MEMORANDUM OF ASSOCIATION

AND

ARTICLES OF ASSOCIATION

OF

KARNATAKA RENEWABLE ENERGY DEVELOPMENT LIMITED
CERTIFICATE OF INCORPORATION

No: 08/20020 of 1996.

I hereby certify that KARNATAKA RENEWABLE ENERGY DEVELOPMENT 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 Bangalore this EIGHT day of MARCH, one thousand nine hundred and ninety-six.

(Signed)

(V. SREENIVASA RAO)
Registrar of Companies KARNATAKA; BANGALORE
CERTIFICATE OF REGISTRATION OF ALTERATION OF OBJECTS

KARNATAKA RENEWABLE ENERGY DEVELOPMENT LIMITED having by special resolution passed on 31.12.2003 altered the provision of its Memorandum of Association with respect to its objects in the Annual General Meeting held on 31.12.2003.

Given under my hand at BANGALORE this THIRD day of FEBRUARY two thousand and FOUR.

(BlM. ANAND)
Registrar of Companies
Karnataka, Bangalore
MEMORANDUM OF ASSOCIATION
OF

KARNATAKA RENEWABLE ENERGY DEVELOPMENT LIMITED

(Incorporated under the Companies Act, 1956- Company Limited by shares)

I. The name of the Company is KARNATAKA RENEWABLE ENERGY DEVELOPMENT LIMITED.

II. The Registered Office of the Company will be situated in the state of karnataka.

III. The objects for which the company is established are the following:

(A) THE MAIN OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION SHALL BE AS UNDER

1. To survey, investigate, construct, execute and carry out schemes and work of all kinds for the exploitation of Non-Conventional Energy including all power vacuation lines for the development of agriculture, industry and society.

2. To identify, promote establish, run, manage, execute, finance, develop, advise, assist, aid, collaborate with any person, association, society, company, enterprise, undertaking institution or scheme for the advancement development and successful execution of all renewable, Non-Conventional energy programmes, power generation, conservation and promotion and development of rural energy through routes of Bio-energy, Biomass, Solar, Wind, Ocean Thermal, Tidal, Mini and Micro hydel, animal and human energy etc.
3. To carry on the business as designers, engineers, developers, manufacturers, processors and modifiers, repairers and maintainers, assemblers and installers, distributors, dealers, stockists, importers, exporters, operators, hirers, leasing, producers of and in all kinds and types of techniques and technologies, designs and know-how, patents and licenses, materials, chemicals, apparatus, instruments equipment devices, tools, components, sub assemblies, engines, or systems and Things of all kinds capable of being used for or relevant to, energy saving and conservation of non-conventional and renewable energy production, storage, conversion, distribution and operation.

4. Assisting in, or providing liaison services for the generation and mobilisation of necessary resources and in the management of projects, on specific orders of the government for processing application for allotment of, and allotting, projects to the private sector, entering into agreements with the private sector on behalf of the government assistance in obtaining all clearances required for the allotted projects, coordinating and monitoring all activities to ensure that projects are successfully completed.

5. Prescribe and conduct courses of study, arrange training programmes and seminars and undertake research projects in power technology on its own or through an institution set up by it or affiliated to it and prescribe rules and regulations for the various courses.

6. To carry on the business of investment in securities and particularly by purchase of receivables in the form of lease rentals relating to real property, securitisation of receivables and the like

(B) THE OBJECT INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS ARE AS FOLLOWS:

1. To conduct research and arrange or establish facilities for research, servicing or testing of the goods, materials and this is in which this company is authorised to deal.

2. To promote, establish, improve, develop, administer, own and run service shops, repairs shops or workshops to maintain, repair, refine, manipulate, accessories, appliances, apparatus, tools, goods or things or any description capable of being used in any activity which the company is competent to carry on, or being used by any customer of or person having dealings with the Company, or commonly dealt in by persons engaged in any such business which may seem capable of being profitably dealt with by the company and to manufacture, import, export, buy, sell or otherwise deal in workshop machinery of all kinds.

*Amended on 14.01.2003
3. To acquire, purchase, buy, own on instalment, hire purchase or outright, take on lease, licence, rent for hire or otherwise, run, operate or manage buildings, workshops, factories, service base, erection or site office, machineries, tools, implements, electrical goods and all and equipments, and apparatus required or necessary for carrying out the objects of the company or for the purpose of helping the producers to, attain the quality prescribed, set up or specified by any authority, local, municipal, private, Government or otherwise.

4. To own, establish, maintain, set up, build, construct, provide or erect upon Company's or other lands, buildings, house, tool rooms, service base, testing facilities, factories, workshops and other works which may seem directly or indirectly conducive to any of the objects of the Company and to contribute, subsidise or otherwise aid or take part in any such operations.

5. To establish, provide, maintain and conduct or otherwise subsidise research laboratories and experimental workshops for scientific and technical researches, experiments and tests of all kinds and to promote studies and research, both scientific and technical investigations and invention by providing, subsidising or assisting laboratories, workshops libraries and conferences and by providing for the remuneration of scientific or technical professors or teachers and by instituting or providing for the award of exhibitions, scholarships, prizes and grants to students or otherwise, that may be considered likely to assist any of the business, which the company is authorised to carry on and to establish and support associations, institutions and trusts calculated to benefit employees or ex-employees of the company.

6. 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 building purposes, constructing, pulling down, decorating, maintaining, furnishing, fitting up and improving buildings, and by planting, paving, draining, farming, cultivating, letting on building lease or building agreement and by advancing money to and entering into contracts and arrangements of all kinds with builders, tenants and others for the main business of the company.

7. To acquire, establish, construct, provide, maintain and administer workshops, townships, estates, permanent way, building yards, walls, water reservoirs, channels, pumping installations, purification plants, pipe lines, garages, storage, sheds and accommodation of all description connected with the business of the company.

8. To employ and remunerate experts to prepare project reports, plans, estimates of schemes of mass transport, to investigate, to examine the conditions and prospectus, value and circumstances of mass transport and allied subjects.

9. To enter into agreements and contracts with India or Foreign individuals, Companies or other organisations for technical, financial or any other assistance for carrying out all or any of the objects of the company.
10. To establish and maintain any agencies and sub-agencies in India or any part of the world for the conduct of the business of the company or for the sale of any materials or things for the time being at the disposal of the company for.

11. To advertise and adopt means of making known the business activities of the Company or any articles or goods traded or dealt with by the company in any way as may be expedient including posting of bills in relation thereto and the issue of circulars, books, pamphlets and price lists and conducting competitions, exhibitions, use of audio, video channels, demonstrations and the giving of prizes, rewards and donations subject to section 293A of the Companies Act, 1956.

12. To apply for, purchase or otherwise acquire and protect, prolong and renew trade marks, trade names, designs, secret processes, patents, patent rights, licences, protections and concessions which may appear likely to be advantageous or useful to the Company and to spend money in experimenting and testing and improving or seeking to improve any patents, inventions, or rights, which the company may acquire or propose to acquire or develop.

13. To enter into partnership or into any similar arrangement for carrying on the business of the company.

14. To enter into any agreements with any Governments or state Authority, municipal Local panchayat or otherwise, or any corporations or societies or persons or otherwise that may seem conducive to the company's objects or any of them and to obtain from any such Government or state Authority, or Municipal Local, Panchayat or corporation or societies or persons any rights, privileges and concessions, grants which may seem conducive to the Company's objects or any of them.

15. To purchase or otherwise acquire and undertake the whole or any part of the business, property, rights and liabilities of any person, firm or company carrying on any business which this company is authorised to carry on and to purchase, acquire, apply for, hold, sell and deal in shares, stock, debentures of any such person, firm or company and to conduct or make carry into in regard to the winding up of the business of any such person, firm or company.

16. To construct, acquire, establish, provide, maintain and administer factories, estates generating installments, pipelines, garages, storages and accommodation of all kinds and descriptions in connection with the business of the Company.

17. To apply for, tender, purchase or otherwise acquire any contracts and concessions for or in relation to the construction, erection, equipment, improvement management, administration or control of works and convenience and to undertake, execute, carry out, dispose off or otherwise turn to account the same.
18. To buy, obtain on lease or otherwise acquire lands, buildings and other immovable properties necessary for carrying on the main objects and to sell, lease mortgage or hypothecate or otherwise dispose of all or any of the properties and the assets of the company on such terms and conditions as the Company may think fit.

19. To amalgamate with any Company or Companies.

20. Subject to the provisions of the Companies Act, 1956, to incur or payout of the funds of the company to the promoters and others, if any, all the costs, charges, and expenses with respect to the promotion, formation, registration and establishment of the company and all other expenses including interest on the funds invested by them at such rates as the Directors may deem fit and reimbursement of deposits, advances for purposes of expenses of negotiation, contracts and arrangements made prior to and in anticipation of the formation and incorporation and incorporation of and commencement of business of the company.

21. To take over, approve, adopt or ratify all steps taken and commitments made by the promoters for the proposed business of the Company prior to its incorporation and business commencement.

22. Subject to provisions of the Companies Act, 1956 to remunerate (by cash or in kind or by the allotment of fully or partly paid up shares or by call or option on shares, debentures, securities of this or any other company or in any other manner) whether out of the company's capital. Profit or otherwise to any persons or firm or company for services rendered or to be rendered in introducing any property or business to the Company or for any other reason which the company may think proper.

23. Subject to the Banking Regulation Act, 1949 and provisions of the Companies Act, 1956 to draw, make, issue, accept and to endorse, discount and negotiate promissory notes, hundies, bills of exchange, bills of lading, delivery orders, warrants, warehouse keeper's certificates and other negotiable, commercial and mercantile instruments connected with the business of the company.

24. To open account with any individual, firm or company or with any bank or banks and to pay into withdraw monies from such account or accounts.

25. Subject to the provisions of the Companies Act, 1956 to invest, apply for and acquire or otherwise employ monies belonging to, entrusted to or at the disposal of the company upon securities and shares with or without security upon such terms as may be thought proper and from time to time vary such transactions in such manner as the Company may think fit.

26. Subject to the provisions of the Companies Act, 1956 to lend or deposit monies belonging to or entrusted to or placed at the disposal of the Company to any person or company and in particular to customers and others having dealings with the
company or with or without security, upon such terms as may be thought proper and
guarantee the performance of contracts of such person or company but not to do the
business of banking as defined in the Banking Regulation Act, 1949.

27. To make advances upon or for the purchase of materials, goods, machinery, stores
and other articles or services required for the purpose of the Company.

28. Subject to the provisions of section 58A of the companies Act, 1956 to borrow or
raise money with or without security or to receive money or deposit at interest or
otherwise in such manner as the company may think it and in particular by the issue
of preference shares obtain loans from any financial institutions, Commercial Banks,
debentures perpetual or otherwise, including debentures convertible into shares of
this or any other company and to offer as security for any such money so borrowed,
raised or received, to mortgage, pledge or charge the whole or any part of the property,
assets or revenue of the Company, present or future including its uncalled capital
and to purchase, redeem or pay off such securities. The company may also receive
grants and contributions from central and state governments and their undertaking,
so or any other organisations public or private.

29. To sell, mortgage, assign or lease and in any other manner deal with or dispose of the
undertaking or properties of the Company or any part thereof, whether movable or
immovable for such consideration as the Company may think fit and in particular for
shares, debentures or other securities of any other company having objects altogether
or in part similar to those of this company.

30. To improve, manage, work develop, alter, exchange, mortgage, lease, turn to account,
abandon or otherwise deal with all or any part of the properties, rights and concessions
of the Company.

31. To provide for the welfare of the employees or ex-employees of the Company or their
wives, families or dependants, relatives of such persons or building or Contributing
to the building of houses, welling places or grant of money, pensions, gratuity, bonus,
payment towards insurance or other payment or by creating from time to time,
subscribing or contributing to, aiding or supporting provident fund or conveyance
and by proving subscribing or contributing towards places of instructions or recreation,
and/or establishment of hospital and dispensaries, medical and other assistance.
Establishment of educational institutions, contributions towards higher education of
the children or the employees as the Company shall think fit.

32. Subject to the provisions of the Companies Act, 1956, and the Constitution of India
to subscribe or contribute or otherwise to guarantee money to charitable, benevolent,
religious, scientific, educational or other institutions or any public, general or useful
objects.

33. To distribute any of the properties of the Company amongst the members in specie or
in kind consequent upon the windings up of the Company.
34. To undertake and execute any trusts, the undertaking whereof may seem desirable either gratuitously or otherwise.

35. To establish or promote or concur in establishing or promoting any company or companies for the purpose of acquiring all or any property, rights and liabilities of the company or any other purpose which may seem directly or indirectly calculated to benefit the company and to place or guarantee the placing of under-write, subscribe for or otherwise acquire all or any part of the shares, debentures or their securities of such other Company.

36. To form subsidiary Companies for any purpose whatsoever.

37. To experiment and incur expenses, necessary for the purpose of improving on the present method and process of working and several business which the Company is authorised to carry on and to carry on research for improving, developing or effecting economy and greater efficiency in the process for the production, manufacture and working of or trading or dealing in the various substances, materials and articles and things or with any of the business for which the Company is established.

38. To carry on such incidental business whether manufacturing or otherwise that may seem to the Company capable of being conveniently carried on in connection with the main object or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights or which it may be advisable to undertake with a view to improving, developing, rendering valuable or turning to account any property, real or personal, belonging to the Company or in which the company may be interested and to do all or any of the above things, either as principals, agents, trustees, contractors or otherwise and either alone or in conjunction with others and either by or through agents, sub-contractors, trustees or otherwise.

(C) OTHER OBJECTS NOT INCLUDED IN (A) & (B) ABOVE:

1. To carry on the business of civil engineers, mechanical engineers, electrical engineers, signalling and tele communication engineers, computer, electronic and instrumentation engineers, sanitary and water engineers and plumbers, brass-founders, metal workers, machinist, smith and tool makers, and to buy sell, exchange, install, work, alter, improve, manipulate, otherwise deal, prepare for market, import or export let on hire; all kinds of plant and machines, apparatus, tools, substances, materials and things necessary or convenient for carrying on any of the business which the Company is authorised to Carry on.

2. To import, export, levy, sell, exchange, alter improve, manipulate, prepare for market and otherwise deal in all kinds of plant, machinery, apparatus tools, utensils, materials and things necessary or convenient for carrying on any of the objects of the company.
3. To act as agents, distributors, representatives, indenting houses, or otherwise for marketing, sale, purchase, dealing in, or disposal of any products to or from any person, dealer, firm, company, corporation, society, Government Department or authority or organisation, establishment or institution whether owned by or undertaking of any government, Quasi-Government or not.

4. To carry on the business of agency and manufacturers representatives, Commission agents, and brokers.

5. To buy, sell, manufacture or otherwise deal in metals, minerals, oils, gases, fuels, all kinds of solar and biogas energy equipment and the materials connected with alternate courses of energy, whether found in natural state or obtained by processing from the other substances and preparation of any materials used in the manufacture of any of the above mentioned items or which may usefully or conveniently combined with the manufacturing of the company.

IV The liability of the members is limited.

V The authorised Share Capital of the Company is Rs. 1,00,00,000/- (one crores only) divided into 10,00,000 (Ten Lakhs) equity shares of Rs. 10/- each with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges, or conditions in such a manner as may from the time being be provided by the Articles of Association of the Company.
We the several persons whose names, address, designations and occupations are subscribed below are desirous of being formed into a company in pursuance of their Memorandum of Association and we respectively agree to take the number of shares in the capital of the company indicated against our respective names.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name, Address, Descriptions and Occupations of the Subscribers with their Signature</th>
<th>No. of Equity Shares taken by each Subscriber</th>
<th>Signature with Name, Address Description &amp; Occupations Witness to the Signatures of the Subscribers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sd/- K.P. SingH S/o. Dr. Hari Singh Secretary, Govt. of Karnataka 654, 6th Floor, M.S. Building, Bangalore 560 001.</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Sd/- B.S. Patil S/o. Late S.R. Patil Chairman KEB, Cauvery Bhavan Bangalore</td>
<td></td>
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<tr>
<td>3</td>
<td>Sd/- K. Jairaj S/o. Dr. K.A.R. Rao Managing Director Karnataka Power Corporation Bangalore</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>30 (THIRTY)</td>
<td></td>
</tr>
</tbody>
</table>

Dated this day the 2nd of March 1996.
ARTICLES OF ASSOCIATION

OF

KARNATAKA RENEWABLE ENERGY DEVELOPMENT LIMITED

(Incorporated under the Companies Act. 1956 - Company limited by shares)

Table A to Apply

1. The Regulation contained in Table "A" in the first Schedule to the companies Act, 1956, so far as the same are applicable to a private Company, as defined in the Act, shall apply to this Company in the same manner as if all such regulations of Table 'A' are specifically contained in the Articles, subject to the modifications herein contained.

The Company is a Private company

1.A. The Company is a PRIVATE COMPANY with the meaning of clause (iii) of Section 3(1) of the Companies Act, 1956 and accordingly the following provisions shall have effect, namely that the Company by its Articles.

a) Restricts the right to transfer its shares, in the manner and to the extent hereinafter provided.

b) Limits the number of its members to fifty not including

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 while in that Employment and have continued to be members after the employment ceased; and
c) Prohibits any invitation to the public to subscribe for any shares in, or debentures of, the Company.

Provided that where two or more persons hold one or more shares in the Company jointly, they shall, for purposes of this definition, be treated as a single member:

d) Prohibits any invitations or acceptance of depositer from persons other than its members, directors or their relative.

The company may be converted into a public company by complying with the provisions of section 44 of the Companies Act, 1956.

**INTERPRETATION**

<table>
<thead>
<tr>
<th>Clause</th>
<th>Interpretation</th>
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<tbody>
<tr>
<td>Interpretation</td>
<td>2. In the interpretation of these articles, unless repugnant to the subject or context;</td>
</tr>
<tr>
<td>&quot;Act&quot;</td>
<td>&quot;Act&quot; means the Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force.</td>
</tr>
<tr>
<td>Meeting&quot;</td>
<td>&quot;Annual General Meeting&quot; means a General Meeting of the Members held in accordance with the provisions of section 166 of the Act, and any adjourned holding thereof.</td>
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<tr>
<td>&quot;Annual General&quot;</td>
<td></td>
</tr>
<tr>
<td>&quot;Board&quot;</td>
<td>&quot;Board&quot; means a meeting of the Directors duly called and constituted, or as the case may be, the requisite number of Directors entitled to pass a resolution by circulation in accordance with these Articles.</td>
</tr>
<tr>
<td>&quot;Company&quot;</td>
<td>&quot;Company&quot; or &quot;this Company&quot; means KARNATAKA RENEWABLE ENERGY DEVELOPMENT LIMITED.</td>
</tr>
<tr>
<td>&quot;Debentures&quot;</td>
<td>&quot;Debentures&quot; include debenture-stock.</td>
</tr>
<tr>
<td>&quot;Depositors Act&quot;</td>
<td>Depositors Act, means the Depositories Act, 1996 including any statutory Modifications or re - enactments thereof for the time being in force.</td>
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</tbody>
</table>

*amended on 23.5.2002
"Directors" means the Directors for the time being of the company or, as the case may be, the Directors assembled at a Board, including any alternate Directors.

"Dividend" includes bonus shares.

"Extraordinary General Meeting" means an Extraordinary General Meeting of the Members duly called and constituted and any adjourned holding thereof.

"Financial Year" means such period in respect of which any profit and loss account of the company laid before the company in an Annual General Meeting is made up as the Board shall determine, whether that period is a year or not.

"Gender" Words importing the masculine gender also include the feminine gender.

"In writing" and "Written" include printing, lithography and other modes of representing or reproducing words in a visible form.

"Meeting" or "General Meeting" means a meeting of the Members.

"Member" means the duly registered holder from time to time of the shares of the Company and include the subscribers to the Memorandum of Association of the Company.

"Month" means a calendar month.

"Office" means the registered office for the time being of the Company.

A Resolution shall be an Ordinary Resolution when at a General Meeting of which the notice required under the Act has been given the votes cast (Whether on a show of hands or on a Poll, as the case may be) in favour of there solution by Members who being entitled to do so vote in person or where proxies are allowed by proxy, exceed the votes, if any, cast against the resolution by Members so entitled and voting.

"Persons" include any Government, Central or State, Corporations, Associations and Firms as well as individuals.
"Register of Members" means the Register of Members to be kept pursuant to the Act.

"Registrar" means the Registrar or Companies of the state in which the office of the Company is, for the time being, situated.

"Secretary" means a secretary as defined under the Act.

"Seal" means the common seal for the time of the Company.

"Share" means a share in the share capital of the Company.

"State Government" means the Government of the State of Karnataka represented by the Governor of Karnataka.

"Singular Number" Words importing the singular number include, where the context admits or requires, the plural number and vice versa.

"Special Resolution" A resolution shall be a special Resolution when:

a) the intention to propose the resolution as a Special Resolution has been duly specified in the notice calling the General meeting or other intimation given to the members of the resolution.

(b) the notice required under the Act has been duly given of the General meeting; and

(c) The votes cast in favour of the resolution (Whether on show of hands, or on a poll, as the case may be), by Members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, are not less than three times the number of the votes, if any, cast against the resolution by Members so entitled and voting.

"Year" means the Calendar Year.

The Marginal notes used in these Articles shall not affect the construction hereof.
General Authority

3. Whenever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the company cannot carry out any transactions, unless the Company is so authorised by its Articles. Then and in that case, this Articles hereby authorises and empowers the company to have such right, privilege or authority and to carry out such transactions as have been permitted by the Act.

ALTERATION OF SHARE CAPITAL

4. So long as the State Government holds not less than 51% of the total paid up share capital of the Company, the company may with the prior approval of the government by ordinary resolution, increase, reduce, consolidate and subdivide, cancel its capital and also modify the rights and privileges attached each class of shareholders subject to the provisions and conditions prescribed by the Act.

SHARES AND CERTIFICATES

Register and Index of members

5. The Company shall cause to be kept a Register and index of members in accordance with Sections 150 and 151 of the Act. The Company shall be entitled to keep in any state or Country outside India a Branch Register of Members resident in that state or country subject to and in accordance with sections 157 and 158 of the Act.

*5A. Shares in Electronic Form  De - Materialization of Securities

Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialize its securities in a dematerialized form, pursuant to the Depositories Act, and the rules framed there under. The Shares and debentures in the capital shall be numbered progressively according to their several denominations; provided however, that the provisions relating to progressive numbering shall not apply to the shares

*amended on 23.5.2002
and debentures of the company which are dematerialized form. The Company shall be entitled to dematerialize its existing shares and debentures, rematerialize them held in the Depositories and/or to offer its fresh shares, debentures and other securities, in a dematerialized form pursuant to the Depositors Act, 1996 and the rules framed there under, if any.

Option to Receive Security Certificates or Hold Securities with Depository

5A ii) Every person subscribing to the securities offered by the company shall have the option to receive the security certificates or hold securities with a depository.

5A iii) Where a person opts to hold a security with a Depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of such information the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Securities in Depositories to be in Fungible Form

5A iv) All securities held by a Depository shall be dematerialized and shall be in Fungible form.

5A v) Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

5A vi) In case of transfer or transmission of shares or other marketable securities where the company has not issued any certificates and where such shares or securities are being held in any electronic and fungible form the provisions of the Depositories Act, 1996, shall apply.

Rights of Depositors and Beneficial Owners

5A vii) Notwithstanding anything to the contrary contained in the Articles or in any other law for the time being in force, a Depository shall be deemed to be registered owner for the purpose of effecting transfer or ownership of security on behalf of the beneficial owner.
5A viii) Save as otherwise provided on Clause 5(vii) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it.

5A ix) Every person holding securities of the company and whose name is entered as beneficial owner in the records of the Depository shall be deemed to be the member of the company. The beneficial owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of his securities held by a Depository.

5A x) Nothing contained in the foregoing Article shall restrict transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of the Depository.

**Depository to furnish information**

5A xi) Every Depository shall furnish to the company information about the transfer of securities in the name of the beneficial owners at such intervals and in such manner as may be specified by the byelaws and the company in this behalf.

**Option to Opt out in respect of any such security**

5A xii) If a beneficial owner seeks to opt out of a Depository in respect of any security, he shall inform the Depository accordingly.

5A xiii) The Depository shall on receipt of such information make appropriate entries in its records and shall inform the company.

5A xiv) The Company shall, within 30 (Thirty) days of the receipt of intimation from a Depository and a fulfillment of such conditions and on payment of such fees as may be specified by the Regulations, issue the certificate of securities to the beneficial owner or the transferee, as the case may be.

**Section 83 and 108 of the Act not to apply**

5A xv) Notwithstanding anything to the contrary contained in the Articles.
a. Section 83 of the Act shall not apply to securities held with a Depository.

b. Nothing contained in Section 108 of the Act shall apply to a transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

Registers and index of beneficial owners.

5A (xvi) The Register and index of beneficial owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and index of members for the purposes of the Act and these Articles.

5 (xvi) a) Except as ordered by a court of competent jurisdiction or by law required, the company shall be entitled to treat the person whose name appears on the Register of members as the holder of any share whose name appears as the beneficial owner of the shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognize any benami, trust or equity and equitable contingent or other claim to or interest in such share on the part of any other person, whether or not it shall have express or implied notice thereof.

5 (xvii) b) The Company shall keep a Register and indeed of Members in accordance with all applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996, with details of shares held in material and dematerialized forms in any media as may be permitted by law including in any form of electronic media. The company shall be entitled to keep in any state of country outside India, a branch Register of members resident in that State or country.

5 (xvii) (c) The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form. The transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered on the Register of Members in respect thereof.
Share under control

6. Subject to the provisions of these Articles and of the Act, the Shares shall be under the control of the Board which may allot or otherwise dispose of the same to such persons on such terms and conditions and at such time as it may think fit and subject to the sanction of the Company in General Meeting with full power, to give any person the option to call for or be allotted shares of any class of the Company either (subject to the provisions of sections 78 and 79 of the Act) at a premium or at par or at a discount and such option being exercisable for such time and for such consideration as the Directors may think fit. Provided that not less 51 percent of the issued share capital shall always be allotted to the government or their nominees. The Board shall cause to be made the returns as to allotment provided for in Section 76 of the Act.

Acceptance of Shares

7. Any application signed by or on behalf of an applicant for Shares in the company followed an allotment of any shares therein notified to the applicant, shall be an acceptance of Shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register shall, for the purposes of these Articles, be a Member.

CALLS

Directors may make calls

8. The Directors may, subject to the provisions of these Articles, from time to time make such calls upon the members in respect of all moneys unpaid on their shares as they think fit, provided that atleast fourteen days notice is given of each call, and each member shall be liable to pay the amount of every call so made upon him by installments (if any) and at the time and place appointed by the Directors. The Directors may if they think fit receive from any members calls in advance on such terms as they think fit.

TRANSFER AND TRANSMISSION OF SHARES

Restriction on right to transfer shares

9. The right of members to transfer their shares shall be restricted as follows:

a) A share may be transferred by a member or other persons entitled to transfer only to a person or persons approved by or on behalf of the state government and to no other person.
b) Subject to the provisions of Section 111 of the Act and subject as aforesaid, the Directors may decline to register any provisions transfer of shares.

Instrument of Transfer

10. The instrument of transfer of any share which will be in writing shall be signed by both the transferer and transferee, the latter agreeing or signifying his consent to abide by the Articles of Association of the Company, and execution of each of them shall be deemed to remain the holder of such shares until the name of the transferee is entered in the register of shareholders in respect thereof.

Deposit of Instrument of transfer

11. Every Instrument of transfer shall be deposited with the company accompanied by the Certificate of share to be transferred and such evidence as the Directors may require to prove the title of the transferor or his right to transfer and no transfer shall be registered until the aforesaid acts are done and complied with.

Transfer of shares held by nominee of the Government

12. So far as it concerns any share held by, any person as a nominee of the Government, on the Government requiring him to transfer any such shares to the Government or any such person becoming of unsound mind or being adjudicated # or insolvent, or dying or on such person, being a Company being wound up voluntarily or by the court or subject to the Supervision of the court, the following provisions shall take effect namely:-

a) The Government may at any time serve the Company with a requisition to enforce the transfer or any such share.

b) The company shall thereupon forth with give to the holder of such shares, or where the holder has become of unsound mind, to his committee or other guardian or where the holder has become or been adjudicated an insolvent, to the assignee of his estate, and effects or where the holder is dead, to his heirs or legal representatives or where the holder, being a company, has been wound up as aforesaid to its liquidator, notice in writing of the requisition and unless within 14 days afterwards the holder, or as the case may be, the Committee or guardian or assignee or heirs or legal
representatives or liquidator of such holder, shall execute in favour of the Government or of any person or persons nominated by the Government a proper transfer in respect of such shares and hand over the same along with the relative certificate in respect of such share to the Government or any other person or persons nominated by them in that behalf in case the Company's notice as aforesaid is not complied with by any such holder or other person. The Directors may at any time thereafter execute a transfer in respect of such share for and on behalf of such holder or his estate and same shall be deemed to have been duly and properly executed for and on behalf of such holder or of his estate and there upon the holder or his estate shall cease to have any interest whatsoever in such share and the certificate of such share, if not handed over as aforesaid, shall thereupon stand cancelled and be and become void and of no effect and the Company shall be entitled thereafter to issue anew certificate in lieu thereof in favour of the Government or of such person or persons as they may nominate.

Fee on transfer or transmission

13. No fee shall be charged in respect of transfer or transmission of shares.

Transfer to be presented with evidence of the title

14. Unless otherwise provided in these Articles, and subject to approval by the Government any person becoming entitled to a share in consequence of the dissolution, winding up, death, or insolvency of a share holder may upon producing such evidence of title as the Directors may consider sufficient, be registered as a share holder in respect of such share.

BORROWING POWERS

Powers to borrow

15. Subject to the provisions of Section 292 of the Act the Board may from time to time at its discretion, by a resolution passed at a Meeting of the Board raise or borrow or secure the payment of any sum or sums of money for the purpose of the company; provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceeds the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose). The Board shall not borrow such moneys without the consent of the company in General Meeting.
16. The repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit by a resolution passed at a Meeting of the Board and not by circulation and particular by the issue of Debentures or debenture-stock of the company or bonds or other commercial paper or by mortgage or charge upon all or any part of the property of the company (both present and future), and Debentures, debenture-stock and other securities may be made assignable free from any equities between the company and the person to whom the same may be issued.

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

18. The Board shall cause a proper Register to be kept accordance with the provisions of section 143 of the Act, of all mortgages, Debentures and charges specifically affecting the property of the Company; and shall cause requirements of sections 118, 125 and 127 to 144 (both inclusive) of the Act in that behalf to object be duly complied with, so far as they may be applicable.

19. The company shall, if at any time it issues Debentures, keep a Register and Index of Debenture holders in accordance with Section 152 of the Act. The Company shall have the power to keep in any state or Country outside India a branch register of debenture holders resident in that state or Country.

**MEETINGS OF MEMBERS**

20. The Company shall in each year hold a General Meeting in addition to any other Meeting in that year. All General Meetings other than annual General meetings shall be called Extraordinary General meetings. Every Annual General Meeting shall be called in accordance with the provisions of Section 166 of the Act, so far as it applies to Government Companies, and the notice calling the Meeting shall specify it or the Annual general Meeting. Every Member of the Company shall be entitled to attend either in person or by proxy and the auditor of the Company shall have the right to attend and to be heard at any general Meeting which he
attends on any part of the business which concerns him as auditor. At every Annual General Meeting of the Company there shall be laid on the table the Director's report and audited statement of the table the Director's Report and audited statement of accounts. Auditor's Report (if not already incorporated in the Audited Statement of Accounts) the proxy, register with proxies and the Register of Directors' Share holdings which latter Register shall remain open and accessible during the continuance of the Meeting. The Board shall prepare the annual Return, Balance sheet and profit and Loss Account and forward the same to the Registerar in accordance with sections 159,161 and 220 of the Act.

| Extraordinary General Meeting | 21. The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so on the requisition in writing by any Member or Members holding in the aggregate not less than one-tenth (1/10) of such of the paid-up capital as at that date carries the rights of voting in regard to the matter in respect of which the requisition has been made. |
| Requisition of Members to state object of Meeting | 22. Any valid requisition so made by members must state the Matters for the consideration of which of the Meeting proposed to be called, and must be signed by the requisitionists and be deposited at the Office; provided that such requisition may consist of several documents in like form each signed by one (1) or more requisitionists. |
| On receipt of requisition, Board to call Meeting and in default requisitionists may do so | 23. Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting, and if they do not proceeded within twenty one (21) days of the requisition being deposited at the Office to cause a meeting to be called on a day not later than forty five (45) days from the date of deposit of the requisition, the requisitionists, or such of their number as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth (1/10) of such of the paid-up share capital of the Company as is referred to Section 169 (4) of the Act, whichever is less, may themselves call the Meeting, but in either case any meeting so called shall be held within three (3) months from the date of the delivery of the requisition as aforesaid. |
| Meeting called by requisitionists | 24. Any Meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which Meetings are to be called by the Board. |
25. A general Meeting of the Company for called meeting shall be called by giving not less than seven (7) days notice in writing.

26. The accidental omission to give any such notice aforesaid to any of the Members, or of the nonreceipt thereof, shall not invalidate any resolution passed at any such Meeting.

27. No General Meeting, Annual or extraordinary, shall be competent to enter upon discuss, or transact any business which has not been mentioned in the notice or notices upon which it is convened.

28. Atleast two (2) Members present in person shall be a quorum for a general Meeting. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

29. If, at the expiration of half an hour from the time appointed for holding a Meeting of the Company, a quorum shall not be present, the Meeting, if convened by or upon the requisition of members, shall stand dissolved, but in any other case the Meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Board may determine.

30. The Chairman of the Board shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary if there be no such Chairman of the Board, or if at any Meeting he shall not be present within fifteen (15) minutes of the time appointed for holding such Meeting or if present he is unable or unwilling to take the chair, then the Managing Director of the Company shall be entitled to take the chair at such meeting and failing him, the Members present shall elect another Director as chairman of that Meeting and, if no Director be present or if all the Directors present decline to take the Chair, then the members present shall elect one of their number to be the Chairman of that Meeting.

31. No business shall be discussed at any General Meeting except the election of a chairman, while the chair is Vacant.
32. The Chairman may, with the consent of the Members, adjourn any Meeting, from time to time, but no business shall be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place.

33. At any General Meeting a resolution put to the vote of the Meeting shall, 'Unless a poll is demanded in accordance with Section 179 of the Act decided on a show of hands. In the case of an equality of votes, whether on a show of hands or a pop it the chairman shall have a casting vote.

34. A Declaration by the chairman that a resolution has, on a show of hands, been carried unanimously, or by a particular majority or lost, and an entry to that effect in the minute book 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 the resolution.

35. Before or on the declaration of the result of the voting or any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the Meeting on his own motion and shall be ordered to be taken by him on a demand made in accordance with Section 179 of the Act.

36. Any poll duly demanded on the election of a chairman of a Meeting or on any question or adjournment shall be taken at the Meeting forthwith.

37. A Poll demanded on any question, other than the election of the chairman, or on a question of adjournment, shall be taken not later than forty-eight (48) hours from the time when the demand was made, as the Chairman may direct. Subject to the provisions of the Act, the Chairman of the Meeting shall have the power to regulate the manner in which a poll shall be taken. The result of the poll shall be deemed to be the decisions of the Meeting on the resolution on which the poll was taken. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

38. Where a poll is to be taken the chairman of the Meeting will appoint two (2) scrutineers to scrutinize the votes given on the poll and to report thereon to him. One (1) of the scrutineers so appointed shall always be a Member (Not being an officer or employee of the company) present at the meeting,
providing such Member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a Scrutineer from office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.

39. The demand for a poll except on question of the election of the Chairman and of an adjournment, shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTES OF MEMBERS

40. Subject to the provisions of these Articles and of the Act, every Member present in person or by proxy shall be entitled to speak and vote at every Meeting. The proxy need not be a member of the Company.

Voting in person by proxy

41. Subject to the provisions of these or Articles, votes may be given either personally or by proxy. The Government or a body corporate which is a Member may vote either by a proxy or by a representative duly authorised in accordance with section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member.

Voting rights

42. Subject to the provisions of the Act and of these Articles, the voting rights of the Members shall be as follows:

(a) Upon show of hands, every Member present in person or by proxy and holding any equity Share Capital therein shall have one vote, in respect of such Capital, on every resolution placed before the Company.

(b) Upon a poll every Member present in person or by Proxy shall have one vote for each equity share held by him.

Appointment of proxy

43. Every proxy (Whether a Member or not) shall be appointed by an instrument in writing signed under the hand of the appointer or his attorney or his authorised representative or
if such appointer is a body corporate under the Common seal of such body corporate or be signed by an officer or an attorney duly authorised by it.

Deposit of instrument of appointment

44. The instrument appointing a proxy and a power and a power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the office not later than forty eight (48) hours before the time for holding the Meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

Member's right to inspect proxies

45. Every Member entitled to vote at a Meeting of the Company according to the provisions of these Articles on any resolution to be moved shall be entitled during the period beginning twenty four (24) hours before the time fixed for commencement of the Meeting and ending with the conclusion of the Meeting to inspect the proxies lodged at any time during the business hours of the Company provided that not less than three (3) days notice in writing of the intention of such Member to so inspect is given to the Company.

Form of proxy

46. Every instrument of proxy, whether of a specified Meeting or otherwise, shall as nearly as circumstances will admit, be in any of the forms set out in Schedule IX of the Act.

Validity of votes given by proxy notwithstanding death of member

47. 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 revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the proxy is given provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the Meeting.

Time for objections to vote

48. 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.

Chairman of any Meeting to be the judge of validity of any vote

49. The Chairman of any Meeting shall be sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
DIRECTORS

Number of Directors

50. The number of Directors of the Company shall not be less than two (2) and not more than twelve (12) (Excluding alternate Directors, if any, nominated by public financial institutions or other lending institutions).

(b) The First Directors of the Company are:

1. Sri. K.P. Singh,
   Secretary to Government

2. Sri. B.S. Patil,
   Chairman,
   Karnataka Electricity Board.

3. Sri. K. Jairaj,
   Managing Director,
   Karnataka Power Corporation Limited.

Appointment of Directors

51. a) So long as the state Government holds not less than 51% of the total paid up share capital of the Company, the Directors shall be appointed by the Government subject to such terms as they may deem fit. The Government shall have power, from time to time to remove all or any of the Directors from the Office, including Chairman, Vice Chairman, Managing Director, Executive Director (or other Director by Whatever designation appointed) without assigning any reasons whatsoever and in the event of such removal or in the event of any vacancy in the office of the Directors caused by resignation, death or otherwise the Government shall be entitled to appoint another in such a vacancy.

Appointment of Chairman, Vice Chairman and wholetime Directors

52. The Government may from time to time appoint one of the Directors to the office of chairman, Deputy/ Vice chairman or whole time Director (by whatever designation and determine the terms and conditions of their appointment to the said office.

Managing Director

53. The state Government holding not less than 51% of the total paid up share capital of the company, shall have the right to designate one of its nominees as the Managing Director of the Company, at such remuneration (by way of salary or
commission or otherwise) as the Government may think fit. The state Government shall be entitled to require the Board to remove any such person from office and on a vacancy being caused in such office for any cause whether by resignation, death, removal or otherwise of the person so appointed, to designate another in the vacant place. The person so designated by the state Government shall be appointed by the Board as Managing Director of the Company.

Additional and alternate Directors

54. The Directors shall have power to appoint with the prior approval of state Government additional and alternate Directors in the manner provided in Section 260 & 313 of the Act.

Qualification of Directors

55. A Director shall not be required to hold any share by way of qualification.

Remuneration for extra service

56. The Directors shall be entitled to and be paid out of the funds of the company such remuneration for the performance of any extra services or for make special exertions or efforts or services rendered to the company as may from time to time be determined by the State Government subject to section 314 and other provisions of the Act.

Fees to Directors

57. The remuneration payable to the Directors of the Company other than the Managing Director or whole time Directors of the Company for attendance at Meetings of the Board or any Committee thereof shall be such fee or amount, determined by the Board from time to time within the limits, if any, permitted under the Act and the Rules framed thereunder for the time being.

Travelling expenses incurred by Directors not bonafide resident or by Directors going out on company's business

58. (a) The Board may allow and pay to any Director, who is not a bonafide resident of the place where General Meeting or Meetings of the Board are ordinarily held and who shall come to such place for the purposes of attending any General Meeting or Meeting of the Board or Committee thereof, such sum as the Board may Consider fair compensation for travelling, boarding, lodging and other expenses incurred in India, in addition to his fee for attending such Meeting as above specified and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's Business, he shall be entitled to be paid any travelling or other expenses reasonably incurred in connection with the business of the Company.
Directors may act notwithstanding any vacancy

59. The continuing Director may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number fixed by Articles 50, hereof, the continuing Director may act for the purposes of increasing the number of Directors to that number or of summoning a General Meeting, but for no other purpose, subject however to the power of Government for filling up vacancies in amongst Government Directors as per the provisions of these Articles.

PROCEEDINGS OF THE BOARD OF DIRECTORS

Meeting of Directors

60. The Directors may meeting together as a Board for the despatch of business from time to time and shall so meet at least once in every three months and at least four such Meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit.

Notice of meetings

61. At least seven days notice of every meeting of the Board shall be given in writing to every Director for the time being in India and at his usual address in India to every other Director provided however that notice of every meeting of the Board shall also be given to directors resident outside India at their addresses outside India and to their alternates, if, any, in India at their usual address in India. Such notice shall invariably be accompanied by the Agenda setting out of the business proposed to be transacted at the meeting of the Board provided that with the consent in writing of not less than three-fourths of all the Directors for the time being a meeting of the Board may be convened by a shorter notice in the case of urgency or in an emergency or if special circumstances shall so warrant. No business shall be transacted at a Board meeting which has not been specifically and explicitly mentioned in the notice convening the same or in the Agenda unless all the Directors present at the Meeting resolve to the contrary.

Quorum of Board meeting

62. Subject to Section 287 of the Act, the quorum for a Meeting of the Board shall be one third (1/3) of its total strength (any fraction contained in that one-third being a rounded off as one), or two directors, whichever is higher. However the presence of at least one nominee of the State Government shall be necessary to constitute a valid quorum.
Adjournment of meeting for want of quorum

63. If a meeting of the Board could not be held or want of a quorum, then the meeting shall automatically stand adjourned to such other date and time (if any) as may be fixed by the chairman.

Chairman of the Board to preside over General Meetings

64. The Chairman of the Board shall preside at all meetings of the board and by virtue thereof, at all general Meetings of the Company. The Chairman shall have acasting vote in case of equity of votes.

Questions at Board Meetings how decided

65. Questions arising at any meeting of tile Board or Committee shall be decided by a majority of votes of the Directors present and entitled to vote.

Power of Board meetings

66. A meeting of the Board for the time being at which a quorum is present shall be entitled to exercise all powers and to do all such acts and things which by or under the Act or the Articles of the company are for the time being vested in or exercisable by the Board generally.

Directors may constitute committee

67. (a) Subject to the restriction appoint committees contained in Section 292 of the Act, and subject to such regulations as may be prescribed the Board may delegate any of their powers to a committee or committees of the board consisting of such members of its body as it thinks fit. All acts done by any such committee of the Board in conformity with such regulations shall have the like force and effect as if done by the Board. The proceedings of such a Committee shall be placed before the Board of Directors at its next meeting.

Meeting of committee

68. (b) The meetings and proceedings of any committee of the Board consisting of two (2) or more Directors appointed and constituted pursuant to and in accordance with the provisions of sub-article (a) hereof shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under sub-articles (a) above.

Resolution by circulation

69. No resolution shall be deemed to have been duly passed by the board or by a committee thereof by circulation, unless the resolution has been circulated in draft together with the necessary papers, if any, to all the Directors, or to all the
members of the Committee, at their usual address and has been approved by a majority of such of them as are entitled to vote on the resolution.

<table>
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<th>Act of Board or committee valid not withstanding defect on appointment</th>
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<tr>
<td>70. All acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that, there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them has been terminated by virtue of any provisions contained in the Act in these Articles, be as valid as if every such person had been duly appointed; and was qualified to be a Director and had not vacated his office or his appointment had not been terminated; provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the company to be invalid or to have terminated.</td>
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<th>Minutes of Board meetings</th>
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<tr>
<td>71. The Company shall cause minutes of all proceedings of every meeting of the board and Committee thereof to be kept in accordance with the provisions of section 193 of the Act.</td>
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<tr>
<th>Restriction on the Powers of the Board</th>
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<tr>
<td>72. Notwithstanding any of the provisions contained in the other Articles, prior approval of the State Government shall be obtained in respect of the following matters provided the state Government holds not less than 51% of the total paid up share capital at the relevant time:</td>
</tr>
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(a) Appointment of any foreign national to any post in the Company.

(b) Implementation of Schemes involving capital expenditure in excess of the limits prescribed by the state Government.

(c) Issue of Debentures:

(d) Winding up of the Company.

(e) Sale, lease or disposals of any property, original cost of which is in excess of the limits prescribed by the state Government.

(f) The formation of a subsidiary Company.
(g) Company’s five year and Annual plans for Development and Capital budgets.

(h) Revenue Budget of the Company in case there is an element of deficit which is proposed to be met by obtaining funds from central Government or the State Government or both; and

(i) Agreement involving foreign collaboration proposed to be entered into by the Company;

(j) proposal for increasing or reducing share capital;

73. The Board may subject to the restriction imposed under Article No.71 above exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other act, or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles and to the provisions as may be prescribed by the Company in General Meeting, but no regulations made by the Company in General meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made; provided that the Board shall not, except with the consent of the company in General Meeting, exercise the powers specified in Section 292 (1) of the Act.

74. Notwithstanding anything contained elsewhere in these Articles, the State Government may, from time to time, issue such directions or instructions as it may consider necessary in regard to the affairs or the conduct of the business of the Company or directors thereof and in the like manner may vary annual any such directions or instructions: The Directors shall comply with and give immediate effect to directions or instructions so issued.

THE SEAL

75. The Board shall provide a common seal for the purpose of the company, and shall have power, from time to time, to destroy the same and substitute anew seal in lieu thereof, and the Board shall provide for its safe custody and the seal shall never be used except by the authority of the Board or the Committee of the Board previously given.
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<th>Section</th>
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<tr>
<td>76.</td>
<td>The seal shall not be affixed to any instrument except by the authority of a resolution of the Board or committee. Unless the Board otherwise determines every deed or other instrument to which the seal is required to be affixed shall, unless the same is executed by a duly constituted Attorney for the Company, be signed by two director in whose presence the seal of the company shall have been affixed subject to the compliance of the Companies (Issue of share Certificate) Rules 1960 provided nevertheless that any instrument bearing the seal of the Company and issued for valuable consideration shall be binding on the company not withstanding any irregularity in fixture thereof. Any resolution of the Board or the Committee will remain in operation for any length of period until the resolution is amended by the Board or the Committee as the case may be.</td>
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<tr>
<td><strong>DIVIDENDS</strong></td>
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<td>77.</td>
<td>The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles, shall be divisible among the Members in proportion to the amount of capital paid up or credited as paid-up on the shares held by them respectively.</td>
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<td>The company in General Meeting may declare Dividends</td>
<td>78. The company in General Meeting may declare Dividend to be paid to members according to their respective rights, but no Dividend shall exceed the amount recommended by the Board but the company in general Meeting may declare a smaller Dividend.</td>
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<tr>
<td>Dividends only to be paid out of profits</td>
<td>79. No Dividend shall be declared or paid except in accordance with the provisions of Section 205 of the Act.</td>
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<tr>
<td>Interim Dividend</td>
<td>80. The Board may, from time to time, to pay to the Members such interim Dividend as in their judgement the position of the Company justifies.</td>
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<tr>
<td>Capitalisation</td>
<td>81. (a) The Company in General Meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund, or any capital Redemption Reserve Account, Revaluation Reserve Account or in the hands of the Company and available for Dividend (or representing premiums received on the issue of Shares</td>
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</table>
and standing to the credit of the Share premium Account) be capitalized and distributed amongst such of the Members as would be entitled to receive the same if distributed by ways of Dividend and in the same proportion on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such Members in paying up in full either at part or at such premium as the resolution may provide, any unissued shares or Debentures or Debenture stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued Shares Debentures and that such distribution or payment shall be accepted by such Members in full satisfaction of their interest in the said capitalised sum; Provided that a Share Premium Account may, for the purposes of this may, for the purposes of this Article, only be applied in the paying up of any unissued shares to be issued to Members of the Company as fully paid bonus shares.

(b) A General meeting may resolve that any profits arising from the realization of any capital assets of the company or any investments representing the same, or any other undistributed profits of the Company not subject to charge from income tax be distributed among the Members on the footing that they receive the same as capital.

(c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Articles, the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, and may determine that such cash payments shall be made to any determine that upon the footing that fraction of value less than Rs. 10/- (ten Rupees may be disregarded in order to adjust trustees upon such trusts for the person entitled to the Dividend or capitalised fund as may seen expedient to delivered to the Registrar of Registration in accordance with section 75 of the Act and the Board may appoint any person to sign such contract on behalf of the persons entitled to the Dividend or capitalised fund, and such appointment shall be effective.
ACCOUNTS

82. The Company shall keep at its office proper books of accounts in accordance with Section 209 of the Act.

83. The Directors shall, from time to time in accordance with Sections 210, 211, 212, 215, 216 and 217 of the Act, cause to be prepared and to be laid before the Company in Annual General Meeting such balance sheet, profit and loss account and reports as are required by these sections.

84. A copy of every such profit and loss account and balance sheet (including the auditor’s report and every other document required by law to be annexed or attached to the balance sheet) shall at least seven (7) days before the Meeting at which the same are to be laid before the Members, be sent to the Members of the Company, to the holders of debentures issued by the company (not being debentures which ex-facie are payable to the bearer thereof) to trustees for the holders of such debentures and to all persons entitled to receive notices of General Meetings of the Company.

(a) The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books and documents of the company or any of them shall be open to the inspection of members not being Directors.

(b) No Member (not being a Director) shall have any right of inspecting any account book or document of the company except as conferred by law or authorised by the Director or by a resolution of the company in a General Meeting. Provided that the officers and other authorised nominees of a Government shall have a right to inspect the business premises records, document, registers, books of account, and other relevant statutory books and obtain copies and extracts there from free of cost, during the normal working hours of the company, whether such officer and authorised nominees or directors are members of the company or not.
AUDIT

Accounts to be audited

85. Once at least in every year the accounts of the Company shall be examined and audited by one or more auditors duly appointed as per the provisions of the Act.

Appointment of Auditor

86. The accounts of the Company shall be audited by an Auditor appointed by the Comptroller and Auditor-General of India. His duties shall be regulated by the provision of Section 619 of the Act or any instructions given to him in pursuance thereof. Provided that as and when the Company ceases to be Government Company within the meaning of section 617 of the Act, an Auditor or Auditors shall be appointed and their duties regulated in accordance with Sections 224 to 223 of the Act.

Accounts when audited and approved shall be conclusive

87. Every Account of the Company when audited and approved by a General Meeting shall be conclusive except as regards any error discovered therein. Whenever any such error is discovered the account shall forthwith be corrected, and thenceforth shall be conclusive.

DOCUMENTS AND NOTICES

Service of documents or notices on Members by company Members bound by documents serviced on or given to previous holders

88. (a) A document or notice may be served or given by the Company on any Member as provided in Section 53 of the Act.

(b) Every person who, by operation of law, transfer or other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such share which previously to his name and address being served on or given to the person from whom he derives his title to such share.

INDEMNITY AND RESPONSIBILITY

Directors and others right of indemnity

89. Subject to Section 201 of the Act the Directors, Managing Directors, Secretary, office Manager and other Officers for the time being of the Company and any Trustee for the time being acting in relation to any of the affairs of the Company and their heirs, Executors and administrators respectively shall be indemnified out of the assets of the Company from and against all suits, proceedings, costs, charges, losses,

* Amended on 16.3.2001 at 19th BM
damages and expenses which they or any of them shall or may incur or sustain by reason of any act done or committed in or about the execution of their duty or respective offices of trusts, except such expenditure if any as they shall incur or sustain by or through their own wilful neglect of default, respectively and no such officer or Trustee shall be answerable for the acts, receipts, neglects or default of any other officer or Trustee or for join in any receipt for the sake of conformity or for the solvency or honesty of bankers or other person with whom any moneys or effects belonging to the Company -may be lodged or deposited for safe custody and for any insufficiency or deficiency of any Security upon which any moneys of the Company shall be invested or for any other loss or damage due to any such cause as aforesaid or which may happen in or about the execution of his office or Trust unless the same shall happen through wilful neglect or default of such officer or Trustee.

SECRECY CLAUSE

Secrecy

90. Every Director, manager, auditor, treasurer, member of a Committee, officer, Servant, agent, accountant or other person employed in the business of the Company shall, if so required by the directors before entering upon his duties sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the statement of the accounts with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal to any person any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name, Address, Descriptions and Occupations of the Subscribers with their Signature</th>
<th>Signature with Name, Address Description &amp; Occupations Witness to the Signatures of the Subscribers</th>
</tr>
</thead>
</table>
| 1.     | Sd/-
K.P. Singh
S/o. Dr. Hari Singh
Secretary, Govt. of Karnataka
654, 6th Floor, M.S. Building,
Bangalore 560 001. | Sd/-
(K. VISWANATH)
S/o. K. Purnachandra Rao
Chartered Accountant |
| 2.     | Sd/-
B.S. Patil
S/o. Late S.R. Patil
Chairman KEB, Cauvery Bhavan
Bangalore | K.P. RAO & COMPANY
Chartered Accountants
25, Madras Bank Road,
Bangalore 560001. |
| 3.     | Sd/-
K. Jalraj
S/o. Dr. K.A.R. Rao
Managing Director
Karnataka Power Corporation
Bangalore | |

Dated this day the 2nd of March 1996.