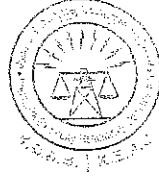


ಕರ್ನಾಟಕ ವಿದ್ಯುತ್ಚಕ್ತಿ
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KARNATAKA ELECTRICITY
REGULATORY COMMISSION

6 ಮತ್ತು 7ನೇ ಮಹಡಿ, ಮಹಾಲಕ್ಷ್ಮೀ ಛೇಂಬರ್ಸ್
ಸಂ. 9/2, ಎಂ.ಜಿ. ರಸ್ತೆ, ಬೆಂಗಳೂರು - 560 001

6th & 7th Floor, Mahalaxmi Chambers
No. 9/2, M.G. Road, Bengaluru-560 001

Date: 21.03.2016

No: KERC/S/F-31/Vol-13(b)/All ESCOMs/15-16/ 2525
Encl: Formats of MoA, AoA and Supplemental PPA
The Managing Director,
BESCOM, MESCOM, CESC, HESCOM and GESCOM

Sir,

Sub: Creation of a SPV under Article 12.11 of the PPA executed by
the farmers, relating to the Development of Solar Power
Plants – reg.

Ref: KERC's letter No. KERC/S/F-31/Vol-82/15-16/1533 Dated: 08.12.2015

In our above-referred letter dated 08.12.2015, clarification was issued in
respect of formation of a SPV under Article 12.11 of the PPA. It is found that,
even after clarification, the Memorandum of Association and the Articles of
Association of the SPV were not properly drafted, and the document
evidencing the transfer of the rights and liabilities of the SPD under the PPA to
the SPV was not properly executed between the parties concerned.

Therefore, I am directed by the Commission to circulate herewith the
specimen Formats of the Memorandum of Association and the Articles of
Association and also the Supplemental PPA to be executed by the parties
concerned. The above specimen Formats of the documents may be used by
you while drafting and executing the same, with suitable modifications, if
required, on a case-to-case basis.

[It may also be noted that, a document evidencing the transfer of the
rights and liabilities of the SPD under the PPA to the SPV, in respect of the Solar
Power Project, is to be executed, after incorporation of the SPV.]

Yours faithfully,
For Karnataka Electricity Regulatory Commis


Secretary

Office Copy/MF

ACM PPR
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[SUPPLEMENTAL PPA]

- (g) The SPD and ___ ESCOM have executed the Power Purchase Agreement (PPA) dated _____;
- (h) The Hon'ble KERC has communicated its approval for the PPA executed between the SPD and ___ ESCOM, vide letter No. _____ dated _____;

(i) Pursuant to the second proviso to Article 12.11(i) of the PPA, the SPD shall have an irrevocable right to form a Special Purpose Vehicle (SPV) at any time, after the date of execution of the PPA, under intimation to **[the ___ ESCOM, and as such, ___ Company, incorporated under the 'Indian Companies Act, 1956/ 2013' / ___ Limited Liability Partnership (LLP), registered under 'The Limited Liability Partnership Act, 2008']***, a legal entity, has been created with the object of constructing, maintaining and operating the Solar Power Project allotted to the SPD;

(j) **[The Memorandum of Association (MoA) and the Articles of Association (AoA) of the SPV provide that the ownership interest of the SPD in the voting capital of the Company shall not be reduced / transferred to less than 26% (twenty six percent) on or before 12 (twelve) months from the Commercial Operation Date (CoD) of the Project, without the consent of the ___ ESCOM / the Limited Liability Partnership Agreement provides that the ownership interest of the SPD in the capital of the LLP shall not be reduced / transferred to less than 26% (twenty six percent) on or**

before 12 (twelve) months from the Commercial Operation Date (CoD) of the Project, without the consent of the ___ ESCOM]*;

- (k) The said SPV has taken over all the rights, responsibilities, obligations, liabilities, etc., of the SPD, for valid consideration, as per the document dated _____ executed between the SPD and the SPV.

~~NOW, THEREFORE, IN VIEW OF THE FOREGOING PREMISES AND IN CONSIDERATION OF THE MUTUAL COVENANTS AND CONDITIONS, THIS SUPPLEMENTAL PPA IS EXECUTED AS FOLLOWS:~~

- 1) The ___ Company / ___ LLP has become the assignee of the said Solar Power Project of the SPD and all the rights, responsibilities, obligations and liabilities of the SPD under the PPA dated _____ shall be binding on the [___ Company / ___ LLP]*;
- 2) On execution of this Supplemental PPA between the parties, the PPA dated _____ shall stand modified accordingly, subject to the approval by the Hon'ble KERC, and all other terms and conditions of the PPA dated _____ shall remain unaltered.

[Note: * Strike out whichever is not applicable.]

SCHEDULE 1

[See Sections 4 and 5]

MEMORANDUM OF ASSOCIATION

OF

_____ PRIVATE LIMITED

(Company Limited by shares)

(Registered under the Companies Act, 2013)

1. The name of the Company is: "_____ Private Limited".
2. The Registered Office of the Company is situated at _____, in the State of Karnataka.
3. (A) THE OBJECT TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION IS :
 1. To develop, execute, manage and run __ MW (__ Mega Watt) Solar Power Generation Plant (Project) at Survey No. _____ at _____ Village, _____ Hobli, _____ Taluk, _____ District in accordance with the Power Purchase Agreement (PPA) dated _____, signed BETWEEN Mr. _____, the Developer of the Solar Project (SPD) and being one of the promoters of this Company AND _____ Electricity Supply Company Limited, a wholly owned subsidiary of the Government of Karnataka, and thereby to act as a Special Purpose Vehicle (SPV) formed for the limited purpose of execution of the above-said Project.

(B) MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE ABOVE OBJECT SPECIFIED IN CLAUSE 3(A) ARE :

1. To carry on the business of planning, promoting, developing, establishing, setting up, commissioning, operating and maintaining the Solar Energy Plants and sale of electricity generated therefrom;
2. To enter into agreements, franchise agreements and contracts with Indian or Foreign individuals, firms or companies for technical, financial or other assistance or Collaboration for carrying on the Object of the Company;
3. To purchase, take on lease or in exchange, hire, construct or otherwise acquire any movable or immovable properties or any rights or privileges, which the Company may think necessary or convenient for the purpose of its business;
4. To pay out of the Company's funds the costs and expenses incurred in connection with all matters preliminary and incidental to the formation, promotion and incorporation of this Company and the costs and expenses incurred in connection with all matters preliminary and incidental to the formation, promotion and incorporation of any Company which may be promoted by this Company and to remunerate any person, firm or Company for services rendered in the promotion of the Company or the conduct of its business;

5. To provide for the welfare of the employees (including Directors) or ex-employees of the Company and wives and families or the dependents or relations of such persons by building or contributing to the building of houses, dwellings or quarters or by grant of money, gratuities, pensions, allowances, incentives, bonus or any other payments or by creating and subscribing or contributing to provident or other funds, associations, institutions, profit sharing or other schemes or trusts and by providing or subscribing or contributing towards places of instructions and recreations, hospitals and dispensaries and medical assistance;
6. To open account or accounts with any bank or banks in the name of the Company and to operate upon the same;
7. To create any depreciation fund, sinking fund, insurance fund, reserve fund or any special or other funds, whether for depreciation or for repairing, improving, extending or maintaining of any of the property of the Company or for any purposes, whatsoever to the interests of the Company;
8. To make, draw, accept, endorse, execute, discount, negotiate and issue cheques, promissory notes, hundies, bills of exchange, bills of lading, railway receipts, debentures and other negotiable or transferable instruments subject to the Banking Regulation Act, 1949;
9. To borrow or raise moneys, from commercial banks / financial institutions and/or other companies, or to

receive it on deposit at interest or otherwise, and to secure the payment of such money in such manner as the Company may think fit and in particular by the issue of debentures or debenture stock, perpetual or otherwise, stocks, bonds, obligations, notes and securities of all kinds, to mortgage, pledge, guarantee, hypothecate or charge the whole or any part of the property, assets, or revenue of the Company, present or future, including its uncalled paid capital, by special assignment or otherwise, or to transfer or convert the same absolutely or any interest therein and to give the lenders power of sale and other powers as may seem expedient and to purchase, redeem or pay off such securities, provided the Company shall not carry on banking business as defined in the Banking Regulation Act, 1949;

10. To advance, deposit or lend with or without security money, securities, assets and property to or with such person, companies or corporations and sell and deal in bills, notes, warrants, coupons and other negotiable or transferable security or documents;
11. To enter into any arrangements with the Government of India or with any states, with any authorities, municipal, local or otherwise or with any other persons, that may seem conducive to the Company's Object or any other and to apply for and obtain and to purchase or otherwise acquire from any such Government, State, authorities or persons, any rights, powers, privileges,

decrees, licenses, sanctions, grants and concessions whatsoever (whether statutory or otherwise) which the Company may think it desirable to obtain and acquire and to carryout exercise and comply with any such arrangements, rights, powers, privileges, licenses, decrees, sanctions, grants and concessions;

12. To institute, conduct and defend all actions and legal proceedings, against the Company and its officers and to refer any claim or demand by or against the Company and its officers to arbitration and to perform or challenge the awards if necessary;
 13. To insure the whole or any part of the Company, either fully or partially, to protect and indemnify the Company from liability or loss in any respect, either fully or partially and also to insure and to protect and indemnify any part or portion thereof, either on mutual principle or otherwise.
4. The liability of the members is limited and this liability is limited to the amount unpaid, if any, on the shares held by them;
5. The Authorized Share Capital of the Company is Rs.____ (Rupees _____ only) divided into _____ (in words __) Equity Shares of Rs.____ (Rupees _____only) each;

We, the several persons, whose names and addresses are subscribed hereunder, 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 as set opposite to our respective names:

Sl. No.	Names and Addresses Description of Subscribers with their signatures	Number of Equity Shares Taken by each Subscriber	Signature of the Subscriber	Signature, Name, Address, Description and occupation of the witness
1.				
2.				
3.				

SCHEDULE F

The Companies Act, 2013

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

(Name of Company) _____ PRIVATE LIMITED

Interpretation

- I. (1) In these regulations-
- (a) "the Act" means the Companies Act, 2013.
 - (b) "the seal" means the common seal of the company.

(2) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

Share capital and variation of rights

II. 1. Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.

Provided that the Solar Power Developer's (SPD) ownership interest in the voting capital of the Company shall not be reduced / transferred to less than 26% (twenty six percent) on or before 12 (twelve) months from the Commercial Operation Date of the Project, without the consent of the ____ Electricity Supply Company.

[Note : *The remaining regulations in respect of the Articles of Association of the Company Limited by Shares as shown in **Table-F** of the Companies Act, 2013, may be adopted, with the required alterations, if any.]*