



**THIRTEENTH KERALA LEGISLATIVE ASSEMBLY**

**COMMITTEE**

**ON**

**PUBLIC UNDERTAKINGS  
(2014-2016)**

**EIGHTY-FIFTH REPORT**

**(Presented on 2.7.15.)**

**SECRETARIAT OF THE KERALA LEGISLATURE**

**THIRUVANANTHAPURAM**

**2015**

THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

COMMITTEE

ON

PUBLIC UNDERTAKINGS  
(2014-2016)

EIGHTY FIFTH REPORT

On

**The action taken by Government on the Recommendations contained in  
the Second Report of the Committee on Public Undertakings  
(2006-08) relating to Kerala State Civil Supplies Corporation Limited  
based on the Report of the Comptroller and Auditor General of India  
for the year ended 31<sup>st</sup> March 2002 (Commercial)**

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## COMMITTEE ON PUBLIC UNDERTAKINGS (2014-2016)

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Shri. K.N.A. Khader

### *Members:*

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### *Legislature Secretariat:*

Shri. P.D. Sarangadharan , Secretary

Smt. P.K. Girija, Additional Secretary

Smt. M.R. Maheswary, Deputy Secretary

Shri. P.S. Selvarajan, Under Secretary

## INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to present the Report on their behalf, present this ~~Eighty-Fifth~~ Report on the action taken by Government on the recommendations contained in the Second Report of the Committee on Public Undertakings (2006-08) on the working of the Kerala State Civil Supplies Corporation Limited based on the Report of the Comptroller and Auditor General of India for the year ended 31<sup>st</sup> March, 2002 (Commercial).

The Statement of action taken by the Government included in this Report were considered by the Committee constituted for the year (2014-16).

This Report was considered and approved by the Committee at the meeting held on 19-6-2015.

The Committee place on record their appreciation of the assistance rendered to them by the Accountant General (Audit), Kerala in the examination of the statements included in this Report.

Thiruvananthapuram,  
27.7.2015

**K.N.A. KHADER,**  
*Chairman,*  
*Committee on Public Undertakings.*

## Report

The Report deals with the action taken by the Government on the recommendations contained in the Second Report of the Committee on Public Undertakings (2006-08) relating to Kerala State Civil Supplies Corporation Limited based on the report of the Comptroller and Auditor General of India for the year ended 31<sup>st</sup> March 2002 (Commercial).

The Second Report of the Committee on Public Undertakings (2006-08) was presented to the House on 17<sup>th</sup> October, 2006. The Report contained two recommendations and the Government furnished replies to all the recommendations. The Committee (2014-16) considered the replies received from the Government at its meeting held on 12.11.2014.

The Committee accepted the reply to the recommendation 2(4) without any remark. This recommendation and its reply form Chapter I of the Report.

The Committee accepted the reply to the recommendation 1 (3) with remarks. This recommendation, its reply and the remarks of the Committee form Chapter II of the report.

CHAPTER - 1

REPLY FURNISHED BY GOVERNMENT ON THE RECOMMENDATION OF THE COMMITTEE WHICH HAS BEEN ACCEPTED

BY THE COMMITTEE WITHOUT REMARKS

Sl. No.	Para No.	Department Concerned	Recommendation/Conclusion	Action taken by Government
(1)	(2)	(3)	(4)	(5)
2	4	Food and Civil Supplies	<p>The Committee finds that M/s. Kurisingal Thomas and Company had been paid an amount of Rs. 1,79,514 eventhough they did not complete the work. The company was not sure whether the risk and cost had been recovered. The Committee is therefore, to be informed of the following details.</p> <p>(1) Why didnt the company file a case in the High Court against M/s. Kurisingal Thomas and Company?</p> <p>(2) Have all the dues been recovered from M/s.Kurinsingal Thomas and Company?</p>	<p>KSCSC filed OS.No. 313/00 against Sri.K.T. Thomas, Proprietor, Kurisingal Thomas &amp; Co. Before the Hon'ble Sub Court, Ernakulam on 2.6.2000 for realization of money who is undertaking contract work under the name of Kurisingal Thomas &amp; Co. The suit came up before the court on 10.6.2009 jointly tried with OS.No. 469/04 filed by K.T. James, proprietor Kurisingal Thomas &amp; Co. Against Kerala State Civil Supplies Corporation on the file of Hon'ble Sub Court Ernakulam, for recovery of money retained and for compensation for breach of contract. The suit is decreed partly and declared that the termination order of the defendant dated 19.4.1997 is illegal and unsustainable under law and plaintiff is relieved off from obligation under the contract. Plaintiff is allowed to</p>

(5)

(4)

(1) (2) (3)

recover a sum of Rs. 20,000/- (Rupees Twenty Thousand only) towards loss suffered by him due to idling of machinery for various periods and plaintiff is entitled to get the refund of security deposit of Rs. 1,00,000/- (Rupees one lakh only), retention money of Rs. 62,172/- (Rupees sixty two thousand one hundred and seventy two only) Rs.1,20,765/- (Rupees one lakh twenty thousand seven hundred and sixty five only) 4<sup>th</sup> bill and earnest money deposit of Rs.65000/- (Rupees sixty five thousand only) with 12% interest per annum from the decree till realization from the defendant and their assets. Adv. Lakshmi Narayanan, who conducted the case for the corporation and the Corporations retainer standing counsel opined that there is no scope for appeal against the judgment in the above cases.

M/s. Kurisingal Thomas & Co. filed execution petition No. 214/11 for the execution of the decree. Corporation filed objection to the EP stating that security deposit of



(1)	(2)	(3)	(4)	(5)
				<p>Rs.1,00,000/- includes earnest money deposit of Rs. 65,000/- and KSCSC is ready to pay the decree amount after deducting the above amount and interest accrued on it. Decree Holder agreed to receive the above amount and after deducting Rs. 65,000/- and interest accrued on it as full. Accordingly decree amount of Rs. 6,80,787/- after deducting the above said amount has been paid to M/s. Kurisingal Thomas on 7.12.2011.</p>

**CHAPTER - II**

**REPLY FURNISHED BY GOVERNMENT ON THE RECOMMENDATION OF THE COMMITTEE WHICH HAS BEEN ACCEPTED**

BY THE COMMITTEE WITH REMARKS				
Sl. No	Para No.	Department Concerned	Recommendation/Conclusion	Action taken by Government
(1)	(2)	(3)	(4)	(5)
1	3	Food and Civil Supplies	<p>The Committee expressed deep shock and displeasure at the careless method in which the company squandered Rs. 87 lakh of public money for the construction of an office-cum-godown complex. The Committee finds that the Board decided to go ahead with the construction of the office-cum-godown complex, even though the Managing Director had stated in the Agenda note for the Board meeting that the project was not financially viable. Moreover, the company had already entrusted the work of tea blending, packing and storage operations to the owner of the hired godown on contract basis. According to the agreement, the contractor was liable for arranging godown facility for the storage of tea and hence there was no need for constructing a godown at that time. The</p>	<p>As per the recommendation of the Committee Vigilance Enquiry was ordered in VE-12/01/SCE in Vigilance &amp; Anti Corruption Bureau, Ernakulam. The Director, VACB had recommended no action in this matter since the allegations is found baseless. As desired by the Committee copy of the Articles of Association of KSCSCorporation is enclosed as Appendix. I</p>

(1)	(2)	(3)	(4)	(5)
			<p>decision to convert 4200 square feet into a refrigerated chilly godown was again a wasteful expenditure as the decision was taken without considering the fluctuating market trends and ensuring viability. The refrigerating equipment installed at a cost of Rs. 33.10 lakh has made it difficult to use the godown for other purposes. The Committee therefore, recommends that responsibility should be fixed for squandering public funds to the tune of Rs. 87 lakh and action be taken against those who authorized this wasteful and uneconomic expenditure. The Committee also desires to be furnished with copies of the Articles of Association of the Company.</p>	

Remarks:- A copy of the Vigilance Enquiry Report shall be furnished to the Committee with in one month.

Thiruvananthapuram.  
..2...7...: 2015

K.N.A. Khader,  
Chairman,  
Committee on Public Undertakings.

**THE KERALA STATE CIVIL SUPPLIES  
CORPORATION LIMITED**

**Mendendum of Association  
and  
Articles of Association**

FORM 1. R.

CERTIFICATE OF INCORPORATION

No. 2615 of 1974

*I hereby certify that THE KERALA STATE CIVIL SUPPLIES CORPORATION LIMITED is this day incorporated under the Companies Act, 1956 (No 1 of 1956) and that the Company is Limited.*

*Given under my hand at COCHIN this Twentyfifth day of June One thousand nine hundred and Seventy-four.*

Seal of  
the Registrar  
of Companies  
Kerala

(Sd.)  
P.S. ANWAR,  
Registrar of Companies,  
Kerala.

TRUE COPY

**MEMORANDUM OF ASSOCIATION  
OF  
THE KERALA STATE CIVIL SUPPLIES CORPORATION LTD.**

- I. The name of the Company is, "The Kerala State Civil Supplies Corporation Limited".
- II. The Registered Office of the Company will be situated in the State of Kerala.
- III(A) The main objects to be pursued by the company on its incorporation are—

To engage, promote, improve, develop, counsel and finance production, purchase, storage, processing, movement, transport, distribution and sale of food-grains, food-stuffs and any other commodities which the Government may consider as essential and to provide services, advice and assistance of all kinds including capital, credit, means, resources, technical and managerial for the aforesaid business.

(B) The Objects incidental or ancillary to the attainment of the main objects are-

(1) To plan, formulate and execute projects and manage and administer such projects including the establishment of rice mills, flour mills or any other processing or manufacturing facilities, which in the opinion of the company is essential for the furtherance of the objects of the Company.

(2) To take over from the Government of Kerala or any other Governments or Corporations or bodies and manage any of the projects established or to be established with the objects altogether or in part similar to those of the company.

(3) To promote and establish companies and associations for the furtherance of the objects of the company and to acquire and dispose of shares of such companies and associations.

(4) To undertake investigation, studies for preparation of feasibility studies and project reports, for the establishment and execution of any projects by the Company or by any other agency, connected with the objects of the Company.

(5) To procure capital or financial assistance for any undertaking, project or enterprise, connected with the objects of the company whether owned by Government, Statutory body, private company, firm or individual or Co-operative institutions.

(6) To produce, procure and provide plant, machinery, vehicles, materials and stores

live-stock and any other goods or services or to grant or guarantee loans or advances of money to any undertaking project or enterprise or to any company, associations, co-operative institution or individuals engaged in activities connected with the objects of the company.

(7) To investigate and examine the conditions, prospects, value, character and circumstances of any business undertaking, project or enterprise and generally of their assets, property and rights connected with the objects of the Company and to employ and remunerate experts or agencies for this purpose.

(8) To acquire lands, develop them by providing communication, water supply, power supply and other facilities and make them available on such terms and conditions as may be agreed upon to any individual, association, or concern including co-operative institutions for any activity in furtherance of the objects of the company.

(9) To carry on any other trade or business which in the opinion of the Company may conveniently be carried on in connection with or calculated directly or indirectly to enhance the value of or render profitable to any of the company's properties or rights.

(10) 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.

(11) To pay all costs, charges and expenses incurred or sustained in or about the promotion and establishment of the Company, or which the company shall consider to be in the nature of preliminary expenses including therein the cost of advertising, commissions and brokerage, in connection with issue of shares and/or debentures, printing and stationery and expenses attendant upon the formation of agencies.

(12) Upon any issue of shares, debentures or other securities of the company to employ brokers, commission agents, and underwriters and to provide for the remuneration of such persons for their services by payment in cash, or by the issue of shares, debentures or other securities, of the company or by the granting of options to take the same, or in any other manner allowed by law.

(13) Generally to purchase, take on lease or in exchange, hire or otherwise acquire any real and personal property and any rights or privileges which the company may think necessary or convenient for the purposes of its business and in particular any land, building, easement, machinery, stores, plant, installations and stock-in-trade.

(14) To construct, maintain and alter any buildings or works necessary or convenient for the purposes of the company.

(15) To construct, improve, maintain, develop, work manage, carry out or control any roads, ways, tramways, railways, branches, or sidings, bridges, reservoirs, water courses, wharves, manufactories warehouses, electric works, shops, stores and other work and conveniences which may seem calculated directly or indirectly to advance the Company's interests and to contribute, subsidise or otherwise assist or take part in the construction, improvement, maintenance working, management, carrying out or control thereof.

(16) To develop and turn to account any land acquired by the company or in which it is interested and in particular by laying out and preparing the same for cultivation or building purposes, constructing altering, pulling, down, decorating, maintaining, fitting up and improving buildings and by planting, paving draining, farming, cultivating and letting on lease or agreement and by advancing money to and entering into contracts and arrangements for the above purpose.

(17) To apply for and take out, purchase or otherwise acquire any trade mark, patents, patent-rights, inventions, copy rights, designs, secret processes, which may be useful for the company's object, and to grant licences to use the same, to work, develop, carry out, exercise and turn to account the same.

(18) To enter into any arrangements with Government of India, Government of Kerala or any other State Government or Union territory, or Local Authority or Companies, Associations or Individuals or Co-operative societies for the purpose of carrying out the objects of the company or furthering its interests and to obtain from such Government Territory, authority, company, association, person or society, any 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 concessions.

- (19) To draw, make, accept, endorse, discount, negotiate and execute and to buy, sell and deal in promissory notes, bills of exchange, bills of lading and other negotiable or transferable instruments in the course of the business of the Company. But the company shall not do the business of banking within the meaning of the Banking Regulation Act, 1949.
- (20) To borrow or raise or secure the payment of money in such manner as the company shall think fit, and in particular by the issue of debentures or debenture stock, perpetual or otherwise, charged upon all or any of the company's property (both present and future) including its uncalled capital and to purchase, redeem or pay of any such securities.
- (21) To receive grants, loans, advances or other moneys or deposits or otherwise from State or Central Government, Banks, Companies, Trusts, or any other Financial Institutions or Associations or individuals with or without allowances of interest thereon.
- (22) To lend money to any person or persons or Associations or Companies or Co-operative Societies in particular to customers and others having dealing with the company on such terms and conditions as may seem expedient.
- (23) To invest the moneys of the company, not immediately required in such manner, ~~other than in the shares of this company, as may be determined from time to time.~~
- (24) To acquire by subscription, purchase or otherwise and to accept, hold and sell shares or stock in any company, society or undertaking, the objects of which shall, either in whole or in part, be similar to those of this company, or such as may be likely to promote or advance directly or indirectly the interest of this company.
- (25) 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 experiment in connection with the incidental to the objects of this company.
- (26) To acquire and maintain transport vehicles, to carry on the business of the company and to establish factories and workshops for their maintenance or repairs.
- (27) To employ or pay experts and foreign consultants in connection with the planning and development of all or any of the business of the company.
- (28) To create any depreciation fund, reserve fund, sinking fund, insurance fund, or any other special fund, whether for depreciation or for repairing, improving, extending or maintaining any of the property, of the Company or for redemption of debentures or redeemable preference shares or special dividend or for equalising dividends or for any other purpose and to transfer any such fund or part thereof to any other fund, herein mentioned.
- (29) To use trade marks or trade names or brands for the products and goods of company and adopt such means of making known the business and products of the company or of any company in which this 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 or interest, by opening stalls and exhibitions, by publication and distribution of books, pamphlets and periodicals, calendars, almanacs and diaries, by distributing samples and by granting prizes, rewards and donations.
- (30) To apply the assets of the company in any way in or towards the establishment maintenance or extension of any association, institutions, or fund in any way connected with any trade or business or scientific research, industry or commerce connected with the objects of the company.
- (31) To appropriate, use or let out land belonging to the company for streets, parks pleasure grounds, allotments and other conveniences and to present any such land so laid to the public or any person or persons or company conditionally or unconditionally as the company think fit.
- (32) To establish maintain and operate general educational institutions and hostels for the benefit of the children of the employees or ex-employees of the company, their dependents or connections of such persons and others and to make grants and awards and grant scholarships.



(33) To establish, maintain and operate technical, training institutions and hostels for technical staff of all categories of officers, workers, clerks, technical and other personnel likely to be useful to or assist in any business which the company is authorised to carry on.

(34) To acquire or take over with or without consideration and carry on by themselves or in partnership, the business or undertaking of any other company or partnership or concern, whose objects are similar in part or in whole to those of the company.

(35) To let out on lease or on hire, all or any of the property of the company either immovable or movable including all and every description or apparatus or appliances of the company.

(36) To provide for the welfare of employees or ex-employees of the company and their wives and families or the dependents or connections of such persons by building or contributing towards the building of houses and dwellings or by grants of money, pension, allowances, bonus or other payment or by creating and from time to time subscribing to provident and other association's and institution's funds or trusts and by providing or subscribing or contributing towards places of instructions and recreations, hospitals, and dispensaries, medical and other assistance as the company shall think fit.

(37) To manufacture, buy, import, stock, sell, export, hire install, operate or otherwise deal in plants and machinery, stores tools, materials, goods, equipments, vehicles and all services which are found necessary for the purpose of carrying on the business of the company.

(38) To sell or otherwise dispose of the whole or any part of the undertaking of the company either together or any portion for such consideration as the Company may think fit.

(39) To amalgamate this company with any other company having objects altogether or in part similar to those of this company on such terms and conditions as may be mutually agreed upon.

(40) Subject to the provisions of the Companies Act 1956, to distribute any of the properties of the company in species among the members in the event of the Company being bound up.

(C) The other objects for which the company is established are:-

To act as agent for Government or other authorities or any manufacturers, merchants and others and generally to transact and carry on agency business.

IV The liability of the members is limited.

V. The share capital of the company is Rs. 3 (three) crores, divided into 30,000 equity shares of Rs. 1,000 each with the rights, privileges, and conditions attaching thereto, as may be provided by the Articles of Association of the company for the time being, with power to increase and reduce the capital of the company and to divide the equity shares in the capital for the time being into several classes and to attach thereto, respectively such preferential or special rights, privileges and conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the company, but subject always to the provisions of the Companies Act, 1956.

Article Amended at the Special General Meeting held on 6-3-82

“RESOLVED that Clause V of the Memorandum of Association of the Company be and is hereby amended as:

“The share capital of the Company be increased from Rs. 3 (Three) crores to Rs. 15 (fifteen) crores divided into 150000 (one lakh and fifty thousand) equity shares of Rs. 1000 (one thousand) each with the rights, privileges and conditions attached thereto”.

We, the several persons, whose names and addresses are subscribed, 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 and Occupation, if any	Number of equity shares	Signature of Subscribers
(1)	(2)	(3)	(4)
1. Shri P. M. Abraham	Son of Shri P. K. Matbai, IRAN House Compound, Kaudiar, Trivandrum-3 Special Secretary to Government, Food Department and Commissioner of Civil Supplies, Kerala	ONE	(Sd.)
2. Shri S. Krishnakumar	Son of Shri C. P. Sankara Pillai, SANSAR, Jawharnagar, Kaudiar, Trivandrum-3 Additional Secretary to Government of Kerala, Food Department and Director of Civil Supplies, Kerala	ONE	(Sd.)
3. Shri M.P. Madhavan Nair For and on behalf of Governor of Kerala	Son of late Shri K. Narayanan Moossad SAROJ, T. C. No 14/280, Udarasiromony Road, Vellayampalam Trivandrum-10 Joint Secretary to Government of Kerala, Food Department	TEN	(Sd)

Dated this the twenty fourth day of June 1974

Witness to the above signatures

(H. E. names and address of witnesses)

P. V. Ramachandran Nair, son of late Shri A. K. Karunakaran Nair, residing at  
26/204, Tank Road, Vanchiyoor, Trivandrum-1.

Under Secretary to Government, Food Department, Secretariat, Trivandrum.

ARTICLES OF ASSOCIATION  
OF  
THE KERALA STATE CIVIL SUPPLIES CORPORATION LIMITED

1. (I) *Definitions*:—In these articles unless the context otherwise requires—
- (a) "Act" means the Companies Act, 1956 (Central Act I of 1956).
  - (b) "Board" means Board of Directors of the Company.
  - (c) "Capital" means the capital for the time being raised or authorised within the limit of the Company and also includes the paid up capital of the Company.
  - (d) "~~Chairman~~" means the Chairman of the Board of Directors for the time being of the Company.
  - (e) "Company" means the Kerala State Civil Supplies Corporation Limited.
  - (f) "Directors" means the Directors for the time being of the Company.
  - (g) "Dividend" includes bonus.
  - (h) "Essential Commodity" means any commodity which the Government may consider as essential.
  - (i) "Executor" or "Administrator" means a person who has obtained probate or letters of administration as the case may be from a competent court.
  - (j) "Governor" means the Governor of Kerala.
  - (k) "Government" means the Government of Kerala.
  - (l) "In writing" or "written" includes printing, lithography and other modes representing or reproducing words in a visible form.
  - (m) "Month" means a calendar month.
  - (n) "Office" means the Registered office for the time being of the company.
  - (o) "Persons" include any Company or Association or body of individuals whether incorporated or not.
  - (p) "Register" means the register of members to be kept pursuant to section 150 of the Act.
  - (q) "Regulations of the Company" means the regulations for the time being in force for the management of the Company.
  - (r) "Seal" means the common seal for the time being of the Company.
  - (s) "Shares" means the shares or stocks into which the capital is divided and the interest corresponding with such shares or stocks.
  - (t) "Year" means the financial year.
- (2) Unless the context otherwise requires, the words or expressions, contained in these articles shall bear the same meaning as in the Act, or any statutory modification thereof in force at the date on which the regulations became binding on the Company.
2. *Table 'A' not to apply*—The regulations contained in Table 'A' in the First Schedule to the Act shall not apply to the Company except in so far as they have been specifically stated by or under these articles.

3. *Private Company*—The Company is a private limited company within the meaning of Section 3 (J) (iii) of the Act and accordingly:—

- (a) The right of transfer of shares shall be restricted as hereinafter provided.
- (b) The number of members of the company shall not exceed 50 (fifty) excluding—
- (i) persons who are in the employment of the Company, and
- (ii) persons who, having been formerly in the employment of the Company, were members of the Company, whilst in that employment and have continued to be members after the employment ceased.

provided that where two or more persons hold one or more shares in the Company jointly they shall for the purpose of this provision, be treated as a single member.

(c) No invitation shall be issued to the public to subscribe for any shares in or debentures of the Company.

4. *Capital* - The share capital of the company is Rs. 3,00,00,000 (Rupees three crores) divided into 30,000 (thirty thousand) equity shares of Rs. 1,000 (Rupees one thousand) each.

Article awarded at the 7th Annual General Meeting held on 6-3-1982.

“RESOLVED that the clause 4 of the Articles of Association of the Company be and is amended as:

“The share capital of the Company is Rs. 15 (fifteen) crores divided into 150000 (one lakh and fifty thousand) equity shares of Rs. 1000 (One thousand) each”.

5. *Funds of Company not to be employed for purchasing the Company's shares*—Subject to section 77 of the Act no part of the funds of the Company shall be employed in the purchase or in loans upon the security of the company's shares.

6. *Allotment of Shares*—(a) Subject to the provision of the Act and these Articles and to the rights of the Government, the shares shall be under the control of the Board of Directors who may allot or otherwise dispose of the same to such persons on such terms and conditions as they think fit.

(b) Subject to the provisions, if any, in that behalf of the Memorandum of Association of the Company and without prejudice to any special rights previously conferred on the holders of existing shares in the company, any share in the company, may be issued with such special rights or such restrictions, whether in regard to dividend voting rights of share capital or otherwise, as the Company may from time to time by special resolution determine, and any preference share may with the sanction of a special resolution be issued on the terms that it is, or at the option of the Company is liable, to be redeemed.

7. *Share Certificate*—Every person whose name is entered as a member in the register shall without payment of any fee or charge, be entitled to a certificate under the seal of the Company specifying the share or shares held by him and the amount paid therein.

Provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a share certificate to one of several joint holders shall be sufficient delivery to all.

8. *Particulars on share certificate*—Every certificate of shares shall specify the number and denoting numbers of the shares in respect of which it is issued and the amount paid up thereon and shall be signed by at least two Directors subject to The Companies (Issue of Share Certificates) Rules, 1960.

9. *Issue of new share certificate in place of one defaced, torn or old, descrepit worn out or lost or destroyed*—(a) If any share certificate is defaced, torn or old, descrepit, wornout, or there is no further space on the back thereof for endorsement of transfer, then, upon the surrender thereof to the Company, it may order the same to be cancelled and issued a new certificate in lieu thereof.

(b) If any share certificate is lost or destroyed, it may be renewed on obtaining prior consent of the Board and on payment of a fee of 50 paise and in such reasonable terms, if any as to evidence and indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating evidence, as the Directors think fit.

10. *Calls on Shares*—The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares and specify the time or times of payments and each member shall pay to the Company at the time or times so specified the amount called on his shares.

Provided, however that the Directors may, from time to time at their discretion extend the time fixed for the payment of any call.

11. *When interest on call payable*—If the sum payable in respect of any call be not paid on or before the day appointed for payment thereof, the holder for the time being, or the allottee of the share in respect of which a call shall have been made, shall pay interest on the same at such rate not exceeding 6 percent per annum as the Directors shall fix, from the day appointed for the payment thereof to the time of actual payment but the directors may waive payment of such interest wholly or in part.

12. *Forfeiture of shares*—(1) If a member fails to pay any call or instalment of a 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.

(2) The notice aforesaid shall—

(a) name of 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 day so named, the shares in respect of which the call was made will be liable to the forfeiture.

(3) If the requirement of any such 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.

(4) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(5) At any time before a sale or disposal of the forfeited shares as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

13. *Effects of forfeiture*—(1) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding the forfeiture, were presently payable by him to the company in respect of shares.

(2) The liability of such persons shall cease if and when the Company shall have received payment in full of all such moneys in respect of shares.

14. *Declaration of forfeiture*—(1) A duly verified declaration in writing that the declarant is a Director, the Manager or the Secretary of the Company and that a share in the Company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share

(2) The company may receive the consideration, if any, given for the share or any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.

(3) The transferee shall thereupon be registered as the holder of the share.

(4) 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.

15. *Provisions regarding forfeiture to apply in the case of non-payment of sums payable at a fixed time*—The provisions of these articles as to forfeiture shall apply in the case of non-payment of any sum which by terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium as if the same had been payable by virtue of a call duly made and notified.

16. *Payments in anticipation of calls may carry interest*—The Directors may if they think fit, receive from any member willing to advance the same, all or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the moneys so paid in advance or so much thereof as from time to time exceeds the amount of calls then made upon the share in respect of which such advance has been made, the Company may pay interest at such rate not exceeding 6 percent per annum to the members paying such sum in advance and the Directors agree upon. The Directors may, at any time, repay the amount so advanced upon giving to such member three months notice in writing.

17. *The joint holders liability to pay*—The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

18. *Company's lien on share*—The company shall have the 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 the company shall also have a lien on all shares (other than fully paid shares) standing registered in the name of a single person, for all money's presently payable by him or from his estate to the Company, but the Directors may at anytime, declare any share to be wholly or in part exempt from the provisions of this article. The Company's lien, if any, on the share shall extend to all dividends payable thereon.

19. *Enforcement of lien by sale*—The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists, is presently payable, nor until the expiration of fourteen days, after a notice in writing stating and demanding payment of such part of amount in respect of which the lien exist as is presently payable, has been given to the registered holder for the time being of the share or the persons entitled thereto by reason of his death or insolvency.

20. *Application of proceeds of sales*—The proceeds of the sale shall be received by the Company and shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the persons entitled to the shares at the date of the sale. The purchaser shall be registered as the holder of the shares and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

21. *Transfer and transmission of shares*—The right of members to transfer their shares shall be restricted as follows.—

(a) A share may be transferred by a member or other person entitled to transfer only to a person approved by the Government.

(b) Subject to section 111 of the Act and subject as afore-said, the Directors may in their absolute and uncontrolled discretion, refuse to register any proposed transfer of shares.

22. *Refusal of register transfer*—If the Directors refuse to register the transfer of any shares they shall, within two months of the date on which the instrument of transfer is delivered to the Company send to the transferee and the transferor notice of the refusal.

23. *Company not bound to recognise any interests in shares other than that of the registered holders*—Save as here in otherwise provided, the Directors shall be entitled to treat the person whose name appears on the register of members as the 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 law required) be bound to recognise any "Benami" trust or equity or equitable contingent or other claim to or interest in such share on the part of any persons, whether or not it shall have express or implied notice thereof.

24. *Execution of transfer*—The instrument of transfer of any share in the company shall be executed both by the transferor and transferee and the transferor shall be deemed to remain holder of the share until the name of the transferee is entered into the register of members in respect thereof.

25. *Form of transfer*—Shares in the Company shall be transferred in form 7 (B) prescribed in the Companies (Central Governments) General Rules and forms, 1956.

26. *Instrument of transfer to be at the office and evidence of title to be given*—Every instrument of transfer shall be presented at the office for registration, accompanied by the certificate of shares to be transferred, and such evidence as the Company may require to prove the title of the transferor or his right to transfer the shares. All instruments of transfer shall be retained by the Company but any instrument of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same.

27. *Transmission by operation of law*—Nothing contained in Article 21 shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law,
28. *Fee on transfer*—A fee not exceeding two rupees may be charged for each transfer and shall if required by the Directors be paid before the registration thereof.
29. *When register of members and debenture holders may be closed*—The register of members or the register of debenture holders may be closed for any period or periods not exceeding in the aggregate 45 days in any year but not exceeding 30 days at any one time after giving not less than 7 days previous notice by advertisement in some newspaper circulating in the District in which the registered office of the Company is situated.
30. *Power to increase capital*—The Directors may, with the sanction by an ordinary resolution of the Company in general meeting increase the share capital by such sum to be divided into shares of such amount, as may be specified in the resolution.
31. *On what condition new shares may be issued*—New shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the Company may in its general meeting direct:
- Provided that no shares (not being preference shares) shall be issued carrying voting right or rights in the Company as to dividend, capital or otherwise which are disproportionate to the rights attaching to the holders of other shares (not being preference shares).
32. *How far new shares to rank with shares in Original Capital*—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 part of the original capital and shall be subject to the provision herein contained with reference to the payment of calls and instalments, transfer and transmission, lien, voting surrender and otherwise.
33. *Reduction of share capital*—Subject to the provisions of sections 100 to 104 of the Act the Company, may from time to time by special resolution reduce its capital in the manner laid down aforesaid sections of the Act.
34. *Sub-division and consolidation of shares*—The Company in general meeting may, from time to time sub-divide or consolidate its shares or any of them and exercise any of the other powers conferred by section 94 of the Act and shall file with the Register such notice of exercise of any such powers as may be required by the Act.
35. *Power to modify*—If at any time, the capital by reason of the issue of preference shares or otherwise is divided into different classes of shares, all or any of the right and privilege attached to each class, may, subject to the provisions of sections 106 and 107 of the Act be modified abrogated or dealt with by agreement between the Company and by any person purporting to contract on behalf of that class, provided that such agreement is: (a) ratified in writing by the holders of shares of that class of at least three-fourths of the nominal issue value of them or (b) confirmed by a resolution passed at a separate general meeting and supported by the votes of at least three-fourths of the holders of shares of the class and all the provisions hereinafter contained as to general meeting shall *mutatis mutandis* apply to every such meeting, except that the quorum thereof shall be members holding or representing by proxy one fifth of the nominal amount of the issued shares of that class. This article shall not by implication curtail the power of modification which the Company would have if the article were omitted.
36. *Power to borrow*—The Directors may, from time to time, borrow or secure the payment of any sum or sums of money for the purposes of the Company by means of a resolution passed at a meeting of the Board.
37. *Conditions on which money may be borrowed*—The Directors may, secure the repayment of such moneys in such manner and upon such terms and conditions in all respects as they think fit and in particular, by the issue of bonds, perpetual or redeemable debentures or debenture stock or 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).
38. *Securities may be assignable free from equities*—Debenture, debenture-stock, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

39. *Persons not to have priority over any prior charge*—Whenever any uncalled capital of the Company is charged, all persons taking subsequent charge thereon shall take the same 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.

40. *Indemnity may be given*—If the Directors or any of them or any other persons shall become personally liable for the payment of any sum primarily due from the Company, the Director may 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.

41. *General Meetings*—The First Annual General Meeting of the Company shall be held within eighteen months of its incorporation. The Company shall in each calendar year hold in addition to any other meetings an Annual General Meeting, not more than 15 months shall lapse between the date of one Annual General Meeting and that of the next. The first annual general meeting and the subsequent annual general meetings of the Company shall be held in accordance with the provisions of section 166 of the Act. All meeting of the Company other than the Annual General Meeting shall be called extra-ordinary general meetings.

42. *When extra-ordinary general meeting to be called*—Subject to the provisions of section 169 of the Act, the Directors, may, whenever they think fit and they shall, on the requisition of the holders of not less than one-tenth of the paid up capital of the Company as at that date carried a right of voting in regard to that matter and on which all calls or other sums then due have been paid forthwith proceed to convene an extra-ordinary meeting of the Company in the case such requisition the following provisions shall have effect:

(1) The requisition must state the subjects of the meeting and must be signed by the requisitionists and deposited at the office and may consist of several documents in like form each signed by one or more requisitionists.

(2) If the Directors of the Company do not proceed within twenty-one days from date of the deposit of the valid requisition to cause a meeting to be called for the consideration of these matters on a day not later than forty-five days from the date of the deposit of the requisition the requisitionists or a majority of them in value of the shares held may themselves convene the meeting, but any meeting so convened shall be held within three months from the date of the deposit of the requisition.

(3) Any meeting convened under this Article by the requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by the Directors. If, after a requisition has been received, it is not possible for a sufficient number of Directors to meet in time so as to form a quorum, any Director may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

43. *Notice of Meeting*—A general meeting of the Company may be called by giving not less than twenty-one days' notice in writing specifying the place, day and hour of the meeting, with a statement of the business to be transacted at the meeting. Such notice shall be served on every member in the manner hereinafter provided, but with the consent in writing of all the members entitled to receive notice of the same any particular meeting may be convened by such short notice and in such manner as those members may think fit:

Provided, however, that where any resolution is intended to be passed as a special resolution at any general meeting as required by sub-section (2) of section 189 of the Act, notice of such meeting specifying the intention to propose the resolution as a special resolution shall be served

44. *Omission to give notice*—The accidental omission to give notice to, or the non-receipt of notice by, any member or other person to whom it should have been given shall not invalidate the proceedings of any meeting.

45. *Business of Annual General Meeting*—The business of Annual General Meeting shall be to receive and consider the profit and loss account, the balance sheet and the report of the Directors and of the Auditors, to declare dividends, to appoint and fix the remuneration of auditors, to appoint Directors in the place of those retiring and to transact any other business which under these Articles ought to be transacted at an annual general meeting. All other business transacted at an annual general meeting and all business transacted at an extraordinary meeting shall be deemed special:

46. *Quorum*—Two members present in person shall be quorum for a general meeting



47. *Right of Governor to appoint any person as his representative*-(1) The Governor so long as he is share holder of the Company, may from time to time, appoint one or more persons (who need not be members of the Company) to represent him at all or any meetings of the Company.

(2) Any one of the persons appointed under sub-clause (1) of this Article who is personally present at the meeting shall be deemed to be a member entitled to vote and he present in person and shall be entitled to represent the Governor at all or any such meetings and to vote on his behalf whether on a show of hand or on a poll.

(3) The Governor may, from time to time cancel any appointment made under sub-clause (1) of this Article and make fresh appointments.

(4) 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.

(5) Any person appointed by the Governor under this Article may, if so authorised, by such order, appoint a proxy, whether specially or generally.

"RESOLVED to replace the word "GOVERNMENT" with the word "GOVERNOR in Articles No. 47, of the Articles of Association of the Corporation, which was amended in the 21st Annual General Meeting held on 29-09-1995.

(Amended vide Special Resolution passed at 26th Annual General Meeting held on 23-09-2000.)

48. *Chairman of General meeting*-The Chairman of the Directors shall be entitled to take the Chair at every general meeting or if there be no such Chairman, 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 as Chairman the members present shall choose another Director as Chairman and if no Director shall be present, or if all the Directors present decline to take the Chair, then, the members present shall choose one of their members to be Chairman.

49. *If quorum not present when meeting to be dissolved and when to be adjourned*-If within fifteen minutes from the time appointed for the meeting a quorum is not present, the meeting convened upon such requisition as aforesaid, shall be dissolved but in any other case it shall stand adjourned to the same day in the next week at the same time and place.

50. *How questions to be decided at meeting*-Every question submitted to a meeting shall be decided by a show of hands and in the case of an equality of votes the Chairman shall have a casting vote in addition to the vote or votes to which he may be entitled as a member.

51. *What is to be evidence of passing of a resolution, where poll not demanded*-At any general meeting a resolution put to vote of the meeting shall be decided on a show of hands, unless a poll is, before or on the declaration of the result of the show of hands demanded by a member present in person or proxy or by duly authorised representative and unless a poll is so demanded, a declaration by the Chairman, that a resolution has or has not on a show of hands, been carried or carried unanimously or by a particular majority, and an entry to that effect in the book of 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.

52. *Poll*-If a poll is duly demanded, it shall be taken in such manner and at such time and place as the Chairman of the meeting directs and either at once, or after an interval of adjournment or otherwise, and the result of the poll shall be deemed to be resolution of the meeting at which the poll was demanded. The demand of a poll may be withdrawn at any time before the poll is taken.

53. *Power to adjourn General Meeting*-The Chairman of a general meeting may, with the consent of the members present at the meeting adjourn the same, from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left un-finished at the meeting from which the adjournment took place.

54. *Is what cases poll taken without adjournment*-Subject to the provisions of section 180-of the Act, any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting and without adjournment.

55. *Business may proceed notwithstanding demand of poll*-The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

56. *Chairman's Decision conclusive*-The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the time of taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

57. *Votes of Members*—Upon a show of hands every member present in person shall have one vote and upon a poll every member present in person or by proxy or by duly authorised representative shall have voting rights in proportion to his share of the paid up equity capital of the Company.

58. *Voting by proxy on show of hands*—A proxy shall not be entitled to vote on a show of hands.

59. *Votes in respect of Deceased and Bankrupt Members*—Any person entitled under the transmission clause to any share may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to such shares unless the Directors shall have previously admitted his right to such shares on his right to vote at such meeting in respect thereof.

60. *Joint holders*—Where there are joint registered holders of any share any one of such persons may vote at any meeting either personally or by proxy, in respect of such shares as if he were solely, entitled thereto, and if more than one such joint holders be present the joint holder whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of this clause be deemed joint holders thereof.

61. *Votes in respect of shares of members of unsound mind*—A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote either on a show of hands or on poll by his committee or other legal guardian and any committee or guardian may on a poll, vote by proxy.

62. *Proxies Permitted*—On a poll, votes may be given either personally or by proxy or by duly authorised representative.

63. *Instrument appointing proxy to be in writing*—A member entitled to attend and vote at a meeting may appoint another person (whether a member or not) as his proxy to attend a meeting and vote on a poll. No member shall appoint more than one proxy to attend on the same occasion. A proxy shall not be entitled to speak at a meeting or to vote except on a poll. The instrument appointing a proxy shall be in writing and be signed by the appointer or his attorney duly authorised in writing or if the appointer is a body corporate be under its seal or be signed by an officer or an attorney duly authorised by it.

64. *Instrument appointing proxy to be deposited at office*—The instrument 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 of authority shall be deposited at the registered office of the Company not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.

65. *When vote by proxy valid though authority revoked*—A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, 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 or transmission shall have been received at the office of the Company before the commencement of the meeting or adjourned meeting at which the proxy is used,

66. *Form of proxy*—An instrument appointing a proxy may be in the following form or in any other form which the Director shall approve and shall be attested by one witness.

**THE KERALA STATE CIVIL SUPPLIES CORPORATION LIMITED**

"I..... of ..... in the district of ..... being a member of the above named company hereby ..... appoint ..... of ..... in the District of ..... as my proxy to vote for me and on my behalf at the ordinary/extraordinary general meeting, of the Company to be held on the ..... day of ..... and at any adjournment thereof."

Signed this ..... day of .....  
Witness : ..... Signature .....

67. *No member entitled to vote, etc, while call due to Company*-No member shall be entitled to be present or to vote on any question either personally or by proxy at any general meeting or upon a poll, or be reckoned in quorum whilst any call or other sum shall be due and payable to the company in respect of any shares of such members.

68. *Time for objection to vote*- No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll, shall be deemed valid for all purposes of such meeting or poll whatsoever.

69. *Number of Directors*-The Governor shall from time to time determine the number of Directors of the Company which shall not be less than 2 and shall not exceed 7. The Directors are not required to hold any qualification shares.

"RESOLVED to replace the word "GOVERNMENT" with the word "GOVERNOR in Article No. 69 of the Articles of Association of the Corporation, which was amended in the 21st Annual General Meeting held on 29-09-1995.

(Amended vide Special Resolution passed at 26th Annual General Meeting held on 23-09-2000)

70. *Appointment of Directors*- (a) Subject to the provisions of the Act, the Director including the Chairman and the Managing Director, if any, shall be appointed by the Governor and shall be paid such salary and or allowances as the Governor may from time to time determine. Subject to the provisions of Section 314 of the Act, such reasonable additional remuneration as may be fixed by the Governor may be paid to any one or more of the Directors for extra or special service rendered by him or them or otherwise.

(b) The Governor may determine the period for which the Chairman and the Managing Director if any are to hold their respective offices.

(c) The Governor shall have the power to remove any Director including the Chairman, Deputy Chairman, if any, and the Managing Director, if any, from office at any time in his absolute discretion.

(d) The Governor shall have the right to fill any vacancy in the office of the Directors caused by a removal, resignation, death or otherwise.

"70(e) the Directors are entitled to sitting fees for attending the meetings of the Board or Committee thereof subject to the directions issued by the Government from time to time"

(Articles included vide Special resolution passed at X Annual General Meeting held on 28.9.'84)

"RESOLVED to replace the word "GOVERNMENT" with the word "GOVERNOR in Articles No.70 of the Articles of Association of the Corporation, which was amended in the 21st Annual General Meeting held on 29-09-1995.

(Amended vide Special Resolution passed at 26th Annual General Meeting held on 23-09-2000)

71. *General powers of Company vested in Directors* -- The business of the Company shall be managed by the Board of Directors who may pay all expenses incurred in getting the Company registered and may exercise all such powers of the Company as are not by the Act or any statutory modification thereof for the time being in force or by these Articles required to be exercised by the Company in general meeting, subject, nevertheless, to the provisions of these Articles to the provisions of the Act, and to such regulations not being inconsistent with the provisions, as may be prescribed by the Company, in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

72. *Specific powers to Directors*-Without prejudice to the general powers conferred by Article 71 and the other powers conferred by these articles but subject to the provisions of section 292 of the Act, the Board of Directors shall have the following powers, namely:-

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

(2) to authorise the undertaking of works of a capital nature, subject to the condition that all cases involving a capital expenditure exceeding rupees ten lakhs shall be referred to the Governor for his approval before authorisation ;

72 (2) to authorise the undertaking of works of capital nature subject to the condition that all cases involving a Capital expenditure exceeding 35 lakhs shall be referred to Government for approval before authorisation (Amended in the 18th Adjourned Annual General Meeting held on 30.4.'98)

(3) 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 or other securities of the Company and any such shares may be issued either a fully paid up or with such amount credited as paid up thereon as may be agreed upon, and any such bonds, debentures or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital and not so charged;

(4) 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 alignment for the time being or in such other manner as they may think fit;

(5) to appoint at their discretion, remove or suspend such managers, including General Manager who is not coming within the meaning of section 2 (24) of the Act, secretaries officers, 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 or emoluments and to require security of such amount as they think fit in such instances;

(Provided that no appointment the maximum basic pay of which is Rs. 1,000 or more per mensem shall be made without the prior approval of the Governor;)

“RESOLVED to replace the word “GOVERNMENT” with the word “GOVERNOR in Articles No. 72 (5), of the Articles of Association of the Corporation, which was amended in the 21st Annual General Meeting held on 29-09-1995.

(Amended vide Special Resolution passed at 26th Annual General Meeting held on 23-09-2000.) “RESOLVED that the proviso to Article 72 (5) of the Articles of Association of the Corporation be amended in the following lines”.

“ Provided that no appointment the starting basic pay of which is Rs. 2,000/- or more per mensem without the prior approval of the Governor”.

(Article amended vide special Resolution passed at the 9th Adjourned Annual General Meeting held on 17.9.'87).

72 (5) (a) “ To follow the principles of reservation as applicable to Government in the matter of all appointments”.

(Articles included vide Special resolution passed at the VII th Adjourned Annual General Meeting held on 15.1.'86).

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

(7) to institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers of otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any claims or demands by or against the Company;

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

(9) to make and give receipts, releases and other discharges for money payable to the Company and for the claims and demands of the Company;

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

(11) to appoint any person to be the attorney or agent of the Company with such power (including power to sub-delegate) and upon such terms as may deem fit;

(12) to invest the funds of the Company in the Reserve Bank of India or in such securities as may be approved by the Governor and deal with any of the moneys of the Company upon such investments authorised by the Memorandum of Association of the Company (not being shares in this Company) and in such manner as they think fit, and from time to time to vary or release such investment;

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

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

(15) from time to time to make, vary and repeal by-laws for the regulation of the business of the Company, its officers and servants;

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

(17) before declaring any dividend to set aside such portion of the profits of the Company as they think fit to form a fund to provide for such pensions, gratuities or compensation or to create any provident or benefit fund in such manner as the Directors may deem fit;

(18) from time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in the State of Kerala or out of the State of Kerala and to appoint any person to be members of such Local Board and to fix their remuneration, and from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretion for the time being vested in the Directors other than their powers to make call, and to authorise the members for the time being of any such Local Board or any of them to fill up any vacancies therein and to act notwithstanding any vacancies and any such appointment or delegation may be made in such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and annual or vary any such delegation;

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

(20) subject to Section 292 of the Act to delegated all or any of the powers, authority and discretion for the time being vested in them subject however to the ultimate control and authority being retained by them.

73. (1) *Appointment of Managing Director* - Subject to the provisions of the Act (1) The Governor may appoint any one of the Directors of the Board to be the Managing Director or a Board of Management consisting of two or more Directors or any other person as General Manager of the company for the conduct or management of the business of the Company subject to the control and supervision of the Board of Directors. The Managing Director or the Board of Management, or the General Manager, as the case may be, may be authorised by the Board to exercise such of the powers of authority and discretion in relation to the affairs of the Company as are specifically delegated to him/it by the Board and are not required to be done by the Board of Directors or the Company at the general meeting under the Act.

(2) The Managing Director or the General Manager as the case may be shall be paid such salary and allowances as may be fixed by the Governor.

"RESOLVED to replace the word "GOVERNMENT" with the word "GOVERNOR in Articles No.73, of the Articles of Association of the Corporation, which was amended in the 21st Annual General Meeting held on 29-09-1995.

(Amended vide Special Resolution passed at 26th Annual General Meeting held on 23-09-2000.)

74. The Board of Directors shall cause minutes to be made in books provided for the purpose

(a) of all appointments of officers made by the Directors;

(b) of the names of the Directors present at each meeting of the Directors and of any Committee of the Directors;

(c) of all resolution and proceedings at all meetings of the Company and of the Directors and of the Committees of Directors; and every Director present at any meeting of Directors or Committee of Directors shall sign his name in a book to be kept for the purpose.

75. *Seal*-The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors and except in the presence of at least two Directors and such other person as the Board may appoint for the purpose; and the said Directors and the person aforesaid shall sign every instrument to which the seal is so affixed in his presence.

76 *Vacancy in the Office of Directors*- The office of the Director shall become vacant if,

(a) he is found to be of unsound mind by a competent court;

(b) he applies to be adjudicated an insolvent;

(c) he is adjudged an insolvent;

(d) he is convicted by a court of any offence involving 'moral turpitude\*' and sentenced in respect thereof to imprisonment to not less than six months;

(e) he fails to pay any call in respect of shares of the Company held by him (whether alone or jointly with others) within six months from the last date fixed for the payment of the call;

(f) he absents himself from three consecutive meetings of Board of Directors or from all meetings of the Board for a continuous period of three months, whichever is longer without obtaining leave of absence from the Board;

(g) he fails to disclose the nature of his concern or interest in any contract or arrangement or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company as required under Section 299 of the Act;

(h) he becomes disqualified by an order of Court under Section 203 of the Act;

(i) he is removed in pursuance of Section 284 of the Act; and

(j) he is concerned or participates in the profits of any contract with the Company'

Provided, however, that no Director shall vacate his office by reason of his becoming a member of any Company which has entered into contract with or done any work for the Company of which he is a Director, but a Director shall not vote in respect of any such contract or work; and if he does so vote, his vote shall not be counted.

Note.-The disqualifications referred to in sub-clause (c), (d) and (h) above shall not take effect-

(a) for thirty days from the date of adjudication sentence or order; or

(b) where any appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or

(c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order and the appeal or petition, if allowed would result in the removal of the disqualification, until such further appeal or petition is disposed of.

77. *Alternate Directors* -- The Board of Directors of the Company may with the prior approval of the Governor appoint an alternate Director to act for a Director (hereinafter in this Article called "the Original Director") during his absence for a period of not less than three months from this State. Such Director shall not hold office as such for a period longer than that permissible to the Original Director in whose place he has been appointed. Such appointment shall have effect and such appointee while he holds office as an alternate Director shall be entitled to notice of the meetings of the Directors and to attend and to vote there at accordingly but he shall not require any qualification and he shall *ipso facto* vacate office when original Director returns to this State. Any provisions for the automatic reappointment of the retiring Director in default of another appointment shall apply to the original and not to the alternate Director

"RESOLVED to replace the word "GOVERNMENT" with the word "GOVERNOR in Articles No. 77, of the Articles of Association of the Corporation, which was amended in the 21st Annual General Meeting held on 29-09-1995.

(Amended vide Special Resolution passed at 26th Annual General Meeting held on 23-09-2000.)

78. *Meeting of Directors and Quorum* -- The Directors may meet together for the transaction of business once atleast in every three calendar months and atleast 4 such meetings shall be held in every year. They may adjourn or otherwise regulate their meetings and proceedings as they think fit and may determine the quorum necessary for the transaction of the business. Until otherwise determined one third of the total strength of Directors (any fraction contained in that one third being rounded off as one) or two Directors who are not interested whichever is higher shall be a quorum.

RESOLVED that the following sentence may be added to Article 78 of the Articles of Association of the Kerala State Civil Supplies corporation:-

" Provided that such quorum shall not be complete unless atleast one official representation on the Administrative Department or finance Department of the Kerala or the Board of Revenue (CS) who is a director for the time being, is present,"

(Article amended vide Special resolution passed at the 15th Adjourned Annual General Meeting held on 17.1.95).

79. *Place of Meeting* -- The meeting of the Board may be held at the Registered office or anywhere else within the State of Kerala if it is in the interest of the Company.

80. *Director may summon meeting-how questions to be decided* -- A Director may at any time convene a meeting of the Directors and questions arising at any meetings shall be decided by a majority of votes. The Chairman shall have a second or casting vote.

81. *Powers of quorum* -- A meeting of the Directors at which a quorum is present shall be competent to exercise all or any of the authority powers and discretion by or under the Articles of the Company for the time being vested in or exercisable by the Directors generally.

82. *Chairman of Director's Meeting* -- The Governor may nominate a Director as Chairman of the Directors' meetings and determine the period for which he is to hold such office. If no such Chairman is nominated or if at any meeting the Chairman is not present within 5 minutes after the time fixed for holding the same, the Directors present may choose one of their members to be the Chairman of the meeting.

"RESOLVED to replace the word "GOVERNMENT" with the word "GOVERNOR in Articles No. 82, of the Articles of Association of the Corporation, which was amended in the 21st Annual General Meeting held on 29-09-1995.

(Amended vide Special Resolution passed at 26th Annual General Meeting held on 23-09-2000.)

83. *Decisions of Board requiring approval of the Governor* -- (i) Subject to the provision's of the Act the Chairman shall reserve for the approval of the Governor any proposals on decisions of the Board in respect of the following matters, namely:-

- (a) increasing or reducing the issued capital of the Company;
- (b) winding up of the Company;
- (c) issue of debentures or bonds; and
- (d) any other matter which in the opinion, of the chairman be of such importance as to be reserved

for the approval of the Governor;

AMENDED ARTICLE 83(1) (Amended by a Special resolution at the Seventh Annual General Meeting held on 28-9-1981).

The Annual General Meeting has adopted the amendment to Article 83 (i) of the Articles of Association of the Company as suggested in the G. O. Ms. No. 26/78/Fd. dated, 30-9-78 and passed the following resolutions as a special resolution without any modification .

83. *Decisions of Board requiring approval of the Governor*-(i) Subject to the provisions of the Act the Chairman shall reserve for the approval of the Governor any proposals on decisions of the Board in respect of the following matters, namely:-

- (a) increasing or reducing the issued capital of the Company.
- (b) winding up of the Company.
- (c) issue of debentures or bonds; and
- (d) Creation of and appointment to the post of General Manager and post carrying a salary of more

than Rs. 2000/- per month.)

(e) Any programme of capital expenditure for an amount which exceeds Rs. 10 lakhs in cases which do not form part of the sanctioned estimates.

(f) Sale, lease, exchange, Mortgage and/or disposal otherwise of the whole of' the undertaking of the Corporation.

- (g) Matters relating to revision of scales or pay and T. A. of the employees of the Corporation.
- (h) Rules of the Company governing the conditions of service, P.F. and other rules, creation of reserve and capital funds.
- (i) Travel outside India on business tour or otherwise by the Directors or employees of the Company
- (j) Any other matter which in the opinion, of the chairman be of such importance as to be reserved for the approval of the Governor.

"RESOLVED that following additions be and are made to Article 83 (i) of the Articles of Association of the Company as 83 (d) (e) (f) (g) (h) (i) and existing clauses d, e, f, g, h, i, of that article may be renumbered as clauses j, k, l, m, n, o and p. 83 (d) sub Division and consolidation of shares 83 (e) promotion of a new Company.

83. (f) to enter into collaboration or partnership arrangement for joint working in business, sharing of profits, joint ventures a reciprocal concession with any other company firm or Co-operative Society or body engaged in business with any or more of the objects of the Company or objects similar thereto;

83 (g) formation of a subsidiary company.

83 (h) annual revenue Budget of the Company if there is an element of deficit which is proposed to be met by obtaining funds from Government.

83 (i) the agreements involving foreign collaboration proposed to be entered into by the Company".

(ii) No action shall be taken by the Company in respect of any proposal or decision of the Board reserved for the approval of the Governor as aforesaid until his approval of the same has been obtained.

"RESOLVED to replace the word "GOVERNMENT" with the word "GOVERNOR in Articles No. 83, of the Articles of Association of the Corporation, which was amended in the 21st Annual General Meeting held on 29-09-1995.

(Amended vide Special Resolution passed at 26th Annual General Meeting held on 23-09-2000.)

Also Resolved that Article 83 (i), (d) of the Articles of Association be deleted from the Articles of Association of the Corporation

(Article deleted Vide Special Resolution passed at the 9th Adjourned Annual General Meeting held on 17.9.87)

84. *Delegation of powers to Committee* -The Directors may subject to the restrictions laid down in section 292 of the Act, delegate any of their powers to committees consisting of such member or members of their body as they think fit and may from time to time revoke such delegation. Any committee so formed shall in their exercise of powers so delegated conform to any regulations that may, from time to time, be imposed upon it by the Directors

85. *Chairman of the Committee meetings* - A Committee may elect a Chairman for its meetings. If no such Chairman is elected or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their members to be the Chairman of the meeting.

86. *When actions of Directors or Committee valid notwithstanding defective appointments* All acts done by any meeting of the Directors or of a committee of Directors or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of such directors or persons acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be Director: Provided that nothing in this Article shall be deemed to validate acts done by a Director after his appointment has been shown to the Company to be invalid or to have been terminated.

87. *Resolution without Board Meeting valid* - Save as otherwise expressly provided in the Act, a resolution in writing signed by all the Directors then in India or by a majority of such of them as are entitled to vote on the resolution shall be as valid and effectual as if it had been passed at meeting of the Directors duly called and constituted.

88. *Reserve Fund* The Directors may, before recommending any dividend set aside out of the profits of the Company such sums as they think proper as a reserve fund to meet contingencies or for equalising a dividends, or for special dividends, or for repairing, improving and maintaining any of the property of the Company, and for amortisation of capital and for such other purposes as the Directors shall in their absolute discretion think conducive to the interests of the Company, and may invest the several sums so set aside upon such investments (other than shares of the Company) as they may think fit from time to time, deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company and may divide the reserve funds into such special funds as they think fit, and employ the reserve funds or any part thereof in the business of the Company and without being bound to keep the same separate from the other assets.

89. *Dividends*—The profits of the Company available for payment of dividend subject to any special rights relating thereto created or authorised to be created by these presents, subject to the provisions of these presents as to the reserve fund and amortisation of capital shall be divisible among the members on proportion to the amount of capital held by them respectively.

Provided always that any capital paid up on a share during the period in respect of which a dividend is declared shall only entitle the holder of such share to an apportioned amount of such dividend as from the date of payment.

90. *Capital paid up in advance*—Where Capital is paid up on any shares in advance of calls upon the footing that the same shall carry interest, such capital shall not whilst carrying interest, confer a right to participate in profits.

91. *Declaration of dividends*—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, but no dividend shall exceed the amount recommended by the Directors.

92. *Dividends out of profits only and not to carry interest*—No dividend shall be payable otherwise than out of the profits of the year or other period or any other undistributed profits of the Company and no dividend shall carry interest as against the company.

93. *When to be deemed not profit*—The declaration of the Directors as to the amount of the net profits of the company shall be conclusive.

94. *Interim dividend*—Subject to the provisions of section 205 of the Act, the Directors may, from time to time, pay to the members of such interim dividends as may be decided by them having regard to the position of the Company.

95. *Debts may be deducted*—The Directors may retain any dividends on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities, or engagements in respect of which the lien exists.

96. *Dividend and call together*—Any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but the call on each member shall not exceed the dividends payable to him and 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 call. The making of a call under this clause shall be deemed to be an ordinary business of an ordinary general meeting which declares a dividend.

97. *Dividends or bonus payable wholly or partly in cash*—Any general meeting declaring a dividend, may resolve or direct that such dividend wholly or in part be paid in cash in accordance with section 205 of the Act and in particular of paid up share, debenture or debenture stock of any other company or may appoint any person to sign such contract on behalf of the person entitled to the dividend of the capitalised fund and such appointment shall be effective.

98. *Effect of transfer*—A transfer of shares shall not pass the right to any dividend declared thereon after transfer and before the registration of the transfer.

99. *Retention in certain cases*—The Directors may retain the dividends payable upon the shares in respect of which any person is, under Article 21, entitled to become a member or which any person under that clause is entitled to transfer, until such person shall become a member in respect of such shares or shall duly transfer the same.

100. *Dividend to Joint Holders*—Any one of the several persons who are registered as the joint holders of any share may give effectual receipts for all dividends and payment on account of dividends in respect of such shares.

101. *Payment by post*—Unless otherwise directed any dividend may be paid by cheque or warrant through post to the registered address of the member or person entitled or in the case of the joint holders, to the address of that the one whose names stands first in the register in respect of the joint-holding or to such person and to such address as the shareholder or joint holder may in writing direct and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.

102. *Notice of Dividend*—Notice of the declaration of any dividend whether interim or otherwise, shall be given to the holders of registered shares in the manner hereinafter provided.



103. *Unclaimed dividend*-All dividends unclaimed for one year after having been declared may be invested in the manner laid down in the Act from time to time.

104. *Accounts to be kept*-The Company shall cause to be kept proper books of accounts with respect to-

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company and;
- (c) the assets and liabilities of the company

105. *Inspection of account books*-The books of account shall be kept at the registered office of the company or subject to the provisions of Section 209 of the Act at such other places as the Directors shall think fit and shall be open to inspection by the Directors during business hours.

106. *Inspection of Members*-The Directors shall, from time to time, determine whether and to what extent and at which times and places and under what conditions or regulations and the accounts and books of the company or any of them shall be open to inspection of members (not being Directors) and no member not being a Director shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Directors or by the Company in General meeting.

107. *Annual accounts and Balance sheet*-The Directors shall at some date not later than 18 months after the incorporation of the company and subsequently once at least every year lay before the company in general meeting a balance sheet and profit and loss account, in the case of the first account since the incorporation of the company and in any other case since the preceding account made up to a date not earlier than the date of the meeting by more than six month.

108. *Annual reports of Directors*-The Governor shall cause an annual report to be made out and attached to every balance sheet and a report with respect to the State of the Company's affairs, the amount, if any, which they recommend should be paid by way of dividend and the amount, if any which they propose to carry to the Reserve Fund, General reserve or reserve account shown specifically on the balance sheet or to a Reserve Fund, General Reserve or Reserve Account to be shown specifically in a subsequent balance sheet. The report shall be signed by the Chairman of the Board on behalf of the Directors if authorised in this behalf by the Directors and when he is not so authorised shall be signed by such number of Directors as are required to sign the balance sheet and the profit and loss account by virtue of sub-sections (1) and (2) of section 215 of the Act.

"RESOLVED to replace the word "GOVERNMENT" with the word "GOVERNOR in Articles No. 108 of the Articles of Association of the Corporation, which was amended in the 21st Annual General Meeting held on 29-09-1995.

(Amended vide Special Resolution passed at 26th Annual General Meeting held on 23-09-2000.)

109. *Contents of profit and loss account*-Forms of balance sheet and profit and loss account should be in accordance with the provisions of section 211 of the Act. The profit and loss account shall, in addition to the matters referred to in section 211 of the Act, show, arranged under the most convenient heads, the account of gross income, distinguishing the several sources from which it has been derived and the amount of gross expenditure, distinguishing the expenses of the establishment, salaries and other like matters. Every item of expenditure fairly chargeable against the year's income shall be brought into account so that a just balance of profit and loss may be laid before the meeting, and in cases where and item of expenditure which may in fairness be distributed over several years has been incurred in any one year, the whole amount of such item shall be stated, with the addition of their reasons why only a portion of such expenditure is charged against the income of the year.

110. *Balance sheet and profit and loss account to be sent to members* - The Company shall send a copy of such balance sheet and profit and loss account together with a copy of the auditor's report to the registered address of every member of the company in the manner in which notices are to be given hereunder at least twenty one days before the meeting at which it is to be laid before the members of the company and shall deposit a copy at the registered office of the company for inspection of the members of the company during a period of at least twenty one days before that meeting.

111. *The Board of Directors to comply with sections 209 to 222 of the Act* - The Directors shall in all respects comply with the provisions of section 209 to 222 of the Act or any statutory modification thereof for the time being in force as may be applicable to the company.

112. *Accounts to be audited annually*-Once at least in every year the accounts of the company shall be examined and the correctness of the profit and loss account and the balance sheet ascertained by one or more auditors as provided in the Act.

113. *Appointment of auditors*-The auditors of the company shall be appointed or reappointed by the Central Government on the advice of the Comptroller and Auditor General of India and their rights and duties shall be regulated by sections 224 to 233 of the Act.

114. *Auditors right to attend meetings*-The auditors of the company shall be entitled to receive a notice and to attend any general meeting of the company at which any accounts which have been examined or reported on by them are to be laid before the company and may make statement or explanation they desire with respect to the accounts.

115. *Powers of the Comptroller & Auditor General of India*-The Comptroller and Auditor General of India shall have power-

(a) to direct the manner in which the Company's accounts shall be audited by the auditors appointed in pursuance of Article 117 thereof and to give such auditors instructions in regard to any matter relating to the performance of their functions as such and.

(b) to conduct a supplementary or test audit of the Company's accounts by such person or persons as he may authorise in his behalf, and for the purposes of such audit, to have access at all reasonable times, to all accounts, account books, vouchers documents and other papers of the company and to require information to be furnished to any person or persons so authorised, on such matter, by such person or persons so authorised on such matter by such person or persons and in such form as the Comptroller and Auditor General of India may by general or special order, direct.

116. *Comments upon or supplement to audit report by the Comptroller and Auditor General of India to be placed before ordinary meetings*-The auditors aforesaid shall submit a copy of their audit report of the Comptroller and Auditor General of India who shall have the right to comment upon or supplement the audit report in such manner as he may think fit. Any such comments or supplements to the audit report shall be placed before the annual general meeting of the company at the same time and in the same manner as the audit report.

117. *Accounts to be deemed finally settled*-Every account of the Company when audited and approved by a general meeting shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within period, the account shall forthwith be corrected and thenceforth shall be conclusive.

118. *Rights of the Governor to issue directives*-Notwithstanding anything contained in any of these articles, the Governor may, from time to time issue such directives or instructions as may be considered necessary in regard to the finances, conduct of business and affairs of the Company. The Company shall give immediate effect to the directives or instructions so issued. In particular the Governor will have the powers:

1. to give directions to the enterprise as to the exercise and performance of its functions in matters involving National security or substantial public interest;
2. to call for such returns, accounts and other information with respect to the property and activities of the enterprise as may be required from time to time;
3. to approve the enterprise's five year and annual plans of development and the enterprise's capital budget;
4. to approve agreements involving foreign collaboration proposed to entered into by the enterprise."

(The extra ordinary meeting of the share holders held at 4 P.M. on 10-7-1976)

"RESOLVED to replace the word "GOVERNMENT" with the word "GOVERNOR in Articles No. 118 of the Articles of Association of the Corporation, which was amended in the 21st Annual General Meeting held on 29-09-1995.

(Amended vide Special Resolution passed at 26th Annual General Meeting held on 23-09-2000.)

119. *How notices to be served on members*: A notice may be given by the company to any member either personally or by sending it by post to him to his registered address or (if he has no registered address) to the address if any supplied by him to the company for the giving of notice to him.

120. *Notification of address by a holder of registered place of address*—A holder of registered shares, who has no registered place of address may, from time to time, notify in writing to the company an address, which shall be deemed his registered place of address within the meaning of this article.

121. *When notice may be given by advertisement*—If a member has no registered address and has not supplied to the company any address for the giving of notices to him, a notice addressed to him and advertised in newspapers circulating in the neighbourhood of the registered office of the company, shall be deemed to be duly given to him on the date of which the advertisement appears.

122. *Notice of Joint holders*—A notice may be given by the company to the Joint holders of a share by giving the notice to the joint holder named first in the register in respect of the share.

123. *How notice to be given to representatives of a deceased or bankrupt member*—A notice may be given by the company to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name or by the title or representatives of the deceased or assignee of the insolvent or by any like description, at the address (if any) supplied for the purpose by the persons claiming to be so entitled or (until such an address has been so supplied) by giving notice in any manner in which the same might have been given if the death or insolvency had not occurred.

124. *To whom notice of general meeting to be given*—Notice of every general meeting shall be given in the same manner hereinbefore authorised to (a) every member of the company except those members who having no registered address have not supplied to the company an address for the giving of notice to them, and also to (b) every person entitled to a share in consequence of the death or insolvency of a member, who but for his death or insolvency, would be entitled to receive notice of the meeting provided the company has due notice.

125. *Transferees etc. bound by prior notice*—Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share be bound by every notice in respect of such share which previously to his name, address and title to the share being notified to and registered by the company, shall be duly given to the person from whom he derives his title to such shares,

126. *How notice to be signed*—The signature to any notice to be given by the company may be written or printed.

127. *How time to be counted*—Where a given number of days, notice or notices extending over any other period is required to be given the days of service shall unless it is otherwise provided, be counted in such number of days or other period.

128. *Distribution of assets on winding up*—If the company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up the excess shall be distributed among the members in proportion to the capital paid up or which ought to have been paid up on the share held by them respectively. But this clause shall be without prejudice to the right of the holders of shares issued upon special terms and conditions.

129. *Secrecy Clause*—No member shall be entitled to require discovery or any information respecting any detail of the company's trading or any matter which may be in the nature of a trade secret, mystery of trade, or secret process which may relate to the conduct of the business of the company and which in the opinion of the Directors it will be inexpedient in the interests of the members of the company to communicate to the public.

130. *Indemnity*—Subject to the provisions of Section 201 of the Act, every Director, Manager, Auditor, Secretary and other Officer or servant of the Company should be indemnified, by the Company against, and it shall be 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 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 the member over all other claims,

131 *Individual responsibility of Directors*—No Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults or any other Director or Officer of the company or for joining in any receipt or other act for conformity or for any loss or expenses happening to the company through the insufficiency or deficiency of title to 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 tortuous act or any person with whom any moneys, securities or effects shall be deposited 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.

132. The Company is a Government Company within the meaning of Section 617 of the Act.

Name of Subscriber	Address, Description and occupation, if any	Signature of Subscribers
(1)	(2)	(3)
1. Shri P. M. Abraham	Son of Shri P. K. Mathai, IRAN House Compound, Kaudiar, Trivandrum-3  Special Secretary to Government, Food Department and Commissioner of Civil Supplies, Kerala	(Sd.)
2. Shri S. Krishnakumar	Son of Shri C. P. Sankara Pillai, SANSAR, Jawharnagar, Kaudiar, Trivandrum-3  Additional Secretary to Government of Kerala, Food Department and Director of Civil Supplies, Kerala	(Sd.)
3. Shri M. P. Madhavan Nair For and on behalf of Governor of Kerala	Son of late Shri K. Narayanan Moossad SAROJ, T. C. No. 14/280, Udarasiromony Road, Vellayampalam Trivandrum-10  Joint Secretary to Government of Kerala, Food Department.	(Sd.)

\* Amendments made on 17/9/2004 and 21-5-2008 are given as annexure E  
Dated the twenty fourth day of June 1974.

Witness to the above signature

P. V. Ramachandran Nair, son of late Shri A. K. Karunakaran Nair, residing a  
26/204, Tank Road, Vanchiyoor, Trivandrum-1,  
Under Secretary to Government, Food Department, Secretariat, Trivandrum

## ANNEXURE - I

- \* RESOLVED that the following sentence shall be omitted from the Article 78 of the Articles of Association of the Corporation.

"Provided that such quorum shall be deemed to be complete unless at least one official representing the Administrative Department or Finance Department of the Government of Kerala or the Board of Revenue (CS) who is a Director for the time being, is present."

(Article amended vide Special Resolution passed at the 30<sup>th</sup> Annual General Meeting held on 17.09.2004.)

- \*\* RESOLVED that the Article 83(e) of the Articles of Association of the Corporation amended as follows:

"83 (e). Any programme of capital expenditure or an amount which exceeds Rs. 35 Lakhs in cases which do not form part of the sanctioned estimate".

(Article amended vide Special Resolution passed at the extraordinary General Meeting held on 21.05.2008.)

- \*\*\* RESOLVED that the following sentence shall be added to Article 116 of the Articles <sup>of</sup> Association as 116(a).

"The Company shall submit a copy of the Balance Sheet and Profit and Loss Account with a copy of Auditor's Report to Principal Secretary (Finance), Government of Kerala who shall have the right to comment upon the Audit Report in such a manner as he/she thinks fit. Any such comment to the Auditor's Report shall be placed before the AGM at the same time and in ~~the same time and in~~ the same manner as the Audit Report".

*General* (Article amended vide Special Resolution passed at the 30<sup>th</sup> Annual Meeting held on 17.09.2004.)