

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

THE KARNATAK STATE

FOREST INDUSTRIES CORPORATION

LIMITED



FORM I. R.

# CERTIFICATE OF INCORPORATION

No. 2314 of 19000000

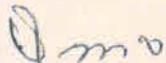
I hereby certify that " THE KARNATAK STATE  
FOREST INDUSTRIES CORPORATION LIMITED " XX

XX XX XX XX

is this day incorporated under the Companies Act, 1956  
(No. 1 of 1956) and that the Company is Limited.

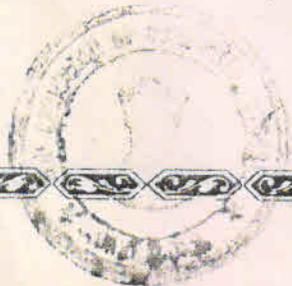
Given under my hand at BANGALORE  
this TWENTYFIRST day of MARCH

One thousand nine hundred and SEVENTYTHREE.  
(30th PHALGUNA 1894 S.E.)

  
(P.S. ANWAR)

Registrar of Companies  
Mysore, Bangalore.

UV.



**Memorandum of Association**  
**of**  
**THE KARNATAK STATE FOREST**  
**INDUSTRIES CORPORATION, LIMITED**

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- I. The name of the Company is "THE KARNATAK STATE FOREST INDUSTRIES CORPORATION, LIMITED."
- II. The Registered Office of the Company, will be situated, in the State of Mysore.
- III. The objects for which the Company is established are :

**A. MAIN OBJECTS TO BE PURSUED ON**  
**INCORPORATION OF THE COMPANY**

- (1) To establish, administer, own and run industries, for manufacturing Forest products.
- (2) To undertake economic and scientific exploitation of the Forest Resources and to set up organisations to undertake the work of felling, conversion, hauling and transport of timber, poles, fire-wood and all kinds of materials from the Forests in Mysore State.
- (3) To carry on the business of manufacturers and dealers in timber, pulpwood, matchwood, rubber, sandalwood etc., and Forest products like Plywood, Paper, Rayon, Veneers. Fibres, Sandalwood products, Sandal Oil, Particle Boards, Rubber Products, Cashewnuts, Cocoa, Matches and such other products of every description and to deal in them as traders, merchants, importers and exporters.
- (4) To establish and run factories for the production of fodder pellets, Agave fibres, Essential Oils and such other processing and manufacturing units, using other kinds of Minor Forest Produce.
- (5) To promote Companies, firms, establishments concerns, or undertakings for the purpose of Development of industries, based on Forest produce and to assist and finance any individual firm or Company, with capital, loan, credit and resources.

- (6) To take over, develop and manage Government or private Factories, Farms, Estates, Gardens, Forests, Plantations and other establishments or concerns, manufacturing any forest, agricultural or animal products or by-products.
- (7) To encourage, assist and finance the formation of Forest Labour Co-operative Societies conducive to the interests of the Company.
- (8) To acquire and to develop land as a lease for various Forest Industries.

### B. ANCILLARY OBJECTS

The objects ancillary or incidental to the attainment of the main objects of the Company are :

- (1) To develop the resources of and turn to account any lands and any rights over to or connected with land belonging to or in which the company is interested by clearing, drainage, fencing irrigating, grazing and by promoting irrigation and the establishment of colonies and settlements.
- (2) To acquire by concessions, grants, purchase, barter, license, lease or otherwise either absolutely, conditionally, solely or jointly with other, any tract or tracts of country lands, estates, houses, farms, watchrights, way-leaves and other works, privileges, rights, hereditament and any machinery plant utensils, trade marks or other moveable and immovable property of any description whatsoever, in any place in India or outside and to explore, survey, cultivate or develop the same.
- (3) To manage wholly or in part, jointly or otherwise factories, farms, estates, gardens, forests, plantations and other establishments or concerns, manufacturing any forest, agricultural or animal products or by-products.
- (4) To produce, grow, process, export and import all varieties of Forest seeds, garden seeds, farm seeds and seeds of all kinds and fodder of all varieties or any kind of product or by-products, therefrom.
- (5) To deal in all kinds of Chemicals, manures, fertilisers, pesticides, weedicides, fungicides and pharmaceutical products.
- (6) To deal in all kinds of equipments for logging conversion, hauling and transport, Seasoning and Preservation of Forest Produce, Agricultural machinery and equipments, machine tools and metals of all kinds, fuel oils, lubricants and to establish and run engineering and repair workshops of all descriptions.
- (7) To enter into agreements and contracts with Government, individuals, companies or other organisations, for technical, financial or any other assistance, for carrying out all or any of the subjects of the Company.

- (8) To enter into any partnership, into any agreements, or arrangements for sharing profits, union or interest, co-operation or joint adventure, reciprocal concessions or otherwise with any person, company, association or firm, having objects similar to those of the Company and calculated to benefit the Company and to carry on or conduct or liquidate or wind up, any such partnership or arrangements, purchased or otherwise acquired.
- (9) To sell or dispose of or transfer the business of the Company or any part thereof, for such consideration as the Company may deem proper and in particular for shares, debentures, or securities of any other Company having objects, altogether or in part similar to those of the Company.
- (10) To promote any Company or companies for the purpose of acquiring all or any of the properties, rights and liabilities of the Company or for any other purpose calculated to benefit the Company, directly or indirectly and to distribute as may be resolved, in specie or otherwise, amongst the members of the Company, the assets possessed or received by the Company.
- (11) To apply for, acquire and hold any Charters, privileges, licences, monopolies, concessions, patents or other rights or powers, from the Indian Government or any other Government or State of any local or other authority in India or elsewhere or from any commercial or other companies, individuals or institutions and to exercise any powers, rights, privileges, etc., so obtained.
- (12) To purchase, take on lease or otherwise acquire for the purposes of the Company any estates, lands, plantations, buildings, machinery, industrial units, roads, railways, or railway sidings or other interest in immovable property and to mortgage, sell, let on lease, convey, assign or exchange and to manage in any other way the property and assets of the Company or any rights therein on such terms and conditions as the Company may think fit.
- (13) To purchase or otherwise, acquire, erect, maintain, construct, repair and alter any building, sheds, offices, plants, machinery, drains, roads, bridges, culverts, railways and railway sidings, stalls, godowns, fences and boundaries and all other structures found necessary or convenient for the purpose of the Company.
- (14) To raise, borrow, or secure moneys in such manner and such terms as may deem expedient and in particular by way of loans, advances, deposits and issue of bonds, debentures or mortgages whether perpetual or otherwise and charged or not charged on the whole or any part of the rights or properties of the Company including the un-called capital and redeem, purchase or pay off any such securities.
- (15) To draw, accept, make, endorse, discount and negotiate bills of exchange, hundies, promissory notes, bills of lading, delivery orders warrants, warehouse keeping, certificates and other negotiable or commercial or mercantile instruments for/or in the prosecution of the business of the Company.

- (16) To pay all costs, charges and expenses incidental to the promotion, formation, registration and establishment of the Company or its branches and the issue of its capital, including any underwriting or other commission, brokers' fees, lawyers' charges and to remunerate in cash or in any other manner, any person or persons, for services rendered or to be rendered in introducing any person or business to the Company or in placing or assisting to place or guaranteeing the subscription of any shares, debentures, debenture stock or any other securities of the Company or for any other reason and for arrangements made prior to and in anticipation of the formation and incorporation of the Company which the Company may think proper.
- (17) To receive grants, loans, advances, or other moneys or deposit, or otherwise from State or Central Government, Banks, Companies, trusts or individuals with or without allowance of interest thereon, but without doing the business or banking within the meaning of the Banking Regulation Act, 1949 (Central Act X of 1949).
- (18) To lend or deposit money belonging to, entrusted to or at the disposal of the Company, to such persons or companies on such terms as may deem expedient, and in particular to customers and others having dealings with the Company with or without security, upon such terms as may be thought proper and to guarantee the performance of contracts by any such persons or companies, but not to do the business of banking as defined in Banking Regulation Act, 1949.
- (19) To invest the moneys of the Company, not immediately required, in such manner, other than in the share of the Company, as from time to time may be determined.
- (20) 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.
- (21) To act as agent for Government or other authorities or any manufacturers, merchants and others and to transport and carry any agency, business of every kind and of any description.
- (22) To employ or pay experts, Indian or Foreign consultants, etc., in connection with Planning and Development of all or any of the business connected with the Company's operations.
- (23) 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 property 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.

- (24) To use trade marks or trade names or brands for the products and goods of the Company and adopt such means of making known the business and products of the Company or of any Company in which the Company is interested as may seem expedient and in particular by advertising in news papers, magazines, periodicals, by circulars by purchase and exhibition of works of art of interest by opening stalls and exhibitions by publications and distribution of books and periodicals, calenders, almanacs and diaries, by distributing samples and by granting prizes, rewards and donations.
- (25) To establish or appoint and maintain agencies for branches in India and elsewhere and to regulate and discontinue the same.
- (26) To provide for the welfare of employees or ex-employees of the Company and the wives, widows and families or dependents or connections of such persons by establishing provident or other funds, by grants of money, pensions or other payments and by providing or subscribing towards places of instruction and recreation and hospitals, dispensaries, medical and other assistance, as the Company shall think fit, and to subscribe money to or for and otherwise help any charitable or benevolent object or any exhibition or any public show or useful object.
- (27) To distribute in species or otherwise as may be resolved, any assets of the Company among its members, and particularly the shares, debentures or other securities of any other company formed to take over the whole or any part of the assets or liabilities of this Company, as may be permissible under Law.
- (28) To make donations to such persons or institutions and in such cases either of cash or of any other assets as may be thought, directly or indirectly conducive to any of the Company's objects.
- (29) To employ foresters, cultivators, gardeners, engineers, mechanics, masons, carpenters, scaffold setters, painters, electricians and other technicians, salesmen, commercial and administrative staff and such other staff as may be found necessary for the efficient handling and conduct of the business of the Company.
- (30) To make advances upon or for the purchase of materials, goods, machinery, stores and other articles required for the purpose of the Company.
- (31) To tender or bid in auctions for purchase or otherwise acquire any contracts and concessions, for or in relation to the construction, executions, carrying out, equipment improvement, management administration or control of works and conveniences and to undertake, execute, carryout dispose of, or otherwise turn to account the same.
- (32) To let out on hire all or any of the properties of the Company including every description of apparatus and appliances of the Company,

- (33) To amalgamate with any Company / Companies having objects altogether or in part similar to those of this Company.
  - (34) To obtain any Act of the Central or State Legislature, Provisional Order, license of autonomus body or authority for enabling the Company to carryout any of its objects into effect or for effecting any modification of the Company's constitution or for any other purpose which may seem expedient and to oppose any proceedings of application which may seem calculated, directly or indirectly to prejudice the Company's interest.
  - (35) To open account or accounts with any individual, firm or companies or with any bank or banks and to pay into and to withdraw moneys from such account or accounts.
  - (36) To improve, manage, work, develop, alter, exchange, lease mortgage, turn to account, abandon or otherwise deal with all or any part of the property, rights and concessions of the Company.
  - (37) Subject to the provisions of the Companies Act 1956 and the constitution of India, to subscribe or contribute or to guarantee money to or otherwise to assist charitable, benevolent, scientific, national, or other institutions or objects or for any exhibition or for any public, general or useful object.
  - (38) To procure the registration or other recognition of the Company in any country, state or place outside India.
  - (39) To open and keep a register or registers in any country or State in India or aboard, wherever it may be deemed necessary and expedient to do so.
  - (40) To undertake and execute any trusts and undertaking whereof may seem desirable, either gratuitously or otherwise.
  - (41) To do all or any of the matters hereby authorised (in any part of the world) either alone or in conjunction with or as factors, trustees or agents for any other companies or persons or by or through any factors, trustees or agents.
  - (42) To train personnel with a view to taking up more advanced management, exploitation and use of Forests, flora and fauna by setting up appropriate institutions and training centres or otherwise.
- IV. The liability of the Members is limited.
- V. The Share Capital of the Company is Rs. 200,00,000 (Rupees Two Crores) divided into 20,000 (Twenty thousand) equity shares of Rs. 1,000 (Rupees One Thousand) each.

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 equity shares in the Capital of the Company set opposite our respective names.

| Sl. No. | Names, address, description and occupation of the subscribers   | No. of shares taken by each subscriber | Signature of subscriber | Witness and signature with address, description and occupation   |
|---------|---|--|-------------------------|--|
| 1       | Sri Anantarao Balwantrao Datar<br>Secretary to Government Agriculture & Forest Department, Bangalore. | Six                                    |                         | (S. Shyam Sundar)<br>Special Officer & Ex-Officio,<br>Deputy Secretary to Government, Agriculture and Forest Department, Bangalore.  |
| 2       | Sri G R Mavinkurve<br>Chief Conservator of Forests (General) in Mysore, Bangalore.                    | One                                    |                         | (M. J. Mascarenhas)<br>Conservator of forests and Technical Asst. to the Chief Conservator of Forests (General) Bangalore.   |
| 3       | Sri V. N. Nadgir<br>Director, Forest Industries Bangalore.  | One                                    |                         | (B. K. Jagadishchandra)<br>Deputy Conservator of Forests & Additional Technical Assistant to the Chief Conservator of Forests (General) Bangalore.<br><br>Total Shares taken Eight only. |

Dated this the 9th day of March 1973.

**Articles of Association  
of  
THE KARNATAK STATE FOREST  
INDUSTRIES CORPORATION, LIMITED**

**PRELIMINARY**

Definition

1. In these articles unless there be something in the subject or context in consistent there with :

- (a) "The Company" means KARNATAK STATE FOREST INDUSTRIES CORPORATION LIMITED.
- (b) "The Government" means the Government of Mysore.
- (c) "Dividend" includes bonus.
- (d) "In Writing" and "Written" include printing lithography and other modes of representing or reproducing words in a visible form.
- (e) "Member" means the duly registered holder from time to time of the shares of the Company.
- (f) "Month" means calendar month.
- (g) "Persons" includes corporations as well as individuals.
- (h) "The Register" means the Register of Members to be kept pursuant to the Act.
- (i) "Share" means share in the Share Capital of the Company.

Table A to  
apply

2. The regulations contained in Table 'A' in the first Schedule to the Companies Act I of 1956 are hereby adopted, except in so far as they are excluded, added to or modified herein, as the regulations for the management of the Company.

The following Articles in Table 'A' are specifically excluded :

Proviso to Article 13(1) Article 56, Article 65, Article 66 Article 76, Article 81 and Article 84.

The marginal notes and catch lines hereto shall not effect the construction thereof.

#### PRIVATE COMPANY

3. The Company is a Private Company and accordingly :
- (a) The number of members for the time being of the Company, subject to Section 3(1) (iii) of the Act is limited to fifty.
  - (b) Any invitation to the public to subscribe for any shares in or debentures of, the Company is hereby prohibited.
  - (c) The right to transfer shares of the Company shall be restricted as hereinafter provided.

Private  
Company

#### SHARE CAPITAL

4. " The shares shall be under the control of the Directors who may with the approval of the Governor in that behalf allot or otherwise dispose of the same to such persons on such terms and conditions as they think fit".

Allotment of  
Shares

#### CALLS ON SHARES

5. The Board shall have full discretion to fix the amount of each sum called in respect of a share and to determine the interval between two calls.
6. In partial modifications of Article 16 (1) of Table 'A', the Board may from time to time fix rate of interest to be paid on calls not paid.

Directors may  
make calls  
Calls to carry  
interest

#### TRANSFER AND TRANSMISSION OF SHARES

7. No shares shall be transferred by any holder without prior consent of the Government but this restriction shall not apply to transfer in favour of nominees of the Government.

Restriction on  
transfer

Provided the Directors may, in their absolute and uncontrolled discretion, refuse to register any proposed transfer of shares.

8. No shares shall, in any circumstances, be transferred to any minor insolvent or person of unsound mind. The Company shall incur no liability or responsibility whatever in consequence of its 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) to the prejudice of persons having or claiming any equitable right, title, or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and the Company shall not be bound or required to

No transfer to  
minor etc.

regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do.

FORFEITURE OF SHARES

Notice of forfeiture

9. In partial modification of Article 29 of Table 'A' a notice of forfeiture of shares for failure to pay any call may also require the payment of all expenses that may have been incurred by the Company by reason or such non-payment.

Effect of forfeiture

10. The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only of those rights as by these presents are expressly saved.

ALTERATION OF CAPITAL

On what condition new shares be issued

11. Any new shares issued shall be upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct, and if no such direction be given, as the Directors shall determine, and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of the assets of the Company and with a special or without any right of voting or otherwise.

New Capital same as existing Capital

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

Sub Division into preferred and ordinary

13. The resolution, referred to in Article 45 of Table 'A' whereby any share is sub-divided, may determine that as between the holders of the shares resulting from such sub-divisions, one or more of such shares shall have some preference or special advantage as regards dividend, capita voting or otherwise over as or as compared with the other or others.

BORROWING POWERS

Powers to borrow

14. Subject to the provisions of Section 292 of the Act, the Board of Directors, may, from time to time at its discretion, accept deposits from Members, either in advance of calls or otherwise, and generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company.

The payment of repayment of moneys borrowed

15. The payment of repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular, by a resolution passed at a meeting of the Board (and not by resolution by circulation) by mortgage or charge of or by the issue of debentures or

debenture stock of the Company, charged upon all or any part of the property of the Company (both present and future including its uncalled capital for the time being, and debentures, debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

16. If any uncalled Capital of the Company is included in or charge by any mortgage or other security, the Directors may be instrument under the Company's seal authorise the person in whose favour such mortgage or security is executed or any other person in trust for him to make calls on the Members in respect of such uncalled Capital and such authority may be made exercisable either presently or contingently and either conditionally or unconditionally and shall be assignable if expressed so to be and the provisions in regard to calls hereinbefore contained shall mutatis mutandis, apply to calls made or to be made on such authority.

Charges or  
uncalled  
capital

17. (a) Any debenture or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at General Meetings appointment of Directors and otherwise. Provided that debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting.

Terms of issue  
of debentures

(b) Whenever any uncalled capital of the Company is charged, all persons taking any subsequent charges there on shall take subject to such prior charge and shall not be entitled by notice to the share holders or otherwise to obtain priority over such prior charge.

Persons not to  
have priority  
over any prior  
charge

#### GENERAL MEETINGS

18. Not less than twenty one days' notice of every General Meeting shall be given in writing provided a shorter notice may be given if consent is accorded thereto in accordance with Section 171 of the Act".

Twenty one days  
notice

19. (i) The Government, so long as it is a shareholder of the Company, may from time to time, appoint such person as it thinks fit (who need not be a Member) to represent it at all or any meeting of the Company.

Right of  
Government  
to appoint any  
person as its  
representative

(ii) A person appointed under Sub-Clause (i) of this Article shall, for the purposes of the Act, be deemed to be a member of the Company and shall be entitled to exercise the same rights and powers (including the rights to vote by proxy) as the Government could exercise as a Member of the Company.

(iii) The Government, may, from time to time, cancel any appointment made under Sub-Clause (i) of this Article and make fresh appointments.

(iv) The production at the meeting of an order of the Government shall be accepted by the Company as sufficient evidence of any such appointment or cancellation as aforesaid.

(v) Any person appointed by the Government under this article may appoint a proxy whether specially or generally.

#### VOTES OF MEMBERS

Vote by proxy

20. Subject to the provisions of these Articles votes may be given either personally or by proxy. A member present by proxy shall be entitled to speak at meetings and to vote on a show of hands as well as on a poll.

Number of votes to which members entitled

21. On a show of hands every member present in person or by proxy shall have one vote and upon a poll every Member present in person or by proxy shall have one vote for every share held by him either alone or jointly with any other person or persons. Provided, however, if any preference shareholder be present at any meeting of the Company, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares. The preference shareholders may vote on the resolutions only in the circumstances provided under Section 87(2) of the Act.

#### BOARD OF DIRECTORS

Number of Directors

22. Subject to the provisions of Section 252 of the Act, the Government shall, from time to time, determine in writing the number of Directors of the Company which however, shall not be less than two or more than twelve. The Directors shall not be required to hold any qualification shares.

Government to appoint Directors

23. (i) The Directors shall be appointed by the Government and shall be paid such remuneration as the Government may from time to time determine. Every Director, unless he has been appointed to any office under Article 27 hereof, shall hold office for a period of 3 years. Where the person appointed as Director (including the first Director) is the Chief Minister or a Minister or a Member of the Parliament or a Member of the State Legislature, he shall not be entitled to any remuneration.

have the

(ii) The Government shall have the power to remove from Office at any time in its absolute discretion any Director appointed by it, and shall right to fill any vacancy in the Office of the Directors caused by removal, resignation, death or otherwise, by fresh appointment.

(iii) In addition to any remuneration payable to them in pursuance of Clause (i) the Directors may be paid such sum as the Board may fix from time to time for travelling and other expenditure incurred by them :

(a) in attending and returning from meeting of the Board or any Committee thereof or General Meetings of the Company, or

(b) in connection with the business of the Company.

24. The Government, may, from time to time, appoint one or more of the Directors to the Office of the Chairman of the Board of Directors, Managing Director, or a whole-time Director of the Company for such time and on such remuneration as it may think fit and may, from time to time, remove or dismiss him or them from service and appoint another or others in his or their place or places. Any such Director appointed to any such Office, shall, if he ceased to hold the office of the Director from any cause, **ipso facto** and immediately cease to be Chairman/Managing Director, whole-time Director as the case may be. Provided that where the person appointed as the Chairman of the Board (including the first Chairman) is the Chief Minister or a Minister or a Member of the Parliament or a Member of the State Legislature, he shall not be entitled to any remuneration.

Apponitment  
of Chairman,  
Managing  
Director

25. The persons hereinafter named shall be the first Directors of the Company.

First Directors  
Chairman and  
Managing  
Director

Sriyuths :

- (1) K. H. Patil,  
Minister for Agriculture and Forests,  
Vidhana Soudha, Bangalore-1.
- (2) A. B. Datar,  
Secretary to Government,  
Agriculture and Forest Department,  
Bangalore-1.
- (3) Mani Narayanaswamy,  
Commissioner for Finance & Secretary to Government,  
Finance Department, Bangalore.
- (4) T. R. Satishchandra,  
Commissioner for Industries & Secretary to Government,  
Commerce and Industries Department,  
Bangalore-1.
- (5) V. N. Nadgir,  
Director, Forest Industries,  
Bangalore-1.
- (6) G. R. Mavinkurve,  
Chief Conservator of Forests (General),  
Bangalore-1.
- (7) Y. M. L. Sharma,  
Chief Conservator of Forests (Development),  
Bangalore-3.
- (8) P. R. Nayak,  
Managing Director  
Mysore Power Corporation Limited,  
Bangalore.

(9) S. R. Bhagwat,  
Managing Director,  
Mysore State Forest Corporation, Ltd.,  
Bangalore.

(10) R. R. Parvatikar,  
Director,  
Wild Life Preservation,  
Bangalore-1

(ii) The First Chairman of the Board of Directors and Managing Director of the Company shall be :

(1) Shri K. H. Patil, Minister for Agriculture & Forests,  
Government of Mysore, Bangalore-Chairman.

(2) Shri V. N. Nadgir, Director, Forest Industries,  
Bangalore as Managing Director.

Power and  
duties of  
Managing  
Director

26. The Directors may from time to time entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these presents by the 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 they think expedient, and they may confer such powers, either collaterally with, or to the exclusion of, and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, Withdraw, alter or vary all or any of such powers.

General  
Management  
in hands of  
Managing  
Director

27. The Managing Director, subject to the provisions Act and these Articles, shall be entitled to the management of the whole of the affairs of the Company and he shall exercise his powers as such Managing Director subject to the superintendence, control and direction of the Board of Directors of the Company.

Managing  
Director may  
sub-delegate

28. The Managing Director may be authorised by the Board to sub-delegate such of his powers as he may think fit to other officers of the Company subordinate to him and such sub-delegation of powers made by the Managing Director shall be reported at the meeting of the Board immediately following the date of each, sub-delegation.

PROCEEDINGS OF THE BOARD

Chairman

29. If no Chairman is appointed by the Government or if at any meeting the Chairman is not present within 10 minutes after the time for holding the same, the Directors present may choose one of their members to be Chairman of the Meetings.

Powers of  
Board Meeting

30. A meeting of the Board of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers, discretions which by or under the Act or the Article of the Company are for the time being vested in or exercisable by the Board of Directors generally.

*28(a) All the Executive power, function & responsibilities will be exercised by the Chief Executive of the Corporation & the Chairman will only preside over the Board Meetings & provide necessary guidance for its conducting business of the Corporation.*  
[DPAR (BPE) 5 MVU 50 dated 27.11.1980]

31. The Board of Directors may from time to time appoint an alternate or substitute Director to act for a Director during his absence of not less than three months from the Mysore State where the meetings of the Board are ordinarily held. The appointee while he holds office as an alternate or substitute Director shall be entitled to notice of meetings and to attend and vote there at as a Director, but he shall not require any qualifications and shall be entitled to receive the remuneration which the original Director would have received. Any appointment so made may be revoked at any time by the Board of Directors. Any alternate or substitute Director shall ipso facto vacate Office if and when the original Director returns to the Mysore State.

Appointment  
of alternate or  
substitute  
Director

32. Subject to Section 289 of the Act, a resolution in writing, signed by a majority of the members of the Board or of a Committee, thereof, for the time being entitled to receive notice of the meeting of the Board or Committee, shall be as valid and effectual as if it had been passed at a meeting of the Board or Committee duly convened and held.

Resolution by  
Circulation

#### POWERS OF BOARD

33. Without prejudice to the general powers conferred by Section 291 of the Act and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by these Articles, it is here by declared what the Board of Directors shall have the following powers, that is to say, power :-

Certain power  
of the Boards

- (1) (a) "to authorise the undertaking of works of a capital nature subject to the condition that all cases involving a capital expenditure exceeding Rupees Fifteen Lakhs shall be referred to the Government for approval before authorisation".
- (1) (b) to authorise, in cases where detailed project reports have been prepared with estimates of the different component parts of the project and duly approved by the Government, the undertaking of all works covered under the approved estimates including variations not exceeding 10 percent of any particular component without further reference to the Government provided there is no substantial variation in the scope of the project.
- (2) To pay and charge to the capital account of the Company any interest lawfully payable thereout under the provisions of Section 208 of the Act.
- (3) Subject to the provisions of Section 292 and 297 of the Act, to purchase, take on lease or otherwise acquire for the Company any property, rights or privileges which the company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit, and in any such purchase or other acquisition to accept such titles as the Directors may believe or may be advised to be reasonably, satisfactory.
- (4) At their discretion and subject to the provisions of the Act, to pay for any property, rights or privileges acquired by or services

rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, mortgages, or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon, and any such bonds, debentures, mortgages or other securities may be either specially charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

- (5) 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 manner as they may think fit.
- (6) To accept from any member, so far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.
- (7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested, or for any other purposes, and to execute and 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.
- (8) To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Company, and to refer any differences to arbitration, and observe and perform any awards made thereon.
- (9) To act on behalf of the Company in all matters relating to bankrupts and insolvents.
- (10) To open any account or accounts with such bank or banks as the Board of Directors may select or appoint, to operate on such accounts to make, sign, draw, accept endorse or otherwise execute cheques, promissory notes, drafts, hundies, orders, bills of exchange bills of lading and other negotiable instruments. To make and give receipts release and other discharges for moneys payable to the Company and for claims and demand of the Company.
- (11) Subject to the provisions of Sections 292 and 370 of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being shares of this Company) or without security and in such manner as they may think fit, and from time to time to vary or realise such investments. Save as provided in Section 49 of the Act, all investment shall be made and held in the Company's own name.
- (12) To execute in the name and on behalf of the Company in favour of any Directors or other person who may incur or be about to incur any

personal liability, whether as principal or surety, for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit, and any such mortgages may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.

- (13) To determine from time to time who shall be entitled to sign on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.
- (14) To distribute, by way of bonus or ex-gratia payment in the form of cash awards amongst the staff of the Company, a share or shares in the profits of the Company and to give to any officers or other persons employed by company a commission on the profits of any particular business or transaction and to charge such bonus or Commission as part of the, working expenses of the company.
- (15) Before recommending any dividend to set aside, out of the profits of the Company, such sums as they may think proper for depreciation or to Depreciation Fund, or to an Insurance Fund, or as a Reserve Fund or Sinking Fund or any special fund to meet contingencies or to repay debentures or for special dividends or for equalising dividends or for repairing, improving extending and maintaining any of the property of the Company, and for such other purposes (including the purposes referred to in the proceedings clauses) as the Board of Directors may in their absolute discretion, think conducive to the interest of the Company and subject to the provisions of Section 205 of the Act, to invest the several sums so set aside or so much thereof as required to be invested upon such investments (other than shares of the Company) as they may think fit, and from time to time deal with and vary such investments and dispose of and apply and expand all or any part thereof for the benefit of the Company in such manner and for such purposes as the Board of Directors, in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board of Directors apply or upon which they expand the same, or any part thereof, may be matters or to upon which the capital moneys of the Company might rightly be applied or expanded, and to divide the Reserve Fund into such special funds as the board of Directors may think fit, and so employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of debentures or debenture stock, and that without being bound to pay interest on the same, with powers, however, to the Board of Directors at their discretion to pay or allow to the credit of such funds interest at such rate as the Board of Directors may think proper.
- (16) To appoint, and at their discretion remove or suspend such managers, secretaries, assistants, supervisors, clerks agents and servants for

permanent temporary or special services as they may from time to time think fit, and to determine their powers and duties and fix their salaries, emoluments, or remuneration and to require security in such instances and to such amount as they may think fit, And also from time to time provide for the management and transaction, of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit; and the provisions contained in the three next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.

(17) From time to time and at any time to establish any local board or agency for managing any of the affairs of the Company in any special locality in India or elsewhere and to appoint any persons to be members of such local boards or agents and to fix their remuneration.

(18) Subject to the provisions of Section 292 of the Act, from time to time, and at any time to delegate to any person (appointed in accordance with clauses 17 above) any of the powers, authorities and discretions for the time being vested in the Board of Directors, other than their power to make calls or to make loans or borrow moneys and to authorise the members for the time being or any such local board, or any of them to fill up any such appointments or delegation may be made on such terms and the subject to such conditions as the Board of Directors may think fit, and the Board of Directors may at any time remove any person so appointed, and may annual/vary any such delegation.

(19) At any time from time to time by Power of Attorney under the seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board of Directors under these presents and excluding the power to make calls and excluding also, except in the limits authorised by the Board, the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board of Directors may from time to time think fit and any such appointment may (if the Board of Directors think fit) be made in favour of the members of any local board established as afore-said in or favour of any company or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly the Board of Directors and any such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board of Directors may think fit and may contain powers enabling any such delegates or Attorneys as afore-said to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

(20) Subject to and in terms of Section 292 of the Act, to sub-delegate all or any of the powers, authorities and discretions for the time being

vested in the Board of Directors subject to the ultimate control and authority being retained by them.

- (21) To authorise any such delegates as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in him.
- (22) Subject to the provisions of Sections 294 and 297 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.
- Directors may reserve decision (34) The Board of Directors shall reserve for the decision of the Government any proposals or decisions of the Board of Directors in any matter which in their opinion is of such importance as to be reserved for such decision; in particular, the following proposals or decisions shall be so reserved:
1. Appointments to posts carrying maximum pay of Rs. ~~2,250/-~~<sup>4500/-</sup> or more <sup>per month</sup> and appointment on consolidated of Rs. 4500/- or more per month.
  2. Sale, lease, mortgage and/or disposal or otherwise of the whole or substantially the whole of the undertaking of the Company.
  3. Formation of subsidiary Company, winding up of the Company.
  4. Power to appoint financial Advisor.
  5. Right of the Governor to issue such directives or instructions as may be considered necessary in regard to the finance conduct of business and affairs of the Companies or Directors there of.
  6. Increasing or reducing the issued capital of the Company.
  7. Promotion of a Company/Companies.
  8. Division of capital into different classes of share.
  9. Taking or otherwise acquiring and holding of shares in any other Company.
  10. Entering into agreements involving foreign collaboration.
  11. Entering into business agreement in the nature of partnership and/or joint venture and/or arrangement for sharing profits.
  12. 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.
  13. Issue of shares/debentures at a discount or premium.
  14. Investments in securities.
- No action shall be taken by the Company in respect of any proposal or decision of the Board of Directors reserved for the approval of the Government as aforesaid until its approval to the same has been obtained.

## THE SEAL

The Seal, its  
Custody and  
use

35. The Board of Directors shall provide a common seal for the purposes 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 of directors shall provide for the safe custody of the Seal for the time-being, and the Seal shall never be used except by the authority of the Board of Directors or a Committee of the Board previously given and in the presence of two Directors at the least.

Deeds how  
executed

36. Every deed or other instruments to which the seal of the Company is required to be affixed shall, unless the same is executed by a duly constituted attorney, be signed by two Directors at the least.

## DIVIDENDS AND RESERVE

37. The declaration of the Board of Directors as to the amount of the profits of the Company shall be conclusive.

38. The Board of Directors may retain the dividends payable upon shares in respect of which any person is, entitled to become a Member or which any person is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.

Transfer of  
shares be  
registered

39. A transfer of shares shall not pass the right to any dividend declared there on before the registration of the transfer.

40. Shall stand delted with immediate effect.

Dividends and  
call together

41. Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Members be set off against the calls.

## CAPITALISATION OF PROFITS

Capitalisation

42. A General Meeting may resolve that any surplus money arising from the realisation of any capital assets of the Company or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income tax, be distributed among the Members on the footing that they receive the sum as share capital of the Company.

Application of  
money of  
Capital redem-  
ption fund

43. If the Company shall have redeemed any redeemable preference shares, all or any part of any capital redemption fund arising from the redemption of such shares may, by resolution of the Company, be applied in paying up in full or in part, any new shares or any shares then remaining unissued, to be issued to such members of the Company or other persons as

the Board of directors may resolve upto an amount equal to the nominal amount of the the shares so issued.

#### DOCUMENTS AND NOTICES

44. Every person who by operation of law, transfer or other means what soever, shall become entitled to any share, shall be bound by every document or notice in respect of such share, which previously to his name and address being entered on the Register, shall have been duly served on or given to the person from whom he derives his title to such share.

Note Binding

45. Any notice of document delivered or sent by post to or left at the registered address of, any member in pursuance of these presents, shall, not with standing such member be then deceased, and whether or not the Company have notice of his deceased, be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such Member until some other person be registered in his stead as the holder or joint-holder thereof, and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators and all persons, if any, jointly interested with him or in any such shares.

Notice valid through member deceased

46. Any notice required to be given by the Company to the Members or any of them and not expressly provided for by the Act or those presents shall be sufficiently given if given by advertisement.

Notice by Advertisements

47. Any document or notice to be served or given by the Company may be signed by Director or some person duly authorised by the Board of Directors for such purpose and the signature may be written, printed or lithographed.

#### INDEMNITY

48. Subject to the provisions of Section 201 of the Act, every Director Manager, auditor, secretary and other Officer or servant of the Company shall be indemnified by the Company against and it shall be the duty of the Directors out of the funds of the Company to pay all costs, losses and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into, or act or thing done by him as such officer or servant or in any way in the discharge of his duties and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between Members over all other claims.

49. No Director or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any of the Director or Officer of the Company or for joining in any receipt or other act for conformity, or for any loss of expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by the order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or

Individual Responsibility of Directors

tortious act of any person with whom any moneys, securities or effects shall be deposited or for any loss occasioned by any error of judgement or oversight on his part or for any other loss, damage or misfortune whatever, which shall happen in the execution of the duties of his office or in relation thereto, unless, the same happens through his own negligence, default, misfeasance breach of duty or breach of trust.

SECURITY CLAUSE

50. No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process, or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Board of Directors, it would be inexpedient in the interest of the Company to disclose.

51. Notwithstanding anything contained in any of these Articles the Government may from time to time issue such directions as it may consider necessary with regard to the exercise and performance of the function of the Company in matters involving the national security or substantial public interest and in like manner may vary and Annul any such direction. The Directors shall duly comply with and give immediate effect to the directions so issued.

The Government shall have the right to Call for such returns or other information with respect to the property or activity of the Company as may be required from time to time".

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|  |  |            |   |
| <p>(B. K. Jayaraman)<br/>Deputy Conservator of<br/>Forests &amp; Additional<br/>Technical Assistant to<br/>the Chief Conservator of<br/>Forests (General)<br/>Bangalore.</p> |  | <p>One</p> | <p>Sh. V. N. Madga<br/>District Forest<br/>Inspector<br/>Bangalore.</p> |

| Sl. No. | Names, address, description and occupation of the subscribers  | No. of shares taken by each subscriber | Signature of subscriber | Witness and signature with address, description and occupation  |
|---------|--|--|-------------------------|---|
| 1       | Sri Anantarao Balwantrao Datar,<br>Secretary to Government Agriculture & Forest Department, Bangalore. | Six                                    |                         | (S. Shyam Sundar)<br>Special Officer & Ex—Officio,<br>Deputy Secretary to Government, Agriculture and Forest Department, Bangalore.               |
| 2       | Sri G. R. Mavinkurve<br>Chief Conservator of Forests (General) in Mysore, Bangalore.                   | One                                    |                         | (M. J. Mascarenhas)<br>Conservator of forests and Technical Asst. to the Chief Conservator of Forests (General) Bangalore.                        |
| 3       | Sri V. N. Nadgir<br>Director, Forest Industries<br>Bangalore.  | One                                    |                         | (B. K. Jagdishchandra)<br>Deputy Conservator of Forests & Additional Technical Assistant to the Chief Conservator of Forests (General) Bangalore. |

## FIRST DIRECTORS, CHAIRMAN AND MANAGING DIRECTOR

*Sriyuths :*

- (1) K. H. Patil,  
Minister for Agriculture and Forests,  
Vidhana Soudha, Bangalore-1.
  - (2) A. B. Datar,  
Secretary to Government,  
Agriculture and Forest Department,  
Bangalore-1.
  - (3) Mani Narayanaswami,  
Commissioner for Finance & Secretary to Government,  
Finance Department, Bangalore.
  - (4) T. R. Satishchandra,  
Commissioner for Industries & Secretary to Government,  
Commerce and Industries Department,  
Bangalore-1.
  - (5) V. N. Nadgir,  
Director, Forest Industries,  
Bangalore-1
  - (6) G. R. Mavinkurve,  
Chief Conservator of Forests (General),  
Bangalore-1.
  - (7) Y. M. L. Sharma,  
Chief Conservator of Forests (Developments)  
Bangalore-3.
  - (8) P. R. Nayak,  
Managing Director  
Mysore Power Corporation  
Bangalore.
  - (9) S. R. Bhagwat,  
Managing Director  
Mysore State Forest Corporation, Ltd.,  
Bangalore,
  - (10) R. R. Parvatikar,  
Director,  
Wild Life Preservation,  
Bangalore-1.
- (ii) The First Chairman of the Board of Directors and Managing Director of the Company shall be :
- (1) Shri K. H. Patil, Minister for Agriculture & Forests, Government of Mysore, Bangalore—Chairman.
  - (2) Shri V. N. Nadgir, Director. Forest Industries, Bangalore as—Managing Director.