



GOVERNMENT OF KERALA

Abstract

Electronics and Information Technology Department-Formation of a new Joint Venture Company 'Kerala Fibre Optic Network Limited' for the implementation of the K-FON project-Approval of MoA, AoA and JV agreement-Engaging a Project Management Unit to assist the new company-Sanction Accorded-Orders issued

**ELECTRONICS AND INFORMATION TECHNOLOGY (B)
DEPARTMENT**

G.O.(Ms)No. 10/2018/ITD Dated,Thiruvananthapuram,10/05/2018

- Read: 1 G.O (Ms)No. 10/2017/ITD dated 18/05/2017
2 G.O (Rt)No. 207/2017/ITD dated 08/09/2017
3 G.O (Ms)No. 22/2017/ITD dated 13/10/2017
4 Letter No. KSITIL/MD/KFON/17/140 dated 10/11/2017 from the Managing Director, KSITIL
5 Minutes of meeting held by Chief Secretary on 06/01/2018

ORDER

As per Government Order (G.O) read as 1st paper above, Administrative Sanction was accorded for the implementation of Kerala Fibre Optic Network (KFON) project at an estimated cost of Rs. 1028.20 Crores (excluding taxes) and Kerala State Information Technology Infrastructure Limited (KSITIL) was designated as the implementing agency. Vide G.O read as 2nd paper above an Expert Technical Committee was constituted for the implementation of the project with Secretary (E & IT) as the convenor.

2) An in-principal approval has been accorded for the formation of a Joint Venture Company (Special Purpose Vehicle) for the implementation of K-FON project vide G.O read 3rd paper above. A core committee with Chairman and Managing Director, Kerala State Electricity Board as the Chairman of the Committee, the Secretary, Information Technology and officials of KSITIL, KSITM (Kerala State IT Mission) as members has been constituted to formulate a draft Memorandum of Association, Articles of Association and organization structure of the proposed Joint Venture Company. KSITIL was also entrusted with the preparation of Request for Proposal (RFP) and also authorised to proceed with preparatory work for tendering the project. The Managing Director, KSITIL has furnished the draft Memorandum of Association (MoA); Articles of Association (AoA) and Joint Venture agreement for the

formation of the new Special Purpose Vehicle (SPV) as per letter read as 4th paper above.

3) The meeting chaired by the Chief Secretary on 06/01/2018, discussed and finalized the details of formation of K-FON Joint Venture Company including share holding pattern, paid-up capital and repayment of loan.

4) Government have examined the matter and are pleased to accord sanction for the formation of a Joint Venture Company named 'Kerala Fibre Optic Network Ltd' (K-FON Ltd) in the share holding pattern of 49:49:2 in favour of Kerala State Electricity Board Limited (KSEBL), Kerala State Information Technology Infrastructure Ltd (KSITIL) and Government of Kerala respectively subject to the following conditions:

- a. The initial authorized and paid up capital of the Joint Venture Company to be limited to Rs. 1,00,00,000 (Rupees One Crore) in cash at the aforesaid ratio.
- b. Equity share capital contribution of KSEBL and KSITIL will be in the ratio of 49:49 of total capital. Any further equity requirement shall be met by KSITIL and contribution of KSEBL shall be in kind in lieu of the value already brought in by KSEBL. At any point, the share of KSEBL shall be 49%.
- c. KSEBL will engage the Joint Venture Company as the Bid Process Coordinator for implementing the PSDF(Power System Development Fund) funded OPGW fibre infrastructure to ensure timely completion of K-FON with single point co-ordination. RoW and assets in OPGW routes will be owned by KSEBL and the spare fibers (minimum 24 cores) will be spared to the Joint Venture Company on unconditional right of use basis, free of cost.
- d. If K-FON require OPGW to be laid in any specific routes other than Transgrid and PSDF identified routes, such OPGW construction shall be executed by the Joint Venture Company. However, the assets in such case will be vested with the KSEBL.
- e. In the distribution network, K-FON will lay fiber infrastructure observing relevant guidelines of KSEBL and fiber cores will be given free of cost to KSEBL with the concurrence of SPV. Pole rentals will be paid by Joint Venture company to KSEBL at prevailing rates.
- f. In all the ADSS cable routes K-FON company will pay pole rentals for the poles used at the existing rates of KSEBL.

- g. For last mile distribution routes not covered by K-FON, KSEBL will continue to collect CTV rentals from operators using KSEBL pole at prevailing rates and terms and conditions.
- h. Existing fiber lease contracts will not be renewed in transmission.
- i. Power charges will be paid to KSEBL on actual basis.
- j. Space rental charges at substations required by K-FON shall be decided by a committee constituted by the Government.
- k. The first charge on K-FON revenues shall be towards repayment of loan availed at 70% of the project cost.
- l. Under no circumstances liability for repayment of loan availed by the Joint Venture Company for the project and servicing of such loans shall fall on KSEBL.


5) Government are also pleased to approve the Memorandum of Association (appended as Annexure-I), Articles of Association (Appended as Annexure-II) and Joint Venture Agreement (appended as Annexure-III) of the proposed Joint Venture Company for the implementation of Kerala Fibre Optic Network (K-FON). In order to avoid further delay and for the speedy implementation of the project, KSITIL is accorded sanction to proceed with the tender formalities till the formation of the new Joint Venture Company and to entrust the new Joint Venture Company to continue with the tender process and the implementation of project.

6) Sanction is accorded to SPV to engage a Project Management Unit (PMU) for the project from the NICSI empanelled agencies and to hire manpower for manning the PMU at the NICSI approved rates.

7) Kerala State IT Infrastructure Limited (KSITIL) shall proceed with the company incorporation of the SPV.

8) The Administrative expenses and initial share capital contribution of KSITIL shall be met from the fund earmarked this year for K-FON under the h/a 4859-02-190-94(03).

By order of the Governor
M. SIVASANKAR
SECRETARY

To:-  The Managing Director, Kerala State IT Infrastructure Limited
The Chairman and Managing Director, Kerala State Electricity Board,
Pattom, Thiruvananthapuram
The Director, Kerala State IT Mission, Thiruvananthapuram

Power Department

Finance Department (vide PU-D3/201/2017-FIN dated 04/04/2018)

Law Department (Vide No.26726/Conv.2/2017/Law dated 24/01/2018)

Planning and Economic Affairs Department (Vide PLGEA-BPE2/20/2018-
PLGEA dated 14/03/2018)

Principal Accountant General(G&SSA),Kerala, Thiruvananthapuram.

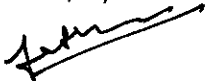
Principal Accountant General(A&E),Kerala, Thiruvananthapuram.

General Administration (SC) Department (Vide Item No:2129 dated
09/05/2018 of Council of Ministers)

Information Officer (Web & New Media), I&PRD

Stock File / Office copy

Forwarded/By order


Section officer

ANNEXURE-I

MEMORANDUM OF ASSOCIATION

OF

KERALA FIBRE OPTIC NETWORK LIMITED

MEMORANDUM OF ASSOCIATION

OF

KERALA FIBER OPTIC NETWORK LIMITED

I. The name of the Company is "KERALA FIBER OPTIC NETWORK LIMITED".

II. The registered office of the Company will be situated in the State of Kerala.

III.A. MAIN OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:-

1. To carry on the business of establishment, management and operation of Optical Fibre Network, to enable and provide fibre connectivity across the State of Kerala including Government, educational and other establishments and to plan, survey, design, develop, establish, provide, maintain, perform, rollout, finance, manage, operate, upgrade and modernize the optical fibre network.
2. To share and leverage Company owned infrastructure to provide or facilitate free internet to economically backward households through service providers.
3. To work on the principles and guidelines of openness and transparency; to leverage infrastructure and provide access to Optical Fibre Network / bandwidth in a non-discriminatory manner to all eligible Telecom/Internet Service Providers and any other service providers to enable them to provide services across the state of Kerala and specifically in rural areas; to sell bandwidth, lease dark fibre and provide any value added services deemed necessary by the company; to create Information and Communication Technology infrastructure required for the rapid development of economic sectors in the State of Kerala;

B. MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF OBJECTS SPECIFIED IN III (A) ARE:

1. To design a modern, reliable, scalable, pure IP-ethernet network with end to end central management including Quality of Services, Service Level Agreements and Virtual Private Network capabilities while leveraging existing networks or assets from both State of Kerala and private providers.
2. To pay either in cash or by allotment of shares or otherwise as the company deems fit all

costs, charges and expenses incurred or sustained in or about the promotion and establishment of the company which the company shall consider to be in the nature of preliminary expenses.

3. To adopt and carry into effect, with or without, all or any of the arrangements made for the purpose of achieving any of the company's objects mentioned in clauses III (A) hereof.
4. To carry out or to have carried out experiment and research in laboratory, pilot plant and industrial scale, and to incur expenses necessary therefore with a view to improve on the present method and process of working the several business activities which the company is authorized to carry on.
5. To acquire from any person, firm or body corporate whether in India and/or outside India in the public or private sector, technical Information, know-how, process engineering, manufacturing and operating data, plans layout and blue prints, useful for design, erection, construction commissioning, operation and maintenance of plant and equipment required for any of the business of the company and to acquire any grant or licence and other rights and benefits in the forgoing matters and things.
6. To apply for, purchase, or otherwise acquire, and protect and renew any patents, patent-rights, invention, trademarks, designs, licences, concessions and the like, conferring any exclusive or non-exclusive or limited rights, to their use, or any secret or other information as to any invention which may seem capable of being used for any of the purpose 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, rights or information so acquired, and to expend money in experimenting upon testing or improving any such patents, inventions or rights and without prejudice to the generality of the above, any contracts, or in relation to the supply and sale of any materials, articles or things for or in relation to the construction, execution, carrying out, improvement, administration or control of any works and conveniences required for the purpose of carrying out any of the aforesaid business and to undertake, execute, carry out, dispose of or otherwise turn to account such contracts.
7. Subject to the provisions of the Companies Act, 2013 and the directives issued by the Reserve Bank of India to borrow, raise or secure the payments of money or to receive money and deposit as time deposit or otherwise on interest or otherwise for any purpose of the company and at such time or times and in such manner as may be thought fit and in particular by the creation and issue of debentures or debenture- stock, bonds, shares credited as fully or partly paid up, mortgages, charges, and securities of all kinds either perpetual or otherwise, either redeemable or otherwise annuities as and by way of securities for any such money so borrowed, raised or received and to mortgage, pledge or charge the undertaking or whole or any part of the property rights, assets or revenue and profits of the company present or future, including its uncalled capital or otherwise howsoever by trust, special assignment or otherwise or to transfer or convey the same

absolutely or in trust and give the lenders powers as may seem expedient and to purchase, redeem or pay off any such securities. The Company shall not carry on the business of banking as defined by the Banking Regulations Act, 1949.

8. To acquire from any Government (Central, State, Local or Foreign) or public body, person, authority or from any private individual any concessions, grants, decrees, rights, powers and privileges whatsoever which may seem to the Company capable of being turned to account or which the Company may think directly or indirectly conducive to any of its objects or capable of being carried on in connection with its business and to work, develop, carry out, exercise and turn to account the same.
9. To provide residential and/or resting accommodation, medical and welfare facilities for the employees of the Company and in connection therewith to afford to such persons facilities and conveniences for transport, washing, bathing, cooking, reading, writing and for the purchase, sale and consumption of provisions, both liquid and solid and for the safe custody of goods.
10. To establish / construct and maintain or wind up branch offices and/or new offices in India or elsewhere as it may be necessary to protect and promote the interest of the Company.
11. To purchase, take on lease or licence or in exchange, hire or otherwise acquire any immovable and/or movable property and any rights or privileges which the Company may think necessary or convenient for the purpose of its business or may enhance the value of any other property of the company and in particular any land (freehold, lease hold or other tenure) buildings, easements, machinery, plant and stock-in-trade and on any such lands erect buildings, factories, sheds, godowns or other structures for the works, and purpose of the Company and also for the residence and amenity of its employees, staff and other workman and erect and install machinery and plant and other equipment deemed necessary or convenient or profitable for the purpose of the Company.
12. To employ technicians or experts or advisors on a contract basis for furtherance of Company's objectives aforesaid.
13. To train and pay for the training in India or abroad of any of the Company's employees or any candidates or to recruit and employ foreign experts in the interests of or furtherance of Company's objects.
14. To improve, manage, develop, grant rights or privileges in respect of, or otherwise deal with, all or any part of the property and rights of the Company.
15. To pay for any rights or property acquired by the Company and to remunerate any person or company whether by cash payment or by allotment of shares, debentures or other securities of the Company credited as paid up in full or in part or otherwise.

16. Subject to the provisions of Sections 179 and 180 of the Companies Act, 2013, to borrow or raise money or to receive money on deposit or loan at interest or otherwise in such manner as the Company may think fit and in particular by the issue of the debentures or debenture-stock perpetual or otherwise and convertible into shares in this or any other Company, and to secure the repayment of any such money borrowed raised or received or own mortgage, mortgage, pledge, charge or lien upon all or any of the property, assets or revenue of the Company (both present and future) inducing its uncalled capital and to give the lenders or creditors the power of sale and other powers as may seem expedient and to purchase, redeem or payoff any such securities and also by similar mortgage, charge or lien to secure guarantee the performance by the Company or any other person, firm or Company of any obligation undertaken by the Company or any other person, firm or company as the case may be.
17. To issue or guarantee the issue of or the payment of interest on debentures or other security or obligations of any Company or association and to pay or provide for brokerage, commission and underwriting in respect of any such issue.
18. To draw, make, accept, endorse discount, execute, issue and negotiable bills of exchange, hundies, promissory notes, bills of lading, warrants, debentures and other negotiable instruments or transferable Securities/ instruments.
19. To invest and deal with the moneys of the Company not immediately required in such manner as may be thought fit and as determine - by the Board of Directors of the Company subject to government guidelines from time to time.
20. To establish and maintain or procure the establishment and maintenance of any contributory provident funds, contributory or non contributory pension or superannuation funds for the benefit of and give or procure the giving of donations, gratuities, pension, bonus, annuities or other allowances or emoluments to any person who are or were at any time in the employment and/or service of the company or of any company which is a subsidiary of the company or is allied to or associated with the company or with any such subsidiary company or who are or were at any time the Directors or officers or staff of the company or of any such other company as aforesaid and the wives, widows, families and dependents of any such persons and also establish subsidies and subscribe to any charitable or public object, institutions, society, associations clubs or funds calculated to the benefit of or to advance the interests and well being of the Company or of any such other company as aforesaid or as employees and to make payment to or towards the insurance of any such person as aforesaid and to any of the matters aforesaid either alone or in conjunction with any such other company as aforesaid.
21. To create any depreciation fund, reserve fund, sinking fund, insurance fund or any other special fund, whether for depreciation or for repairing, improving, extending or

maintaining any of the property of the Company or for any other purposes conducive to the interests of the Company.

22. To adopt such means of making known the business of the Company or in which the Company is interested as may seem expedient and in particular by advertising in the press, circulars publication of books and periodicals, exhibitions and by granting prizes, rewards and concessions.
23. To enter into any contract or arrangements for the more efficient conduct of the business of the company or any part thereof and to sublet any contracts from time to time.
24. To host and assist in holding trade fairs, symposia and conferences.
25. To distribute or otherwise as may be resolved any property or assets of the Company or any proceeds of sale or disposal of any property or assets of the Company, in case of winding up of the Company including the shares, debentures or other securities of any other company fowled to take over the whole or any part of the assets or liability of the Company so that no distribution amounting to a reduction of capital may be made except with the sanction (if any) for the time being required by law.
26. To amalgamate or enter into partnership or into any arrangement for sharing of profits, union of interest, Co-operation, joint venture, reciprocal concession or otherwise with any person, whether an individual, association, firm, body corporate, corporation or otherwise carrying on or engaged in or about to carry on or engage in any business or transaction which the company is authorised to carry on or engage in, or in any business or transaction capable of being conducted so as directly or indirectly to benefit the company.
27. To generally do and perform all the above acts and such other things as may deemed incidental or conducive to the attainment of the above objects or of any of them or any allied objects or which may advantageously or conveniently be combined with the business of the Company in a profitable way.
28. To acquire and undertake the whole or any part of the business properties and liabilities of any person whether an individual, association, firm, body corporate, corporation or otherwise carrying on any business which the company is authorised to carry on, or possessed of property suitable for the purposes of the Company.
29. To undertake, carry out, promote, sponsor or to otherwise assist any activity for the promotion and growth of national economy and for what the company may consider to be its moral or social responsibility to the public or a section thereof, or what the company considers likely to promote national welfare or social, economic or moral uplift of the public or any section thereof, in such manner as the company thinks fit.
- 30.(a) To undertake, carry out, promote and sponsor rural development including any programme for the social and economic welfare of the public in any rural areas;

(b) To incur any expenditure on the aforesaid development and programmes and to otherwise assist in the execution and promotion thereof, whether directly, or indirectly;

(c) Without prejudice to the generality of the foregoing, Programme of Rural Development shall also include any programme for the social and economic welfare of the public in any rural area in such manner as the company thinks fit, and 'rural area' shall include all areas that can be regarded so under the provisions of the Income Tax Act or any other law-relating to rural development in force from time to time.

31.To collect and settle revenue, rental, leased charges and other charges payable to the Company by persons, companies, agencies and administrators for the services provided and to utilize the same for the furtherance of the activities of the Company.

32.To represent persons at meetings of local, national and international organizations and bodies concerned with activities connected or associated with any of the businesses of the Company, to provide services of all kinds of/such organizations and bodies and to negotiate and enter into national and international agreements and standards relating to matters of concern or interest to the Company or persons represented by or having dealings with the Company.

33.To collect, prepare and distribute information and statistics relating to any of the aspects pertaining to telecommunications working in India and outside and to promote or propose such methods, studies and measures as may be considered desirable by or beneficial to the interest of the Company.

34.To buy in India or outside India any plants, equipment and auxiliaries etc. which can be advantageously utilised by the Company to attain its objects and carry on operations or business of any nature which the Company from time to time may deem fit or expedient to carry on in connection with its business at any time being conducted.

35) To apply for, secure, acquire by grant, legislative enactment, assignment, transfer, purchase, or otherwise, and to exercise, carry out, and enjoy any charter, licence, power, authority, franchise, concession, right, or privilege, which any Government or authority or any corporation or other public body may be empowered to grant; and to pay for, aid in, and contribute towards carrying the same into effect and to appropriate any of the Company's shares, debentures, or other securities and assets to defray the necessary cost, charges and expenses thereof.

36) To work in close co-ordination with the various Department of Central and State Governments in the matters of implementation of any international obligation of the Government.

37) To provide consultancy in the field of telecommunications and/or any other business activities as broadly mentioned in all or any of the object(s) mentioned in clause III A above.

IV. The liability of the Member(s) is limited and this liability is limited to the amount unpaid, if any, on the shares held by them.

1. The Share Capital of the Company is Rs.1,00,00,000/- (Rupees One Crore only) divided into 10,00,000 (Ten Lakh) equity shares of Rs.10/- (Rupees Ten only) each.

We the several persons, whose names and addresses and descriptions are subscribed below, are desirous of being formed into a Company in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the Company set against our respective names:-

Sr. No.	Names, addresses, descriptions and occupation of each Subscriber	No. of Shares taken by each subscriber	Signature of Subscribers	Signature, names, addresses, descriptions and occupations of witnesses
1	Kerala State Electricity Board Limited (KSEBL) Represented By.	4,90,000		
2	Kerala State Information Technology Infrastructure Limited (KSITIL) Represented By,	4,90,000		
3	Governor Of Kerala Represented By.	20,000		
Total shares taken:				

Dated:

Place:

ANNEXURE-II

ARTICLES OF ASSOCIATION

OF

KERALA FIBRE OPTIC NETWORK LIMITED

ARTICLES OF ASSOCIATION
OF
KERALA FIBRE OPTIC NETWORK LIMITED

Article 1- General:

Unless the context otherwise requires, words or expressions contained in these Articles, not defined therein, shall bear the same meaning as in the Act or any statutory notification thereof from time to time. The marginal notes hereto are inserted for convenience and shall not affect the construction hereof and in these presents, unless there be something on the subject or context inconsistent herewith.

Article 2- Definition:-

- a) "Act" means the Companies Act, 2013 and includes, where the context so admits, any re-enactment or statutory modification thereof for the time being in force and rules made thereunder, read with substituting provisions of Companies Act, 1956 in force.
- b) "Articles" means these Articles of Association as originally framed or as from time to time altered in accordance with the Act.
- c) "Board of Directors" or "Board" means the collective body of the Directors of the Company.
- d) "Board Meeting" means a Meeting of the Directors duly called, constituted and held or as the case may be, the Directors assembled at a Board, or the requisite number of Directors entitled to pass a circular resolution in accordance with these Articles.
- e) "Capital" means the capital raised or authorized to be raised for the purpose of the Company.
- f) "Central Government" means the Government of India and includes any organization, agency, institution, body or department under it.
- g) "Chairman" means the Chairman of the Board of Directors for the time being of the Company or the person elected or appointed to preside over the Board or/and General meetings of the Company.
- h) "Company" means Kerala Fibre Optic Network Limited".
- i) "Debentures" includes debenture stock, bonds or any other instrument of the Company evidencing a debt, whether constituting a charge on the assets of Company or not.
- j) "Debenture holders" means the duly registered holder(s) from time to time of the Debentures of the Company.

k) "Director(s)" means the Director(s) for the time being of the Company and includes persons occupying the position of Director(s) by whatever name called.

l) "Dividend" includes any interim dividend.

m) "GoK" or "Government of Kerala" means the Government of the state of Kerala in India.

n) "Joint Venture Agreement" means the agreement entered into between KSITIL, KSEBL and Government of Kerala defining, inter alia, the roles and responsibilities of all the entities in Kerala Fibre Optic Network Limited and such agreement forms integral part of the Articles.

o) "KSEBL" stands for "**KERALA STATE ELECTRICITY BOARD LIMITED.**"

p) "KSITIL" stands for "**KERALA STATE INFORMATION TECHNOLOGY INFRASTRUCTURE LIMITED.**"

q) "Managing Director" means a Director entrusted with substantial powers of management of the affairs of the Company and designated as managing director of the Company for the time being.

r) "Meeting" or "General Meeting" means a Meeting of the Members whether Annual or Extraordinary duly called, constituted and held and any adjournment thereof in accordance with the provisions of the Act.

s) "Member(s)" in relation to the Company, shall have the same meaning ascribed to such term under Section 2 (55) of the Act.

t) "Month" means the period of time which ends on the same date as it commenced in the previous month but if there is no numerically corresponding date in the following month then the period shall end on the last day of the month.

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

v) "Ordinary Resolution" and "Special Resolution" shall have the meanings assigned thereto by Section 114 of the Act.

w) "Paid up" means such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid up in respect of Shares issued by the Company and also includes any amount credited as paid-up in respect of Shares of the Company, but does not include any other amount received in respect of such Shares, by whatever name called.

x) "Person(s)" shall include an individual, corporation, company, other entity or other body corporate.

y) "Proxy" includes Attorney duly constituted under a Power-of-Attorney.

z) "Register" means the Register of Companies maintained by the Registrar on paper or in any electronic mode as per Section 88 of the Act.

aa) "Seal" means the common seal of the Company.

bb) "Secretary" shall mean a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 who is appointed by the Company to perform the functions of a company secretary under the Act and other ministerial or administrative duties.

cc) "Shares" means the share in the share capital of the Company and includes stock.

dd) "State Government" means the Government of the State of Kerala and includes any organization, agency, institution, body or department under it.

ee) "Sweat Equity Shares" means such equity shares as are issued by the Company to its Directors or employees at a discount or for consideration, other than cash, for providing their know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called.

ff) "The Registrar" means the Registrar of Companies, of the State where the registered office of the Company is situated.

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

hh) "Year" means a calendar year while financial year shall have the meaning assigned thereto by Section 2(41) of the Act.

Article 3- Table "F" to apply

The management of the Company will be as per these Articles. Save as otherwise provided in these Articles or made applicable by the Act, the regulations contained in Table F in the First Schedule to the Act shall apply to the Company.

Article 4- Private Company

The Company is a private company within the meaning of Section 2 (68) of the Act and accordingly:

(i) the rights to transfer its Shares is restricted; Provided that where two or more persons hold one or more shares in a company jointly, they shall, for the purposes of this clause, be treated as a single member. Provided further that-

(a) persons who are in the employment of the company; and

(b) 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, shall not be included in the number of members; and

(ii) prohibits any invitation to the public to subscribe for any securities of the company.

Article 5- Share Capital

The Authorized Share Capital of the Company is Rs.1,00,00,000/- (Rs. One Crore only) with power to the Board of Directors to sub-divide, consolidate and increase and decrease and to issue any shares of the original capital with and subject to any preferential, qualified or special rights, privilege or condition as may be, thought fit, and upon the sub-division of shares apportion the right to participate in profits in the manner as between the shares resulting from sub-division. Notwithstanding anything contrary in these Articles, unless the shareholders pass a unanimous resolution to change the below given proportion, the paid up share capital of the Company shall at all times be owned and maintained in the proportion mentioned in Table I below.

Table I

Sr. No.	Name of the entities	Percentage of paid up capital
1.	Group A- KSITIL	49%
2.	Group B- KSEBL	49%
3.	Group C- Government of Kerala	2%

The percentage of holdings mentioned against each Group in Table I above shall not increase or decrease the specific percentage against their respective Group. The foregoing proportion cannot be changed without the prior written consent of the Government of Kerala. Members shall amend the terms of this AOA in case the aforementioned proportionality is agreed to be changed by the Government of Kerala.

Article 6 - Issue of shares for consideration other than cash

The Board of Directors may issue and allot share in the capital of the Company as payment or part payment for any properties purchased or rights conferred or good transferred or machinery or appliance supplied or for services rendered to or to be rendered to the Company in or about the formation or promotion of the Company and any shares may be allotted as fully paid up shares.

Article 7 - Issue of sweat equity shares

The Company shall not issue sweat equity shares of a class of shares.

Article 8 - Commission & Brokerage

Subject to provision of Section 40 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares or Debentures in the Company or procuring or agreeing to procure subscription (whether absolute or conditional) for any Shares or Debentures in the Company, but so that the commission shall not exceed the rate or amount specified by the Act and rules made thereunder from time to time. Such commission may be satisfied by payment of cash or allotment of fully or partly paid Shares/Debentures or partly in one way and partly in the other.

Article 9 - Trusts not recognized

Subject to Section 89 of the Act, the Company shall be entitled to treat the registered holder of any Share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognize any trust, benami, contingent, or equitable or any other claim to or interest in such Shares or any fractional part of a Share whether or not it shall have express or other notice thereof.

Article 10 - Power to increase Capital:

Subject to Section 61 of the Act, the Board may, with the sanction of the Company in a general meeting, increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.

Article 11 - How far new shares to rank with existing shares:

Except so far as otherwise provided 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 contained with reference to the payment of calls and installments, transfer and transmission, lien, voting, surrender and otherwise except in case of bonus shares, right issue etc. as may be made entitled to by the Board or General Meeting from the date of share /subscription.

Article 12 - Reduction of capital:

Subject to the provisions of Sections 66 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 by reducing the liability on the shares or otherwise as may be expedient, and capital may be paid off upon the footing that it may be called up again or otherwise and Board may subject to the provisions of the Act, accept surrender of shares.

Article 13 - Sub-division and consolidation of shares:

The Company in general meeting may, from time to time, sub-divide or consolidate its shares or any of them and exercise any of the other powers conferred by Section 61 of the Act and shall file with the Registrar such notice of exercise of any such powers as may be required by the Act.

Article 14 - Allotment of Shares:

Subject to the provisions of these Articles, the shares shall be under the control of the Board of Directors who may allot or dispose of the same, or any of them, to such persons, upon such terms and conditions, at such times, and upon such consideration as the Board may think fit.

Article 15 -Installments on shares to be duly paid:

If by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being, shall be the registered holder of the shares or by his executor or administrator.

Article 16- Not used

Article 17: Who may be registered:

- (1) Shares may be registered in the name of any person, company or other body corporate. Not more than three persons shall be registered as joint-holders of any share.
- (2) Only the person whose name stands first in the register as one of the Joint-holders of any Share shall be entitled to delivery of the certificate relating to such Share.

Article 18: Share certificate

(1) Every person whose name is entered as a member in the register shall, upon payment, whether in cash or kind, 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. Provided that, in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate and delivery of a certificate for a share to the first one of several joint holders shall be sufficient delivery to all.

(2) The certificate of any share or shares in the Company shall be issued in accordance with the Companies (Share Capital and Debentures) Rules, 2014.

Article 19: Issue of new Share Certificate in place of one worn out, defaced, lost or destroyed:

If a share certificate is worn out, defaced, lost or destroyed it may be renewed on payment of such fee, if any, and on such terms, if any, as to evidence and indemnity as the Board of Directors may think fit.

Article 20 - Calls on Shares:

(1) The Board may from time to time, make calls upon the members in respect of any moneys unpaid on their shares whether on account of the nominal value of the shares or by way of premium and not made payable at fixed time by the conditions of allotment thereof and specify the time or times of payments and place thereof and each member shall pay to the Company at the time or times and place so specified the amount called on his shares. Provided, however, that the Board may, from time to time at their discretion extend the time fixed for the payment of any call and may extend such time to all or any of the members but no member shall be entitled to such extension save as a matter of grace or favour.

(2) When interest on call payable – if the sum payable in respect of any call be not paid on or before the day appointed for payment thereof the holder for the time being or allottee of the share in respect of which a call have been made, shall pay interest on the same at such rate not exceeding 10 percent per annum as the Board shall fix, from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part.

Article 21 - Sums payable on allotment or at fixed date to be paid on due dates:

(1) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these regulations be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(2) Interest on non-payment in case of non- payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

(3) Voluntary advances of uncalled share capital: The Board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him.

Article 22 - Forfeiture of Shares:

(1) If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid together with any interest which may have accrued.

(2) The notice aforesaid shall:

a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made will be liable to be forfeited.

(3) If the requirements of any such notice as aforesaid are not complied with any share in respect of which the notice has been given may, at any time thereafter before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

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

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

Article 23 - Liability to pay money owing at the time of forfeiture

(1) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares.

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

Article 24 - Declaration of forfeiture

- (1) A duly verified declaration in writing that the declarant is a Director, the Manager or the Secretary of the Company and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.
- (2) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.
- (3) The transferee shall thereupon be registered as the holder of the share.
- (4) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to or disposal of the share.

Article 25- Provisions regarding forfeiture to apply in the case of nonpayment of sums payable at a fixed time:

The provisions of these Articles as to forfeiture shall apply in the case of nonpayment of any sum which by terms of issue of a share, becomes payable at a fixed time, whether account of the nominal value of the shares or by way of premium, as if the same had been payable Return on Equity (RoE) of a call duly made and notified.

Article 26 — Company's lien on Shares:

The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share and the Company shall also have a lien on all shares (other than fully paid shares) standing registered in the name of single person for all moneys presently payable by him or his estate to the Company, but the Board may, at any time, declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien, if any, on a share shall extend to all dividends payable thereon.

Article 27 — Enforcement of lien by sale:

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

Article 28 - Application of proceeds of sale:

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

Article 29 — Transfer of Shares

The right of Members to transfer their shares shall be restricted as follow:-

(1) The transfer of share shall be permitted subject to the prior written consent of Government of Kerala.

(2) Transfer of shares shall be subject to provisions of Article 5.

Article 30 – Buy-back of shares

Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

Article 31 - Fee for registration for transfer and transmission of shares and sub-division etc. of shares

- (1) No fee shall be payable to the Company in respect of transfer or transmission of any Shares in the Company.
- (2) No fee shall be charged for sub-division and consolidation of share and Debenture certificates and for sub-division of letters of allotment and split, consolidation, renewal and transfer receipts into denominations corresponding to the market units of trading, for sub-division of renounceable letters of rights, for issue of new certificate in replacement of those which are old, decrepit or worn out, or where the cages on the reverse for recording transfers have been utilized. Provided that Company may charge such fees as may be agreed by it with the Stock Exchange with which its Shares may be enlisted for the time being for issue of new certificates in replacement of those that are torn, defaced lost or destroyed, and for sub division and consolidation of Share and Debenture certificates and for sub-division of letter of allotment and split, consolidation, renewal and transfer receipts into denominations other than those fixed for the market units of trading.

Article 32 — Dematerialization of Securities

(1) For the purpose of this Article —

- i. 'Beneficial Owner' means a person or persons whose name is recorded as such with a depository.
- ii. 'Depository' means a depository as defined in clause (e) of sub-section (1) of section 2 of the Depositories Act, 1996 (Act No.22 of 1996)

(2) Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialise/rematerialise its securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996 and the Rules framed thereunder.

(3) All securities held by a depository shall be dematerialize and be in fungible form. Nothing contained in sections 88 and 89 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owner.

(4) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

i. Save as otherwise provided above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

ii. Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

(5) Notwithstanding anything to the contrary contained in the Act or these Articles, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

(6) Nothing contained in Section 56 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of who are entered as beneficial owners in the records of a depository.

(7) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the company shall intimate the details thereof to the depository immediately on allotment of such securities.

(8) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the company shall apply to securities held with a depository.

(9) The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

Article 33 - Closing of Register:

The Board may subject to the provisions of Section 91 of the Act close the Register of members during each year.

Article 34. Borrowing Powers:

- (1) Subject to provisions of Sections 179 and 180 (1) (c) 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.
- (2) The Board may, raise or secure the payment of such sums in such manner and upon such terms

and conditions in all respects as they think fit and in particular, by the issue of bonds, perpetual or redeemable debentures or debenture stock of any mortgage, charge or other security on the undertaking of the whole or any part of the property of the Company, (both present and future) including its uncalled capital for the time being.

Article 35 - Securities may be assignable free from equities:

Debenture, debenture stock, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Article 36. General Meeting:

- (1) The Board may call a General Meeting by giving not less than clear 21 (twenty one) days notice either in writing or through electronic mode in accordance with the provisions of Section 101 of the Act or any statutory modification thereof. The Board may also call a General Meeting after giving a shorter notice, in accordance with Section 101 of the Act. Notice of every Meeting shall specify the place, date, day and hour of the Meeting and shall contain a statement of the business to be transacted thereat. Where any business consists of special business under the provisions of the Act, there shall be annexed to the notice a statement complying with Section 102(1) and (3) of the Act.
- (2) The first Annual General Meeting of the Company shall be held within a period of nine months from the date of closing of the first financial year of the company and in any other case, within a period of six months, from the date of closing of the financial year. Except in the case when for any special reason, time for holding any Annual General Meeting (not being the first Annual General Meeting) is extended by the Central Government and/or the Registrar under Section 96 of the Act, no greater interval than fifteen months shall be allowed to elapse between the date of one Annual General Meeting and that of the next. Every Annual General Meeting shall be held during business hours on a day other than a public holiday either at the Registered Office of the Company or at such other place within the city, town or village in which the Registered Office of the Company is situated, and the notice calling the meeting shall specify it as the Annual General Meeting. All other meetings of the Company shall be called "Extraordinary General Meeting".

Article 37: Calling of Extra-Ordinary General Meeting on Requisition

The Board may, whenever it thinks fit and shall, on the requisition of the holders of not less than one tenth of the paid up capital of the Company upon which all calls or other sums then due have been paid, as at the date carry the right of voting in regard to that matter forthwith proceed to convene an Extraordinary General Meeting of the Company in accordance with the Section 100 of the Companies Act 2013.

Article 38 - Quorum:

- (1) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- (2) Save as herein otherwise provided, the quorum for a general meeting of the Company shall be at least three (3) members - one each from KSEBL, KSITIL and a representative of

GoK.

Article 39- Chairman of General Meeting:

The Chairman of the Board shall be entitled to take the chair at every general meeting or if there be no such Chairman or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or is unwilling to act as Chairman, the members present shall choose another Director as Chairman, and if no Director shall be present, or if all the Directors present decline to take the chair then, the members present shall choose one of their members to be the Chairman.

Article 40 - When, if quorum not present, meetings to be dissolved and when to be adjourned:

If within half an hour from the time appointed for the meeting a quorum is not present, the meeting if convened upon such requisition as aforesaid, shall be dissolved, but in any other case it shall stand adjourned to the same day in the next week at the same time and place, and if at such adjourned meeting a quorum is not present those members who are present shall be a quorum and may transact the business for which the meeting was called.

Article 41 - Adjournment:

- (1) The Chairman may with the consent of any meeting at which a quorum is present and shall if so directed by the meeting adjourn the meeting from time to time and place to place.
- (2) Business at adjourned meeting - No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (3) Notice of adjourned meeting - When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as was given in the case of an original meeting.
- (4) Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Article 42 - How questions to be decided at meeting:

- (1) Every question submitted to a meeting shall be decided in the first instance by a show of hands and in the case of an equality of votes, the Chairman shall, both on a show of hands and at a poll (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a member.
- (2) Evidence of a Resolution where poll not demanded - At any general meeting, a resolution put to vote of the meeting shall be decided on a show of hands, unless a poll is before or on the declaration of the result of the show of hands, demanded by a member present in person or proxy or by duly authorized representative, and unless a poll is so demanded, a

The following officers shall be, as far as possible, Directors of the Company:-

- a. Two Directors from KSITIL
- b. Two Directors from KSEBL
- c. Two Director from Government of Kerala
- d. One Independent Director nominated by Government of Kerala
- e. Two nominee Directors appointed under Article 52, if and when required.

The first directors of the company shall be:

- a. [Name], [Designation]
- b. [Name], Designation]

Article 52. Nominee Directors

(1) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the financial institutions or finance corporation or credit corporation or to any other financing company or body or a statutory body, Indian or foreign, out of the loans granted by them to the Company or so long as financial institutions or financing corporation or credit corporation or financing company or body Indian or foreign (each of which or any such financial institution or finance corporation or financing company or body is hereinafter in this Article referred to as the "Corporation") continue to hold Debentures in the Company by direct subscription on private placement or so long as the Corporation hold Shares in the Company as a result of underwriting obligation or direct subscription on private placement or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remain outstanding, the corporation may be, if agreed to by the Company, given to right to appoint from time to time, any person or persons as a Director or Directors, whole time or non-whole time (which Director or Directors is / are hereinafter referred to as 'Nominee Director/s') on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their places.

(2) The Board of Directors of the Company shall have no power to remove from office the Nominee Director(s). At the option of the Corporation such nominee Director(s) shall be entitled to the same rights and privileges and be subject to the same obligation as any other Director of the Company.

(3) The Nominee Director(s)- so appointed shall hold the office only so long as any money remain owing by the Company to the Corporation or so long as the Corporation holds Debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds Shares in the Company as a result of underwriting or direct subscription on private placement or the liability of the Company arising out of or on direct subscription on private placement or the liability of the Company arising out of any guarantee is outstanding and the Nominee Director(s) so appointed in exercise of the said power shall ipso facto vacate such office immediately and the money owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold

Debentures and Shares in the Company arising out of any Guarantee furnished by the Corporation.

(4) The Nominee Director(s) appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and Meetings of the Committee of which the Nominee Director(s) is /are Member(s) as also the minutes of such meetings. The Corporation

shall also be entitled to receive all such notices and minutes.

- (5) The Company shall pay to the Nominee Director(s) sitting fee and expenses to which the other Directors of the Company are entitled, but if any other fees, commissions, monies and remuneration in any form is payable to the Director of the Company, the fees, commissions, monies and remuneration in relation to such Nominee Directors shall accrue to the Corporation and the same shall accordingly, be paid by the Company directly to the corporation. Any expenses that may be incurred by the Corporation or such Nominee Director(s) in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director(s).
- (6) Provided also that in the event of Nominee Director(s) being appointed as whole time Director(s) such Nominee Director(s) shall exercise such powers and duties as may be approved by the Corporation and have rights as are usually exercised or available to a whole time Director in the management of the borrower. Such Nominee Directors shall, subject to the provisions of the Act, be entitled to receive, such remuneration, fees, commissions and monies as may be approved by the Corporation.

Article 53. Remuneration of the Directors:

The Directors so appointed shall be paid such salary and / or allowances as Members may, from time to time, determine subject to the approval of Government of Kerala. Subject to the provisions of the Act, such reasonable additional remuneration as may be determined by the Members may be paid to anyone or more of the Directors for extra or special services rendered by him or them or otherwise.

Article 54. Sitting Fees:

The fee payable to Directors (excluding Managing Director or whole-time Directors, if any) for attending a meeting of the Board or Committee thereof shall be decided by the Board of Directors from time to time within the maximum limit of such fee that may be prescribed under the proviso to Section 197 of the Companies Act, 2013.

Article 55. Traveling expenses incurred by a Director not being a resident or by a Director traveling on the Company's business:

The Board may allow and pay to any Director who is not a bonafide resident of the place where the General Meetings and Meetings of the Board are ordinarily held and who shall come to such a place for the purpose of attending any Meeting, such sum as the Board may consider fair compensation for travelling, boarding, lodging, and other expenses, in addition to his fee for attending such Meeting as above specified, and if any Directors 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 repaid and reimbursed any travelling or other expenses incurred in connection with the business of the Company.

Article 56. Retirement of the directors:

Subject to the provisions of the Act and the rules made thereunder the Directors in the Company holding directorship by virtue of holding any other position in the Company shall retire on their ceasing to hold the respective position. Non-official part-time Directors shall retire on the expiry of the term of their appointment. An officer of the government appointed by the State Government as a director on the Board of the Company shall retire on his transfer from such post and the new incumbent who assumes charge of the said post shall automatically become a Director on the Board. A retiring Director shall be eligible for reappointment.

Article 57. Duties of Managing Director:

The Managing Director shall, subject to the superintendence, control and direction of the Board of Directors of the Company, be entrusted with substantial powers of management of the Company and in particular conduct and assume primary responsibility for the performance and supervision of the technical, administrative and day to day operation of the Company and in particular conduct and assume primary responsibility for the performance and supervision of the technical, administrative and day to day operation of the Company.

Article 58. Board may act notwithstanding vacancy:

The continuing Directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum number fixed, the Directors shall not, except for the purpose of filling vacancies or of summoning a General Meeting act so long as the number is below the minimum.

Article 59. Vacation of office of Director:

The office of a Director shall ipso facto become vacant if at any time he commits any of the acts set out in Section 167 of the Act.

Subject to the approval of the Board in accordance with Section 188 of the Act, a Director or his relative, or any firm in which such Director or relative is a partner, or any other partner in such firm or a private Company of which the Director is a Member or Director may enter into any contract with the Company for the sale, purchase or supply of any goods, materials or services or for underwriting the subscription of Shares in or Debentures of the Company.

Article 60. Office of Profit:

No Director or other person shall hold an office or place of profit in the Company save as permitted by Section 188 of the Act.

Article 61. Appointment of a Director of a Company in which the Company is interested:

A Director of this Company may become a Director of any other Company promoted by this Company or in which it may be interested as a vendor, Shareholder or otherwise and no such Director shall be accountable for any benefits received as a Director or Member of such Company except in so far as Section 197 (14) or Section 188 of the Act may be applicable.

Article 62. Disclosure of a Director's interest:

Every Director, who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, entered into or to be entered into, by or on behalf of the Company. Where any of the Directors of the Company or two or more of them together hold not more than two percent of the paid up Share capital in the other Company, shall disclose the nature of his/their concern or interest at a Meeting of the Board as required by Section 184 of the Act. A general notice, renewable in the last month of each financial year of the Company, that a Director is a Director or a member of any specified body corporate or is a member of any specified firm and is to be regarded as concerned or interested in relation to any contract or arrangement so made, and after the date of such general notice, it shall not be necessary to give special notice relating to any particular contract or arrangement with such body corporate or firm, provided such general notice is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given. Every Director shall be bound to give and from time to time renew the general

notice as aforesaid in respect of all bodies corporate of which he is a Director or a member and of all firms of which he is a partner.

Article 63. Discussion and voting on contracts in which any Director is interested:

Subject to the provisions of the Act, no Director shall, as a Director, take any part in the discussion of, or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, in which he is in any way, whether directly or indirectly concerned or interested, nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote. This prohibition shall not apply to;

- i. Any contract of indemnity against any loss which the Directors or any of them may suffer by reason of becoming or being sureties or a surety for the Company; or
- ii. Any contract or arrangement entered into or to be entered into by the Company with a public company, or with a private company, which is a subsidiary of a public company, in which the interest of the Director consists solely in his being a Director of such company and the holder of Shares not exceeding such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the company or in his being a Member of the company holding not more than two percent of the paid up Share capital of the company.

Article 64. Meetings of Directors:

The Directors may meet together as Board for the dispatch of business, from time to time, and shall so meet and at least four such meetings shall be held every year and that not more than 120 days gap shall be there between two consecutive meetings.

Article 65. Notice of meetings:

At least seven days clear notice of every meeting of the Board of Directors of the Company shall be given in writing to every Director of the Company at his usual address in India, and in the case of a Director who is either not residing in India, or who is temporarily absent from his usual address in India, and where due notice has been provided by such Director about his temporary absence to the Company, the notice of every such Board Meeting shall also be sent to the address of every such Director outside India or to his alternate, if any, in India at his usual address in India. Such notice shall be accompanied by the agenda setting out the business proposed to be transacted at the meeting of the Board, a meeting of the Board may be convened at a shorter notice in case of urgency or in an emergency or if special circumstances shall so warrant.

Article 66. Chairman:

- (1) The Board may elect a Chairman based on the approval of Government of Kerala and may determine the period for which he is to hold office. If no such Chairman is elected or if at any meeting the Chairman is not present within 15 minutes after the time for holding the same, the Directors present may choose one of their number to be the Chairman of the meeting.
- (2) The Chairman may be a non-retiring Director and may be in the whole time employment of the Company. In case of a tie or equity of votes, the Chairman shall have a casting or second vote.

Article 67. Quorum:

Subject to Section 174 of the Act, the quorum for any meeting of the Board shall be one-third of its total strength (excluding Directors, if any, whose place may be vacant at the time and any fraction contained in one-third to be rounded up as one) or Three Directors whichever is higher, where at any time the number of interested Directors exceeds or is equal to two thirds of the total strength of the Board, the remaining Directors that is to say, the number of Directors who are not interested, present at the meeting being not less than two shall be the quorum during such time.

Article 68. Adjournment of meeting for want of quorum:

If a meeting of the Board could not be held for want of quorum then the meeting shall stand adjourned till the same day in the next week, at the same time and place or if that day is a public holiday till the next succeeding day which is not a public holiday, at the same time and place unless the Chairman of the Board fixes some other day, time and place, for the said adjourned meeting (not being later than 15 days from the day on which the meeting is adjourned for want of quorum).

Article 69. Power of quorum:

A meeting of the Board at which a quorum be present shall be competent to exercise all or any or the authorities, power and discretion by or under these Articles or the Act for the time being vested in or exercisable by the Board.

Article 70. How questions at board meeting to be decided:

Subject to the provisions of Sections 203, 186 and 203 of the Act, questions arising at any meeting shall be decided by a majority of votes of Directors present, and, in case of any equality of votes, the Chairman shall have a second or casting vote.

Article 71. Board may appoint committees:

Subject to the provisions of the Act and the restrictions contained in Section 179 of the Act and these Articles, the Board may delegate, any of its powers to a committee or committees of the Board consisting of such members of its body as it thinks fit. The Board may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to persons or purpose but every 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. All acts done by any such committee(s) of the Board in conformity with such regulations and in fulfillment of the purpose of their appointments but not otherwise shall have the like force and effect as if done by the Board. The decision or minutes of such committee shall be placed before the Board for information at the next meeting.

Article 72. Proceedings of committee:

The meeting and proceedings of any committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors in so far as the same are applicable thereto and are not superseded by any regulations made by the Board under these Articles 79 to 81.

Article 73. Chairman of meeting of committee:

A committee of Directors may elect a chairman of their meetings, if no such chairman is elected or if at any meeting the chairman is not present within fifteen minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of the meeting.

Article 74. Validity of acts:

All acts done at any meeting of Directors or of a committee of the Directors or by any person acting as a Director shall be valid, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Directors, committee or person acting as aforesaid or that they or any of them were disqualified.

Article 75. Resolution by circulation

Subject to the provisions of Section 175 of the Act, no resolution shall be deemed to have been duly passed by the Board or committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers if any, to all the Directors or their alternates or to all members of any committee of the Board, then in India (not being less in number than the quorum fixed for a meeting of the Board or its committee, as the case may be) and to all other Directors or members of such committee at their usual address then in India, and has been approved by such of the Directors or members of such committee as are then in India, or by a majority of such of them, as are entitled to vote on the resolution.

Provided further that in exercising any such power or doing any such act or thing, the Directors shall be subject to the provisions contained in that behalf in the Act or any other act or in the Memorandum or Articles of the Company, or in any regulations made by the Company in general meeting. No regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

Article 76. Minutes of proceedings of meetings of board

- (1) The minutes of all proceedings of every meeting of the Board and committees thereof shall be kept as per the Secretarial Standards issued by Institute of Company Secretaries of India.
- (2) The Company shall cause minutes of all proceedings of every meeting of the Board and committees thereof to be kept by making, within 30(thirty) days of every such meeting, entries thereof in books kept for the purpose with their pages consecutively numbered.
- (3) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of every meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the succeeding meeting.
- (4) In no case will the minutes of proceedings of a meeting be attached to any such book as aforesaid by pasting or otherwise.
- (5) The minutes of each meeting, shall contain a fair and correct summary of the proceedings thereat.

(6) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.

(7) The minutes shall also contain:

- i. the names of the Directors present at the meeting, and
- ii. in the case of each resolution passed at the meeting, the names of the Directors if any, dissenting from or not concurring in the resolution.

(8) Nothing contained in sub-Articles (1) to (6) shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:

- i. is or could reasonably be regarded as defamatory of any person;
- ii. is irrelevant or immaterial to the proceedings; or
- iii. is detrimental to the interests of the Company.

The Chairman of the Meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the ground specified in this sub-clause.

(9) Minutes of meetings kept in accordance with Section 118 of the Act and the aforesaid provision and such minutes of meetings shall be evidence of proceedings recorded therein.

Article 77. General powers vested in the board:

Subject to the provisions of the Act, the control of the Company shall be vested in the Board, who shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorised to exercise and do. Provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other statute or the Memorandum of the Company or by these Article or otherwise, to be exercised or done by the Company in General Meeting.

Provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of the Company or in these Articles or in any regulations not inconsistent therewith and duly made thereunder, including regulation made by the Company in General Meeting, but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board of which would have been valid if that regulation had not been made.

Article 78. Delegation of powers:

Subject to the provisions of the Act, the Board may, from time to time, delegate such of its powers as it may think fit to the Chairman and/ or Managing Director(s), subject to such terms, conditions and restrictions as it may deem necessary to impose and may, from time to time, revoke, amend or vary all or any of the powers so delegated.

The Chairman and/or Managing Director(s) may sub-delegate any of the powers delegated to him by the Board to any officer or other employees of the company, subject to condition that every such sub-delegation of his powers will be reported to the Board.

Article 79. Specific powers given to board:

Without prejudice to the general powers conferred these Articles, but subject to the provisions of Section 180, 182 and 188 of the Act and the guidelines issued by the State Government from time to time, the Board shall have the following powers, that is to say:

- (1) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.
- (2) Subject to Sections 179 and 188 of the Act, to purchase or otherwise acquire for the Company and 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 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.
- (3) At their discretion and subject to the provisions of the Act, to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in Shares, bonds, Debentures, mortgages or other securities of the Company, and any such Shares, may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, Debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
- (4) To enter into technology and/or financial joint ventures or strategic alliances as per Government guidelines on the subject from time to time.
- (5) To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.
- (6) To accept from any Member, as far as may be permissible by law, 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, 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 trust, and to provide for the remuneration of such trust 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 claim or demands by or against the Company and to refer any differences, claims or demands by or against the Company to arbitration and observe and perform any awards made thereon.
- (9) To act on behalf of the Company in all matters relating to bankrupts and insolvents.
- (10) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.

- (11) To invest in Reserve Bank /State Bank of India, any nationalized bank or in such securities as may be approved by the Members and deal with any of the moneys of the Company upon such investments authorised by the Memorandum of Association of the Company and in such manner as they think fit and from time to time to vary or realize such investments.
- (12) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability 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 a power of sale and such other powers, provisions, covenants and agreement 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, receipt acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.
- (14) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company, and to give any officer or other person employed by the Company, a commission on the profits of any particular business or transaction and to charge such bonus or commission as part of the working expenses of the Company.
- (15) To establish, maintain, support and subscribe to any charitable, benevolent, public or general useful objects or any institution, society, or club or thud which may be for the benefit of the Company or its employees or may be connected with any town or place where the Company carries on its business or any object in which the Company may be interested.
- (16) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund, or to an Insurance Fund, or as Reserve Fund or Sinking Fund or any special Fund to meet contingencies or to repay Debentures or debenture-stock, or for special dividends or for equalizing dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may, in its absolute discretion, think conducive to the interest of the Company, and subject to Section 179 of the Act, to invest the several sums so set aside or so much thereof as require to be invested, upon such investments (other than Shares of the Company) as they may think fit, and from time to time to deal with and 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 the moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into special funds as the Board may think fit, with full power to transfer the whole or any portion of a Reserve Fund or division of a reserve fund and with full power 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 Debenture or debenture stock 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 fund, interest at such rate as the Board may think proper.
- (17) Subject to applicable DPE guidelines, to create and wind up posts, to appoint-persons thereto and at their discretion remove or suspend all employees below the Board level by whatever designation they are called e.g. Executive Directors, Chief General Managers, managers, secretaries, assistants, supervisors, clerks, agents, servants etc. for permanent, temporary or special services as they may from time to time think fit, and to determine their power and duties and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit.

- (18) 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.
- (19) To comply with the requirements of any local law, which in their opinion shall in the interests of the Company, be necessary or expedient to comply with from time to time and at any time to establish any local Board, for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such local Boards, and to fix their remuneration.
- (20) Subject to the provisions of Section 179 of the Act, from time to time and at any time, delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board other than their powers to make calls or to make loans or borrow moneys, and to authorise the Members for the time being of any such local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies therein and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed, and may annul or vary any such delegation.
- (21) At any time and from time to time, by Power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 179 of the Act) and for such period and subject to 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, nominees or managers of any Company or firms otherwise in favour of any fluctuating 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 or any of the powers, authorities and discretion for the time being vested in them.
- (22) Subject to Sections 188 of the Act, for 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 deeds and things in the name and on behalf of the Company as they may consider expedient.
- (23) From time to time make, vary and repeal bye-laws for the regulation of the business of the Company; its officers and servants.
- (24) To refer any claims or demands by or against the Company to arbitration and observe and perform the awards.
- (25) Subject to the approval of the Members to give to any person employed by the Company a commission on the profits of any particular business transaction or a share in the general profits of the Company, and such commission or share of profit shall be treated as part of the working expenses of the Company.
- (26) Subject to the approval of the Members to borrow or raise or secure the payment of money in such manner as the Company shall think fit and in particular by executing mortgages and the issue of Debentures, or debenture-stock, perpetual or otherwise, charged upon all or any of Company's property (both present and future) including its uncalled capital and to purchases, redeem or payoff any such securities.
- (27) To fix terms and conditions for providing, maintaining and operating services provided to the customers.

- (28) To undertake capital expenditure on purchase of new items or for replacement as may be required for the business of the Company subject to Government guidelines on the subject from time to time.
- (29) To fix tariffs keeping in view the market forces and competition within the overall guidelines of the Telecom Regulatory Authority of India.
- (30) To subscribe/acquire, hold and sell or dispose of shares in other Companies having objects in whole or in part similar to the Company subject to Government guidelines on the subject from time to time.
- (31) To execute project, sale lease/disposal of land, assets etc. in accordance with extant DPE/Government of India Guidelines.
- (32) To refer any claim or demand by or against the Company to arbitration and observe and perform the Awards.

Article 80. Seal:

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

Article 81. Reserve Fund:

Subject to Section 123 of the Act, Directors shall, before recommending any dividend, set apart out of the profits of the Company such sums as they think proper as a reserve fund to meet contingencies or for equalising dividends, or for special dividends, or for repairing, improving and maintaining any of the property of the Company, and for amortisation of capital and for such other purposes as the Board of Directors shall in their absolute discretion think conducive to the interest of the Company, and may invest the several sums so set aside upon such investments, (other than shares of the Company) as they may think fit from time to time to deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company, and may divide the reserve funds into such special funds, as they think fit and employ the reserve funds or any part thereof in the business of the Company and that without bring bound to keep the same separate from the other assets.

Article 82. Dividends

The profits of the Company available for payment of dividend including the interim dividend subject to any special right relating thereto created or authorised to be created by these presents and subject to the provisions of these presents as to the reserve fund and amortisation of capital shall be divisible among the members in proportion to the amount of capital paid up by them respectively provided always that (subject as aforesaid) any capital paid up on a share during the period in respect of which a dividend is declared shall only entitle the holder of such share to an apportioned amount of such dividend as from the date of payment.

Article 83. Declaration of dividends

The company in general meeting may declare a dividend to be paid to the members according to their rights and interests in the profits but no dividend shall exceed the amount recommended by the Board of Directors.

Article 84. Dividends out of profits only and not to carry interest

No dividend shall be declared or paid by the Company for any financial year except out of profits of the Company for that year arrived at after providing, for the depreciation in accordance with the provisions of sub-section (2) of section 123 of the Act or out of profits of the Company for any previous financial year or years arrived at after providing for the depreciation in accordance with those provisions and remaining undistributed or out of both or out of moneys provided by the Government for the payment of dividend in pursuance of a guarantee given by the Government. No dividend shall carry interest against the Company.

Article 85. Debts may be deducted

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

Article 86. Dividend to joint holders:

Anyone of several persons who are registered as the joint holders of any share, may give effectual receipts for all dividends and payments on account of dividends in respect of such shares.

Article 87. Payment by post:

Unless otherwise directed any dividends may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled or in the case of joint holders, to the registered address of that one whose name stands first in the register in respect of the joint holding; and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.

Article 88. Capitalization of Profits

(1) The Company in General Meeting may, upon the recommendation of the Board resolve:

- i. that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the Profit and Loss Account, or otherwise available for distribution; and
- ii. that such sum be accordingly set free for distribution in the manner specified in clause (2) below amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3) either in or towards

- i. paying up amounts for the time being unpaid on any shares held by such members respectively;
- ii. paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in, the proportions

aforesaid; or

iii. partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).

(3) A share premium account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares.

(4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

Article 89. Accounts to be kept-

The Company shall cause to be kept proper books of accounts in accordance with Section 128 of the Act with respect to:

- i. All sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure take place.
- ii. All sales and purchases made by the Company.
- iii. The assets and liabilities of the Company.

Article 90. Inspection of Account Books

The books of account shall be kept at the Registered Office of the Company or such other place in India as the Board of Directors shall think fit and shall be open to inspection by the Directors during business hours.

Article 91. Inspection by Members:

The Board of Directors shall, from time to time, determine whether and to 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 members (not being Directors) and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board of Directors or by the Company in general meeting.

Article 92. Annual Accounts and Balance Sheet:

Subject to Section 129 of the Act, at the first Annual General Meeting and subsequently at every Annual General Meeting, the Board shall lay before the Company, a Balance Sheet and Profit and Loss Account in the case of the first account since the incorporation of the Company, and in any other case since the preceding account made upto a date not earlier than the date of the meeting by more than six months or where an extension of time has been granted for holding the meeting by more than six months and the extension so granted.

Article 93. Content of Profit and Loss Account:

Forms of Balance Sheet & Profit & Loss Account shall be in accordance with the provisions of Section 129 of the Act. The Profit and Loss Account shall in addition to the matters referred to in Section 129 of the Act show, arranged under the most convenient heads, the amount of gross income, distinguishing

the several sources from which it has been derived and the amount of gross expenditure distinguishing the expenses of the establishment, salaries and other like matters. Every item of Expenditure fairly chargeable against the years income shall be brought into account so that just balance of profit and loss may be laid before the meeting, and in cases where any item of expenditure which may in-fairness be distributed over several years has been incurred in anyone year, the whole amount of such item shall be stated with addition of the reason why only a portion of such expenditure is charged against the income of the year.

Article 94. Balance Sheet and Profit and Loss Account to be sent to Members:

The Company shall send a copy of such Balance Sheet and Profit and Loss Account together with a copy of the Auditor's Report to the registered address of every member of the Company in the manner in which notice is to be given hereunder at least twenty-one days before the meeting at which it is to be laid before the members of the Company.

Article 95. Accounts to be audited annually:

Once at least in every year the accounts of the Company shall be prepared and the profit and loss account and balance sheet shall be audited by one or more auditors as provided in the Act.

Article 96. Auditor's right to attend meeting:

The auditors of the Company shall be entitled to receive a notice of and to attend any general meeting of the Company at which any accounts which have been audited or reported on by them are to be laid before the Company and make any statement or explanation they desire with respect to the accounts and supplementary report and the comments, if any, of the Comptroller and Auditor General of India.

Article 97. Distribution of assets on winding up

If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively. And if in a winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up the excess shall be distributed amongst the members in proportion to the capital paid up or which ought to have been paid up on 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. Notwithstanding the foregoing, if the Company is wound up or liquidated due to any reason whatsoever, the Company and the Members shall use best

efforts to ensure that the various right of way and right to use provided by KSEBL to KFON shall revert to KSEBL.

Article 98. Secrecy:

Every Director, Secretary, members, or debenture-holders, member of a committee, officer, servant, agent, accountant, or other person employed in or about the business of the Company shall, if so required by the Board before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any general meeting or by a court of law and except so far as may be necessary in order to comply with any of the provisions in these Articles contained.

Article 99. Restriction on entry upon property:

No shareholder or other person (not being a Director) shall be entitled to enter upon the property of the Company or to inspect or examine the premises or properties of the Company without the permission of the Board or to require discovery of or any information respecting any detail of the trading of the Company or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of business of the company and which in the opinion of the Board it will be inexpedient in the interest of the company to communicate.

Article 100. Indemnity

Subject to the provisions of Section 197 of the Act, every Director, Manager, Auditor, Secretary and other Officer or servant of the Company shall be indemnified by the Company against, and it shall be the duty of the Board of Directors out of the funds of the Company to pay all costs, losses and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into, or act or things done by him as such officer or servant or in any way in the discharge of

his duties; and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the members over all other claims.

Article 101. Individual responsibility of Directors

No Director or other officer of the Company shall be liable for the acts, receipts, neglect or defaults of any other Director or officer of the Company or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by the order of the Board of Directors for or on behalf of the company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any moneys, securities or effects shall be deposited or for any loss occasioned by any error or judgement or oversight on his part or for any other loss, damage or misfortune whatever, which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own negligence, default, misfeasance, breach of duty, or breach of trust.

We the several persons, whose names and addresses and descriptions are subscribed below, are desirous of being formed into a Company in pursuance of this Article of Association.

Sr. No	Names, addresses, descriptions and occupation of each Subscriber	No. of Shares taken by each subscriber	Signature of Subscribers	Signature, names, addresses, descriptions and occupations of witnesses
1	Kerala State Electricity Board Limited (KSEBL) Represented By,	4,90,000		
2	Kerala State Information Technology Infrastructure Limited (KSITIL) Represented By,	4,90,000		

3	Governor Of Kerala Represented By,	20,000		
Total shares taken:				

Dated:

Place:

ANNEXURE-III

JOINT VENTURE AGREEMENT

OF

KERALA FIBRE OPTIC NETWORK LIMITED

JOINT VENTURE AGREEMENT

THIS JOINT VENTURE AGREEMENT is made and entered into on this the day of 2018 by and between KERALA STATE ELECTRICITY BOARD LIMITED ("KSEBL"), a Public Limited company having its registered office at Vydyuthi Bhavanam Pattom, Thiruvananthapuram – 695004 represented by Sri..... (which expression shall mean and include its successors and assigns) on THE FIRST PART and KERALA STATE INFORMATION TECHNOLOGY INFRASTRUCTURE LIMITED ("KSITIL"), a Public Limited Company having its registered office at TC 14/196/2, Chandrasekharan Nair Stadium, Vikas Bhavan P O, Thiruvananthapuram, Kerala – 695033 represented Sri. (which expression shall mean and include its successors and assigns) on the SECOND PART and THE GOVERNOR OF KERALA, (hereinafter referred to as "GOK" which expression shall mean and include its successors and assigns) represented by Sri. on the THIRD PART;

KSEBL, KSITIL and GOK are hereinafter collectively referred to as "Parties", and each individually as such or as a "Party";

WHEREAS, KSEBL is a Company engaged in the business of and KSITIL is engaged in the business of and GOK, the KSEBL and KSITIL have decided to form a Joint venture Company for the implementation of KFON project for the purpose of building up a statewide optical fibre network infrastructure for providing high speed internet connectivity to all Government Educational institutions and leveraging the network to the Telecom/Internet Service Providers on non discriminatory basis to provide quality and affordable internet services to citizens.

AND WHEREAS, the Parties have decide to form KFON as a joint venture company in India in which KSEBL would hold forty nine percent (49%) of the share capital, KSITIL would hold forty nine percent (49%) of the share capital and Government of Kerala would hold two percent (2%) of the share capital as golden share.

AND WHERE AS pursuant to the above mentioned decision, the Parties are now desirous of entering into this Agreement to set out on terms and conditions in relation to the setting up of the K-FON, the relationship between the Parties and their broad level rights and obligations in relation to the K-FON, the management of K-FON and other matters in connection therewith.

AND WHERE AS, the GOK vide G.O(MS)No.22/2017/ITD dated, 13.10.2017 have accorded administrative sanction for the formation of a Joint Venture Company in the name as Kerala Fibre Optic Net work (K-FON),

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

DEFINITIONS, RULES OF CONSTRUCTION

1.01 Definitions. In this Agreement, unless the context otherwise requires, capitalized terms used herein and which are not otherwise defined herein, shall have the meanings given to such terms hereunder:

- a. "Act" means the Companies Act, 2013;
- b. "Applicable Law" means any statute, notification, by-law, rules, regulations, guideline, policy, direction, directive, ordinance, order or instruction having the force of law, enacted or issued by any Governmental Authority and shall include any consents or approvals granted by any Governmental Authority;
- c. "Government Authority" shall mean any national, state, provincial, local or other government authority, statutory authority, government department, tribunal or court or other law, rule or regulation-making entity or any tribunal, board or court;
- d. "INR" shall mean Indian Rupees, the lawful currency of India;
- e. "Registrar of Companies" means the Registrar of Companies as defined in the Act;

1.02 Rules of Construction.

- i. References to Clauses are to clauses of this Agreement;
- ii. Headings to Clauses are for convenience only and are to be ignored in construing this Agreement;
- iii. References to a "entity" are to be construed so as to include any firm, company, Government, or any joint venture, association or partnership (whether or not having a separate legal personality);
- iv. References to a "company", are to be construed so as to include any company, corporation, or other body corporate, wherever and however established;
- v. References to any statute or statutory provisions are to be construed as a reference to the same as it may have been, or may from time to time, amended modified or re enacted;
- vi. Words denoting the singular include the plural and vice versa and words importing the masculine gender include feminine and neuter genders and vice versa;
- vii. References to Annexures, Schedules and Recitals are to annexures, schedules and recitals to this Agreement and shall be taken, read and construed as essential parts of this Agreement but headings and the table of contents are for ease of reference and shall be ignored in construing this Agreement;

(viii) (The word "month" wherever used shall mean the period of time which ends on the same date as it commenced in the previous month but if there is no numerically corresponding date in the following month then the period shall end on the last day of the month;

(ix) References to "Rs." or "Rupees" or "INR" are reference

FORMATION OF THE JOINT VENTURE COMPANY

2.01 Private Limited Company. The Parties hereby agree to form and incorporate Kerala Fibre Optics Ltd. in the form of a private limited company under the Act. The Parties agree that KSITIL shall initiate the process of incorporation of the K-FON promptly following the execution of this Agreement. The Parties further agree as follows:

- a. the K-FON shall be incorporated by KSITIL with the main objects as set out in Article 2.03 at the place specified in Article 2.04;
- b. the K-FON shall be incorporated by KSITIL with the authorized share capital of Rupees One Crore (INR 1,00,00,000);
- c. KSITIL shall bear all costs and expenses related to the incorporation of the K-FON; and
- d. Parties shall ensure that the K-FON, once incorporated, complies with all provisions of the Act and this Agreement.

2.02 Name. The name of the Joint Venture Company shall be Kerala Fibre Optics Network Ltd. (in short K-FON) or such other similar name which manifests the main objects of the company and is available with the Registrar of Companies.

2.03 Main Objects of the K-FON. The main objects of the K-FON shall be:

- a. To carry on the business of establishment, management and operation of Optical Fibre Network, to enable and provide fibre connectivity across the State of Kerala including Government, educational and other establishments and to plan, survey, design, develop, establish, provide, maintain, perform, rollout, finance, manage, operate, upgrade and modernize the optical fibre network.
- b. To share and leverage Company owned infrastructure to provide or facilitate free internet to economically backward households through service providers.
- c. To work on the principles and guidelines of openness and transparency; to leverage infrastructure and provide access to Optical Fibre Network/ bandwidth in a non-discriminatory manner to all eligible Telecom/Internet Service Providers and any other service providers to enable them to provide services across the state of Kerala and specifically in rural areas; to sell bandwidth, lease dark fibre and provide any value added services deemed necessary by the company; to create Information and Communication

Technology infrastructure required for the rapid development of economic sectors in the State of Kerala;

- d. To engage in any other relevant act or activity, business conduct, action or transaction that is deemed to be necessary for achieving the purposes set forth in the paragraphs (a) through (c) herein-above or that is specifically agreed upon in writing by both Parties.

2.04 Registered Office. The registered office of the K-FON shall be at T.C 14/196/2, Chandrasekaran Nair Stadium, Palayam, Vikas Bhavan P.O, Thiruvananthapuram- 695 033 or such other place decided by the GOK prior to incorporation of the company.

2.05 Articles of Association. The articles of association of the K-FON (the "Articles of Association") shall be in accordance with the terms of this Agreement, annexed herewith as Annexure A. The Parties shall ensure that they will do, and will cause the K-FON to do, all such acts and deeds as are required to implement the Articles of Association as set forth above.

2.06 Overriding Effect of this Agreement. The Articles of Association and Memorandum of Association of the K-FON (the "Memorandum of Association") (the envisaged Memorandum of Association is annexed as Annexure B) shall be in accordance with the terms of this Agreement, and the Parties shall take all necessary action to ensure the same. In the event of any conflict or inconsistency between the terms of the Articles of Association and this Agreement or between the terms of the Memorandum of Association and this Agreement, the terms of this Agreement shall prevail and the Parties shall, exercise their rights in the K-FON to amend the Articles of Association and/or Memorandum of Association, as applicable, with immediate effect to accord with the terms of this Agreement and eliminate such conflict or inconsistency, and the Parties shall refrain from taking any action that is inconsistent with this Agreement.

CAPITALIZATION

3.01 Shares. Unless otherwise agreed in writing by the Parties, the K-FON shall issue Shares only.

3.02 Authorized Share Capital. The initial authorized share capital of the K-FON shall be Indian Rupees One Crore (INR 1,00,00,000), divided into Ten Lakh (INR 10,00,000) Shares with a face value of Indian Rupees Ten (INR10) each. The authorized share capital of the K-FON may be increased with mutual consent of the Parties and as per the provisions of the Act.

3.03 Capital Contributions. Subject to the terms and conditions of this Agreement, each Party shall subscribe for such number of Shares as will entitle it to the percentage of Shares specified on the right-hand side of its name below and shall pay to the K-FON, in tranches and quantum of subscriptions to the Shares in pursuance to the capital contribution schedule as shown in Table below, the amount specified on the right-hand side of its name below (the "Capital Contributions").

Entity	Percentage of Shares	Amount to be paid (in cash)
KSEBL	49%	INR 49,00,000
KSITIL	49%	INR 49,00,000
Government of Kerala	2%	INR 2,00,000
Total	100%	INR 1,00,00,000

- i. The initial subscription to shares as mentioned above shall be paid in cash by all the Parties. The payment for the Capital Contributions shall be made in Indian Rupees to the bank account designated by the KFON. After the initial subscription to shares as mentioned above, KSEBL shall not be required to make any monetary contribution towards subscription of shares and shall have the right to subscribe to shares of KFON for consideration other than cash as per the provisions of the Act. Parties shall ensure that shares are issued to KSEBL for such consideration other than cash. The assistance, various rights to use, and any goods & services, provided by KSEBL to KFON, whether free of cost or at discounted rates, shall be considered while issuing shares to KSEBL for consideration other than cash. Additional cost incurred, if any, on account of additional fiber being laid, shall also be treated as contribution of KSEBL to KFON as equity participation. Notwithstanding anything contrary contained in this Agreement, KSITIL and GoK agree to take all necessary steps to ensure that the proportion of shares of KSEBL in KFON shall remain 49%.
- ii. It is hereby confirmed that for each Capital Contribution, the price per Share at which the Shares are allotted to KSEBL, KSITIL and GoK shall always be the same and that unless otherwise agreed in writing by the Parties, all issuance of Shares shall always be made to KSEBL, KSITIL and GoK simultaneously to ensure that the proportion of share holding remains 49%, 49% and 2% respectively.
- iii. The parties shall ensure that the above proportion of percentage of shares shall always be maintained and shares will be issued in such a way that the above proportion is not diluted.

3.04 Registration and Share Certificate. The Parties shall cause the KFON to do all things necessary to effectuate the valid issuance of the Shares to each of the Parties as contemplated in this Agreement to register each of the Parties as owner of the Shares for which such Party has subscribed and paid in full, and to issue and deliver to such Party valid and duly stamped share certificate(s) representing such Shares, along with the updated copy of the register of members of the KFON. Such registration and issuance of share certificate(s) shall be duly made on the respective dates of payment.

All Shares shall be held in physical form and each share certificate with respect to the Shares shall bear the following legend either as an endorsement or on the face of such share certificate:

"THIS CERTIFICATE AND THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT IN ALL RESPECTS TO THE PROVISIONS OF THE JOINT VENTURE AGREEMENT DATED _____, BETWEEN KSEBL, KSITIL AND GOVERNMENT OF KERALA INCLUDING THE TRANSFER RESTRICTIONS CONTAINED THEREIN, COPIES OF WHICH ARE ON FILE AT THE CORPORATE OFFICE OF THE COMPANY."

3.05 Issuance of Additional Shares. Unless otherwise agreed by the Parties in writing, in the event that the KFON decides, in accordance with this Agreement, to raise additional funds by way of issuance of additional Shares or other instruments giving rights to convert or which are convertible into Shares (such additional Shares and other instruments, collectively, the "Additional Shares"), the following provisions shall be applicable for any issuance by the KFON thereof:

- (a) Parties shall each subscribe to the Additional Shares in proportion to their respective Portions in accordance with the provisions mentioned in Para 3.05.
- (b) In the event that the KFON proposes to issue Additional Shares it shall offer such Additional Shares to each of the Parties by a notice in writing (the "Issuance Notice") setting forth in detail the following information:
 - (i) the terms of the proposed issuance, including the proposed issuance price determined in accordance with the Applicable Law (the "Issuance Price");
 - (ii) the date of closing of the proposed issuance, which shall not be less than sixty (60) days (the "Issue Closing Date") from the date of receipt of the Issuance Notice;
 - (iii) the total number of Additional Shares proposed to be issued; and
 - (iv) the details of bank account and remittance details for payment of the application monies for subscribing to the Additional Shares.
- (c) Each of the Parties shall subscribe, at the Issuance Price, up to that number of Additional Shares so as to maintain its Pro Rata on a fully diluted basis in the KFON, by providing to the KFON a written notice within thirty (30) days after receipt of the Issuance Notice, and shall on or prior to the Issue Closing Date, settle the payment for consideration of the issuance in cash or via wire transfer or in case of KSEBL, consideration other than cash.
- (d) Against payment by the Parties of the requisite amount (except in case of KSEBL), the KFON shall issue and allot the corresponding number of Additional Shares to the Parties, as applicable, on the Issue Closing Date.
- (e) It is hereby clarified that the provisions of Para 3.05 shall not apply to the issuance of Shares in relation to the Capital Contributions.

REPRESENTATIONS AND WARRANTIES

4.01 Representations and Warranties of KSEBL. KSEBL represents and warrants to KSITIL and GoK that:

- (a) Due Organization. KSEBL is a company duly organized, validly existing and in good standing incorporated under the Act and has the corporate power, authority and legal right to enter into and perform its obligations under this Agreement.
- (b) Due Authorization; Enforceability. This Agreement has been duly authorized and executed by KSEBL and, assuming due authorization, execution and delivery by KSITIL and GoK, constitutes a valid and legally binding obligations of KSEBL, enforceable against KSEBL in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization and other similar laws affecting the rights of creditors generally.
- (c) No Violation. To the best of its knowledge and understanding there is no provision of Applicable Law, its articles of association, by-laws or other constitutional documents, any agreement, contract, indenture, mortgage or other instrument binding on it or affecting it or its properties which would prohibit, conflict with or in any way prevent or impair the execution of, or performance of the terms of or the transactions contemplated in, this Agreement.
- (d) No Litigation. To the best of its knowledge, there is no litigation, pending or, threatened against it, challenging the validity or propriety of this Agreement or the transactions contemplated hereby, or preventing it from entering into this Agreement or performing its obligations hereunder.

4.02 Representations and Warranties of KSITIL. KSITIL represents and warrants to KSEBL and GoK that:

- (a) Due Organization. KSITIL is a corporation duly organized, validly existing and in good standing under the laws of India and has the corporate power, authority and legal right to enter into and perform its obligations under this Agreement.
- (b) Due Authorization; Enforceability. This Agreement has been duly authorized and executed by KSITIL and, assuming due authorization, execution and delivery by KSEBL and GoK, constitutes valid and legally binding obligations of KSITIL, enforceable against KSITIL in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization and other similar laws affecting the rights of creditors generally.
- (c) No Violation. To the best of its knowledge and understanding there is no provision of Applicable Law, its articles of association, by-laws or other constitutional documents, any agreement, contract, indenture, mortgage or other instrument binding on it or affecting it or its properties which would prohibit, conflict with or in any way prevent or impair the execution of, or performance of the terms of or the transactions contemplated in, this Agreement.
- (d) No Litigation. To the best of its knowledge, there is no litigation, pending or, threatened against it, challenging the validity or propriety of this Agreement or the transactions contemplated hereby, or preventing it from entering into this Agreement or performing its obligations hereunder.

4.03 Representations and Warranties of Government of Kerala. GoK represents and warrants to KSEBL and KSITIL that:

- a. Due Authorization; Enforceability. This Agreement has been duly authorized and executed by GoK and, assuming due authorization, execution and delivery by KSEBL and KSITIL, constitutes valid and legally binding obligations of GoK, enforceable against GoK in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization and other similar laws affecting the rights of creditors generally.

CONDITIONS PRECEDENT AND CONDITIONS SUBSEQUENT

5.01 Conditions Precedent: This Agreement shall come into force and effect upon fulfillment of following conditions precedent:

- a. KSEBL and KSITIL providing to the other Party certified true copies of their respective Board Resolutions and Shareholders's resolutions authorizing the execution of this Agreement and incorporation of the KFON;

5.02 Fulfillment of Conditions Precedent. Subject to the terms and conditions set forth in this Agreement, each Party shall use its reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under this Agreement and

Applicable Law to consummate and make effective the transactions contemplated by this Agreement as soon as practicable; provided that neither Party shall be obliged to waive any rights it has hereunder.

5.03 Conditions Subsequent: Upon incorporation of the KFON, Parties shall ensure that the KFON shall execute a deed of adherence to this Agreement in a form and substance reasonably satisfactory to both Parties.

ASSISTANCE TO KFON

6.01 Assistance by Parties to the KFON. Parties shall have following minimum responsibilities towards KFON:

Assistance by KSEBL to SPV

- a. Shall contribute 49% of equity in the SPV
- b. Shall nominate two Directors to the Board of the SPV
- c. Shall depute the required manpower to the SPV's Operations' wing

- d. Shall provide assistance for restoration of the fibre cuts
- e. Shall provide required space at substations for installing equipment in pre-fabricated structures for setting up PoPs within the overall safety parameters of KSEBL
- f. Shall provide required power supply at substation PoPs which shall be paid on actual
- g. Shall grant permission to the personnel authorized by SPV for accessing SPV infrastructure located at substations following the permit system of KSEBL
- h. Shall provide site level coordination with personnel authorized by the SPV
- i. Shall validate the fibre route network prepared by SPV and supply up-to-date KSEBL network data required for expansion/upgradation of KFON
- j. Shall guide and provide supervisory services for all obligatory compliances/ Rules/Regulations/SOPs/Safety measures as required by KSERC or KSEBL for accessing power infrastructure
- k. Shall undertake transfer of rights to the SPV for the usage of OPGW already leased once these contracts expire. Existing fibre lease contracts will not be renewed in transmission. As far as distribution network is concerned the present mechanism of renting of poles will be continued in structures where KFON is not rolled out.
- l. Shall allow usage of the free fibre core(s) available in the OPGW already laid and provide maintenance and operational support for these fibre core(s). In existing fibre routes of KSEBL which has limited number of cores the possibility of leveraging the asset for the requirements of SPV without affecting KSEBL's requirements shall be worked out by the JV partners.
- m. KSEBL shall construct OPGW Fibre infrastructure as per KFON Specification and the spare fibres (minimum of 24 cores) will be spared to SPV on unconditional right of use basis. RoW and assets of these OPGW routes will be owned by KSEBL.
- n. Shall provide RoW along the distribution poles for laying KFON fibre.
- o. Additional cost incurred if any on account of additional fibre being laid shall also be treated as contribution of KSEBL to SPV as equity participation.
- p. All fibres provided by KSEBL to the SPV shall be made available free of cost.

Assistance by KSITIL to SPV

- a. Shall contribute 49% of equity in the SPV
- b. Shall nominate two Directors to the Board of the SPV
- c. Shall facilitate capital and operational costs required for the project
- d. Shall hire or depute manpower to the SPV required for the management of the project
- e. KSITIL shall take required loan towards the approved project outlay and invest in KFON. KFON shall be required to mandatorily transfer the required funds from KFON's revenue to

KSITIL for repayment of the debt. Under no circumstances the liability for repayment of loan availed by the KFON for the project and servicing of such loans shall be the responsibility of KSEBL.

- f. Any further equity requirements shall be met by KSITIL.

Assistance by GoK

- (a) Shall contribute 2% of equity in the SPV

Assistance by SPV to KSEBL

- a. Shall lay fibre infrastructure observing relevant guidelines of KSEBL and shall provide four fibre cores in the distribution network free of cost to KSEBL.
- b. SPV will pay pole rentals to KSEBL.
- c. Shall provide free connectivity to KSEBL offices. This will not apply to internet provision.
- d. Space rentals and power charges will be paid to KSEBL on actual basis. SPV will pay RoW (Pole rentals) and space charges at substations as per the rates decided by a Committee constituted by the Government for this purpose, after the charge on revenue for repayment to KIIFB and operational expense of SPV.

MEETINGS OF SHAREHOLDERS

7.01 Shareholders' Meeting. The Company shall hold at least one (1) general meeting of the shareholders to be called as "Annual General Meeting" in each fiscal year of the KFON. All other general meetings of the shareholders of the Company shall be called "Extra-ordinary General Meetings". The Annual General Meeting and the Extra-ordinary General Meetings are hereinafter collectively referred to as the "Shareholders Meetings".

7.02 Shareholders Meeting Notice. A minimum twenty one (21) Business Days' prior written notice shall be provided to all shareholders of any Shareholders Meeting, accompanied by the agenda for such meeting unless both the Parties shall have given written approval for such Shareholders Meeting to be called at shorter notice ("Scheduled Shareholders Meeting"). No business shall be transacted at any Shareholders Meeting other than that specified in the notice without the prior written consent of both the Parties.

7.03 Quorum. The quorum for all Shareholders' Meeting shall be three (3) members - one each from KSEBL, KSITIL and a representative of GoK

7.04 Convocation. No action of the KFON shall be taken at any Shareholders Meeting (including any adjourned meeting) unless such meeting is duly convened, held and constituted in accordance with such provisions contained herein and in Articles of Association of the KFON and a quorum is present throughout the meeting.

7.05 Resolution. All resolutions required to be resolved by the shareholders of the KFON shall be resolved in accordance with the provisions of the Act and the agreed Articles of Association. Notwithstanding the foregoing, the GoK shall have a right to veto on any resolution required to be resolved by the shareholders.

BOARD OF DIRECTORS

8.01 Board of Directors. All business and affairs of the KFON shall be under the supervision of its board of directors (the "Board" or the "Board of Directors").

8.02 Board Members. The number of members of the Board of Directors ("Directors") shall be seven (7), unless increased by way of mutual agreement between the Parties. KSEBL shall be entitled to nominate two (2) Directors, KSITIL shall be entitled to nominate two (2) Directors, Government of Kerala shall nominate three (3) Directors including one Independent Director. The ex-officio first director of the KFON shall, as far as possible, be as under:

- a. Two from KSITIL
- b. Two from KSEBL
- c. Two from Government of Kerala
- d. One Independent Director nominated by Government of Kerala

8.03 Alternate Director. Each of the Parties shall be entitled to propose names of alternate Directors to be appointed for their respective nominee Directors. The alternate Director shall be entitled to participate in and vote at the Board Meetings in the absence of the original Director. An alternate Director shall be entitled to receive notices of Board Meetings and shall be entitled to attend and vote as a Director. If an alternate Director shall him/herself be a Director or shall attend any such Board Meeting as an alternate for more than one (1) Director, he shall be entitled to additional vote(s) in that behalf.

8.04 The Chairman and the Managing Director. Unless other wise directed by the Government of Kerala, the ex-officio Secretary E&ITD, Government of Kerala shall be the Chairman of the Board (the "Chairman"). The Managing Director of the KFON shall be appointed by the Board of Directors of the KFON and shall be inducted as a Director on the Board of Directors of the KFON.

8.05 Frequency of the Board Meeting. Subject to the provisions of the Act, a meeting of the Board of Directors of the KFON (a "Board Meeting") shall be held at least four times every year and not more than 120 days shall elapse between two consecutive meetings. The Board Meetings may be held by way of teleconference, video conference or through any other medium as may be permitted under the Act.

The Directors may meet together for the discharge of the business, adjourn and otherwise regulate their meetings and proceedings, as they think fit.

8.06 Meeting of the Board. At least seven days clear notice of every meeting of the Board of Directors of the KFON shall be given in writing to every Director of the KFON at his usual address in India, and in the case of a Director who is either not residing in India, or who is temporarily absent from his usual address in India, and where due notice has been provided by such Director about his temporary absence to the KFON, the notice of every such Board Meeting shall also be sent to the address of every such Director outside India or to his alternate, if any, in India at his usual address in India. Such notice shall be accompanied by the agenda setting out the business proposed to be transacted at the meeting of the Board, a meeting of the Board may be convened at a shorter notice in case of urgency or in an emergency or if special circumstances shall so warrant.

8.07 Quorum. Subject to provisions of the Act, the quorum for any meeting of the Board shall be one-third of its total strength (excluding Directors, if any, whose place may be vacant at the time and any fraction contained in one-third to be rounded up as one) or two Directors whichever is higher, where at any time the number of interested Directors exceeds or is equal to two thirds of the total strength of the Board, the remaining Directors that is to say, the number of Directors who are not interested, present at the meeting being not less than two shall be the quorum during such time.

8.08 Resolution. Subject to the provisions of Sections 203, 186 and 203 of the Act, questions arising at any meeting shall be decided by a majority of votes of Directors present, and, in case of any equality of votes, the Chairman shall have a second or casting vote.

8.09 Validity Subject to Due Convocation. No resolution shall be validly made at any Board Meeting (including any adjourned meeting) unless such meeting is duly convened, held and constituted in accordance with such provisions contained herein and in Articles of Association and a quorum is present throughout the meeting.

8.10 Other provisions: Other provisions for the management of the KFON shall be as per the agreed Articles of Association of KFON mutually agreed by the Parties.

OFFICERS AND EMPLOYEES

9.01 Officers.

(a) The organization of the KFON, including the managerial and technical positions (the "Managerial Offices") as of the commencement of the operation of the KFON shall be, as far as possible, as set forth in Annexure C hereto, which can be amended by the Board of Directors of KFON within 3 months of incorporation of KFON.

(b) KSEBL shall be entitled to nominate, competent personnel to the offices of:

- i. the _____;
- ii. the _____;
- iii. the _____; and

such other officers of the KFON ("Officers") as are identified as being nominated by KSEBL in Annexure C hereto.

(c) KSITIL shall be entitled to nominate, competent personnel to the offices of:

- i. the _____;
- ii. the _____; and
- iii. the _____; and

such other Officers as are identified as being nominated by KSITIL in Annexure C hereto.

9.02 Transfer or Dispatch of Personnel. KSEBL shall transfer personnel it nominates to the Managerial Offices as referenced in this Agreement as per the existing norms for movement of officer followed by KSEBL. KSITIL shall dispatch personnel it nominates to the Managerial Offices as referred in this Agreement as per the existing norms for movement of officer followed by KSITIL.

9.03 Employees.

- a. The expected number of employees of the KFON (including the Officers) expected to be deployed within ____ months of incorporation is as shown on Annexure C hereto. The number of employees (other than the Officers) may be modified from time to time by the KFON.
- b. KSITIL shall assist the KFON in the development of recruiting and hiring procedures for KFON employees, and the development of the employee benefit plans of the KFON.
- c. Each of the Parties shall use its best efforts to cause the KFON to maintain necessary number of competent and experienced workers at all times.
- d. Neither Party shall transfer or seek the transfer of KFON employees (other than the deputed officers) to such Party as long as such transfer would have an adverse effect on the efficient operation of the KFON.

OTHER OPERATIONAL PROVISIONS

10.01 Books, Records and Accounting Matters.

- a. The KFON shall prepare and maintain at all times accurate and complete books, records, and registers (including minutes of the Shareholders' Meetings and Board Meetings, corporate books and registers, books of account, and financial and related records) in accordance with Applicable Law and applicable accounting standards.
- b. Each Party and its respective agents, representatives and advisors, at its sole cost and expense, shall have access to the books and records and management of the KFON on an

ongoing basis, as reasonably requested and at reasonable hours during normal business days, subject to prior written notice given to the KFON at least five (5) Business Days in advance.

- c. In reviewing and accessing the books and records of the KFON, such Party shall endeavour not to disrupt the ongoing operations of the KFON.

10.02 Business Plan.

Parties agree to assist KFON in preparation of a business plan to ensure that the KFON is financially self sufficient to operate its business.

10.03. Dividend Policy and Distribution. Unless otherwise agreed by unanimous approval by Parties as the shareholders of the KFON, profits of KFON shall be shared between Parties on equitable basis.

TRANSFER OF SHARES

11.01 Transfer Restrictions. Neither Party shall have any right to transfer their respective shares in KFON without the prior written consent of the Government of Kerala. In case of transfer of any shares as per the provisions of this Article, the Parties shall mutually agree to amend the terms of this Agreement, the AOA and all other relevant documents to give effect to such transfer of shares.

FORCE MAJEURE

12.01 Force Majeure. Neither Party shall be liable for failure to perform, in whole or in any part, its obligations under this Agreement if such failure is caused by any event or condition not reasonably foreseeable by such Party and not reasonably within the control of the affected Party, including, without limitation, by Acts of God or public enemy, war, insurrection, civil disturbances, terrorism, sabotage, blockades, riots, embargoes, fires, floods, avalanches, epidemics, volcanic eruptions, earthquakes, typhoons, explosions and governmental restrictions ("Force Majeure"); provided only, that the affected Party shall promptly notify the other Party of the occurrence of the event and condition of Force Majeure and take all reasonable steps necessary to resume performance of its obligations so interfered with.

12.02 Good Faith Discussion. In the case of any Force Majeure which prevents either Party or any of its Affiliates from fulfilling a material obligation hereunder in a material respect or any change of circumstances not reasonably foreseen as of the date hereof which will, with lapse of time, destroy the long-term profitability of the KFON, Parties shall negotiate in good faith to resolve the situation and decide future course of action.

FURTHER COOPERATION AND NON-COMPETITION

13.01 Further Co-operation. Both Parties view that the KFON is the first step of the closer business relationship between KSEBL and KSITIL, which should lead to facilitate further Co-operation between them. Each Party regards the other Party as the primary partner in achieving the objective of the KFON, and the Parties shall discuss the possibilities of further co-operation in good faith.

13.02 Non-Competition. Both Parties agree not to enter into any business which could be competitive with the business of KFON.

GOVERNING LAW AND DISPUTE RESOLUTION

14.01 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of India.

14.02 Arbitration as Dispute Resolution. All disputes arising out of or in connection with this Agreement, which cannot be settled by mutual accord within ninety (90) days from the date on which such disputes arise, shall be preferred to the Chief Secretary, Kerala State and his decision shall be binding on the parties.

14.03 Construction and Interpretation. This Agreement is executed in the English language and any construction or interpretation of this Agreement shall be based solely on the English language.

TERMINATION

15.01 Effectiveness. All provisions of this Agreement shall become effective on the date of execution hereof first above written.

15.02 Termination by Mutual Agreement. Both Parties may mutually agree to terminate this Agreement resulting in dissolution of the KFON in accordance with the Applicable Law and on terms agreed to between the Parties.

MISCELLANEOUS PROVISIONS

16.01 Exercise of Rights. Each Party shall exercise all voting rights and powers of control available to it in relation to the KFON so as to give full effect to the terms and conditions of this Agreement and shall cause the Directors and the Officers it nominates to abide by the terms and conditions of this Agreement.

16.02 Limitation of Liability. Notwithstanding anything to the contrary in this Agreement, no Party shall be liable for any indirect, consequential, special or exemplary damages that may arise out of or in connection with its breach of this Agreement, except in the case of its gross negligence or willful misconduct.

16.03 No Third Party Right. Except for the rights conferred upon the Government of Kerala through this Agreement, nothing contained in this Agreement, expressed or implied, shall confer upon any person other than the Parties hereto, any benefit, right or remedies.

16.04 Notices. All communications, notices and consents provided for herein shall be in writing and be given in person or by air freight delivery, by means of telex, telecopy or other wire transmission (with request for assurance of receipt in a manner typical with respect to communications of this type) or by mail, and shall become effective (i) upon delivery if given in person or by air freight delivery, (ii) on the date of transmission if sent by telex, telecopy or other wire transmission and a transmission report confirms transmission on such date. Notices shall be addressed as follows:

(x) if to KSEBL:

Address:

(y) if to KSITIL:

Address:

(z) if to GoK:

Address:

or at such other address as either Party may from time to time designate by notice duly given.

16.05 No Assignment. Unless otherwise provided herein, this Agreement and the rights and obligations hereunder are personal to the Parties and shall not be assigned by either Party to any third Person without the express prior written consent of the other Party.

16.06 Binding Effect. All covenants, agreements, indemnities, representations and warranties in this Agreement and in any agreement, document or certificate delivered concurrently with the execution of this Agreement or from time to time thereafter shall bind the Party making the same and its permitted successors and assigns and shall ensure the benefit of the Party for whom the same is made and its permitted successors and assigns.

16.07 Amendments. Neither this Agreement nor any of the terms hereof may be amended, modified or supplemented orally, but only by an instrument in writing signed by the Party against which enforcement of such change is sought.

16.08 No Waiver. Any failure or delay on the part of either Party in exercising any right or power under this Agreement shall not operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or future exercise of any other right or power hereunder. No waiver of any provision of this Agreement shall be effective unless the same shall be made in writing and signed by the Party against which enforcement of such waiver is sought.

16.09 Severability. In the event that any provision of this Agreement is found illegal, invalid or unenforceable in its entirety or in part with respect to any particular circumstances, the remainder of this Agreement shall remain valid and enforceable according to its terms. The Parties agree that they shall consult in good faith to replace any such provision hereof proving to be illegal, invalid or unenforceable by law, with a valid and enforceable provision which in its economic and all other

consequences shall correspond to the provision for which it is substituted and the intentions of the Parties expressed therein to the greatest possible extent.

16.10 Entire Agreement. This Agreement embodies the entire agreement and understanding between the Parties with respect to the subject matter hereof, and supersedes any agreements, representations, warranties or understandings, oral or written, between the Parties with respect to the subject matter, hereof entered into prior to the date hereof.

16.11 Counterparts. This Agreement may be executed in any number of counterparts and by either Party hereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute but one and the same instrument. Fully executed sets of counterparts shall be delivered to and retained by each of KSEBL, GoK and KSITIL.

16.12 Headings. The headings of the sections and paragraphs of this Agreement and the Table of Contents have been inserted for convenience of reference only and shall in no way restrict or otherwise modify any of the terms or provisions hereof.

16.13 No Partnership. Nothing contained in this Agreement shall constitute or be deemed to constitute a partnership between the Parties, and neither Party shall hold itself out as an agent of the other Party or any of them, except with the express prior written consent of the other Party. The rights, duties, obligations and liabilities of the Parties under this Agreement shall be individual, not joint or collective, unless specifically provided for herein. The relationship between the Parties shall be that of co-investors only, save as may otherwise be provided in any other agreement between one or more of the Parties and the KFON. Neither Party, nor the KFON, shall take any action, whether binding or not, on behalf of the other Party without the express written approval and authority of such other Party. Neither Party, nor the KFON, shall have the authority or power to bind the other Party, save and except as specifically provided in this Agreement.

16.14 Legal Process. Save as otherwise provided in this Agreement, no remedy conferred by this Agreement is intended to be exclusive of any other remedy which is otherwise available under the Applicable Law. Each remedy shall be cumulative and in addition to every other remedy given hereunder or now or hereafter existing under the Applicable Law. The election of any one or more remedy by any Party shall not constitute a waiver by such Party of the right to pursue any other remedy.

16.15 Winding up/liquidation of KFON: Notwithstanding anything contrary contained in this Agreement or the AOA of KFON, if KFON is wound up or liquidated due to any reason whatsoever, Parties shall use best efforts to ensure that the various right of way and right to use provided by KSEBL to KFON shall revert to KSEBL.

IN WITNESS WHEREOF, the Parties here to have executed this Joint Venture Agreement the day month and the year first above written.

Signed by Shri.....

Title

For and on behalf of Kerala State Electricity Board Limited

Signed by Shri.....

Title:

For and on behalf of Kerala State Information Technology Infrastructure Limited

Signed by Shri.....

Title:

For and on behalf of Government of Kerala

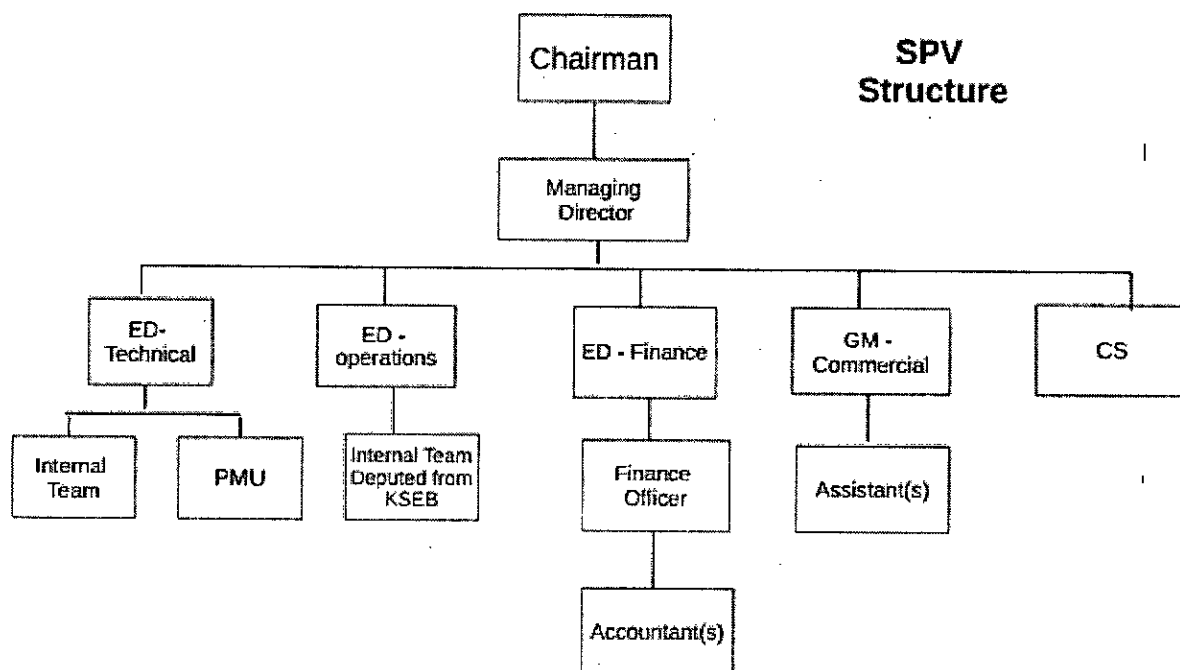
Witness:

1.

2.

Annexures

- A) Articles of Association of Joint Venture Company
- B) Memorandum of Association of Joint Venture Company
- C) Organisation Structure of Joint Venture Company
- D) GO(MS)No.22/2017/ITD dated.13.10.2017

Annexure – CORGANISATION STRUCTURE

**GOVERNMENT OF KERALA****Abstract**

Electronics and Information Technology Department-Kerala Fibre Optic Network (K-FON) implementation-formation of Joint Venture Company-in-principle approval-Sanction accorded-orders issued.

ELECTRONICS AND INFORMATION TECHNOLOGY(B) DEPARTMENT
G.O.(Ms)No. 22/2017/ITD Dated,Thiruvananthapuram,13/10/2017

Read: 1 G.O.(Ms)No. 10/2017/ITD dated 18/05/2017
 2 Minutes of the Meeting held by Chief Secretary on 14/09/2017

ORDER

Government, vide GO read as 1st paper above had accorded Administrative Sanction for an amount of Rs.1028.20 Crores for the Kerala Fibre Optic Network (K-FON). Kerala Fibre Optic Network (KFON) aims to build a state wide optical fibre network infrastructure for providing high speed connectivity to all Government, Educational institutions and leveraging the network to the Telecom/Internet service providers on non discriminatory basis to provide quality and affordable internet services to the citizens. This network will provide hindrance free access to Government and non-Governmental services, apart from educational, health, social welfare, entertainment and knowledge based service facilities to common people through computer and mobile phone. With the project implementation, free internet connection will be provided to poor families in the state and also provide internet services at a lower rate to others.

2) In the meeting chaired by Chief Secretary on 14/09/2017 with Kerala State Electricity Board Limited (KSEBL), Kerala State IT Infrastructure Limited (KSITIL) and Kerala State IT Mission (KSITM) discussed the strategy for the implementation of K-FON project. Having examined the decisions of the meeting in detail, Government are pleased to grant an in-principle approval for the formation of a Joint Venture (JV) company with the association of KSITIL and KSEB with equal equity participation for the implementation of K-FON project with Kerala Infrastructure Investment Fund Board (KIIFB) assistance. The equity participation of KSEB in the new Joint Venture Company will be treated as quid pro quo for sharing the assets and resources of KSEB for the implementation of the project.

Government are also pleased to constitute a core committee with Chairman & Managing Director, KSEB as Chairman of the committee and Secretary (IT), KSITIL/KSITM officials as members to formulate a draft Memorandum of Association, Articles of Association and organizational structure of the proposed Joint Venture company.

KSITIL is also entrusted with the preparation of Request for Proposal(RFP) with the support of KSEB engineers and also authorised to proceed with preparatory works for tendering the project.

3) From its formation, the Joint Venture company will be the implementing agency of K-FON . The Government Order read as 1st paper above stands modified to this extent.

By order of the Governor

M SIVASANKAR IAS
SECRETARY TO GOVERNMENT

To:- The Managing Director, Kerala State IT Infrastructure Limited,
Thiruvananthapuram.
The Director, Kerala State IT Mission, Thiruvananthapuram.
The Chairman and Managing Director, Kerala State Electricity
Board, Thiruvananthapuram
The Principal Accountant General (G & SSA) Kerala,
Thiruvananthapuram
The Principal Accountant General (A & E), Kerala,
Thiruvananthapuram
Finance Department
Power Department
General Administration (SC) Department (vide Item No. 1144
dated 28.06.2017 of Council of Ministers)
Information Officer, Web and New Media Division, I & PRD (for
publishing in the website)
Stock File/Office copy.

Forwarded/By order

Section officer

Copy to:

- 1) PS to ACS Power Department
- 2) PS to Principal Secretary, Finance Department
- 3) PA to Secretary (E & IT)
- 4) CA to JS