

ARTICLES OF ASSOCIATION
OF
Punjab State Power Corporation Limited

**INCORPORATED UNDER
THE COMPANIES ACT, 1956 (1 of 1956)
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
Punjab State Power Corporation Limited
Interpretation**

- Interpretation Clause** 1. In the interpretation of the Memorandum of Association and these Articles, the following words shall have the meanings set out herein, unless repugnant to the subject or context of usage:-
- Act** 1.1 The "**Act**" means the Companies Act, 1956 and includes where the context so admits any re-enactment, statutory modification thereof for the time being in force, any other applicable enactment relating to companies as in force in India, and any binding judicial interpretation of the same.
- Applicable Law** 1.2 "**Applicable Law**" means the Electricity Act, 2003; state enactments and other central statutes; any order, direction, regulation, rules, licenses, permissions, and other stipulations duly imposed by a lawful authority (to the extent relevant and applicable); and includes where the context so admits any re-enactment or statutory modification thereof for the time being in force, and any binding judicial interpretation of the same.
- Articles or Articles of Association** 1.3 "**Articles**" or "**Articles of Association**" shall mean these Articles of Association of the Company, as amended and in force from time to time.
- Board or Board of Directors** 1.4 The "**Board**" or the "**Board of Directors**" means the board of directors, for the time being, of the Company.
- Capital or Share Capital** 1.5 "**Capital**" or "**Share Capital**" means the share capital for the time being raised or authorized to be raised by the Company.
- CMD** 1.6 "**CMD**" means the Chairman cum Managing Director of the Company.
- Company** 1.7 "**Company**" means the Punjab State Power Corporation Limited
- Controlling Shareholder** 1.8 "**Controlling Shareholder**" shall have the meaning set out in Article 45.
- Directors** 1.9 "**Directors**" mean the directors of the Company.
- Dividend** 1.10 "**Dividend**" includes bonus Shares.
- Executor or Administrator** 1.11 "**Executor**" or "**Administrator**" means a person who obtained probate or Letters of Administration, as the case may be, from a court of competent jurisdiction.

Government	1.12 “ Government ” means the Government of Punjab in the Department of Power, and would include Government of any other State or the Central Government where the context so requires.
Memorandum or Memorandum of Association	1.13 “ Memorandum ” or “ Memorandum of Association ” shall mean the Memorandum of Association, for the time being of the Company.
Month	1.14 “ Month ” means a calendar month.
Office	1.15 “ Office ” means the registered office for the time being of the Company.
Person	1.16 “ Person ” includes a body corporate, and any other form of legal person.
PSEB	1.17 “ PSEB ” means the Punjab State Electricity Board, constituted under Section 5 of the Electricity Supply Act, 1948.
Register	1.18 “ Register ,” means the register of members to be kept under the provisions of the Act, and would include the register of debenture-holders where the context so requires.
Registrar	1.19 “ Registrar ” means the registrar of companies having jurisdiction over the State in which the Registered Office of the Company is situated, and would include any other officer who may be discharging any of the functions of such registrar of companies.
Seal	1.20 “ Seal ” means the common seal of the Company.
Shares	1.21 “ Shares ” means the share or stock into which the Share Capital is divided and the interest corresponding with such share or stock.
Transfer Scheme	1.22 “ Transfer Scheme ” means the statutory transfer scheme notified by the Government to functionally unbundle and re-organize the Punjab State Electricity Board
Writing	1.23 “ Writing ” shall include printing and lithography and any other mode of representing or reproducing words in a visible form.
Expression in the Articles to bear the same meaning as in the Act.	1.24 Unless the context otherwise requires, (a) Words or expressions used but have not been defined in the Articles shall bear the same meaning as in the Act. (b) The word "company" save when used with reference to this Company in these Articles, shall be deemed to include any partnership or other body or association of persons whether incorporated or not, whether domiciled in India or elsewhere. (c) The Marginal notes hereto shall not effect the construction thereof.
Table ‘A’ Exceptions	2. Subject as hereinafter provided, the regulations in Table ‘A’ of Schedule I to the Companies Act, 1956 as amended from time to time shall apply to the Company and constitute its Articles, except in so far they are hereinafter expressly or

otherwise excluded, modified or varied.

Company to be Governed by these Articles

3. Subject to the provisions of the Act, these Articles shall govern the management of the Company and its relationship with its shareholders/members and any interpretation or construction of these Articles shall be in consistence with the provisions of the Act.

Public Limited Company

4. The Company will be a Public Limited Company.

CAPITAL AND SHARES

Capital

5. The Authorized Share Capital of the Company is Rs 20,000 Crores (Rupees Twenty Thousand Crores) divided into Two Thousand Crores Equity Shares of Rs. Ten [Rs. 10/-] each.

Allotment of Shares

6. Subject to the provisions of the Act and these Articles, the Shares that have not been issued or allotted shall be under the control of the Board of Directors who may allot or otherwise dispose of the same to such persons, on such terms and conditions, at such time, either at par at a premium, for such consideration as the Board thinks fit.

CERTIFICATES

Members' right to certificate

7. Every person whose name is entered as a member in the Register shall, without payment, be entitled to a certificate under the Seal of the Company, specifying the Share or Shares held by him and the amount paid thereon.

Issue of new certificates in place of one defaced, lost or destroyed

8. If a share certificate is defaced, lost, or destroyed it may be renewed in accordance with the provisions of The Companies (Issue of Share Certificates) Rules, 1960 under the Act on payment of fee, not exceeding rupees two (Rs.2/-) per share certificate and on such terms, if any, as to evidence of such loss, defacement etc, and further subject to providing such indemnity and payment of out of pocket expenses incurred by the Company in investigating as the Directors think fit.

TRANSFER AND TRANSMISSION OF SHARES OR DEBENTURES

Transfer & Transmission of Shares/Debentures

9. The right of members or debenture holders to transfer their Shares or Debentures shall be subject to the provisions of Part IV of the Act.

Register of Transfers

10. The Company shall maintain up-to-date the Registers for Transfer of Shares, and for Transfer of Debentures and therein enter the particulars of transfers or transmission of any Share or Debenture. The Company shall not register a transfer of Shares in the Company unless a proper instrument of transfer duly stamped and executed by or on behalf of both the transferor and the transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the Company along with

- the certificate relating to the Shares, or
- if no such share certificate is in existence, along with the letter of allotment of the Shares.

Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board that the instrument of transfer signed by or on behalf of both the transferor and the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit.

Provided further that nothing in this Article shall prejudice any power of the Company to register as a shareholder any person to whom the right to any Shares in the Company has been transmitted by operation of law.

Refusal to transfer Shares

11. Subject to the Sec 111A and other provisions contained in the Act and any other Applicable Laws, the Board may, in its discretion, refuse to register a transfer of Shares or debentures in cases where:

- (a) The instrument of transfer is not proper, or has not been duly stamped and executed, or the certificate relating to the Shares has not been delivered to the Company, or any other requirement under the law relating to registration of such transfer has not been complied with;
- (b) The transfer is in contravention of any Applicable Laws;
- (c) The transfer is prohibited by any order of any court, tribunal or other authority under any law for the time being in force; and
- (d) For any other reasons based on which the Board is entitled in law to refuse to register the transfer.

Provided that the registration of any transfer shall not be refused on the ground of the transfer is sought, alone or jointly with any person indebted to the Company, on any account. Provided further that the registration of any transfer may be refused on account of a lien over partly paid-up Shares, only to the extent of the money already called and payable in respect of such Shares.

Execution of Transfer

12(a) The instrument of transfer of any share or debenture in the Company shall be executed both by the transferor and transferee. The transferor shall be deemed to remain holder of the share or debenture until the name of the transferee is entered in the Register in respect thereof.

(b) An application for the registration of a transfer of Shares in the Company may be made either by the transferor or by the transferee.

(c) Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee does not lodge any objection to the transfer within 2 weeks from the receipt of the notice.

Suspension of registration

13. Subject to the provisions of Section 154 of the Act, the registration of transfers may be suspended at such times and for such periods, not exceeding in the aggregate 45 days in each year and not exceeding 30 days at any one time, as the Board may from time to time determine.

Instrument of transfer after registration

14. The instrument of transfer shall, after registration, be retained by the Company and shall remain in its custody. All instruments of transfer, which the Board had declined to register, shall on demand be returned to the persons depositing the same. The Board may cause to be destroyed all instruments of transfer lying with

the Company for a period of more than 8 years.

Transmission of Shares etc.

15. Nothing contained in Articles 8 and 10 shall prejudice any power of the Company to register as Shareholder or debenture holder, any person to whom the right to any Shares or debentures in the Company has been transmitted by operation of law.

Death of member

16. In the case of the death of a member, the survivor(s) and the executor/administrator of a deceased member or a holder of a succession certificate where he was the sole surviving holder, shall be the only person recognized by the Company as having any title to such Share. The Company shall not be bound to recognize such executor/administrator unless he has first obtained Probate or Letters of Administration (as the case may be), from a court of competent jurisdiction. Provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with the production of Probate or the Letter of Administration or a succession certificate and register as member any person who claims to be absolutely entitled to the Share standing in the name of the deceased member.

Person entitled to Share in consequence of death, lunacy, bankruptcy or insolvency

17. Subject to the provisions of the Act and these Articles, any person becoming entitled to a Share in consequence of the death, lunacy, bankruptcy or insolvency of any member, or by any lawful means other than a transfer may with the consent of the Board (which the Board may grant in its discretion) upon producing evidence of his title as the Board thinks sufficient, either be registered himself as the holder of the Share or nominate some person to be registered as such holder subject to approval of the Board. Provided that in the event of such nomination, such nominating person shall execute suitable instrument nomination in favour of his nominee. Provided further that until the nominee's name is duly registered, the nominating person shall not be freed from any liability in respect of the Share.

Liability of Company in consequence of effecting transfer of apparent legal owner

18. The Company shall not incur any liability or responsibility on account of its registering or giving effect to any transfer of Shares made/purported to be made by any legal owner (as appearing in the Register of Members) to the prejudice of persons claiming any equitable right, title or interest to/in the same Shares, notwithstanding any notice of such equitable right, title or interest have been delivered to the Company. The Company shall not be obliged to consider or give effect to any such notice of equitable right, title or interest, though it may do so in its sole discretion.

INCREASE, REDUCTION AND ALTERATION OF CAPITAL

- Increase of Capital*** 19. Subject to the provisions of the Act, the Company in a General Meeting may increase the Share Capital by such sum to be divided into Shares of such amount, as the resolution shall prescribe.
- New Shares*** 20. New Shares shall be –
- (a) Issued, allotted or disposed of in accordance with these Articles, and
 - (b) Upon such terms and conditions and with such rights and privileges attached thereto, as the General Meeting resolution directs.
- New Shares to be part of original Share Capital*** 21. Subject to the conditions of issue or provisions of 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, surrender, voting and otherwise.
- Reduction of Capital*** 22. Subject to the provisions of sections 77A, 100 to 104 of the Act, the Company may from time to time, by special resolution, reduce its capital by any or all of the following means:-
- (a) Paying off capital,
 - (b) By cancelling capital which has been lost or is not represented by available assets or is superfluous,
 - (c) By reducing the liability on the Shares or otherwise as may seem expedient.
- Such Capital may be paid off on the condition that it may be called up again or otherwise. The Board may, subject to the provisions of the Act, accept surrender of Shares.
- Sub-division and consolidation of Shares*** 23. The Company, in a General Meeting, may exercise any of the other powers conferred by Section 94(1)(a) to (e) of the Act. Upon such exercise, the Company shall file Form 5 with the Registrar.
- Power to Borrow*** 24. Subject to the provisions of sections 292 and 293(1)(d) 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 borrowed or to be borrowed, for the purpose of the Company.
- Issue of Shares at premium, discount etc.*** 25. Subject to the relevant provisions of the Act, Shares may be issued at a premium, discount or otherwise and with any special privileges, as to redemption, surrender, drawing and allotment of Shares.
- Commission for subscribing to Shares*** 26. Subject to provisions of Section 76 of the Act, the Company may at any time pay a commission to a person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) to any Shares or debentures in the Company. Provided that the commission shall not exceed
- (a) In the case of Shares five percent of the price at which the Shares are issued,

and

- (b) In case of debentures two and a half percent of the price at which the debentures are issued.

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. The Company may pay a reasonable and lawful sum of brokerage to any person for procuring or agreeing to procure subscription to the Shares or debenture or any other security issued or proposed to be issued by the Company.

CONVERSION OF SHARES INTO STOCK

Convert paid up Shares to stock and reconvert back

27. The Company may by an ordinary resolution convert any paid up Shares into stock and reconvert any stock into paid up Shares of any denomination.

Transfer of stock

28. The holders of stock may transfer the same or any part thereof, in the same manner and subject to the same conditions under which the Shares from which the stock arose might have been transferred before the conversion or as near thereto as circumstances admit. Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so that such minimum shall not exceed the nominal amount of the Shares from which the stock arose.

Rights & privileges of holders of stock

29. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the Shares from which the stock arose. Provided that no such right, privilege or advantage (except participation in the demands and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred that right, privilege or advantage.

Applicability of regulations

30. Such of the regulations of the Company, as are applicable to paid up Shares, shall apply to stock and the words 'share' and 'shareholder' in those regulations shall include 'stock' and 'stockholder' respectively.

JOINT HOLDERS

Joint Holders

31. Where two or more persons are registered as the holders of any Share they shall be deemed to hold the same as joint-holders with benefits of survivorship subject to the following and other provisions contained in these Articles:

- (1) The Company shall be entitled to decline to register more than four persons as the joint holders of any Share.
- (2) The joint-holders of any Share shall be severally and jointly liable for all calls and other payments due and payable in respect of such Share.
- (3) In case of the death of any joint-holder, the survivor(s) shall be the only persons, recognized by the Company as having any title to the share. However, the Directors may require such evidence of death as they may deem fit. Nothing contained herein shall release the estate of deceased joint-holder from any liability on Shares held by him jointly with any other person.
- (4) Any one joint-holder may give effectual receipts for any demands or other

money payable in respect of such Share.

- (5) Only the person whose name stands first in the Register of members as one of the joint holders of any Shares shall be entitled to the delivery of the certificate relating to such share or to receive documents (including any summon, notice, report, requisition, process, order, judgement or any other document in relation to the Share, or to the winding up of the Company, or any meeting of the Company) from the Company. Any document served on or sent to such person shall be deemed served on or sent to all the joint-holders.
- (6) Any one of joint-holders may vote at any meeting either personally, or by an attorney duly authorised under a power of attorney, or by proxy in respect of a Share as if he were solely entitled thereto. Provided that in the event that more than one such joint-holders be present at any meeting (personally, by an attorney, or by proxy), one of them whose name stands first or higher (as the case may be) on the Register of Members in respect of such Share shall alone be entitled to vote in respect thereof. Provided further that a joint-holder personally present at any meeting shall be entitled to vote in preference to any other joint-holder present by an attorney or by proxy, even if the name of the latter joint-holder stands first or higher on the Register of Members in respect of such share. Several executors or administrators of a deceased member in whose (deceased member's) sole name any share stands shall for the purpose of these Articles shall be deemed as joint-holders.
- (7) Subject to the provisions contained in this and other Articles, any one of the joint holders of a share shall, except as regards a transfer of Shares, be deemed the sole holder thereof for matters connected with the Company.

GENERAL MEETINGS

Annual General meetings

32. The Company shall in each year, in addition to any other meetings, hold a General Meeting at the intervals and in accordance with the provisions of the Act. The first General Meeting shall be held within 18 months from the date of incorporation of the Company. The time-lapse between 2 successive General Meetings shall not exceed 15 months.

Notice of General Meetings

33. Subject to Sec 171, 190 and 191 of the Act, at least twenty one clear days notice in writing specifying the place, day and hour of general meetings with a statement of business to be transacted at the meeting shall be served on every member in the manner provided by the Act. Provided that with the written consent of all the members entitled to receive notice of such meeting, any General Meeting may be convened by such shorter notice and in such manner as those members may think fit. Provided further that any accidental omission to give notice to or the non-receipt of notice by, any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.

Quorum for General Meeting

34. The quorum for a General Meeting of the Company shall be five members present in person. No business shall be transacted at any General Meeting unless a quorum of members is present at the time when meeting proceeds to business.

Dissolution or adjournment in

35. In the event that within half an hour from the time appointed for holding a General Meeting quorum is not present, the meeting

- absence of quorum,** (a) If called upon the requisition of members shall stand dissolved.
(b) In any other case shall stand adjourned to the same day in the next week at the same time and place (or if such day is a holiday, on the next working day).

If at such adjourned meeting, quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall constitute the quorum.

Chairperson of General Meeting

36. At every General Meeting, the CMD shall be entitled to take the Chair. In the event that the CMD is not present within fifteen minutes after the time appointed for holding such meeting, the members present shall choose any other Director as Chairperson for such meeting. Provided that if no Director is present, or if all the Directors present decline to take the Chair, then the members present shall choose one of the members to be the Chairperson for such meeting.

Chairperson's decision conclusive

37. The Chairperson of any meeting shall be the sole judge of the validity of every vote tendered at such meeting.

VOTES OF MEMBERS

Votes of Members

38. (a) Every Member entitled to vote and present (in person or by proxy) shall have one vote on a show of hands and upon a poll one vote for each Share held by him. The Chairperson shall have a casting or second vote in case there is any equality of votes at the General Meeting.
(b) An instrument appointing a proxy shall be valid if it is received by the Company atleast 48 hours before the appointment maybe effective. Provided that Section 176 (4) of the Act shall not apply to the Company as regards invitation to appoint a Proxy issued at the expense of the Company.
(c) Notwithstanding Section 176(7) of the Act, every member entitled to vote at a General Meeting of the Company or on any resolution to be moved thereat, shall be entitled to inspect the proxies lodged with the Company during the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting.

Vote in respect of deceased member

39. Any person entitled to any right, title, or interest in any of the Shares of the Company registered in the name of a deceased member, by virtue of transmission of Shares to him, may vote at a General Meeting in respect of such Shares as if he was the registered holder of such Shares. Provided that to exercise such voting right he shall at least 72 hours before the time of holding the meeting or adjourned meeting (as the case may be) at which he proposes to vote, satisfy the Directors of his right or in case the Directors have previously admitted his right to vote at such meeting.

Vote in respect of member of unsound mind or minor

40. The legal guardian of a minor member or a member who has been adjudged to be of unsound mind, may vote by proxy. In the event that more than one guardians stake claim to vote, the guardian entitled to vote shall be selected by the Chairperson of the meeting.

Validity of Proxy

41. A vote given in accordance with the terms of an instrument of proxy shall be

valid notwithstanding

- (a) The death or insanity of the principal, or
- (b) Revocation of the proxy or of any power of attorney under which the proxy was signed, or
- (c) The transfer of the Share in respect of which the vote is given, provided that no written intimation of such death, insanity, revocation or transfer is received at the Office, atleast 48 hours, before the meeting.

Company not bound to recognise any interests in Shares other than that of the registered holders

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

BOARD OF DIRECTORS

Business of the Company

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

Number of Directors

44. The number of Directors of the Company shall be not less than 3 (three) and not more than 9 (nine), as may be determined by the Controlling Shareholders. The Directors shall not be required to hold any qualification Shares. The first directors of the Company are

- (i) Chief Secretary to the Government of Punjab
- (ii) Administrative Secretary to Government of Punjab, Power Department
- (iii) Managing Director, Punjab State Industrial Development Corporation (PSIDC)

Controlling shareholders & Directors

45 The Government of Punjab shall be designated as the Controlling Shareholders as long as it holds majority of Shares in the Company (directly or indirectly). – The appointment of CMD/ Directors shall be as under:

- (a) Subject to Article 44 -
 - (i) Part of the CMD/Directors on the Board shall be. nominated by the Controlling Shareholders, and
 - (ii) The remaining CMD/Directors shall be selected by a Selection Committee constituted for the purpose as provided herein
- (b) For the purpose of selection of Directors referred to in clause (a)(ii) above, the Controlling Shareholders shall, as and when required, constitute a Selection Committee consisting of
 - (i) Chief Secretary, Government of Punjab.
 - (ii) Administrative Secretary, Department of Power, Government of Punjab.
 - (iii) Sector Specialist from Public Sector who would be a working Member/

Director of a Central Sector Power Utility.

The Convener for such Selection Committee shall be the Administrative Secretary, Power, Government of Punjab.

- (c) The Controlling Shareholders shall, within one (1) month from the date of the occurrence of any vacancy in the Board of Directors by reason of death, resignation or removal and three (3) month before the super-annuation or the end of the tenure of the Directors, constitute the Selection Committee as specified in clause (b) above, for the purpose of the selection of the person to fill up the vacancy.
- (d) The Selection Committee shall finalize the selection of the person to be appointed as Director within one month from the date on which reference is made.
- (e) Any person appointed as the non-retiring Director shall hold office of Director for such duration as specified by the Controlling Shareholders and shall be eligible for re-appointment after the expiry of the period if the Selection Committee considers such re-appointment to be in the interest of the Company.
- (f) The CMD of the Company shall be delegated specific functions and powers to undertake all things in regard to the management and control of the affairs of the Company, subject to the supervision and control of the Board of Directors.

Removal of Directors

- 46(a) The Controlling Shareholders shall be entitled from time to time to change or remove the persons nominated as directors in the Company in terms of Article 45 above.
- (b) All the Directors including the CMD, selected through a selection process shall be subject to removal from their office if Selection Committee, constituted for the purpose in the same manner as in the case of appointment of CMD/Directors, recommends such removal to be in the interest of the Company.
- (c) The Controlling Shareholders shall be entitled to act upon such recommendation to cause the removal of the Director concerned.
- (d) The remaining Directors who have been nominated by the Controlling Shareholders shall be subject to removal by the Controlling Shareholders.

Appointment and remuneration of Directors

- 47(a) The CMD and the Directors appointed to the Board of the Company selected through the Selection Committee process shall have a minimum tenure of 2 years subject to their attaining the age of retirement as determined by the Controlling Shareholders. All the remaining Directors shall not have any minimum tenure requirements.
- (b) The Directors shall be paid such salary and/or allowances as may be determined by the Company.

When Office of Director to become vacant

- 48. The office of a Director shall become vacant if:-
 - (a) He is found to be unsound in mind by a Court of Competent jurisdiction.
 - (b) He applies to be adjudicated an insolvent.
 - (c) He is adjudged as an undischarged insolvent.

- (d) He is convicted by a Court in India for any offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than three months.
- (e) He fails to pay any call in respect of Shares of the Company held by him whether along or jointly with others within six months from the last date fixed for payment of the call.
- (f) He absents himself from three consecutive meetings of the Board of Directors or from all meetings of the Board for a continuous period of three months, whichever is longer without obtaining leave of absence from the Board.
- (g) He, or any firm in which he is a partner, or any private Company, of which he is a Director, accepts a loan or any guarantee or security for a loan from the Company.
- (h) He fails to disclose the nature of his concern or interest in any contract or arrangement or proposed contract or arrangement entered into by/ or on behalf of the Company as required under Section 299 of the Act.
- (i) He becomes disqualified by order of the Court under Section 203 of the Act.
- (j) He is removed in pursuance of Section 284 of the Act.

The disqualification referred to in sub-clauses (c) (d) and (i) above shall not take effect for thirty days from date of adjudication, sentence or order.

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

***Alternate/Additional
Director(s)***

- 49.(a) The Board of Directors may, from time to time appoint alternate director(s), to act for Director(s), in terms of Section 313 of the Act. Such persons to be appointed as Alternate Directors must be employees working under the Director they shall be alternating for, being his immediate subordinate in the department reporting to such Director.
- (b) The Board of Directors may from time to time also appoint additional directors, in terms of Section 260 of the Act. Provided that such additional directors shall hold office only up to the date of the next annual general meeting of the Company. Provided further that the number of Directors and Additional Directors shall not exceed the maximum strength of the Board.

POWERS OF THE CMD

Powers of CMD

- 50. (a) Within the scope of the powers conferred upon him by the Act, these Articles and policies established by the Board, the CMD shall be responsible for the day-to-day operation of the company under the overall supervision of the Board. He shall devote his full time and attention to the sound management and orderly growth of the Company. The CMD shall be entrusted with and given such of the powers exercisable under these Articles by the Board as they may think fit.
- (b) The Board may, in addition to the foregoing but subject to the provisions of the Act and these Articles, confer such power on the CMD to the exclusion of and

in substitution for, all or any of the powers of the Directors in that regard, provided however that the Board shall not entrust to and confer upon the CMD the entitlement to exercise, the power (i) to make calls upon the members of the Company in respect of money unpaid on the Shares held by them (ii) to borrow any sum or sums money for the purposes of the Company or to make loans out of the funds of the Company except within limits as may from time to time be previously fixed by the Board, or (iii) to invest any of the moneys of the Company.

PROCEEDINGS OF THE MEETING OF BOARD OF DIRECTORS

- Meeting of Directors** 51. The Directors may meet together as a Board for the disposal of business from time to time and unless the Central Government by virtue of the provisions of section 285 of the Act otherwise directs shall so meet at least once in every 3 (three) calendar months and at least 4 (four) such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit.
- Notice of Meeting** 52. Notice of every meeting of the Board shall be given in writing to every Director at his usual address.
- Quorum** 53. Subject to the provisions of section 287 of the Act, quorum for a meeting of the Board shall be one third of its total strength (excluding Director, if any, whose places may be vacant at the time) or two directors, whichever is greater. Provided that in calculating the said one-third any fraction of a number shall be rounded off as one. Provided further that the presence of at least one of the following is necessary to constitute the quorum –
- (i) Administrative Secretary – Finance or his nominee; or
 - (ii) Administrative Secretary – Power or his nominee.
- Adjournment of meeting for want of quorum** 54. If a meeting of the Board could not be held for want of a quorum then the meeting shall stand adjourned to such other time as may be fixed by the Chairperson. Where the Chairperson does not adjourn the meeting to a specified date, then the meeting so called shall lapse and shall be treated as cancelled and shall be deemed not to have been called or held.
- When meeting to be convened** 55. A Director may at any time and the Secretary of the Company shall on the request of a Director convene a meeting of the Board by giving a notice in writing to every Director at his usual address. Notice may be given by telegram or facsimile or other comparable means to a Director who has his usual address outside the State of Punjab.
- Chairperson** 56. In the absence of the CMD, the Directors may from time to time elect from among the Board of Directors, a person as Chairperson of the Board. If at any convened meeting of the Board, the CMD is not present within fifteen minutes after the time appointed for commencing the proceedings, the Directors may choose one of the Directors present to be the Chairperson of such meeting.
- Delegation of power by the Board** 57. Subject to the restrictions contained in Section 292 and other applicable provisions of the Act, the Board may appoint, reconstitute and dissolve such

Committee(s) of Directors consisting of such members of the Board as deemed fit. The Board may delegate any of Board's powers to the CMD of the Company, or to any Committee(s) of Directors. The Board may also, from time to time, alter or revoke the authority conferred on the CMD and/or a Committee of Directors. The CMD and the Committee(s) shall exercise the delegated functions and powers in accordance with the conditionalities imposed by the Board.

Resolution by Circulation

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

Acts of Board or Committees valid notwithstanding defective appointment

59. All acts done by any meeting of the Board or by a committee of the Board or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid and effective as if every such person had been duly appointed, and was qualified to be a Director and has not vacated his office or his appointment had not been terminated. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid.

Minutes of proceedings of the Board etc.

60. (1) The Company shall cause minutes of all proceedings of every meeting of the Board, any committee of the Board and of the members to be kept in accordance with section 193 of the Act.
- (2) The minutes of each such meeting shall contain a fair and correct summary of the proceedings thereat.
- (3) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of such meeting.
- (4) The minutes of the Board and of any committee of the Board shall also mention details of:-
- (a) the names of the Directors present at the meeting, and
 - (b) all orders made by the Board or committee of the Board, and
 - (c) in the case of each resolution passed at the meeting, the name of the Director, if any, dissenting from, or not concurring with the resolution.
- (5) Nothing contained in sub-clause (1) to (4) shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairperson of the meeting :-
- (a) is or could reasonably be regarded as, defamatory of any person.
 - (b) is irrelevant or immaterial to the proceedings.
 - (c) is detrimental to the interests of the Company.
- (6) The Chairperson shall exercise an absolute discretion in regard to the inclusion

or non-inclusion of any matter in the minutes on the grounds specified in sub-clause (5) above.

(7) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.

Powers of Directors

61.(1) Subject to the provisions of the Act, the Board of Directors of the Company shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorized to exercise and do. This power shall include power to ratify any past action, as well as to amend, alter, vary or rescind a past resolution.

(2) In exercising any such power or doing any such act or thing, the Board shall be subject to the provisions contained in that behalf in the Act and other Applicable Law in the Memorandum and Articles of the Company; and any regulations not inconsistent therewith and duly made thereunder, including regulations made by the Company in a General Meeting.

(3) The Board shall not exercise any power or do any act or thing which is directed or required to be done the Company in General Meeting, whether by this Act or by any other enactment or by the Memorandum or Articles of the Company, or otherwise.

(4) No regulations made by the Company in a General Meeting shall invalidate any prior action taken pursuant to a then existing decision of the Board.

Certain powers of the Board

62. Subject to the provisions of the Act, and without prejudice to the general powers conferred under Article 56 it is here by declared that the Board of Directors shall have the powers:-

- a. to pay the costs , charges and expenses preliminary and incidental to the formation, promotion, establishment and registration of the Company.
- b. to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorized to acquire, at such price or consideration and generally on such terms and conditions as the Board may think fit and in any such purchase or acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
- c. to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or in part, in cash or mortgages, and any such mortgages may be either specifically charged upon all or any part of the property of the Company and its uncalled capital.
- d. to secure the fulfillment of any contracts of engagements entered into by the Company, by mortgage or charge of all or any of the property of Company and its uncalled capital for the time being or in such manner as they may think fit.
- e. to accept from any member so far as may be permissible by law, surrender of his Shares or any part thereof, on such terms and conditions as may be decided by the Board.
- f. to appoint any person to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of

such trustee or trustees.

- g. to institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Company and to refer any differences to arbitration either according to Indian law or according to foreign law and either in India or abroad and observe and perform or challenge any awards made thereon.
- h. to make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company;
- i. subject to the applicable provisions of the Act, to invest and deal with any monies of the Company not immediately required for the purposes thereof, upon such security or without security and in such manner as they may think fit, and from time to time to vary or realize such investments.
- j. to execute in the name of and on behalf of the Company, in favour of any Director or other persons who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they may think fit and any such mortgage may contain power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon by the Board.
- k. to determine from time to time who shall be entitled to sign on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.
- l. to create and from time to time subscribe or contribute to provident fund and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit; and subject to the provisions of sections 293(1)(e) and 293 A of the Act to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation or of public and general utility or otherwise.
- m. before recommending any dividend, to set aside out of the profits of the Company, such sums as they may think proper towards any fund or account including without limitation, depreciation fund, an insurance fund, reserve fund, sinking fund or any special fund to meet contingencies, or towards redemption of any 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, or for such other purposes as the Board may in their absolute discretion, think conducive to the interest of the Company. Subject to the provisions of section 292 of the Act, till such time the amounts so set aside are required for specified purposes, to invest the several sums so set aside or so much thereof as required to be invested upon such investments (other than Shares of the Company) as they may think fit, and from time to time to deal with or vary such investments and dispose of and

apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company.

- n. subject to the provisions of the Applicable Law (including the statutory transfer scheme) to appoint and at their discretion remove or suspend such officers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisors, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and fix their salaries, or emoluments or remuneration, and to acquire security in such instances for such amounts as they may think fit.
- o. at any time and from time to time by Power of Attorney under the seal of the Company, or otherwise to appoint any person or persons to be the authorized attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretion and for such period and subject to such conditions as the Board may from time to time think fit, 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.
- p. to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.
- q. to make, vary and repeal the regulations of the business of the Company, Board, any committee of the Board, any officers or servants of the Company.
- r. to do all such acts, matters and things deemed necessary, proper or expedient for carrying on the business of the Company except only such acts, matters or things as by the Act or by any other enactment or these Articles or otherwise expressly directed to be exercised by the Company in a general meeting.

SECRETARY

Secretary

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

THE SEAL

The Seal and its custody

- 64. (a) The Board of Directors shall provide a Seal for the purposes of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof. The Board of Directors shall provide the safe custody of the Seal.
- (b) Subject to the Applicable Laws, the Seal of the Company shall not be affixed to any instrument except by the authority of resolution of the Board or a Committee of the Board in that behalf and except in the presence of at least two Directors and the Secretary or such other person that the Board may

specify for that purpose. The Directors and the Secretary or other person shall sign every instrument to which the seal of the Company is so affixed in his presence.

DIVISION OF PROFITS AND DIVIDEND

Division of profits 65. The profits of the Company available for payment as dividend may be paid to the members, subject to any special rights relating thereto created or authorized to be created by these Articles with the approval of the Board of Directors.

Declaration of dividend 66. The Company in General Meeting may declare a dividend to be paid to the members according to their respective rights and interest in the profits and may fix the time for payment but no dividend so declared by the Company shall exceed the amount or percentage recommended by the Board.

Interim Dividend 67. The Directors may from time to time pay to the Members such interim dividends as in their judgement the financial position of the Company justifies.

ACCOUNTS

Inspection by members of accounts and books of the company 68. The 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 the members (not being Directors) and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the law or authorized by the Board or by the Company in general meeting.

AUDIT

Accounts to be audited annually 69. The Accounts of the Company shall be audited by the auditors of the Company, in terms of the applicable provisions of the Act.

Appointment of Auditors 70. So long as the provisions of Section 617 of the Act applies to the Company, the auditor or auditors of the Company shall be appointed or re-appointed on the advice of Comptroller and Auditor General of India in accordance with the Provisions of section 619 of Act.

The Comptroller and Auditor General of India shall have power:-

- (i) To direct the manner in which the Company's account shall be audited by the auditor or auditors appointed in pursuance of this Article and to give such auditor or auditors instructions in regard to any matter relating to the performance of his or their functions as such.
- (ii) To conduct a supplementary or test audit of the company's accounts by such person or persons as he may deem fit on his behalf and for the purpose of such audit to require information or additional information to be furnished to any person or persons and in such form as the Comptroller and Auditor General may, by general special order, direct.
- (iii) The auditor/auditors aforesaid shall submit a copy of his/their audit report to the Comptroller and Auditor General of India who shall have the right to comment upon or supplement the audit report in such manner as he may

think fit.

- (iv) Any such comment upon, or supplement to such report of the auditors of the Company shall be placed before the Annual General Meeting of the Company in the same manner as the report of the auditors of the Company.

Auditor's right to attend meeting

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

When accounts to be deemed finally settled

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

NOTICE

Notice on persons acquiring Shares on death or insolvency of Members

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

Distribution of assets

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

SECRECY

Secrecy

75. No member shall be entitled to visit or inspect the Company's works without the permission of a Director or to require discovery of or any information respecting any details of the Company's business operations or any matter which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors, will not be in the interest of the Company.

INDEMNITY AND RESPONSIBILITY

Directors and others right to Indemnity

76. (i) Subject to the provisions of section 201 of the Companies Act every Director, manager, auditor, secretary or other officer or employee of the Company shall be indemnified by the Company against, and it shall be the duty of the Directors, out of the funds of the Company, to pay all costs,

losses and expenses (including traveling expenses) which any such Director, manager, auditor, secretary, or other officer or employee may incur or become liable to by reason of any contract entered into, or act or deed done by him or them, as such Directors, manager, auditor, secretary or other officer or employee or servant or in any other way in 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.

(ii) subject to the above every Director, manager, officer or other employee of the Company shall be indemnified against any liability incurred by him or them in defending any proceedings whether civil or criminal in which judgement is given in his or their favour or in which he or they are acquitted or in connection with any application under section 633 of the Act in which relief is given to him or them by the Court.

Not responsible for acts of others

77. Subject to the provisions of section 201 of the Act, no Director, manager or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer for joining in any receipt or other act for the sake of conformity or for any loss or expenses happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Director for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising to the bankruptcy insolvency, or tortious act of any person, company or corporation with whom any money, securities or effects shall be entrusted or deposited or for any loss occasioned by an error of judgment or oversight on his or their part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his or their office or in relation thereto unless the same happens through his own dishonesty.

S. No	Name of subscriber, address, description and occupation, with their Signatures	Signature of witness and their address and description and occupation
1.	Shri [name] _____, son of [name] _____, resident of [address] _____ Occupation _____ Signature _____	
2.	Shri [name] _____, son of [name] _____, resident of [address] _____ Occupation _____ Signature _____	
3.	Shri [name] _____, son of [name] _____, resident of [address] _____ Occupation _____ Signature _____	
4.	Shri [name] _____, son of [name] _____, resident of [address] _____ Occupation _____ Signature _____	
5.	Shri [name] _____, son of [name] _____, resident of [address] _____ Occupation _____ Signature _____	
6.	Shri [name] _____, son of [name] _____, resident of [address] _____ Occupation _____ Signature _____	
7.	Shri [name] _____, son of [name] _____, resident of [address] _____ Occupation _____ Signature _____	

Place :

Date :

The Subscribers to the Articles of Association have been nominated by the Government of Punjab to hold the shares on its behalf vide [Cabinet decision dated _____].