

**THE COMPANIES ACT, 1956**  
**COMPANY LIMITED BY SHARES**  
**MEMORANDUM OF ASSOCIATION**  
**OF**  
**KARNATAKA POWER TRANSMISSION**  
**CORPORATION LIMITED**

**NAME OF THE  
COMPANY**

- I The name of the Company is  
KARNATAKA POWER TRANSMISSION CORPORATION LIMITED  
[KPTCL LTD].

**REGISTERED  
OFFICE**

- II The Registered Office of the Company shall be situated in the State  
of Karnataka

**OBJECTS**

- III The Objects for which the Company is established are :

**MAIN OBJECTS**

- A. **Main objects to be pursued by the Company on its  
incorporation:**

**Acquire, establish  
construct and operate  
extra high voltage, high  
voltage, medium voltage,  
and low voltage, lines  
and associate sub-  
stations.**

1. To carry on the business of purchase, transmission, sale and  
supply of electrical energy for which purpose to acquire,  
establish, construct, take over, erect, lay, operate, run, manage, hire,  
lease, buy, sell, maintain, enlarge, alter, work and use, renovate,  
modernise, electrical transmission lines and/or net work through extra  
high voltage, high voltage, medium voltage and low voltage lines and  
associated sub-stations, including distribution centers, cables, wires,  
accumulators plants, motors, meters, apparatus, computers and

materials connected with transmission, distribution, ancillary services, supply of electrical energy, telecommunication and telemetering equipment.

To undertake, for and on behalf of others the erection, operation, maintenance, management of extra high voltage, high voltage medium voltage and low voltage lines and associated sub-stations, equipment, apparatus, cables and wires.

**Purchase and sale of electrical energy and co-ordinate with other companies.**

2. To carry on the business of importing, exporting, wheeling, system operation, trading of power, including finalisation of tariff, billing and collection thereof.

To execute Power Purchase Agreements with generating companies, Central and State generating stations, Regional Electricity Boards other States Utilities, Companies and persons.

To execute agreements for sale of power to distribution companies and other persons and to coordinate, aid and advise on the activities of other companies and concerns, including subsidiaries, associates and affiliates engaged in generation, transmission, distribution, supply and wheeling of electrical energy.

To schedule and dispatch generation of all units connected to the State power system including the Centrally owned generating stations, in respect of the share assigned to the State and electricity purchased from other States undertakings.

**Plan, investigate and prepare project reports and load forecast and finalisation of contract for purchase of power from new generating plants.**

3. To study, investigate, collect information and data, review operations, plan, research, design and prepare project reports, diagnose operational difficulties and weaknesses, and advise on the remedial measures to improve and modernise existing EHV, HV, MV, LV lines and sub stations.

To forecast load and plan generations in consultation with distribution companies, if any, and Central Generating stations.

To tender and finalise contracts for purchase of power from new Generation plants, including IPPs.

**B. Objects incidental or ancillary to the attainment of the main objects.**

4. To arrange, secure and make available to its subsidiaries and others concerned for the organisations, such facilities, resources, inputs and services as may be required.

**As a facilitator and servicing agency for the subsidiaries.**

**To obtain charters concession etc.,**

5. To enter into any arrangement with the Government of India or Government of Karnataka or any local or State Government or with Authorities, National, Local, Municipal or otherwise or with any person for the purpose of directly or indirectly carrying out the objects or furthering the interest of the Company or its members and to obtain from any such Government, State Authority or person any charters, subsidies, loans, indemnities, grants, contracts, decrees, rights sanctions, privileges, licenses or concessions whatsoever, (whether statutory or otherwise) which the Company may think desirable to obtain and carry out, exercise and comply with the same.

**Borrowing Power**

6. To borrow money or to receive money or deposits for the purpose of financing the business of the Company either with security or mortgage or other security charged on the undertaking or all or any of the assets of the Company including uncalled capital and to increase, reduce or pay off any such securities.

**To acquire and lease property**

7. To acquire by purchase, lease, exchange, hire or otherwise or to construct and maintain factories, works, buildings and conveyances of all kinds, land, buildings, apartments, plant, machinery and hereditament of any tenure or description, situated in India or in any other part of the world and any estate or interest therein and any rights over or connected with land so situated and turn the same to account in any manner as may seem expedient, necessary or convenient to the Company for the purposes of its business.

**To acquire business/ companies**

8. To acquire, possess and undertake the whole or any part of the business, assets, property, goodwill, rights and liabilities of any person, firm, society, association, corporation or company carrying on any business which the Company is authorised to carry on.

**To obtain authority to carry out its objects.**

9. (a) To obtain, apply for, arrange for the issue or enactment of order or Act of the Legislature or Act of Authority in India or any other part of the world for enabling the Company to obtain powers, authority, protection, financial and other help, necessary or expedient to carry out or extend any of the objects of the Company or for any other purpose which may seem expedient and to oppose any proceedings or application or any other endeavours, steps, or measures which may seem calculated directly or indirectly to prejudice the Company's interests;

**To acquire know-how etc.,**

10. To apply for, purchase or otherwise acquire any trade marks, patents, brevets or inventions, licences, concession and the like, conferring

any exclusive or non-exclusive or limited right to use of any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company or the acquisition of which may seem calculated, directly or indirectly, to benefit the Company and to use, exercise, develop or grant licences in respect of or otherwise turn to account the property, right or information so acquired.

**To undertake research development and training**

11. (a) To establish, provide, maintain and conduct or otherwise subsidise research laboratories and experimental workshops for scientific, technical or research experiments and to undertake and carry on directly or in collaboration with other agencies, scientific and technical research experiments and tests of all kinds and to process, improve and invent new products and their techniques of manufacture as to promote, encourage, reward in every manner, studies and research, scientific and technical investigations and inventions of any kind that may be considered likely to assist, encourage and promote recent advances in technology, economics, import substitution or any business which the Company is authorised to carry on;

- (b) To establish, maintain and operate technical training institutions and hostels for engineers of all branches/discipline and all other technical staff and artisans and mechanics of all branches/discipline and kinds and accountants and others in India or in any part of the world; to make such other arrangements as may be expedient for the training of all categories of officers, workers, clerks, storekeepers and other personnel likely to be useful to or assist in any business which the Company is authorised to carry on.

**To improve property etc.**

12. To sell, improve, manage, develop, exchange, loan or lease or let, under lease, sub-let, mortgage, dispose of, deal with in any manner, turn to account or otherwise deal with any rights or property of the Company.

**To invest money**

13. To accumulate funds and to invest or otherwise employ monies belonging to or with the Company and not immediately required, in the purchase or acquisition of any shares, securities or other investments whatsoever, whether movable or immovable, upon such terms as may be thought proper and from time to time, to vary all or any such investments in such manner as the Company may think fit.

**To undertake joint ventures.**

14. To amalgamate or enter into partnership or enter into any consortium or arrangement for sharing of funding or profits in a cooperative or

joint venture with any person or company or body or authority including Government, Central, State or local carrying on or engaged in any operation capable of being conducted so conveniently in co-operation with the business of the Company or directly or indirectly to benefit the Company or to the activities for which the Company has been established.

**To provide for welfare of employees.**

15. To provide for the amelioration and welfare of persons employed or formerly employed by the Company and or its predecessor and the wives, families, dependents of such persons by building or contributing to the building of houses, dwellings or by grants of money, pensions, allowances, bonuses, or other payments or by creating and from time to time subscribing or contributing to provident fund and other associations, institutions, funds or trusts, or by helping persons employed by the Company to effect or maintain insurance on their lives by contributing to the payment of premium or otherwise and by providing or subscribing for contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Company shall think fit.

**To sell property**

16. To sell or dispose of an undertaking of the Company or any part thereof for such consideration as the Company may think fit and in particular for shares, debentures or securities of any other association, corporation or company, to promote or aid in the promotion of any other company or partnership for the purpose of acquiring all or any of the properties, rights or liabilities of the Company or for any other purpose which may seem directly or indirectly calculated to benefit the Company.

**To enter into contracts**

- 17 (a) To enter into agreements and contracts with individuals, companies or other organisations for purchase of equipments and for technical, financial or any other assistance, for carrying out all or any of the objects of the Company.
- (b) To enter into any arrangement with any Government or Authority, Central, State, Municipal, Local or otherwise that may seem conducive to the Company's objects and to obtain from any such Government or Authority any rights, privileges and concessions and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.
- (c) To enter into contracts of indemnity and guarantee
- (d) To apply for, tender, purchase or otherwise acquire any contracts and concessions for or relating to the main objects of other company.

- To establish agencies etc.,** 18. To establish and maintain agencies, branches and local registers, to procure registration or recognition of the Company and to carry on business in any part of the world and to take such steps as may be necessary to give the Company such rights and privileges in any part of the world as are possessed by the local companies or partnership or as may be considered desirable.
- To subscribe for shares** 19. To subscribe for, underwrite, purchase, or otherwise acquire and to hold, dispose of and deal with the shares, stocks, securities and evidences of indebtedness, or the right to participate in profits or other similar documents issued by any Government, Authority, Corporation or body or by any company or body of persons and any option or right in respect thereof.
- To create depreciation funds** 20. To create any depreciation fund, reserve fund, sinking fund, insurance fund or any other fund, whether for depreciation or for repairing, improving, extending or maintaining any of the properties of the Company or redeemable preference shares or for any other purposes whatsoever conducive to the interests to the Company.
- To open accounts in banks** 21. To open an account or accounts with any firm or company or with any bank or bankers and to pay into and withdraw money from such account or accounts.
- To acquire part of companies** 22. To acquire and hold all or any of the share or loan capital or other securities of any other company or body having similar objects as the Company, and to sell or dispose or transfer any such shares, loan interest, securities.
- To carry on consultancy services** 23. To promote, organise or carry on the business of Consultancy Services in any field of activity in which it is engaged.
- To promote other companies** 24. To promote or concur in the promotion of any company the promotion of which shall be considered desirable in furtherance of the object of the Company.
- To carry on convenient business** 25. Generally to do all such other things as may be deemed incidental or conducive to attainment of the above objects or any of them and to carry on any business which may be conveniently carried on in connection with any of the Company's objects or are calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights.
- To act as an entrepreneur on behalf of Central or State Government** 26. To act as an entrepreneur on behalf of the Central or any State Government, to identify new areas of economic investment and to undertake or help in undertaking of such investments.

**To advance Money**

27. To advance money on property or on mortgage of immovable property or against Bank/Institutional Guarantee and to make advances of money against future supply of goods and services on such terms as the Directors may consider necessary and to invest money of the Company in such manner as the Directors may think fit and to sell, transfer or deal with the same.

**To collect information**

28. To arrange, receive and collect all relevant information in regard to any business carried on by the Company.
29. To extend Corporate guarantee as the Company may deem fit.
30. To take all further necessary decisions/steps in order to achieve the objects set and in pursuance of the Karnataka Electricity Reform Ordinance 1999 as also an Act of legislature or rule/regulations framed there under.

**C. Other Objects:****To carry on the business by land etc.,**

1. To carry on the business of carriers by land, sea and air as may be required from time to time.

**To deal with goods etc., dealt with by subsidiaries**

2. To carry on the business of trading in and dealing in any manner whatsoever in all commodities, goods and things, manufactured, produced or dealt with in any manner by any of the subsidiaries of the Company.

**LIMITED LIABILITY**

- IV. The liability of the members if limited.

**SHARE CAPITAL**

- V. The Authorised Share Capital of the Company is Rs.1000 crores divided into 1 (ONE) crore Equity Shares of Rs.1000/- each with the rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the time being. The Company has power, from time to time, to increase or decrease its capital and to divide the shares, in the original or increased capital for the time, into several classes and to attach thereto such preferential rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions as may be permitted by law.

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

Sl. No.	Name, Address, Description and Occupation, of Subscriber	No. of equity shares taken by each Subscriber	Signature of Subscriber	Witness with Address and Occupation
1.	<b>Sri. C. GOPAL REDDY, IAS,</b> S/o, Late Sri. Srirangam, Principal Secretary, Finance Department. Government of Karnataka Vidhana Soudha, Bangalore (Govt. Service)	1 (One)	Sd/-	<b>Sd/-</b> <b>Sri. M. R. Gopinath</b> S/o, M. N. Rama Rao 93, Kavitha, Seetha Circle, SBM Colony, Bangalore - 50 Company Secretary
2.	<b>Sri. K. P. SINGH, IAS,</b> S/o. Dr. Kanvar Hari Singh Chairman, Karnataka Electricity Board, Bangalore (Govt. Service)	1 (One)	Sd/-	
3.	<b>Sri. K. JAIRAJ, IAS,</b> S/o. Sri K. A. Ranganatha Rao Managing Director Karnataka Power Corporation Limited Shakti Bhavan, Bangalore (Govt. Service)	1 (One)	Sd/-	
4.	<b>Sri. ARVIND JADHAV, IAS</b> S/o. Late Sri. M. N. Jadhav Secretary to the Government Government of Karnataka Engergy Department MS Building, Sachivalaya-II Dr. Ambedker Veedhi, Bangalore. (Govt. Service)	1 (One)	Sd/-	
<b>Total C/F</b>		<b>4</b>		

Bangalore

Dated : 26-07-1999

8

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

Sl. No.	Name, Address, Description and Occupation, of Subscriber	No. of equity shares taken by each Subscriber	Signature of Subscriber	Witness with Address and Occupation
	B/F	4 (Four)		<b>Sd/-</b> <b>Sri. M. R. Gopinath</b> S/o, M. N. Rama Rao 93, Kavitha, Seetha Circle, SBM Colony, Bangalore - 50 Company Secretary
5.	<b>Sri. S. C. KHUNTIA, IAS,</b> S/o. Sri. K. M. Khuntia Secretary (Expenditure), Finance Department. Vidhana Soudha, Bangalore (Govt. Service)	1 (One)	Sd/-	
6.	<b>Sri.G. GURUCHARAN, IAS,</b> S/o. Sri. G. Umesh Rao, Member, Finance Karnataka Electricity Board, Bangalore (Govt. Service)	1 (One)	Sd/-	
7.	<b>Sri.R. RAMASESHAN, IAS,</b> S/o. Sri M. S. Ramalingam Director, Finance Karnataka Power Corporation Limited Bangalore (Govt. Service)	1 (One)	Sd/-	
<b>Total</b>		<b>7</b>		

Bangalore

Dated : 26-07-1999

9

**INCORPORATED UNDER  
THE COMPANIES ACT, 1956  
ARTICLE OF ASSOCIATION  
OF  
KARNATAKA POWER TRANSMISSION  
CORPORATION LIMITED  
COMPANY LIMITED BY SHARES**

**Interpretation**

**Interpretation Clause**

1. In the interpretation of the Memorandum of Association and these Articles, the following words shall have the following meanings, unless repugnant to the subject to context:

**Act**

The "Act" means the Companies Act, 1956 as amended from time to time for the time being in force and other provisions of law relating to companies as in force in India.

**The Board or Board of Directors**

"The Board" or the "Board of Directors" means the Directors for the time being on the Board;

**Capital**

"Capital" means the Capital for the time being raised or authorised to be raised for the purpose of the Company;

**Chairman**

"Chairman" means, the Chairman of the Board of Directors for the time being of the Company;

<b>Company</b>	"Company" means the KARNATAKA POWER TRANSMISSION CORPORATION LIMITED (KPTCL);
<b>Directors</b>	"Directors" means the Directors of the Company.
<b>Dividend</b>	"Dividend" includes bonus shares;
<b>Executor or Administrator</b>	"Executor" or "Administrator" means a person who obtained probate or letters of Administration, as the case may be, from a competent court.
<b>Government</b>	"Government" means the Government of Karnataka.
<b>Month</b>	"Month" means a calender month;
<b>Office</b>	"Office" means the Registered Office of the Company.
<b>Person</b>	"Person" includes Corporation;
<b>Register</b>	"Register" means the Register of Members to be kept under the provisions of the Act;
<b>Registrar</b>	"Registrar" means the Registrar of Companies of the State in which the Registered Office of the Company is situated.
<b>These Presents or Regulations</b>	"These Presents" or "Regulations" means these Articles of Association as originally framed or altered from time to time and include the Memorandum where the context so requires;
<b>Seal</b>	"Seal" means the Common Seal of the Company;
<b>Shares</b>	"Shares" means the share or stock into which the capital is divided and the interest corresponding with such share or stock;
<b>Writing</b>	"Writing" shall include printing and lithography and any other mode of representing or reproducing words in a visible form;
<b>Expression in the Act to bear the same meaning in Articles</b>	"Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meanings in the Act.;
<b>Table "A" Exceptions</b>	2. Subject as hereinafter provided in the Regulations in Table- A in the Schedule to the Companies Act, 1956 as amended upto-date shall apply to the Company and constitute its Regulations, except in so far they are hereinafter expressly or impliedly excluded, modified or varied. Articles 13(1), 65, 66, 76, 81 & 84 in Table- A are specifically excluded.

**Company to be Governed by these Articles.**

3. The Regulations for the management of the Company and for the observance of the members thereof and the representatives shall subject as aforesaid and to any exercise of the statutory powers of the Company, in reference to the repeal or alteration of or addition to its Articles of Association, by Special Resolutions as prescribed or permitted by the Act, be such as are contained in these Articles.

**CAPITAL AND SHARES**

**Capital**

4. The Authorised share capital of the Company is Rs. 1000 crores (Rupees One thousand Crores) divided into 1 crore Equity Shares of Rs.1000/- each.

**Allotment of Shares**

5. Subject to the provisions of the Act and these Articles the shares shall be under the control of the Board of Directors who may allot or otherwise dispose of the same.

**CERTIFICATES**

**Member's right to certificate**

6. Every person whose name is entered as a member in the Register shall, without payment, be entitled to a certificate under the common seal of the Company, specifying the share or shares held by him and the amount paid thereon.

**Issue of new certificates in place of one defaced, Lost or destroyed**

7. If a share certificate is defaced, lost, or destroyed it may be renewed in accordance with the Share Certificate Rules under the Act on payment of fee, not exceeding fifty paise and on such terms, if any, as to evidence and indemnify and the payment of out of pocket expenses incurred by the Company in investigating evidence as the Directors think fit.

**TRANSFER AND TRANSMISSION OF SHARES OR DEBENTURES**

**Transfer and Transmission of Shares or Debentures**

8. The right of members or debenture holders to transfer their shares or debentures shall be subject to the provisions of Part IV of the Act, and the Directors may, in their absolute and uncontrolled discretion refuse to register a transfer of share or debenture.

**Register of Transfers**

9. The Company shall keep the Registers of Transfer of Shares and Transfer of Debentures and therein enter the particulars of transfers or transmission of any share or debenture.

**Execution of Transfer**

10. The instrument of transfer of any share or debenture in the Company shall be executed both by the transferor and transferee, and the transferor shall be deemed to remain holder of the share or

debenture until the name of the transferee is entered in the Register of Members of debenture holders in respect thereof.

**Transmission of Shares etc.**

11. Nothing contained in Article 8 shall prejudice any power of the Company to register as Shareholder or debenture holder, any person to whom the right to any share or debenture in the Company has been transmitted by operation of law.

**INCREASE, REDUCTION AND ALTERATION OF CAPITAL**

**Increase of Capital**

12. Subject to the provisions of the Act, the Company in a General Meeting, may increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe.

**New Shares**

13. New shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct. Provided that no shares (not being preference shares) shall be issued carrying voting rights or rights in the Company as to dividend, capital or otherwise which are disproportionate to the rights attaching to the holders of other shares (not being preference shares)

**When shares to be offered to existing members**

14. The new shares (resulting from an increase of capital as aforesaid) may be issued or disposed of in accordance with the provisions of Article 5.

**New shares to be part of original capital**

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

**Reduction of Capital**

16. Subject to the provisions of sections 100 to 104 of the Act, the Company may from time to time, by special resolution, reduce its capital by paying off capital or cancelling capital which has been lost or is unrepresented by available assets or is superfluous or by reducing the liability on the shares or otherwise as may seem expedient and capital may be paid off upon the footing that it may be called upon again or otherwise and the Board may, subject to the provisions of the Act, accept surrender of shares.

**Sub-division and consolidation of shares**

17. The Company in a general meeting may from time to time sub-divide or consolidate its shares or any of them and exercise any of the other powers conferred by sub-section (i) (a) to (e) of section

94 of the Act and shall file with the Registrar such notice in exercise of any such powers as may be required by the Act.

### **BORROWING POWERS**

#### **Power to Borrow**

18. Subject to the provisions of section 292 of the Act, the Board may, by means of a resolution passed at a meeting of the Board from time to time, borrow and/or secure the payment of any sum or sums of money for the purpose of the Company.

#### **Issue at discount etc., or with special privileges.**

19. Subject to the Provisions of sections 79 and 117 of the Act, bonds may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawing and allotment of shares.

### **GENERAL MEETINGS.**

#### **Notice of General Meetings**

20. At least twenty one clear days notice in writing specifying the place, day and hour of general meetings with a statement of business to be transacted at the meeting shall be served on every member in the manner provided by the Act but with the consent, in writing, of all the members entitled to receive notice of the same, any general meeting may be convened by such shorter notice and in such manner as those members may think fit.

#### **Omission to give notice not to invalidate a resolution passed**

21. The accidental omission to give notice or the non-receipt thereof by any member shall not invalidate any resolution passed at by such meeting.

#### **Quorum for General Meeting**

22. The quorum for a general meeting of the Company shall be five members present in person.

#### **Chairman of General Meeting**

23. At every general meeting the Chairman of the Board of Directors shall be entitled to take the Chair but if the Chairman is not present within fifteen minutes after the time appointed for holding such meeting, the members present shall choose another Director as Chairman and if no Director shall be present or if all the Directors present decline to take the Chair, then the members present shall choose one of their members to be the Chairman.

#### **Chairman's decision conclusive**

24. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

### **VOTES OF MEMBERS**

#### **Votes of members**

25. Every member entitled to vote and present in person or by proxy shall have one vote on a show of hands and upon a poll on vote for each share held by him. The Chairman shall have a casting or second vote in case there is any equity of votes at the General Meeting.

#### **Vote in respect of deceased member**

26. Any person entitled under the transmission clause to transfer any shares may vote at a General Meeting in respect thereof as if he was the registered holder of such shares provided that at least 72 hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of his right to transfer such shares unless Directors shall have previously admitted his right to vote at such meeting in respect thereof.

#### **Company not bound to recognise any interests in shares other than that of the registered holders.**

27. Save as herein otherwise provided, the Directors shall be entitled to treat the person whose name appears on the register of members as the holder of share as the absolute owner thereof and accordingly shall not (except as ordered, by a Court of competent jurisdiction or as by law required) be bound to recognise any benami trust of equitable contingent or other claim to or interest in such share on the part of any person whether or not it shall have express or implied notice thereof.

### **BOARD OF DIRECTORS**

#### **Business of the Company**

28. Subject to the provision of the Act, the business of the Company shall be managed by a Board Directors.

#### **Number of Directors**

29. The number of Directors of the Company shall be not less than Three (3) and not more than Sixteen (16). The Directors shall not be required to hold any qualification shares. The First Directors of the Company are :

- (i) Sri. K. P. Singh
- (ii) Sri Arvind Jadav
- (iii) Sri G. Gurucharan.

#### **Appointment of Board of Directors**

30. (l) (a) Subject of the provisions of the Act, so long as the entire paid up share capital in the Company is held by the Government of Karnataka or by the Central Government, or by the Government of karnataka and Central Government, or by a subsidiary of a wholly owned Government Company, the



Government of Karnataka shall have the right to nominate and appoint all the Directors of the Board of the Company and shall have also the right to remove the Director(s) from Office at any time at its absolute discretion and appoint another/ others in his/their place(s) and also fill any vacancy which may occur as a result of such Director (s) ceasing to hold office for any reason whatsoever.

- (b) So long the entire paid up share capital in the Company is held by the Government of Karnataka or by the Central Government or by the Government of Karnataka and the Central Government or by a subsidiary of a wholly owned Government Company, the Government of Karnataka shall have the right to nominate and appoint one or more of the Directors to the office of the Chairman of the Board of Directors or Managing Directors or Whole time Director of the Company for such term and on such remuneration and/or allowance as it may think fit and may at any time remove him/them from office and appoint another/others in his/their place(s);

- (2) In addition to the remuneration payable to the Directors in pursuance of the Act or of the clause-30(i)(b), the Directors may be paid such sums as the Board may fix from time to time for travelling and other expenses incurred by them in attending and returning from meeting of the Board of Directors or any Committee thereof or General Meeting of the Company or in connection with the business of the Company. The Directors may also be paid subject to the provision of section 314 of the Act, such reasonable additional remuneration as may be fixed by the Board for extra of special services rendered by the Directors.

#### **Certain persons not to be appointed as Directors**

31. The Office of a Director shall become vacant if

- (a) he is found to be unsound in mind by a Court of Competent jurisdiction;
- (b) he applies to be adjudicated an insolvent;
- (c) he is adjudged as an insolvent;
- (d) he is convicted by a Court in India for any offence and is sentenced in respect thereof to imprisonment for not less than six months;
- (e) he fails to pay any call in respect of shares of the Company held by him whether along or jointly with others within six months from the last date fixed for payment of the call;

- (f) he absents himself from three consecutive meetings of the Board of Directors or from all meetings of the Board for a continuous period of three months, whichever is longer without obtaining leave of absence from the Board;
- (g) he or any firm in which he is a partner or any private Company of which he is a Director, accepts a loan or any guarantee or security for a loan from the Company.
- (h) he fails to disclose the nature of his concern or interest in any contract or arrangement or proposed contract or arrangement entered into by/or on behalf of the Company as required under section 299 of the Act;
- (i) he becomes disqualified by order of the Court under section 203 of the Act;
- (j) he is removed in pursuance of section 284 of the Act;
- (k) he is concerned or participates in the profits of any contract with the Company;
- (l) his nomination is withdrawn from Government of Karnataka.

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

Disqualification referred to in sub-clauses (c) (d) and (i) above shall not take effect:

- (a) for thirty days from date of adjudication, sentence or order.
- (b) Where any appeal or petition is preferred within the thirty days aforesaid against the adjudication or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed of;
- (c) Where within the seven days aforesaid any further appeal or petition in respect of adjudication, sentence, conviction or order and the appeal or petition if allowed would result in the removal if the disqualification until such further appeal or petition is disposed of;

#### **Special position of Managing Directors**

#### **Alternate Director**

32. A Managing Director, if he ceases to hold the office of Director, shall ipso facto and immediately cease to be a Managing Director.
33. Subject to the provisions of section 313 of the Act in place of a Director who is out of India or is about to go out of India or who expects to be absent for not less than three months from the State

in which meetings of the Directors are ordinarily held, the Board may appoint any person to be an Alternate Director during his absence. The Alternate Director shall be entitled to notice of meetings of the Board and to vote.

### PROCEEDINGS OF THE BOARD OF DIRECTORS

#### Meeting of Directors

34. The Directors may meet together as a Board for the disposal of business from time to time and unless the Central Government by virtue of the provisions of section 285 of the Act otherwise directs shall so meet at least once in every three calendar 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 Meeting

35. Notice of every meeting of the Board shall be given in writing to every Director at his usual address.

#### Quorum

36. Subject to the provisions of section 287 of the Act, the quorum for a meeting of the Board shall be one third of its total strength (excluding Director, if any, whose places may be vacant at the time), or three directors, whichever is greater, provided that in calculating the said one-third any fraction of a number shall be treated as whole number.

#### Adjournment of meeting for want of quorum

37. If a meeting of the Board could not be held for want of quorum then the meeting shall automatically stand adjourned to such other time as may be fixed by the Chairman.

#### When meeting to be convened

38. The Secretary of the Company shall, on the request of the Chairman/ Managing Director or the Chairman & Managing Director, at any time convene a meeting of the Board by giving a notice in writing to every Director at his usual address. Notice may be given by telegram or other comparable means to a Director who has his usual address outside the State of Karnataka.

#### Chairman

39. The Directors may from time to time elect from among their Board of Directors, a person as Chairman of the Board. If at any meeting of the Board the Chairman is not present within fifteen minutes after the time appointed for holding the same, the Directors may choose one of the Directors present to be the Chairman of the meeting.

#### Duties and Responsibilities of the Chairman, Chief Executives and Non-Official Directors

39A (a) All the executive powers functions and responsibilities will be exercised by the Chief Executive of the PSE and the Chairman will only preside over the Board Meetings and provide necessary guidance for transacting business of the Company.

- b) Board will deal with policy matters and those proposals requiring approval of the Government.
- c) And all executive and day-to-day managerial functions will be carried on by the Chief Executive and other full time officers of the Company in accordance with the powers delegated to them by the Board.
- d) The Sub-Committees of the Board will deal with matters on behalf of the Board only not with executive functions.
- e) Part-time official and Non-Official Directors are expected to attend only Board Meetings and not involve themselves any executive functions of PSES. They will be entitled only for TA & DA, sitting fee etc for attending Board meetings in accordance with Government orders on the subject and they will not be entitled for any other allowances or facilities such as office accommodation, telephones, cars, stationery, visiting cards etc.,
- f) Official tours for the part-time Directors should not normally be allowed. However, in exceptional cases prior approval of the Chief Executive will be essential.
- g) Normally, Board meetings shall be held once a quarter. However, in exceptional circumstances, if the business so warrant, more meeting may be held subject to a maximum of six in a year and not more than once in two months, Dates of Board meetings should be decided by the Chairman and the Managing Director after discussion.
- h) Chief Executive of the PSEs shall be solely responsible for ensuring that Government instructions contained in various Government Orders, Circular, etc., are strictly enforced in the PSEs. No Board resolution on matters requiring approval of Government can be given effect by the Chief Executive without seeking Government approval irrespective of any circumstances.
- i) Chief Executives are personally responsible for compliance with Rules and instructions contained in Circular, guidelines etc., issued by Government with regard to roles functions and responsibilities of Chairman/Directors of PSEs.
- j) Chief Executive will exercise the right to give his note of dissent to a decision of the Board, if he finds that a decision is either against financial and Commercial interest of the Company or contrary to

**Directors may  
appoint committees**

rules, regulations directions etc., issued by the Government and if he is not in a position to convince the majority of the Board Members about the same. In such a case, he shall not give effect to the decision of the Board and shall make a reference to the Government for orders duly explaining the circumstances.

40. Subject to the restrictions contained in Section 292 of the Act, the Board may delegate any of its powers to the Managing Director or Chairman of the Company or to Committees of the Board consisting of such Member or Members or one or more Directors and a Member or Members of the Company as it thinks fit, and it may from time to time revoke and discharge any such person or committee of the Board either wholly or in part and either as to persons or purposes but every such person or Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board.

**Resolution by  
Circulation**

41. No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation unless the resolution has circulated in draft, together with the necessary papers, if any, to all the Directors or to all the Members of the Committee as has been approved by such Directors or Members or by a majority of them and as are entitled to vote on the resolution.

**Acts of Board or  
Committees valid not  
withstanding defective  
appointment**

42. 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 Directors 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 had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director and has 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.

**Minutes of  
proceedings of the  
Board**

43. (1) The Company shall cause minutes of all proceedings of every meeting of the Board to be kept in accordance with section 193 of the Act.
- (2) The minutes of each meeting shall contain a fair and correct summary of the proceedings there at.

- (3) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (4) The minutes shall also mention details of :
- (a) the names of the Directors present at the meeting, and
  - (b) all orders made by the Board and committee of the Board, and
  - (c) in the case of each resolution passed at the meeting, the name of the Director, if any, dissenting from, or not concurring in the resolution.
- (5) Nothing contained in sub-clause (1) to (4) shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:
- (a) is or could reasonably be regarded as, defamatory of any person;
  - (b) is irrelevant or immaterial to the proceedings;
  - (c) is detrimental to the interests of the Company.
- (6) The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this sub-clause.
- (7) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.

**Powers of Directors**

44. The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as are not within the provisions of the Act or any other Act or by the Articles of the Company required to be exercised by the Company in General Meeting, subject, nevertheless to these Articles to the provisions of the Act or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in the General Meeting but no 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.

- (1) sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking of the whole or substantially the whole of any such undertaking;

- (2) remit or give time for the payment of any debt due by a Director;
- (3) contribute (subject to the limits laid down by sections 293 and 293A of the Act), to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent of its average net profits as determined in accordance with the provisions of sections 349 and 350 of Act whichever is greater;

Provided that for the purpose of clauses (a), (b) and (c) the powers specified in section 292 of the Act shall, subject to these articles, be exercised only by resolution of the Board, unless the same be delegated to the extent therein.

#### Certain Powers of the Board

45. Without prejudice to the general powers conferred under article 45 and so as not in any way to limit or restrict those powers and without prejudice to the other, subject to the restrictions contained in the said article, it is here by declared that the Directors shall have the following powers, namely;

- (1) to pay the costs, charges and expenses preliminary and incidental to the formation, promotion, establishment and registration of the Company.
- (2) to pay and charge to the capital account of the Company and interest lawfully payable thereon under the provisions of the Act;
- (3) subject to the provisions of sections 292 and 297 of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory;
- (4) at their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or mortgages, and any such mortgages may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

- (5) to secure the fulfillment of any contracts of engagements entered into by the Company by mortgage or charge of all or any of the property of Company and its uncalled capital for the time being or in such manner as they may think fit;
- (6) to accept from any Member so far as may be permissible by law a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed;
- (7) to appoint any person to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes and to execute and do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustee or trustees;
- (8) to institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Company and to refer any differences to arbitration either according to Indian law or according to foreign law and either in India or abroad and observe and perform or challenge any awards made thereon;
- (9) to act on behalf of the Company in all matters relating to bankrupts and insolvents;
- (10) to make and give receipts, releases and other discharges for money payable to the Company and for the claims and demands of the Company.
- (11) subject to the provisions of sections 292, 293(1) (e), of the Act, to invest and deal with any monies of the Company not immediately required for the purposes thereof, upon such security or without security and in such manner as they may think fit, and from time to time to vary or realise such investments. Save as provided in section 49 of the Act, all investments shall be made and held in the Company's own name;
- (12) to execute in the name and on behalf of the Company in favour of any Director or other persons who may incur or be about to incur any personal liability whether as principal or

surety, for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit and any such mortgage may contain power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon;

- (13) to determine from time to time who shall be entitled to sign on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose;
- (14) to create and from time to time subscribe or contribute to provident fund and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit; and subject to the provisions of sections 293(l)(e) and 293 A of the Act to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation or of public and general utility or otherwise;
- (15) before recommending any dividend to be set aside out of the profits of the Company, such sums as they may think proper for depreciation or to a Depreciation Fund or to an Insurance Fund, or as reserve fund or Sinking Fund or any special fund to meet contingencies or to ready debentures or debenture stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purposes referred to in the preceding clause) as the Board may in their absolute discretion, think conducive to the interest of the Company, and subject to the provisions of section 292 of the Act, to invest the several sums so set aside or so much thereof as required to be invested upon such investments (other than shares of the Company) as they may be fit, and from time to time deal with or vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board in their absolute

discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Board may think fit; with full power to transfer the whole or any portion of the Reserve Fund or division of a Reserve Fund to another Reserve Fund, or division of a Reserve Fund and with full powers to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of debentures and debenture stock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power, however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may consider appropriate from time to time.

- (16) to appoint and at their discretion remove or suspend such General Managers, Managers, Secretaries, Assistants, Supervisors, Scientists, Technicians, Engineers, Consultants, Legal, Medical or Economic Advisors, Research Workers, Labourers, Clerks, Agents and Servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and fix their salaries or emoluments or remunerations, and to acquire security in such instances and to such amounts as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit; for the provisions contained in the next following three sub-clauses shall be without prejudice to the general powers conferred by this sub-clause;
- (17) at any time from time to time by Power of Attorney under the seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretion's (not exceeding those vested in or exercisable by the Board under these presents and excluding the powers to make calls and excluding also except in their limits authorised by the Board excluding of the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit and any such appointment may (if the Board thinks fit) be made in favour of

the Members or any of the Members of any local Board, established as aforesaid or in favour of any Company, or the shareholders, Directors, Nominees, or Managers of any Company or firm or body or body of persons whether nominated directly or indirectly by the Board and any such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as the Board may think fit and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all are any of the powers, authorities and discretion for the time being vested in them:

- (18) subject to the provisions of sections 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient;
- (19) from time to time to make vary and repeal by laws for the regulations of the business of the Company, its officers and servants;

#### **SECRETARY**

46. Subject to the provisions of section 383 A of the Act, the Board may from time to time, appoint an individual as the Secretary of the Company for such term and at such remuneration and upon such conditions as it may think fit and the Secretary so appointed may be removed by the Board.

#### **THE SEAL**

47. (a) The Board of Directors shall provide a common seal for the purposes of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof. The Board of Directors shall provide the safe custody of the seal.
- (b) The seal of the Company shall not be affixed to any instrument except by the authority of resolution of the Board or a Committee of the Board authorised by it in that behalf and except in the presence of at least two Directors and to the Secretary or such other persons as the Board may appoint for the purpose and those two Directors or such other persons as aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.

#### **Division of Profits**

#### **The Company in General Meeting may declare a dividend**

#### **Interim Dividend**

#### **Inspection by members of accounts and books of the company.**

#### **Accounts to be audited annually**

#### **Appointment Auditors.**

#### **DIVISION OF PROFITS AND DIVIDEND**

48. The profits of the Company available for payments as dividend shall be paid to the members subject to any special rights relating thereto created or authorised to be created by these presents and to the provisions of these presents as to the reserve fund with the approval of the Board of Directors.
49. The Company in General Meeting may declare a dividend to be paid to the members according to their respective rights and interest in the profits and may fix the time for payment but no dividend shall exceed the amount recommended by the Board.
50. The Directors may from time to time pay to the members such interim dividends as in their judgement the position of the Company justifies.

#### **ACCOUNTS**

51. The Directors shall from time to time determine whether and what extent and at what time and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of the members (not being Directors) and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the law or authorised by the Board or by the Company in general meeting.

#### **AUDIT**

52. In every financial year, the accounts of the Company at least once shall be audited by the Company's auditors', appointed for this purpose.
53. The auditor or auditors of the Company shall be appointed or reappointed on the advice of Comptroller and Auditor General of India in accordance with the Provisions of section 619 of Act.

The Comptroller and Auditor General of India shall have power:

- (1) To direct the manner in which the Company's account shall be audited by the Auditor or auditors appointed in pursuance of Article 54 hereof and to give such auditor or auditors instructions in regard to any matter relating to the performance of his or their functions as such;
- (2) To Conduct a supplementary or test audit of the Company's accounts by such person or persons as he may deem fit on his behalf and for the purpose of such audit to require information or additional information to be furnished to any

**Secretary**

**The Seal and its custody**

person or persons and in such form as the Comptroller and Auditor General may by general special order, direct.

- (3) The auditor/auditors aforesaid shall submit a copy of his/their audit report to the Comptroller and Auditor General of India who shall have the right to comment upon or supplement the audit report in such manner as he may think fit;
- (4) Any such comment upon, or supplement to the Audit Report shall be placed before the Annual General Meeting of the Company in the same manner as the Audit Report.

#### **Auditor's right to attend meeting**

54. The Auditors of the Company shall be entitled to receive notice of and to attend any General Meeting of the Company at which any accounts which have been examined or reported on by them are to be laid before the Company and may make any statement of explanation they desire with respect to the accounts.

#### **When accounts to be deemed finally settled**

55. Every account of the Company when audited and approved by an annual general meeting shall be conclusive.

#### **NOTICE**

#### **Notice on persons acquiring shares on death or insolvency of members**

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

#### **Distribution of assets**

57. If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be the losses shall be borne by the members in proportion to the capital paid up at the commencement of the winding up, on the shares held by them respectively. And if in winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the paid up capital, such assets shall be distributed amongst the members in proportion to the original paid up capital as the shares held by them respectively. But this clause is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

#### **Secrecy**

#### **Directors and others right Indemnity**

#### **Non responsible for acts of others**

#### **SECRECY**

58. No member shall be entitled to visit or inspect the Company's works without the permission of a Director or to require discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors, will be in expedient in the interest of the members of the Company to communicate to the public.

#### **INDEMNITY AND RESPONSIBILITY**

- 59 (1) Subject to the provisions of section 201 of the Companies Act every Director, Manager, Auditor, Secretary or other officer or employee of the Company shall be indemnified by the Company against, and it shall be the duty of the Directors, out of the funds of the Company, to pay all costs, losses and expenses (including travelling expenses) which any such Director, Manager, Officer or employee may incur or become liable to by reason of any contract entered into, or act or deed done by him or them, as such Directors, Manager, Officer or employee or servant or in any other way in the discharge of his duties and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the Members over all the claims.
  - (2) subject to the above every Director, Manager or Officer of the Company shall be indemnified against any liability incurred by him or them in defending any proceedings whether civil or criminal in which judgement is given in his or their favour or in which he or they are acquitted or in connection with any application under section 633 of the Act in which relief is given to him or them by the Court.
60. Subject to the provisions of section 201 of the Act, no Director, Manager or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer for joining in any receipt or other act for the sake of conformity or for any loss or expenses happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Director for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising to bankruptcy insolvency, or tortious act of any person, company or corporation with whom any money, securities

or effects shall be entrusted or deposited or for any loss occasioned by an error of judgement or over sight on his or their part of for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his or their office or in relation thereto unless the same happens through his own dishonesty.

### GOVERNMENT POWERS TO ISSUE DIRECTIVES

**“The Government shall have the right to issue directions to the Company from time to time as it may think fit in the interest of the Company”**

61. Notwithstanding anything contained in any of these articles the Government may from time to time issue such directions or instructions as may be considered necessary in regard to the finances, conduct of business and affairs of the Company. The Company shall give effect to the directions or instructions so issued.

In particular the Government will have the powers to give directions to the Company on the following :

- (i) As to the exercise and performance of the functions in matters involving national security or substantial public interest.
- (ii) To give directions to the Company regarding the service conditions of the staff which the Government may consider necessary in the interest of the Company.
- (iii) To give directions to the Company regarding creation of high posts and fixation of pay scales and other service conditions of persons appointed thereto which the Government may consider necessary in the interest of the Company. For the purposes of this clause, the expression high post shall mean a post of Group A Officer under the Company.
- (iv) To call for such returns, account, and other information with respect to the property and activities of the Company as may be required from time to time.
- (v) To approve agreements involving foreign collaboration proposals.
- (vi) Formation of subsidiary Company as defined under Section 4 of the Companies Act.
- (vii) Approval of capital investment by the Company in respect of expansion of existing schemes or establishing of new schemes or new line of production.

Sl. No.	Name, Address, Description and Occupation, of Subscriber	Signature of Subscriber	Witness with Address and Occupation
1.	<b>Sri. C. GOPAL REDDY, IAS,</b> S/o, Late Sri. Srirangam, Principal Secretary, Finance Department. Government of Karnataka Vidhana Soudha, Bangalore (Govt. Service)	Sd/-	<b>Sd/-</b> <b>Sri. M. R. Gopinath</b> S/o, M. N. Rama Rao 93, Kavitha, Seetha Circle, SBM Colony, Bangalore - 50 Company Secretary
2.	<b>Sri. K. P. SINGH, IAS,</b> S/o. Dr. Kanvar Hari Singh Chairman, Karnataka Electricity Board, Bangalore (Govt. Service)	Sd/-	
3.	<b>Sri. K. JAIRAJ, IAS,</b> S/o. Sri K. A. Ranganatha Rao Managing Director Karnataka Power Corporation Limited Shakti Bhavan, Bangalore (Govt. Service)	Sd/-	
4.	<b>Sri. ARVIND JADHAV, IAS</b> S/o. Late Sri. M. N. Jadhav Secretary to the Government Government of Karnataka Engergy Department MS Building, Sachivalaya-II Dr. Ambedker Veedhi, Bangalore. (Govt. Service)	Sd/-	

Bangalore

Dated : 26-07-1999



Sl. No.	Name, Address, Description and Occupation, of Subscriber	Signature of Subscriber	Witness with Address and Occupation
5.	<b>Sri. S. C. KHUNTIA, IAS,</b> S/o. Sri. K. M. Khuntia Secretary (Expenditure), Finance Department. Vidhana Soudha, Bangalore (Govt. Service)	Sd/-	
6.	<b>Sri.G. GURUCHARAN, IAS,</b> S/o. Sri. G. Umesh Rao, Member, Finance Karnataka Electricity Board, Bangalore (Govt. Service)	Sd/-	
7.	<b>Sri.R. RAMASESHAN, IAS,</b> S/o. Sri M. S. Ramalingam Director, Finance Karnataka Power Corporation Limited Bangalore (Govt. Service)	Sd/-	Sd/- <b>Sri. M. R. Gopinath</b> S/o, M. N. Rama Rao 93, Kavitha, Seetha Circle, SBM Colony, Bangalore - 50 Company Secretary

Bangalore

Dated : 26-07-1999

Co. NO. 25521.



कारवार प्रारम्भ करने के लिए प्रमाणपत्र  
Certificate for Commencement of Business  
कम्पनी अधिनियम 1956 की धारा 149 (3) के अनुसरण में  
Pursuant of Section 149 (3) of the Companies Act, 1956

एतद्वारा प्रमाणित करता हूँ कि \_\_\_\_\_

जो कम्पनी अधिनियम 1956 के अधीन तारीख \_\_\_\_\_ को  
निगमित की गई थी और जिसने आज विहित प्ररूप में समयक रूप से सत्यापित घोषण फाइल  
से कर दि है कि उक्त अधिनियम की धारा 149(1) क (से) लेकर घ तक 149 (2) क लेकर  
(ग) तक की शर्तों का अनुपालन किया या है कारवार प्ररंभ करने की हकदार है ।

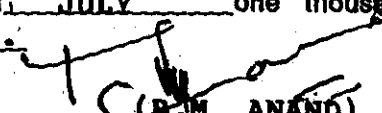
I hereby certify that the KARNATAKA POWER TRANSMISSION  
CORPORATION LIMITED.

which was incorporated under the Companies Act, 1956, on the 28th  
day of July 1999 and which has this day filed a  
duly verified declaration in this prescribed form that the conditions of  
section 142(1) (a) to [b] / 149 [2] [a] to [c] of the said Act, have been  
complied with is entitled to commence business.

मेरे हस्ताक्षर से यह तारीख \_\_\_\_\_ को  
दिया गया ।

Given under my hand at Bangalore  
this TWENTY NINTH day of JULY one thousand  
nine hundred and NINETY NINE.



  
C.M. ANAND).  
कम्पनियों का रजिस्टर  
कर्नाटक बंगलूर  
Registrar of Companies  
Karnataka Bangalore



प्रारूप० आई० आर०  
Form. I. R.

निगमन का प्रमाण-पत्र

### CERTIFICATE OF INCORPORATION

ता०.....का से०.....

No. 08/25521.....of 19..99.....

में एतद्वारा प्रमाणित करता हूँ कि आज.....

कम्पनी अधिनियम 1956 (1956 का 1) के अधीन निगमित की गई है और यह कम्पनी परिसीमित है।

I hereby certify that...**KARNATAKA POWER TRANSMISSION CORPORATION LIMITED**.....

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

मेरे हस्ताक्षर से आज ता०.....को दिया गया।

Given under my hand at BANGALORE this.....**TWENTY EIGHTH**  
day of.....**JULY**.....one thousand nine hundred and Ninety  
**NINE**.....



(B.M. ANAND)

कम्पनियों का रजिस्ट्रार

कर्नाटक, बंगलूर

Registrar of Companies

KARNATAKA, BANGALORE