all candidates has been recorded, such candidates equal to the number of vacancies who got the longest number of votes shall be declared elected.

Retiring Directors to continue in office

87. If at any meeting at which an election of Directors ought to take place, the places of the retiring Directors are not filled up, the meeting shall stand adjourned till the same day in the next week at the same time and place, and if at the adjourned meeting the places of retiring Directors or such of them as have not had their places filled up shall be deemed to have been re-elected at the adjourned meeting.

Additional Directors

88. Subject to the approval of the Governor, the Board shall have power at any time to appoint any person as a Director as an addition to the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Directors so appointed shall hold the office until the next Annual General Meeting of the Company and shall be eligible for re-election.

Removal of Director

89. 1) The Company may remove any Director before the expiration of his period of office in accordance with the provisions of section 284 of the Act. But no Director appointed by the Governor shall be removed without his prior approval.
- 2) Notwithstanding anything contained in these Articles, the Governor shall have power to remove any Director appointed by him from office at any time, in his absolute discretion and fill up any vacancy in the office of Director caused by such removal.

PROCEEDINGS OF THE BOARD

Board Meeting

90. i) The Board shall meet together atleast once in every three months for the despatch of business and may adjourn and otherwise regulate its meetings and proceedings as it thinks fit, provided that atleast four such meetings shall be held in every year. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India and at his usual address in India to every other Director.
- ii) A Director may, and the Secretary on the requisition of a Director shall at any time convene a meeting of the Board.

Chairman of the Board

91. The Governor may from amongst the Directors appoint a Chairman of the Board and may determine the period for which he shall hold the office. The Chairman shall be entitled to take the chair at any meeting of the Board. If no such Chairman is appointed or if at any meeting of the Board the Chairman be not present at the time appointed for holding the same, the Directors present shall choose one of them to be the Chairman of such meeting.

Quorum

92. The quorum for a meeting of the Board shall be one third of its total strength (any fraction contained in that one-third being rounded off to one) or two Directors whichever is higher. If a quorum is not present within 15 minutes appointed for holding the meeting of the Board, it shall be adjourned until such date and time as the Chairman of the Board may determine.

Exercise of powers

93. i) A meeting of the Board at which a quorum present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles or the Act for the time being vested in or exercisable by the Board.
- ii) Subject to the provisions of sections 372 (5) and 386 of the Act, questions arising at any meeting shall be decided by a majority of votes, and in case of an equality of votes, the Chairman shall have a second or casting vote.

Delegations to the Committee

94. The Board may, subject to the provisions of the Act, 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. Any Committee so formed shall, in exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

Validity of Acts done

95. Acts done by a person as a Director shall be valid notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provisions contained in the Act or in these Articles.

Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

General Powers of the Board

96. Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorised to exercise and do:

Provided that the Board shall not exercise any power or do any act which is directed or required, whether by the Act or any other statute or by the Memorandum of the Company or by these Articles or otherwise, to be exercised or done by the Company in General Meeting:

Provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of the Company or in these Articles, or in any other regulations not inconsistent therewith, including regulation made by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act by the Board which would have been valid if the regulations had not been made.

Circular resolutions

97. Save in those cases where a resolution is required by sections 262, 292, 297, 299, 308, 316, 372 and 386 of the Act, to be passed by a meeting of the Board, a resolution shall be as valid and effectual as if it had been passed at a meeting of the Board or Committee of the Board as the case may be, duly called and constituted, if a draft thereof in writing is circulated, together with necessary papers, if any, to all the Directors or to all the members of the Committee of the Board, as the case may be then in India (not being less in number than the quorum fixed by the meeting of the Board or Committee as the case may be) and to all other Directors or members of the Committee at their usual address in India, and has been approved by a majority or such of them as are entitled to vote on the resolution.

MINUTES

Minutes

98. The Board shall in accordance with the provisions in section 193 of the Act, cause Minutes to be kept of every General Meeting and of every meeting of the Board or every Committee of the Board.

Inspection of Minutes at General Meeting

99. Any such Minutes of any meeting of the Board or any Committee of the Board or of the Company in General Meeting kept in accordance with the provisions of section 193 of the Act, shall be the evidence of matters stated in such Minutes. The Minutes book of General Meetings of the Company shall be kept at the office and shall be opened to inspection by members during such hours and on such business days as the Act required them to be opened for inspection.

MANAGING DIRECTOR

Managing Director

100. Subject to the provisions of the Act, the Governor may from time to time appoint one of the Directors to be Managing Director or wholetime Director of the Company on such terms and conditions and for a period not exceeding the period prescribed by the Act, for

which he is to hold such office and may from time to time remove or dismiss him or them from office and appoint another or others in his or their places.

Managing Director not to retire by rotation

101. Subject to the provisions of section 255 of the Act, Managing Director shall not while he continues to hold office be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire, but (subject to the provisions of any contract between him and the Company) shall be subject to the same provisions as to the resignation and removal as the other Directors, and he shall, ipso-facto and immediately, cease to be a Managing or whole time Director. If he vacates from the office of Director, the post of Managing Director shall also be vacated.

Delegation of powers to Managing Director

102. Subject to the provisions of the Act, in particular of the prohibitions and restrictions contained in section 292 thereof, the Board may from time to time entrust to and confer upon the Managing Director for the time being such of the powers exercisable under these presents by the Board, as it may think fit and may confer such power for such time, and to be exercised for such objects and purposes and upon such terms and conditions, and with such restrictions, as it thinks fit and Board may confer such powers, either collaterally with, or to the exclusion of, and in substitution for all or any of the powers of the Board in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

THE SEAL

Common seal

103. The Board shall provide for the safe custody of the seal and the seal shall never be used except by the authority previously given by the Board or Committee of the Board authorised by the Board in that behalf and, any two Directors or one Director and the Secretary or one Director and such other person as the Board may appoint shall sign every instrument to which the seal is 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.

RESERVES & DEPRECIATION

Power to set apart Reserve Fund

104. The Directors may from time to time set apart any and such portion of the profits of the Company as they think fit, as a Reserve Fund applicable, at their discretion for the liquidation of any debts, debentures or other liabilities of the Company for equalisation of dividend, or for any other purposes of the Company with full power to employ the assets constituting the Reserve Fund in the business of the Company and without being bound to keep the same separate from other assets.

Power to provide depreciation

105. Directors may from time to time set apart any and such portion of the profits of the Company as they think fit as a depreciation fund applicable to rebuilding, re-storing, replacing or altering any part of the buildings, work, plant, machinery or other property of

the Company or for extending and enlarging buildings, machinery, etc. of the Company with full powers to employ the assets constituting such depreciation fund in the business of the Company and without being bound to keep the same separate from other assets.

Power to appropriate depreciation fund if necessary

106. All moneys carried to the Reserve and Depreciation Fund shall nevertheless, remain and be the profits of the Company applicable, subject to the provision being made for actual loss or depreciation, for the payment of dividends and such money and all other moneys of the Company may be invested in or upon such securities or investments as the Directors may think fit or may be used as working capital or may be kept at any Bank as deposit as may be determined from time to time.

DIVIDENDS

Declaration of Dividends

107. The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interests in the profits and may fix the time for payment. No larger dividend shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend.

Dividend to be paid out of profits

108. No dividend shall be paid otherwise than out of the profits of the year or any other undistributed profits and no dividend shall carry interest as against the Company.

Interim dividend

109. The Directors may from time to time pay to the members such interim Dividends as in their judgement the position of the Company justifies.

Reductions from dividend

110. The Board may retain 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.

Dividends only in cash

111. No dividend shall be payable except in cash provided that nothing in the foregoing shall be deemed to prohibit the capitalisation of profits or Reserve of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on the shares held by the members of the Company.

Dividend rights

112. A transfer of shares shall not pass the right to any dividend declared before the registration of transfer by the Company.

Dividends only to Registered holders

113. No Dividend shall be paid in respect of any shares except to the registered holders of such share or to his order or to his bankers but nothing contained in this Article shall be deemed to require the bankers of a registered holder to make a separate application to the Company for the payment of dividends.

Receipts for dividend etc. in case of joint holders

114. Any one of the several persons who are registered as the joint holders of any share may give effectual receipts for all dividends and other payments in respect of such share.

Payment of warrant

115. Dividend, interest or other moneys payable in cash in respect of a share may be paid by cheque or warrant sent by post to the registered address of the holder or in the case of joint holders, to the registered address of that one of the joint holders who is the first named in the register in respect of the joint holder or to such person and to such address as the holder or joint holders, as the case may be, may direct, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.

BOOKS AND DOCUMENTS

Books and Accounts to be kept

116. The Board shall cause proper books of Accounts to be kept in accordance with section 209 of the Act. The Books of Accounts shall be kept at the office or at such other place in India as the Board may decide and when the Board so decides, the Company shall within 7 days of the decision, file with the Registrar a notice in writing giving the full address of that other place.

Inspection of books

117. The Books of Accounts and other papers shall be open to inspection during business hours by any Director, Registrar or any officer of the Government authorised by Government in this behalf.

Restriction of Inspection of members

118. 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 Books of Accounts and other documents of the Company or any of them, shall be open to inspection by the members, and no member shall have any right of inspecting any account or book or document of the Company, except as conferred by the Act or authorised by the Directors or by a resolution of the Company in General Meeting, and no member, not being a Director shall be entitled to require or receive any information concerning the business, trading or customers of the Company.

BALANCE SHEET & ACCOUNTS

Final Accounts

119. At every Annual General Meeting, the Board shall lay before the Company Balance Sheet and Profit and Loss Account made in accordance with the provisions of section 210 of the Act and such Balance Sheet and Profit & Loss Accounts shall comply with the requirement of the Act so far as they are applicable to the Company but, save as aforesaid, the Board shall not be bound to disclose greater details of the result or extent of operation and transactions of the Company than it may deem expedient.

Board's Report

120. There shall be attached to every Balance Sheet laid before the Company a report by the Board complying with the provisions of section 217 of the Act.

Copy of final Accounts to Finance Secretary

121. The Company shall submit a copy of the Balance Sheet and Profit and Loss Account with copy of the Auditors Report to the Finance Secretary to the Government of Kerala who shall have the right to comment upon or supplement to the Audit Report in such manner as he may think fit. Any such comment upon or supplement to the Auditors 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. The Governor may call for such returns, accounts and other information with respect to the property and activities of the Company as may be required from time to time.

SERVING OF NOTICES AND DOCUMENTS

Serving of notice, etc.

122. Notice or other documents may be given or sent by the Company in accordance with the provisions of section 53 and 172 of the Act.

Posting of Notices be conclusive proof

123. Service of notice shall be deemed to be effected by properly addressing prepaying and posting a letter containing the notice and unless to the contrary is proved service of notice is deemed to have been effected on the expiration of 48 hours after the letters containing the same is posted.

INDEMNITY

Indemnity clause

124. Every Director, Secretary or other Officer of the Company or any person (whether an officer of the Company or not) employed by the Company and any person appointed as Auditor shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, Secretary, Officer, Employee or Auditor 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 the Court.

Secrecy

125. Every Director, Manager, Officer, Servant or other person employed in the business of the Company shall, if so required by the Board, before entering upon his duties, sign declaration pledging himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Board or a court of law or by the provisions of the Act or by the person to whom such matter relate and except so far as may be necessary in order to comply with any of the provisions of these Articles.

Directions from the Governor

126.(1) Notwithstanding anything contained in any of these Articles, the Governor may from time to time subject to the provisions of the Act, issue such directives or instructions as he may deem necessary in regard to the finance and the conduct of the business and affairs of the Company and in like manner may vary or annul any such directives. The Board shall give immediate effect to such directive (s) or instruction (s).

(2) The Governor shall have power to give direction (s) to the Company as to the exercise and performance of its functions on matters involving national security or substantial public interest and to ensure that the Company gives effect to such directions.

The following matters shall require prior approval of the Governor.

- i) Appointment to posts carrying a pay of Rs. 1500/- or more per month.
 - ii) Any programme of capital expenditure for an amount which exceeds Rs. 15 lakhs in cases which do not form part of the sanctioned estimates.
 - iii) Agreements involving foreign collaboration proposed to be entered into by the Company.
 - iv) Sale, lease, exchange, mortgage and/or disposal otherwise of the whole or substantially the whole of the undertaking of the Company.
 - v) Formation of subsidiary Company / Companies.
 - vi) Winding up of the Company.
 - vii) Promotion of Company / Companies.
 - viii) The Five Year and Annual Plan of development and capital budget of the Company.
 - ix) The Annual Revenue Budget of the Company in case there is an element of deficit which is proposed to be met by obtaining funds from Government.
 - x) Rules of the Company governing the conditions of service of the employees, provident fund and other rules, creation of reserves and special funds.
 - xi) Any proposal mentioned in sub clause (xi) and (xvii) of clause III (b) of the Memorandum of Association.
 - xii) Division of capital into different classes of shares.
 - xiii) Sub-division and consolidation of shares.
 - xiv) Taking or otherwise acquiring and holding shares in other Company / Companies.
- 3) In the matter of appointments the Company shall follow the principles of reservation which are applicable to the appointments under the Government.
- 4) "The Company should first make a reference with the facts of the case to the Local Administration and Social Welfare Department, Government of Kerala, before any appeal is filed against an award or judgement of Labour Court / Industrial Tribunals / High Courts, etc. in connection with any Labour disputes".