

**ARTICLES OF ASSOCIATION**  
**OF**  
**Dr.Babu Jagjivan Ram Leather Industries Development Corporation Limited**

1. The Regulation contained in Table 'F' in the First Schedule to the Companies Act, 2013, so far as the same may be applicable to public company shall apply to this Company in the same manner as if all such Regulations of Table 'F' are specifically contained in these Articles, subject to the modifications here contained.\*  
Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.
2. In these regulations:-
  - (i) "The Company " means Dr. BABU JAGJIVAN RAM LEATHER INDUSTRIES DEVELOPMENT CORPORATION LIMITED.
  - (ii) "The Act" means the Companies Act, 1956.
  - (iii) "Governor" means the Governor of Karnataka.
  - (iv) "Government" means the Governor of Karnataka.
  - (v) "Government Companies" means the Companies in which the State Government of Karnataka holds more than 51% of the subscribed Capital of such Companies.
  - (vi) "Month" means a calendar month.
  - (vii) "The Directors" means the Directors for the time being of the Company.
  - (viii) Words importing the singular number also include the plural number and 'Vice-Versa'.
  - (ix) Words importing the masculine gender also include the feminine gender.
  - (x) Words importing persons include Corporations.
3. The shares shall be under the control of the Board of Directors who may with the previous approval of the Governor allot or otherwise dispose of the same from time to time on such terms and conditions as the Board may determine from time to time.
4. Subject to the provisions Sections 179 and 180 of the Act, the Directors may, with previous approval of the Government borrow or raise money to any extent in such manner as they may deem fit and in particular by the issue of debentures perpetual or otherwise including debentures or debenture stock convertible into the shares of this, or any other company and in security of any such borrowed, raised or received to mortgage, pledge or charge the whole or any part of the properties assets or revenues of the Company, present or future including its uncalled capital. \*
5. The number of Directors shall not be less than three and shall not be more than twelve. \*
6. The persons hereinafter named shall be the First Directors that is to say:-

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| 1) | Mallikarjuna Kharge, M.L.A.   | Chairman             |
| 2) | Mrs. Neeraja Rajkumar,<br>Deputy Secretary to Government.<br>Commerce and Industries Department, Bangalore. | Director             |
| 3) | Krishnakumar,<br>Deputy Secretary to Government.<br>Finance Department, Bangalore.                          | Director             |
| 4) | S. V. Manjunath,<br>Chairman, Karnataka State Khadi<br>& Village Industries, Bangalore.                     | Director             |
| 5) | P. D. Bangers, M.L.A.<br>New Road, Pandeswar, Mangalore. (S.K.Dist)   | Director             |
| 6) | Navneetham,<br>8 L. No. 2 Street.<br>Bangalore Cantt, Bangalore-1   | Director             |
| 7) | B. R. Prabhakara,<br>Additional Director,<br>Industries & Commerce, Bangalore-1                             | Managing<br>Director |

7. Any individual, whether a member of the company or not may be appointed as a Director and no qualification by way of share holding shall be required from any director.
- 8.
- So long as Government holds not less than 51% of the total subscribed capital of the Company, the Government shall be entitled to appoint all the Directors for the time being and shall be entitled to remove all or any of them that office/ sat any time and to appoint any other persons/s thereto. The Director/s so appointed shall not be liable to retire by rotation nor be removed from that office by the Company in General Meeting
  - The Directors shall be competent to enter into any contract with any Central or State Financial Institution or with any other credit institutions for availing financial assistance by way of loan, subscription to debentures, providing any guarantee or underwriting or subscription of shares of the company, subject to the provisions of Section 152 of Act, and such institutions shall have the rights to appoint or nominate by notice in writing addressed to the Company one or more Directors on the Board of Directors of the Company during such period and upon such conditions as may be mentioned in the agreement and that such Director/s shall not be liable to retire by rotation nor be required to hold any qualification shares. \*
  - The Directors appointed under clause (a) & (b) above shall not exceed the limits prescribed in Articles 5 above.

9. The Directors may, (with the previous approval of the Government) Co- opt one or more individuals to be additional directors or to fill up casual vacancies but so that the total number shall not exceed the limits- prescribed in regulation no 5.
10. The Board of Directors may appoint any individual to be an Alternate Director ( with previous approval of Government) to act in the place of Director during his absence for a period for not less than three months from the State Government of Karnataka where the meetings of the Board are ordinarily held. An Alternate Director appointed as aforesaid shall not held office for a period longer than that permissible to the original director in whose place he has been appointed, and shall vacate office ., when the original Director returns to the State of Karnataka.
11. The directors for the time being of the company including the Directors nominated under Articles (8) may be paid a sitting fee not exceeding the amount prescribed by the Government of Karnataka from time to time plus all travelling, hotel and other expenses in attending and returning from such meetings of the Board or of any committees of the Board as may be fixed by the Board from time to time. \*
12. If any Directors is appointed to advice the Board as an expert or is called upon to perform extra services or make special exertions for any of the purposes of this Company, the Board may with the previous approval of the Government and subject to and in accordance with the provisions of the Act and in particular Section 188 of the Act pay to such special remuneration as they may think fit which remuneration may be in form of either salary or commission or percentage of profits and may be either be in addition to or in substitution of the remuneration specified in the last proceeding regulation. \*
13. The Government may appoint any Director of the Company as the Managing Director Subject to the provisions of Section 2(94)196,197,203 and 188 of the Act, and subject to exemptions if any granted by the Central Government, for such period and on such terms and on such remuneration as the Government may think fit. \*  
Provided the Director so appointed as Managing Director, Vice- Chairman or Chairman shall vacate his office as the Managing Director, Vice- Chairman or Chairman if he ceases to be a Director for any reasons whatsoever.  
Provided further that the period of appointment of the Managing Director shall not exceed five years at a time.  
“Provided further, the Chairman or Vice- Chairman as the case may be, shall not be entitled to exercise any executive power of the Company. Their functions are to provide leadership to the Board of Directors and to conduct the meetings of the Board as well as the General Meetings and regulate such proceedings of such meetings.”
14. The Governor may in addition to or in substitution of the managing Directors also appoint subject to the provisions of the Act, one or more directors as whole- time Directors with such designations as it may confer upon them from time to time for a

period not exceeding five years in each case and on such remuneration as he may deem fit.

Provided the directors so appointed shall also facto vacate their offices as such, if they cease to be Directors of the Company for any reasons whatsoever.

15. Subject to the provisions of Article 18 & 19 below, the business of the Company shall be managed by the directors who may pay all expenses incurred in getting and registering the Company and may exercise all such powers of the Company as are not by the Companies Act, 1956, or any statutory modifications thereof for the time being in force of these Articles required to be exercised by the Company in General Meeting subject nevertheless to the Regulations in there Articles , to the provisions of the said Act, and to such regulations, being not inconsistent with the aforesaid regulations , or provisions as may be prescribed by the Company in General Meeting shall invalidate the prior act of the Directors which would have been valid if that regulations had not been made.
16. The Board of Directors may confer on the Managing Director and / or other whole – time Directors such powers for such time to be exercised for such objects and purposes upon such terms and conditions and with such restrictions as the Board may think expedient. Such powers may be exercised by the Managing Director and / or whole time Directors either collaterally with or to the exclusion of or in the substitution for all or any of the powers of the Directors in that behalf and the Board may from time to time revoke, withdraw, after or vary ail or any of such powers.
17. All meetings of the Directors shall be prescribed over by the Chairman if present, but if at any meeting of Director, the Chairman be not present, the Vice- Chairman shall preside over the meeting, if he shall also be absent, the Directors present shall choose one of their member to the Chairman of such meeting.
18. Notwithstanding any of the provisions contained in other Articles, prior approval of the Government shall be obtained in respect of the following matters:-
  - a. Programme of capital expenditure exceeding Rs. 500.00 lakhs.
  - b. Appointment to the post carrying scale of pay of Rs.30400 – 51300/- and more.
  - c. Sale, lease or disposal of the whole or substantially whole of the undertakings,
  - d. Sale, lease or disposal of any Capital assets the original value thereof is Rs. **50.00** lakhs and more.
  - e. Formation of the Subsidiary Company and winding up of the Company;
  - f. Appointment of Financial Advisor of the Company. \*
19. Not withstanding anything contained in any of these Articles, the Governor may, from time to time, subject to the provisions of the Act, issue such directives as he any consider necessary in regard to finance, conduct of the business of the Company or Directors thereof and in like manner may vary or annual any such directives. The Directors shall give immediate effect to those directives so issued.

20. No Director shall be disqualified by his office from contracting with the Company nor shall any contract entered into by or behalf of the Company in which any director shall be in any way interested, be avoided nor shall any directors so contracting or being interested be liable to account to the Company for any profit realized by any such contract by reason only of such Director holding such office of fiduciary relation. Thereby established , but the nature of his interest must be disclosed by him at the meeting of the Director at which the Contract is determined his interest is then existing , or in any other case at the first meeting of the Directors held after the acquisition of the interest.
21. Save as otherwise expressly provided in the Act, a resolution in writing, circulated in draft together with necessary papers signed by all the Directors in India or by majority of them or of the Committee of Directors for the time being entitled to receive notice of the Meeting of the Board or the Committee, shall be as valid and effectual as if it had be passed at the Meeting of the Board or the Committee duly convened and held. In the event of signature of any one or more of the Directors to any such resolution should be fixed on different dates the said resolution shall be deemed to be passed on the date of the signature of the director signing last.

#### **POWERS AND DUTIES OF DIRECTORS**

22. The control of the company shall be vested in the Directors and the business of the Company shall be managed by the Directors who in addition to the powers and authorities by these articles or otherwise expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done by the Company and are not hereby or by law expressly directed or required to be exercised done by the company in General meeting about but subject nevertheless to the provisions of any law and of these articles and to any regulations not being inconsistent with these articles from time to time made by the Company in General Meeting :-

Provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made

Without prejudice to the general powers conferred by the last preceding article and to any other powers or authorities conferred by the Act and these articles on the Directors it is hereby expressly declared that the Directors shall have the following powers, that is to say, powers :-

- 1) To commence and carry on any kind of business which the company is either expressly or by implication authorized to undertake at such time or times of keeping abeyance of any such kind of business for such time as they may deem fit, whether such kind of business may have been actually commenced or not;
- 2) To pay all expenses incurred in getting up and registering the company;
- 3) To purchase or otherwise acquire for the company any property, rights or privileges which the company is authorized to acquire at such price and generally

on such terms and conditions as they think fit, **subject to Article 18** and subject to the provisions of Section 180 of the Act, to sell, let, exchange or otherwise dispose of absolutely or conditionally any part of the property, privileges and undertakings of the company upon such terms and conditions and for such consideration as they may think fit; \*

- 4) To open any account or accounts with such Banks as they may select or appoint and to make, draw, endorse, sign, accept, negotiate and give all cheques, bills of lading, drafts, orders, bill of exchange, Government of India and other promissory notes and negotiable instruments required for the business of the company;
- 5) **Subject to Article 18 and** Subject to the provisions of Sections 179 and 180 of the Act, to secure a fulfilment of any contracts, agreements or engagements entered into by the company by mortgage or charge of all or any of the property of the company and its unpaid capital for the time being or in such other manner as they may think fit; \*
- 6) To appoint and at their discretion remove or suspend such agents, managers, secretaries, offices, clerks 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 in such instances and to such amount as they think fit,
- 7) To accept and hold in trust for the company any property belonging to the company or in which it is interested or for any other purposes, and to execute and do all such deeds, documents and things as may be requisite in relating to any such trust and to provide for remuneration of such trustee or trustees;
- 8) Subject to the provisions of Section 180 (1)(d) of the Act, to institute, conduct, defend, compound or abandon any legal proceedings by or against the company or its offices or otherwise concerning the affairs of the company and also to compound and allow time for payment to satisfaction of any debt due and of any clients or demands by or against the company; \*
- 9) To refer any claims or demands by or against the company to arbitration and observing and perform the awards;
- 10) To make and give receipts, release and other discharges for money payable to the company and for claims and demands for the company
- 11) To act on behalf of the company in all manners relating to bankruptcy and insolvency;
- 12) To determine who shall be entitled to sign on the company's behalf bills, notes, receipts, acceptance and endorsements, cheques, releases, contracts and documents;
- 13) Subject to the provisions of Section 67,179,185, of the Act, to invest and deal with any of the moneys of the Company not immediately required for the purposes thereof in sick securities (not being shares in this Company) or in such

manners as they may think fit and from time to time to vary or release such investment; \*

- 14) From time to time make, vary and repeal by-laws for the regulation for the business of the company, its officers and servants;
- 15) To establish, maintain, support and subscribed to any charitable or public object, and institution, society or club which may be for the benefit of the Company or its employees, or may be connected with any town or place where the company carries on business, to give pensions, gratuities or charitable aid to any person or persons, who have served the company or wives, children, or dependents of such person or persons, that may appear to the Directors just and proper, whether any such person, his widow, children, or dependents have not a legal claims upon the company;
- ~~16)~~ Deleted; \*
- 17) To undertake on behalf of the Company the payment of all rent, and the performance of all covenants, conditions, agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the company, and to purchase the reversions and otherwise to acquire freehold or fee simple of all or any of the lands of the company for the time being held under lease or for an estate less than a freehold estate;
- 18) From time to time to provide for the management and transaction of the affairs of the company outside the State of Karnataka, either in different parts of the Union of India, or in any specified locality in India, or outside India in such manner as they think fit, and in particular to establish branches and to appoint any person to be the Attorneys or Agents of the Company with such powers (including power to sub-delegate) and upon such terms as may be thought fit, and for that purpose the company may exercise the powers conferred by the Act relating to official seal for use abroad and the keeping of a foreign register respectively, and such powers shall accordingly be vested in Directors;
- 19) 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 mortgage of the company's property (present and future) as they think fit, and any such mortgage may contain a power of seal and such powers, covenants and provisions as shall be agreed on;
- 20) From time to time and at any time to entrust to and confer upon the Managing Director or whole-time Directors or other officers for the time being of the Company, and to authorize or empower them to exercise and perform, and by power of attorney under seal or appoint any person to be the Attorney of the company and invest them with such powers, authorities, duties and discretions exercisable by or conferred or imposed upon the Directors under the Memorandum and Articles of Association of the Company as the Directors may think fit, and for such time and to be exercised for such objects and purposes,

and subject to such restrictions and conditions as the Directors may think proper or expedient , and either collaterally with or to the exclusion of and in substitution for all or any of the powers, authorities, duties and discretions of the Directors in that behalf, with authority to the Managing Director of whole- time Director or such other officers or Attorney to sub- delegate all or any of the powers , authorities, duties. And discretions for the time being vested in or conferred upon them, and from time to time to revoke all such appointments of attorneys and withdraw, alter or vary or any of such powers, authorities duties and discretions;

- 21) To give to any person employed by the company as remuneration for their services as such , commission on the profits of any particular business or transaction or a share in the general profits of the company and such commission or share of profits shall be treated as part of the working expenses of the company; and

The Board shall exercise the following powers on behalf of the company only by resolutions passed at the meetings of the Board;

- a. Powers to make calls on shareholders in respect of moneys unpaid on their shares;
- b. Powers to issue debentures
- c. Powers to borrow moneys otherwise than on debentures
- d. Powers to invest the funds of the company; and
- e. Power to grant loans.

#### **SECRETARY**

- 22) The Board shall have power to appoint a Secretary for the Company subject to approval of the Government of Karnataka for such terms, at such remuneration and upon such condition as it may think fit and confer him or such powers, authorities and discretions as it may from time to time prescribe. Any Secretary is appointed may with the approval of the Government of Karnataka to be removed by the Board.

- 23) No member shall be entitled to inspect of Company's books without the permission of the Directors or to requires discovery of any information respecting and detail of the Company's trading or any matter which is or may be in mature of trade secret, secret process or trade mystery which is or may relate to the conduct of the business of the Company and which in the opinion of the Directors it will not be expedient in the interests of the members of the Company to communicate to the public.

- 24) The Common Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board and except in the presence of at least two Directors of the Company.



\*Note: The Articles no. 1, 4, 5, 8(b), 11, 12, 13, 18, 22(3), 22(5), 22(8), 22(13) and 22(16) have been altered in the Annual General Meeting held on 11.01.2018 and in pursuance of Government of Karnataka Order No. SWD 23 SLP 2017 dated 13.07.2017

Sl.No            Name of Subscribers            Addresses,            Description and occupation of the subscribers

**For and on behalf of Governor of Karnataka**

1	T. R. Satishchandran S/o T. Ramaiya	S/d – T. R. Satishchandran	Financial Commissioner, Government of Karnataka. Government Service
2	K.S.N. Murthy C/o. Late Sri. K.S. Rao	S/d. - K.S.N. Murthy	Commissioner and Secretary to Commerce and Industries Dept, Government of Karnataka, Govt. Service
3	Neeraja Rajkumar W/o. Sri. Falguni Rajkumar	S/d. Neeraja Rajkumar	Deputy Secretary to Commerce and Industries Dept, Government of Karnataka, Govt. Service
4	S.B. Mudappa S/o. B.S. Bandeppa	S/d. B.S. Mudappa	Joint Secretary, Finance Dept. Government of Karnataka, Govt. Service
5.	S. Krishnakumar S/o. S.S. Subramanyam	S/d. S. Krishnakumar	Dy. Secretary, Finance Dept., Government of Karnataka, Govt. Service
6.	Zafer Saifullah S/o. Slahuddin Saifullah	S/d. Zafer Saifullah	Chairman & Managing Director, Karnataka State Industrial and Investment Corporation Ltd., Govt. Service
7.	B.R. Prabhakara S/o. B.N. Rama Rao	S/d. B.R. Prabhakara	Additional Director of Industries and Commerce, Government of Karnataka, Govt. Service

Dated the Twenty First Day of October Nineteen Hundred and Seventy Six at Bangalore.

**Sd/- B. R .Prabhakara**

Witness for the above subscribers Signatures

**Sd/- B. L. Suryanarayana Rao**

**S/o G. Lakshminarayana Rao**

**Chartered Accountant**

519, Avenue Road, Bangalore-2