

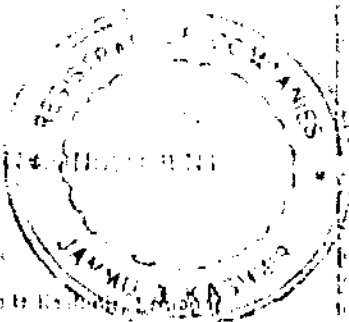
**MEMORANDUM & ARTICLES OF ASSOCIATION**

**OF**

**JAMMU AND KASHMIR STATE POWER  
DEVELOPMENT CORPORATION LIMITED**

No. 1418 of 1995

1999



REGISTRAR OF COMPANIES  
IN CHARGE OF NAME

To the effect of the Registrar of Companies, Jammu & Kashmir

NO. 1418 OF 1995

In the matter of **JAMMU AND KASHMIR STATE POWER DEVELOPMENT CORPORATION PRIVATE LIMITED.**

**JAMMU AND KASHMIR STATE POWER DEVELOPMENT CORPORATION PRIVATE LIMITED.**

was incorporated on 16th Feb, 1995

**JAMMU AND KASHMIR STATE POWER DEVELOPMENT CORPORATION PRIVATE LIMITED.**

has applied for the necessary **Dt. 19.11.1999.**

for the purpose of the provisions of the Companies Act, 1956, in connection with the proposed issue of shares of the said Corporation. The Registrar of Companies, Jammu & Kashmir, has issued a certificate of incorporation of the said Corporation on 19.11.1999.

The name of the said Corporation is

**JAMMU AND KASHMIR STATE POWER DEVELOPMENT CORPORATION LIMITED.**

and this certificate is issued in pursuance of Section 23 of the Companies Act, 1956.

Given under my hand at **JAMMU** this **24th**

day of **November** 1999.

**Dt. 03, AGRHA, 1921. (SAKA)**

**Dt. 24.11.1999.**

*(Signature)*  
Registrar of Companies  
Jammu & Kashmir  
Jammu

**The Companies Act 1956  
(Company Limited by Shares)**

**MEMORANDUM OF ASSOCIATION OF  
J AND K STATE POWER DEVELOPMENT CORPORATION LIMITED**

**I. Name of the company**

The name of the company shall be "J and K State, Power Development Corporation Limited.

**II. Registered Office**

The Registered Office of the Company shall be situated in the State of Jammu and Kashmir.

**III. Object Clause**

**A. Main Objects**

The Main Objects to be perused by the Company on its incorporation are:-

1. To take over, execute, complete and operate Power Stations and Power projects of the Jammu & Kashmir Government including all property rights and other rights and obligations including with respect to personnel that may be assigned by the Government of the State of Jammu & Kashmir, and to arrange for conveyancing loan or assignment in favour of the Company of all properties and rights that may be necessary for this purpose.
2. a. To plan, promote and organize an integrated and efficient development of electric Power in all its aspects including planning, investigation, research, design and preparation of preliminary feasibility and definite project reports, construction generation, operation and maintenance of Power Stations and projects, transmission, distribution and sale of power generated at power stations in accordance with the economic policy of the State of Jammu and Kashmir and objectives laid down by the State Government from time to time.  
b. To undertake, where necessary, the construction of transmission lines and ancillary works for timely and co-coordinated supply of power.
3. To co-ordinate the activities of its subsidiaries, to determine their economic and financial objectives/targets and to review, control, guide and direct their performance with a view to secure optimum utilization of all resources placed at their disposal.
4. To act as an agent of Government/Public Sector Financial institutions, to exercise all the rights and powers exercisable at any meeting of any Company engaged in the Planning, Investigation, Research, Design and Preparation of preliminary Feasibility and Definite Project Reports, Construction, generation, operation Maintenance of Power Stations and Projects, Transmission, Distribution and Sale of Power, in respect of any shares held by the Government, Public Financial Institutions, Nationalized Banks, Nationalized Insurance Companies with a view to secure the most effective utilization of

the financial investments and loans in such companies and the most efficient development of the concerned industries.

5. To carry on the business of purchasing, selling, importing, exporting, producing, trading, manufacturing or otherwise dealing in power generation and Transmission equipment and supplies for power development, ancillary and other allied industries and for that purpose to install, operate and manage all necessary plants, establishments and works.

B. The objects incidental or ancillary to the attainment of the main objects are:

- i) To arrange, secure and make available to its subsidiary and other concerned organizations, such facilities, resources inputs and services as may be required.
- ii) To enter into any arrangement with the Government of India or with the J&K State or any other State or any Local or Municipal authority or with any person for the purpose of directly or indirectly carrying out the objects for furthering the interests of the Company or its members and to obtain from any such Government, State authority or person any charter, subsidies, loans indemnities, grants, contracts, decrees, rights, sanctions, privileges, licenses or concessions whatsoever (whether statutory or otherwise) which the Company may think it desirable to obtain and carry out.
- iii) To borrow money or to receive money or deposits for the purpose of financing the business of the company either with security or mortgage or other security charged on the undertaking or all or any of the assets of the company including uncalled capital and to increase, reduce or pay off any such securities.
- iv) To acquire (subject to the laws in force in the state) by purchase, lease exchange hire or otherwise or to construct and maintain factories, works, buildings and conveniences of all kinds, land, building, apartments, plant, machinery and hereditament of any tenure or description, situated in India or other part of the world and any estate or interest therein and any rights over or connected with land so situated and turn the same to account in any manner as may seem expedient, necessary or convenient to the Company for the purpose of its business.
- v) To acquire, possess and undertake the whole or any part of the business, assets, property, goodwill rights and liabilities of any person, firm, society, association, Corporation or company carrying on any business which the company is authorized to carry on.
- vi) To apply for, purchase or otherwise acquire any trade marks, patents, brevets or intentions, licenses, concessions and the like,

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

- vii) a. To establish, provide, maintain and conduct or otherwise subsidize research laboratories and experimental work and to undertake and carry on directly or in collaboration with other agencies scientific and technical research experiments and tests of all kinds and to process, improve and invent new products and their techniques of manufacture as to promote, encourage, reward in every manner studies and research scientific and technical investigations and invention of any kind that may be considered likely to assist, encourage and promote rapid advances in technology, economic, import substitution or any business which the company is authorized to carry on.
- b. To establish, maintain and operate technical training institutions and hostels for Engineers of all types and all other technical staff and artisans and mechanics of all types and kinds and accountants and others, to make such other arrangements as may be expedient for the training of all categories of officers, workers, clerks, store-keepers and other personnel likely to be useful to or assist in any business which the company is authorized to carry on.
- viii) To sell, improve, manage, develop, exchange, loan or lease or let, under lease, sub-let mortgage, disposal of , deal with in any manner, turn to account or otherwise deal with any rights or property of the Company.
- ix) To accumulate funds and to invest or otherwise employ moneys belonging to or with the company and not immediately required, in the purchase or acquisition of any shares, securities or other investments whatsoever whether movable or immovable upon such terms as may be thought proper and from time to time to vary all or any such investments in such manner as the Company may think fit.
- x) To enter into partnership or into any arrangement for joint working, sharing or pooling profits, amalgamation, union of interests, cooperation, joint ventures reciprocal concession or otherwise or amalgamate with any person or company carrying on or engaged in or about to carry on any business, or transaction which the company is authorized to carry on or engaged in or any business, undertakings or transaction which may seem capable of being carried on or conducted so as directly or indirectly to benefit this company.

- x i) To employ Engineers, mechanics, masons, carpenters, scaffold setters, painters, electricians and other technicians, salesman, commercial and administrative staff and such other staff as may be found necessary for the efficient handling and conduct of the business of the company.
- x ii) To hire on an assignment, retainership or time basis individual consultants or consultancy organizations, India or Foreign, with administrative, managerial, technical, secretarial, accounting, financial, commercial, legal or other specialized skills; as advisors to the Company or with operational responsibilities and to remunerate them for their services as may be found necessary for the efficient handling and conduct of the business of the company.
- x iii) a) To enter into agreements and contracts with foreign individuals, companies or other organizations for purchase of equipments and for technical, financial or any other assistance, for carrying out all or any of the objects of the Company.  
  
b) To enter into any agreement with any Government or authorities(municipal, local or otherwise) or any Corporations, Companies or persons, which may seem conducive to the Company's objects and to obtain from any such Government authorities, Corporations, Companies or persons any contract, right, privilege and concessions which the Company may think desirable & to carry out, exercise and comply with any such contract, right, privilege and concession.  
  
c) To enter into contracts of indemnity and guarantee.
- x iv. To create any depreciation fund, reserve fund, sinking fund, insurance fund or any other fund, whether for depreciation or for repairing, improving, extending or maintaining any of the properties of the Company or redeemable preference shares or for any other purposes whatsoever conducive to the interest of the Company.
- x v. To open an account or accounts with any individual, firm or Company or with any bank or bankers or shroffs and to pay into and withdraw money from such account or accounts.
- x vi. To promote, organize or carry on the business of consultancy services in any field of activity in which it is engaged in.
- x vii. To promote or concur in the promotion of any Company, the promotion of which shall be considered desirable in furtherance of the objects or any object of the Company.
- x viii. Generally to do all such other things as may be deemed incidental or conducive to the attainment of the above objects or any of them and to carry on any of them and to carry on any business which may seem to the company capable of being conveniently carried on in connection with any of the Company's objects or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights.

- xix. To receive grants, loans, advances or other moneys on deposits or otherwise from state or central Government, Banks, Companies, Trusts, Institutions, Associations, Individuals.

C. Other objects of the Company are as follows:-

- i. To Act as an entrepreneur on behalf of the State Government, to identify new areas of economic investment and to undertake or help in the undertaking of such investment.
  - ii. To lend money on property or on mortgage of immovable property or against Bank guarantee and to make advances of money against future supply of goods and services on such terms as the Directors may consider necessary and to invest money of the Company in such a manner as the Directors may think fit and to sell, transfer or deal with the same.
  - iii. To arrange, receive and collect all relevant information in regard to any business carried on by the Company.
  - iv. To carry on the business of trading in and dealing in any manner whatsoever in all commodities, goods and things manufactured, produced or dealt with in any manner by any of the subsidiaries of the Company.
- IV. The liability of the members is limited.
- V. The authorized share capital of the Company is Rs. 5,00,00,000,000/- (Rupees five thousand crore only) divided into 50,000,000 equity share of Rs. 1000/- each.

We the several persons whose names, addresses and description are subscribed hereto are desirous of being formed into a company in pursuance of this memorandum of Association and we respectively agree to take the number of share in the capital of the company as set opposite our respective means.

S.No.	Name of Subscriber, address, description and occupation his/her father's/husband's name	Number of shares taken by each subscriber	Signature of each subscriber	Signature(s) and name of witnesses description and occupation
1	2	3	4	5
1	Gen. K.V.Krishna Rao(Retd.) Governor, Jammu & Kashmir State, Rajbawan, Jammu.	49950	Sd/- ( N. R. Gupta) For and on behalf of the Governor of J&K as per the power of attorney	Common witness for subscribers from S.No. 1 to 3
2	Ms. Sushma Chowdhary D/o Shri Bhagat Ram Chowdhary Commr. / Secy. To Govt; Finance Deptt. J&K State, New Secretariat, Jammu	25	Sd/-	Sd/- (Anil Kumar Misri) Asstt. Ex. Engineer, Power Development Corporation Janipur Jammu
3	Sh. N.R. Gupta S/o Late Shri Daulat Ram Gupta Commr./Secretary to Govt; Power Development Department, J&K State, New Secretariat, Jammu	25	Sd/-	
Total				

Date: 16/2/95  
Place: JAMMU



**The Companies Act 1956  
( Company Limited by Shares)**

**ARTICLES OF ASSOCIATION OF  
J AND K STATE POWER DEVELOPMENT CORPORATION LIMITED**

**INTERPRETATION**

**1. Interpretation Clause**

In the interpretation of the Memorandum of Association of these Articles, the following expressions shall have the following meanings, unless repugnant to the subject or context:-

"The Act or the "Said Act"

"The Act" or the "Said Act" means The Companies Act, 1956" as amended upto date.

The Board or Board of Directors

The "Board" or the "Board of Directors" means a meeting of the Directors duly called and constituted 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 the Act.

Capital

"Capital" means the Capital for the time being raised or authorized to be raised for the purpose of the Company.

The Company or This Company

"The Company" or "This Company" means J and K State Power Development Corporation Limited.

Directors

"Directors" means the Directors for the time being of Company or, as the case may be, Directors assembled at Board.

Dividend

"Dividend" means dividend as defined under the act.

Executor or Administrator

“Executor” or “Administrator” means a person who has obtained probate of Letters of Administration, as the case may be, from some competent court.

Government

“Government” means the J and K State Government.

Government Company

“Government Company” means a Government Company as defined in the Act.

Month

“Month” means a calendar month.

Office

“Office” means the Registered office, for the time being, of the Company.

Persons

“Persons” includes Corporations as well as the singular number.

The Governor

“The Governor” means the Governor of Jammu and Kashmir State.

Registrar

“Registrar” means the Register of Companies of the State of which the registered office of the Company is situated.

Register

“Register” means the Register of Members to be kept pursuant to the Act.

These presents or Regulations

“These presents” or “Regulations” means these Articles of Association as originally framed or altered from time to time and include Memorandum where the context so requires.

Shares

“Shares” means the shares of stock into which the capital is divided and the interest corresponding with such shares or stock.

Writing

“Writing” shall include printing and lithography and any other modes of representing or reproducing words in a visible form.

Expression in the Act to bear the same meaning as the Articles

Subject as aforesaid, any words or expression defined in the Act shall, except where the subject or context forbids, bear the same meaning in these Articles.

#### Marginal Notes

The marginal notes hereto shall not effect the construction hereof.

#### **2. Table 'A' not to apply**

The Regulations in Table 'A' in the first schedule to the Act, shall not apply to the Company except so far as the same as repeated or contained in or expressly made applicable by these Articles or by the Act.

#### **3. Private Company**

The Company by these articles shall

- a) Restrict the right to transfer its shares.
- b) Limit the number of its members to fifty including.
  - i. Persons who are in employment of the Company; and
  - ii. Persons, who, having been formerly in the employment of the Company, were members of the company while in that employment and have continued to be members after the employment ceased; and
- c) Prohibits any invitation to the public to subscribe for any, shares in or debentures of the Company.

#### **4. Company to be governed by these Articles**

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

#### **5. Capital**

The authorised share capital of the Company is Rs. 5,00,00,000,000/- (Rupees five thousand crores) divided into 50,000,000 equity share of Rs. 1000/- each.

#### **6. Allotment of Shares**

Subject to the provisions of the Act and these Articles and to the rights of the Government the shares shall be under the control of the Board of Directors who may allot or other wise dispose of the same.

## CERTIFICATE

### **7. Members right to certificates**

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

### **8. Issue of New Certificates in place of one defaced, lost or destroyed**

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

## TRANSFER AND TRANSMISSION OF SHARES

### **9. Transfer and transmission of shares and debenture**

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

### **10. Register of Transfer**

The Company shall keep the register of Transfer of Shares and Transfer of Debenture and therein enter the particulars of several transfers or transmission of any share or debenture.

### **11. Execution of Transfer**

The instrument of transfer of any share or debenture in the company shall be executed both by the transferor and transferee, and the transferor shall be deemed to remain holder of the share or debenture until the name of the transferee is entered in the register of Members or debenture holder in respect thereof.

### **12. Transmission of shares etc.**

Nothing contained in Article 10 shall prejudice any power of the company to register as Shareholder or debenture holder, any person to whom the right to any share or debenture in the company has been transmitted by operation of law.

## INCREASE REDUCTION AND ALTERATION OF CAPITAL

### **13. Increase of Capital**

Subject to the approval of the Government and 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.

### **14. What conditions share may be issued**

Subject to such directions, as may be issued by the Government in this behalf, new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation there of shall direct (provided that the company may issue preference shares subject to the guidelines issued by the Govt. in this behalf from time to time).

### **15. When to be referred to the existing members**

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

### **16. Same as original Capital**

Except so far as otherwise provided by the conditions of issue or by these Article, 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 of the payment of calls and instruments, transfer and transmission, forfeiture, lien, surrender, voting and otherwise.

### **17. Reduction of Capital**

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

### **18. Sub Division and consolidation of shares**

Subject to the approval of the Government the company in a general meeting, may from time to time subdivide or consolidate its shares or any of them and exercise any of the other powers conferred by sub-section (i)(a) to (e) of section 94 of the Act, and shall file with the Registrar such notice in exercise of any such powers as may be required by the Act.

## **BORROWING POWERS**

### **19. Powers to Borrow**

Subject to the approval of the Government and the provisions of section 292 of the Act, the Board may, by means of a resolution passed at a meeting of the board from time to time; borrow and/or secure the payment of any such sums of money for the purpose of the Company; provided that the approval of the Government would not be necessary for borrowing from the banks for the purpose of meeting the working capital requirements on the hypothecation of the Company's current assets.

### **20. Issue at discount or with special privilege**

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

### **21. Notice of General Meetings**

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

### **22. Failure to give notice not to invalidate**

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

### **23. Quorum**

Two members present in person shall be quorum for a general meeting of the company.

### **24. Chairman**

The Chairman of the Board of Directors & or in his absence the Vice Chairman shall be entitled to take the chair at every general meeting but if neither the Chairman nor the Vice Chairman is present within fifteen minutes after the time appointed for holding such meeting or is unwilling to act as Chairman or decline to take the Chair then 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.

**25. Chairman's decision exclusive**

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

**VOTES OF MEMBERS**

**26. Voter**

Every member entitled to vote and present in person or by proxy shall have one vote on show of hands and upon a poll one vote for each share held by him.

**27. Votes in respect of shares of ceased members**

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

**28. Form of proxy**

Every instrument of proxy for a specified meeting or otherwise shall so nearly as circumstances will admit, be in the form or to the effect as following:-

**J AND K STATE POWER DEVELOPMENT CORPORATION PVT. LIMITED**

I \_\_\_\_\_ a member of \_\_\_\_\_ do hereby  
appoint \_\_\_\_\_ (of) \_\_\_\_\_ failing  
him \_\_\_\_\_ of \_\_\_\_\_ as \_\_\_\_\_  
my proxy to attend and vote for me and on my behalf at the Annual/Extra-ordinary General  
Meeting of the Company to be held on the \_\_\_\_\_ day of \_\_\_\_\_ and at  
any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_

**Signed**

**29. Company not to recognize interest in other than the Registered holders.**

Save as herein otherwise provided, the Directors shall be entitled to treat the person whose name appears on the registry of members as the 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 benami trust of equitable contingent or other claim to or interest in such share on the part of any person whether or not it shall have express or implied notice thereof.

**BOARD OF DIRECTORS**

30. The business of the Company shall be managed by a Board of Directors.

**31. Number of Directors**

The Government shall, from time to time, determine the number of Directors of the company and which shall be not less than 4 and more than 15. These Directors either functional Directors simplicitor, provided that the number of Directors simplicitor other than those from Government and subsidiary Companies, shall not exceed one fifth of the total members of the Board.

### **32. Appointment of Board of Directors**

- a) The Government may, from time to time, appoint, one of the Directors to the office of the Chairman of the Board of Directors and also appoint Managing Director or whole time Director(s) of the Corporation for such time and on such remuneration as it may deem fit and may at any time remove him/them from office(s) and appoint another/other in his/their place/places. Any such Director(s) appointed to any such office(s) shall, if he/they cease to hold the office of the Director for any cause ipso-facto immediately cease to be Chairman/Managing Director/Whole time Director(s) as the case may be.
- b) A Director shall be paid such salary and/or allowances as the governor may from time to time determine. Subject to the provisions of section 314 of the Act, such reasonable additional remuneration as may be fixed by the Government may be paid to any one or more of the Directors for extra or special services rendered by him or them otherwise.
- c) At every third Annual General Meeting of the Company every Director appointed by the Government (other than the whole time Directors and Directors representing the Government) shall retire from office. A retiring Director shall be eligible for reappointment.
- d) A Director representing a Ministry of the Government of India or J&K State or any other Corporation or Government of Semi Government Organization shall retire on his ceasing to be an official of the Ministry/Undertaking/Government.
- e) The Government may, at any time remove any Director simplicitor from office at its absolute discretion. Vice Chairman and whole time Directors may be removed from office in accordance with terms of appointment or if no such terms are specified, on the expiry of three months notice issued in writing by the Government or with immediate effect on payment of the pay in lieu of the notice.
- f) The Government shall have the right to fill any vacancy in the office of the Directors caused by removal, resignation, death or otherwise.

**32A.** Notwithstanding anything to the contrary contained in these Articles, not more than two representatives of the Lenders of term loan for Baglihar Hydro electric Project (Stage-I) shall be appointed and removed by them from time to time on the Board of the Company so long as such loans remain owing by the company to the lenders. The Nominee Director(s) shall not be required to hold qualification shares and not be liable to retire by rotation.

### **33. Alternate Director**

In place of a Director who is out of India or is about to go out of India or who expects to be absent for not less than three months from the state in which the meetings of directors are ordinarily held the Government may appoint, in consultation with the Chairman of the



Company, any person as an alternate Director and such appointee, whilst he holds office as an Alternate Director shall be entitled to notice of meetings of the Board and to attend and to vote there at accordingly.

34. i) The Government shall from time to time, appoint the Chairman Vice Chairman or any of the Director to the Company for such Managing Director of the Company for such term and upon such remuneration (whether by way of salary or otherwise) as it may deem fit, and may, from time to time remove or dismiss him or them from office and appoint another and others in his or their place or places in accordance with the provisions of Article 32. Any such Director appointed to any such office shall, on ceasing to hold the office of Vice Chairman/Director from any cause, ipso-facto cease to be Managing Director as the case may be.

ii) Subject to the provisions of sections 292 and 293 of the Act, the Board may, from time to time delegate to the Chairman/Vice Chairman, Managing Director or Director, such of the powers as they may think fit and for such time and to be exercised for such objects and purpose and upon such terms and conditions and with such restrictions as they may think expedient and may, from time to time revoke, withdraw, alter or vary all or any such powers.

### **35. Powers of Chairman**

- a) The Chairman shall reserve for the decisions of the Government any proposal(s) or decisions(s) of the Board of Directors or any matter brought before the Board which raises, in the opinion of the Chairman, any important issue and which is on that account fit to be reserved for the decision of the Government, and no such important issue shall be taken in the absence of the Chairman appointed by the Government.
- b) Without prejudice to the generality of the above provision, the Board shall reserve for the decision of the Government any matter relating to:
  - i) Any programme of capital expenditure for an amount which exceed Rs. 20.00 crores in cases which do not form part of sanctioned estimates, provided that, within any financial year the funds required will be found within the budget allocation for the project and provided also that the expenditure on such project in subsequent years would be the first call on the respective budget allocation provided further in case where the detailed project Report have been prepared with estimates of the component parts of the project and where such estimates have been approved by the Government, it shall not be necessary for the Board to obtain the Governments sanction to the incurrence of capital expenditure and the Board of Directors shall have the power to sanction the same, subject to the provision in the sanctioned estimates for each component part; provided further that in cases of variations in approved estimates which are not more than 10% for any particular part, the limit of Rs. 20 crores shall not apply and the Board of Directors shall be competent to proceed with the work without further reference to the Government provided there is no substantial variation in the scope of the project. The powers of the Board to approve incurrence of capital expenditure not exceeding Rs. 20 crores as above shall be further subject to the condition that the scheme stands included in the approved capital budget of the Corporation.
  - ii) Agreement involving budget in case there is an element of deficit which is proposed to be met by obtaining funds from the Government.

- iii) The Company revenue budget in case there is an element of deficit which is proposed to be met by obtaining funds from the Government.
- iv) The annual and five year annual plans for development of the Company's capital budget.
- v) Winding up of the Company.
- vi) Sale, lease, disposal or other wise of the whole or substantially the whole of the undertaking of the Company, and
- vii) Appointment of any person who has attained the age of 50 years (other than foreign technical personnel ) on pay of Rs. 2500/- and above incl. Pension and/or pension equivalent to retirement benefits.

36. Notwithstanding anything contained in any of these Articles the Government may from time to time issue such directives or instructions as may be considered necessary in regard to conduct of business and affairs of the Company and in like manner may vary or annal any such directive or instructions. The Directors shall give immediately effect to the directions or instructions. In particular, the Government has powers:

- i) to give directives to the Company as to the exercise and performance of its functions in matters involving national security or substantial public interest.
- ii) To call for such returns, account and other information with respect to the property and activities of the Company as may be required from time to time.
- iii) To provide wholly or partially owned company (ies) of subsidiary (ies) including participations in their share capital irrespective of the source, from which the operations of such companies are to be financed.
- iv) To determine in consultation with the Board annual, short and long term financial and economic objectives of the Company:

Provided that all directives issued by the Government shall be in writing addressed to the Chairman. The Board shall, except where the Government considers that the interest of national security requires otherwise, incorporate the contents of directives issued by the Government in the annual report of the Company and also indicate its impact on the financial position of the company, and

v. to take decisions regarding entering into partnership and/or regarding arrangements for sharing profits.

37. No action shall be taken by the Company in request of any proposal or decision of the Directors reserved for the approval of the Government until its approval to the same has been obtained.

38. The Chairman/Vice Chairman Managing Director/Whole Time Directors/Directors of the Company may be or become Director of any Company which is promoted by this Company or in which it may be interested as a vendor, member or otherwise and such Director shall be accountable for any benefits received as Director or Member of such

company and make necessary disclosure of his interest to the Board as per section 190 of the Act.

39. The accidental omission to give notice of any meeting of the Directors to a Director shall not invalidate any resolution passed at meeting.
40. A Director may at any time convene a meeting of Directors. Questions arising at any meeting shall be decided by a majority of votes and in case of an equality of votes, the Chairman shall have a second or casting vote.
41. All meetings of the Directors shall be presided over by the Chairman. If at any meeting the Chairman is not present at the time appointed for holding the same, the Directors shall choose one of the Directors then present to preside at the meeting.

#### **42. Committee**

The Board may, subject to the provisions of section 292 of the Act, delegate any of their powers to Committees consisting of such number of members of their body as they think fit, and they may from time to time, revoke such delegation. Any committee 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 Directors. The proceedings of such a Committee shall be placed before the Board of Directors at its next meetings.

#### **43. Meetings of the Committee's how to be Governed**

The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions of the Act for regulating the meetings and proceedings of the Directors, so far as the same are applicable there to and are not superseded by any regulations made by the Directors under the last preceding Article.

#### **44. Chairman of Meetings of Committee**

A committee may elect a Chairman at its meeting, if no such Chairman is elected, or if at any meeting the Chairman is not present within 15 minutes after the time appointed for holding the same, the members present may choose one of their members to be chairman of the meeting.

#### **45. General powers of the Board**

The Board of Directors may approve all expenditure incurred in setting up and registering the Company which will be borne by the Company.

#### **46. Specific powers given to Directors**

Subject to the provisions of the Act and without prejudice to the general powers conferred by these Articles, the Directors under the control and superintendence of the Board shall have the following powers:-

- i) to make, vary and repeal from time to time by laws for the regulation of the business of the company, its officers and servants.
- ii) To pay and charge to the capital account of the company interest lawfully payable thereat under the provisions of the Act.
- iii) To purchase, take on lease or otherwise acquire for the company property, rights or privileges which the company is authorized to acquire at such price and generally on such terms and conditions as they think fit;

**To pay for property in debentures**

- iv) to pay for any property or rights acquired by or services rendered to the company, either wholly or partially in cash, or in shares, bonds, debentures, debenture stock or in shares that may be issued either as fully paid up thereon as may be agreed upon; and any such bonds, debentures, debenture stock or other securities may be either specially charged upon all or any part of the property of the company and its uncalled capital or not so charged;

**To secure contracts by mortgage**

- v) 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 unpaid capital for the time being or in such other manner as they think fit.

**To refer to arbitration**

- vi) to refer any claim or demand by or against the Company to arbitration and observe and perform the awards;

**To invest money**

- vii) to invest in the Reserve Bank of India or in such securities as may be approved by the Government and deal with any of the money of the Company upon such investment authorized by the Memorandum of Association of the Company (not being shares in the Company and in such manner as they think fit and, from time to time, to vary and realize such investment;

**To Subscribe other funds**

- viii) to subscribe or otherwise to assist or to guarantee money to scientific institutions or objects;

**To create depreciation and other funding**

- ix) to set aside before recommending any dividend out of the profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund, Reserve Fund to meet contingencies or insurance Fund or any special or other Fund to meet contingencies or to repay redeemable preferences shares and for special dividends and for equalizing dividends and for repairing and for replacements, improving, extending and maintaining any part of the properties of the Company and for such other purposes as the Directors may, in their absolute discretion think conducive to the interest of the Company and to invest upon such investment (subject to the restriction imposed by the Act) as the directors may

think fit, and from time to time to deal with and vary such investments and dispose of any apply and expend all or any part thereof for the benefit of the Company, in such manner and for such proposes as the Directors, (subject to such restrictions as aforesaid) think conducive to the interest of the company notwithstanding that the matters to or upon which the Directors apply or upon which they expend the same or any part thereof may be matters to or upon which the capital moneys of the Company might rightly be applied or expended and to divide the reserve Fund, in the business of the Company or in the purchase or repayment of Redeemable preference shares and that without being bound to keep the same separate from the other assets and without being bound to pay or allow interest on the same with powers, however, to the Directors at their discretion to pay or allow to credit such fund interest at such rate as the Directors may think proper, not exceeding six percent per annum;

**x) To Create Posts**

To create such posts, other than those to which appointment is made by the Government as they may consider necessary for the efficient conduct of the Company's affair and to determine the scale of pay and other terms thereof excepting of the General Managers of constituent units for whom the scale of pay will be decided by the Govt.

- xi) to appoint, on the basis of merit, efficiency and suitability and at their discretion remove or suspend such Managers or other officers below the level of General Manager, Secretaries, Officers, Clerk, Agents and servants from 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 and require security in such instances and to such amounts as they may think fit and also without prejudice as aforesaid from time to time;
- xii) to hire and at their discretion cancel the hire of specialist firms, Companies and individuals Indian or Foreign, as consultants to the Company with scope of work and remuneration to be fixed by the Directors at their absolute discretion;
- xiii) \*subject to section 292 of the Act, to sub-delegate all or any of the powers, authorities and discretions for the time being vested in the Directors subject however to the ultimate control and authorities being retained by them;

**xiv) Authority to delegate powers**

Any such delegate or attorney as aforesaid may be authorized by the Directors to sub delegate all or any of the powers, authorities and discretion for the time being vested in them.

**XV) To lend Money**

To lend moneys to subsidiaries and associated organizations, on such terms and conditions as they may consider desirable.

**THE SEAL**

### **The seal and its custody**

47. a) The Board of Directors shall provide a common seal for the purpose of the company and shall have powers from time to time to destroy the same and substitute a new seal in lieu thereof. The Board of Directors shall provide for the safe custody of the seal.

b) The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or a Committee of the Board authorized by it in that behalf and except in the presence of at least two Directors and of the company Secretary and such other persons as aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.

### **DIVISIONS OF PROFITS AND DIVIDEND**

#### **Provision of Profits**

48. The profits of the Company available for payment as dividend, subject to any special right relating there to created or authorized to be created by these presents and subject to the provisions of those presents as to the reserve fund shall, with the approval of the Government be paid to the members.

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

#### **Interim Dividends**

50. The Directors may, from time to time, pay to the members such interim dividends as in their judgment the position of the company justifies.

### **ACCOUNTS**

51. The Director 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 Directors) shall, save as aforesaid, have any right of an account or book or document of the Company except as conferred by law or authorized by the Board or by the Company in General Meeting.

### **AUDIT**

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

52. Once in every financial year the accounts of the Company shall be examined and the correctness of the profit and loss account and balance sheet ascertained by one or more auditors.

### **Appointment of the auditor**

53. The auditor/auditors of the Company shall be appointed or reappointed by the State Government on the advice of the Comptroller and Auditor General of India, in accordance with provisions of section 619 of the Act.

### **Powers of Comptroller and Auditor General**

54.a) The Comptroller and Auditor General of India shall have powers:-

- i) to direct the manner in which the Company's account shall be audited by the Audit Auditors appointed in pursuance of Article 52 hereof and give such auditor/auditors instructions in regard to any matter relating to the performance of his/their functions as such;
- ii) to conduct a supplementary or test audit of the Company 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 or special order, direct;
- iii) to comment upon or supplement the audit report, in such manner as he may think fit, submitted by the auditor/auditors to him: and

b) Any such comment upon or supplement to the Audit Report shall be placed before the Annual General Meeting of the Company at the same time and in the same manner as the Audit report.

### **Auditors right to attend meeting**

55. 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 they may make any statement or explanation they desire with respect of the accounts.

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

56. Every account of the Company when audited and approved by the General Meeting shall be conclusive.

### **NOTICE**

Notice on persons acquiring shares on death or insolvency of members.

57. A Notice may be given by the company to the person entitled to a share in consequences of death or insolvency of a member by sending it through the post in a pre paid letter addressed to them by name or by the title or representatives of the deceased or assignee of the insolvent or by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled or until such address had been so supplied by giving the notice in any manner in which the same might have been given if the death or insolvency had not occurred.

### **Distribution in winding up**