

# HPSEBL



**THE COMPANIES ACT, 1956**  
**(COMPANY LIMITED BY SHARES)**

**CIN NO: (U40109HP2009SGC031255)**

**GST NO: (HPSEBL 02 AACCH4894EHZB)**

**REGISTERED & CORPORATE OFFICE**

Himachal Pradesh State Electricity Board Ltd (a state  
Govt.Undertaking) Vidyut Bhawan Kumar House Shimla Himachal



## प्रारूप 1 पंजीकरण प्रमाण-पत्र

कॉर्पोरेट पहचान संख्या : U40109HP2009SGC031255

2009 - 2010

मैं एतद्वारा सत्यापित करता हूँ कि मैसर्स

Himachal Pradesh State Electricity Board Limited

का पंजीकरण, कम्पनी अधिनियम 1956 (1956 का 1) के अंतर्गत आज किया जाता है और यह कम्पनी प्राइवेट लिमिटेड है।

यह निगमन-पत्र आज दिनांक तीन दिसम्बर दो हजार नौ को मेरे हस्ताक्षर से चण्डीगड में जारी किया जाता है।

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### Form 1 Certificate of Incorporation

Corporate Identity Number : U40109HP2009SGC031255

2009 - 2010

I hereby certify that Himachal Pradesh State Electricity Board Limited is this day incorporated under the Companies Act, 1956 (No. 1 of 1956) and that the company is private limited.

Given under my hand at Chandigarh this Third day of December Two Thousand Nine.

(Dr. RAJ SINGH)

कम्पनी रजिस्ट्रार /Registrar of Companies  
पंजाब, हिमाचल प्रदेश एवं चण्डीगड  
Punjab, Himachal Pradesh, and Chandigarh

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कम्पनी रजिस्ट्रार के कार्यालय अभिलेख में उपलब्ध पत्राचार का पता :

Mailing Address as per record available in Registrar of Companies office:

Himachal Pradesh State Electricity Board Limited  
Vidyut Bhawan, HPSEB, Shimla-171004, Shimla - 171004,  
Himachal Pradesh, INDIA

भारत सरकार-कॉर्पोरेट कार्य मंत्रालय  
कम्पनी रजिस्ट्रार कार्यालय, पंजाब, हिमाचल प्रदेश एवं चण्डीगड

लिमिटेड कम्पनी के रूप में परिवर्तित होने के परिणामस्वरूप, कम्पनी के नाम में परिवर्तन का नया  
निगमन प्रमाण-पत्र

कॉर्पोरेट पहचान संख्या : U40109HP2009SGC031255

मैसर्स Himachal Pradesh State Electricity Board Limited

के मामले में, मैं एतद्वारा सत्यापित करता हूँ कि मैसर्स

Himachal Pradesh State Electricity Board Limited

जो मूल रूप में दिनांक तीन दिसम्बर दो हजार नौ को कम्पनी अधिनियम, 1956 (1956 का 1) के अंतर्गत मैसर्स

Himachal Pradesh State Electricity Board Limited

उल्लेख

Himachal Pradesh State Electricity Board Limited

हो गया है और यह प्रमाण-पत्र, कथित अधिनियम की धारा 23(1) के अनुसरण में जारी किया जाता है।

यह प्रमाण-पत्र, मेरे हस्ताक्षर द्वारा चण्डीगड में आज दिनांक आठ जून दो हजार दस को जारी किया जाता है।

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GOVERNMENT OF INDIA - MINISTRY OF CORPORATE AFFAIRS  
Registrar of Companies, Punjab, Himachal Pradesh, and Chandigarh

Fresh Certificate of Incorporation Consequent upon Change of Name on  
Conversion to Public Limited Company

Corporate Identity Number : U40109HP2009SGC031255

In the matter of M/s Himachal Pradesh State Electricity Board Limited

I hereby certify that Himachal Pradesh State Electricity Board Limited which was originally incorporated on Third day of December Two Thousand Nine under the Companies Act, 1956 (No. 1 of 1956) as Himachal Pradesh State Electricity Board Limited having duly passed the necessary resolution on null in terms of Section 31/ 21 read with Section 44 of the Companies Act, 1956; the name of the said company is this day changed to Himachal Pradesh State Electricity Board Limited and this Certificate is issued pursuant to Section 23(1) of the said Act.

Given under my hand at Chandigarh this Eighth day of June Two Thousand Ten .

(Prahlad Meena )

उप कम्पनी रजिस्ट्रार / Deputy Registrar of Companies  
पंजाब, हिमाचल प्रदेश एवं चण्डीगड  
Punjab, Himachal Pradesh, and Chandigarh

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कम्पनी रजिस्ट्रार के कार्यालय अभिलेख में उपलब्ध पत्राचार का पता :

Mailing Address as per record available in Registrar of Companies office:

Himachal Pradesh State Electricity Board Limited  
Vidyut Bhawan, HPSEB, Shimla-171004, Shimla - 171004,  
Himachal Pradesh, INDIA

**THE COMPANIES ACT, 1956  
(COMPANY LIMITED BY SHARES)**

**MEMORANDUM OF ASSOCIATION  
OF  
HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED  
(A State Government Undertaking)**

**NAME OF THE COMPANY :** Himachal Pradesh State Electricity Board Limited.

**REGISTERED OFFICE :** State of Himachal Pradesh

**OBJECTS :** The objects for which the Company is established are:

**MAIN OBJECTS :** **A). Main objects to be pursued by the Company on its incorporation:**

**Acquire, establish, Construct and operate extra high voltage, high voltage, medium voltage and low voltage lines and associated sub-stations.** 1. To plan, promote, organize, maintain and operate an integrated power distribution system in all aspects including; to acquire, establish, construct erect, lay, operate, run, manage, maintain, enlarge, alter, renovate, modernize, work and use in the State of Himachal Pradesh and elsewhere, extra high voltage (EHV), high, voltage (HV) Medium Voltage (MV) and low voltage (LV) lines and associated sub-stations, including distribution centers, cables, wires, accumulators, plants, motors, meters, apparatus, computers and materials connected with transmission, distribution, supply of electrical energy, communication and telemetering equipment.

2. To plan, promote, organize, maintain and execute Power Projects within and outside the State of Himachal Pradesh including execution of new projects.

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

**Purchase and sale of electrical energy and co-ordinate other companies** 4. To carry on the business of purchasing, selling, trading electrical energy and co-importing, exporting, wheeling, trading of electrical energy, including formulation of tariff, billing and collection thereof.

5. To execute Power Purchase Agreements with Transmission company/companies, generating companies, Central and State generating stations, regional Electricity Boards/Companies/neighboring States/utilities and other entities.

6. To execute agreements for sale of power to distribution

companies and other persons and to co-ordinate, aid and advise on the activities of other companies and concerns, including subsidiaries, associates and affiliates engaged in generation, transmission, distribution, supply and wheeling of electrical energy.

7. To schedule and dispatch generation of all units connected to the State Power system including the centrally owned generating stations in respect of the share assigned to the State.

**Plan, investigate and prepare - Project Reports and load forecast and finalization of contract for purchase of electrical energy from new generating plants.**

8. To study, investigate, collect information and data, review operations, plan, research, design and prepare project reports, diagnose-operational difficulties-and weaknesses, and advise on the remedial measures to improve and modernize existing EHV, HV, MV, LV line and substations.

9. To forecast load and plan generation in consultation with transmission company/companies and generating stations/companies.

10. To tender and finalize contracts for purchase of electrical energy from new generating plants.

11. To undertake the Transmission, SLDC and allied activities, if assigned by the State Government, subject to the provisions of the Central Electricity Act, 2003.

12. To regulate and control the terminal/retirement benefits of the retirees of erstwhile HPSEB and of erstwhile HPSEB employees such as pension, gratuity, leave encashment etc.

## **OTHER OBJECTS**

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

**Control and Co-ordination**

1. 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 places at their disposal.

**Manufacturing, trading and other business**

2. To carry out the business of purchasing, selling, importing, exporting, producing, trading, manufacturing or otherwise dealing in all aspects of planning, investigation, research, design and preparation of preliminary, feasibility and Detailed Project Report, afforestation and environmental development, construction, generation, operation and maintenance of hydroelectric projects, distribution and sale of hydroelectric power, hydroelectric power development, ancillary and other allied industries and for that purpose to install, operate and manage all necessary plants, establishments and works.

**Agent of Public Sector Financial Institutions**

3. To act as an agent of Government/ Govt. Company/ Corporation/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 Detailed Project Report, construction, generation, operation, maintenance of hydroelectric power stations and projects, distribution and sale of hydroelectric power in respect of any shares held by the Government, Public financial institutions, 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.

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

4. To arrange, secure and make available to its subsidiaries and other concerned with the discharge of duties of the Company, such facilities, resources, inputs and services as may be required.

**To obtain charters, concession etc.**

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

**Borrowing power**

6. Subject to the provisions of Section 58A of the Companies Act, 1956 and Rules framed there under 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 charges on the undertaking or all or any of the assets of the Company including uncalled capital and to increase, reduce or pay of any such securities.

**To acquire and lease property**

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

**To acquire business/ Companies**

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

- To obtain authority etc. to carry out its objects.** 9. To obtain, apply for, arrange for the issue or enactment of order or Act of Legislature or Act of Authority in India or any other part of the world for enabling the Company to obtain powers, authorities, protection, financial and other help, necessary or expedient to carry out or extend any of the objects of the Company or for any other purpose which may seem expedient and to oppose any proceedings or application or any other endeavors, steps or measures, which may seem calculated directly or indirectly steps to prejudice the Company's interest.
- To acquire know-how etc.** 10. To apply for, purchase or otherwise acquire any trade marks, patents, brevets or inventions, 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 acquired.
- To undertake research, development and training** 11 (a) To establish, provide, maintain and conduct or otherwise subsidise research laboratories and experimental workshops for scientific, technical or research experiments and to undertake and carry on directly or in collaboration with other agencies scientific and technical research experiments and tests of all kinds and to process, improve and invest 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, economics, 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 in India or in any part of the world; to make such other arrangements as may be expedient for the training of all categories of officers, workers, clerks, storekeepers and other personnel likely to be useful to or assist in any business, which the Company is authorized to carry on.
- To improve property etc.** 12. To sell, improve, manage, develop, exchange, loan or lease or let, under lease, sub-let, mortgage, dispose of, deal with in any manner, turn to account or otherwise deal with any rights or property of the Company.
- To invest money** 13. To accumulate funds and 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 (not being shares in this Company) whatsoever, whether movable or immovable, upon such terms as may be

thought proper and from time to time to vary all or any such investments in such manner as the Company may think fit.

**To undertake joint ventures**

14. Subject to the provisions of Section 391 to 394 of the Companies Act, 1956 or any other applicable provision of the Act amalgamate or merge with or to amalgamate, any other Company or Companies to be a part of schemes for rescheduling and arrangement including consolidation, merger and division of companies enter into partnership or into any arrangements for sharing profits, union of interest, co-operation, joint venture, reciprocal concession or otherwise, with any person or company or companies, enter into working arrangements of all kinds with companies, corporations, firms or persons and also to make and carry into effect arrangements with respect to union of interest or amalgamation either in whole or in part.

**To provide for welfare of employees.**

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

**To sell property**

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

**To enter into contracts**

17. (a) To enter into agreements and contracts with foreign individuals, companies or other organizations for purchase of equipment and for technical, financial or any other assistance, for carrying out all or any of the objects of the Company.

(b ) To enter into any arrangement with any Central or State Government or State, Municipal, Local Authority or otherwise that may seem conducive to the Company's objects and to obtain from any such Government or authority any rights, privileges and concessions and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions

(c) To enter into contracts of indemnity and guarantee.



(d) To apply for tender, purchase or otherwise acquire any contracts and concessions for or relating to the main objects of other Company.

- To establish agencies etc.** 18. To establish and maintain agencies, branches and local registers, to procure registration or recognition of the company and to carry on business in any part of the world and to take such steps as may be necessary to give the Company such rights and privileges in any part of the world as are possessed by local companies or partnerships or as may be thought desirable.
- To subscribe shares** 19. To subscribe for, underwrite, purchase, or otherwise acquire and to hold, dispose of and deal with the shares, stocks, securities and evidence of indebtedness or the right to participate in profits or ether similar documents issued by any Government, Authority, Corporation or body or by any Company or body of persons and any option or right in respect thereof.
- To create depreciation funds** 20. To create any depreciation fund, reserve fund, sinking fund, insurance fund or any other fund, whether for depreciation or for repairing, improving, extending or maintaining any of the properties of the company or redeemable preference shares or for any other purpose whatsoever conducive to the interests of the Company.
- To open accounts in banks** 21. To open an account or accounts with any individual, firm or company or with any bank or bankers and to pay into and withdraw money from such account or accounts.
- To acquire part of companies** 22. To acquire and hold all or any of the share or loan capital or other securities of any other Company or body and to sell or dispose of or transfer any such shares, loan interest, securities.
- To carry on consultancy services** 23. To promote, organize or carry on the business of consultancy services in any field of activity in which it is engaged in.
- To promote other companies** 24. To promote or concur in the promotion of any company, the promotion of which shall be considered desirable in furtherance of the objects or any object of the Company.
- To collect information etc.** 25. To arrange, receive and collect all relevant information in regard to any business carried on by the Company.
- To act as an entrepreneur.** 26. To act as an entrepreneur on behalf of the Central or any State Government, to identify new areas of economic investment and to 'undertake or help in the undertaking of such investments.
- To carry on convenient business:** 27. 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 business which may be conveniently carried on in connection with any of the Company's objects or are calculated directly or indirectly to enhance the value of or render profitable any of the company's property or rights.

#### **OTHER OBJECTS**

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

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

**To deal in goods and services** 3. To trade in and carry on business in goods and services of the nature not enumerated above which may seem to the Company capable of being conveniently and profitably carried on by the Company.

All such objects or functions, which the company is authorized to undertake.

**LIMITED LIABILITY** IV. The liability of the Members is limited.

**SHARE CAPITAL** V. The Authorized Share Capital of the Company is Rs.1100,00,00,000/- (Rs. One thousand One hundred Crore only) divided into 11,00,00,000 (Eleven Crore) Equity Shares of Rs.100/-each.

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

<b>Name of subscriber, address, description and occupation, if any</b>	<b>No. of equity shares taken by each subscriber</b>	<b>Signature of subscriber</b>	<b>Signature of Witnesses, their address, description and occupation, if any</b>
1. Smt. Asha Swarup, IAS, Chief Secretary to the Govt. of Himachal Pradesh	200 (Two Hundred)		Signed in my presence
2. Sh. Ravinder Kumar Jain, IAS, Chairman HPSEB, Shimla-171004	200 (Two Hundred)		Sudershan Kumar Sharma
3. Sh. S.K. B. S. Negi, IAS Member (Finance & Accounts)) HPSEB, Shimla -171004	200 (Two Hundred)		
4. Sh. Bhagat Singh Negi Member (Projects) HPSEB, Shimla-171004	200 (Two Hundred)		
5. Sh. Surendra Kumar Chaudhary Member (Operation) HPSEB, Shimla-171004	200 (Two Hundred)		
Total:	<b>1000</b>		<b>(One thousand)</b>

**Dated: This day 19.11.2009**

**(THE COMPANIES ACT, 1956)**  
**COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**  
**OF**  
**HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED**  
**(A State Government Undertaking)**

**INTERPRETATION**

<b>Interpretation</b>	1. In the interpretation of the Memorandum of Association and these Articles, the following expressions shall have the following meanings unless repugnant to the subject or context.
<b>The Act or the said Act</b>	“The Act” or the “said Act” means “ the Companies Act, 1956” as amended up to date or other Acts for time being in force in India containing the provisions of the Legislature in relation to Companies.
<b>The Board or Board of Directors</b>	“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.
<b>Busbar rate</b>	Means the cost of generation of power per unit of energy at Powerhouse busbar of the project, determined from time to time by the company, based upon all costs of generation including return on equity in accordance with the standard guidelines of Govt. of India and the cost of free power supply to Himachal Pradesh.
<b>Capital</b>	“Capital” means the Capital for the time being raised or authorized to be raised for the purpose of the company.
<b>Chairman</b>	“Chairman” means the Chairman of the Board of Directors for the time being of the company.
<b>The Company or this Company</b>	“The Company” or “This Company” means <b>HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED</b> ”.

<b>Directors</b>	“Directors” means the Directors for the time being of the Company or as the case may be, Directors assembled at a Board.
<b>Dividend</b>	‘Dividend’ includes bonus shares.
<b>Executors or Administrator</b>	“Executor” or “Administrator” means a person who has obtained probate or letters of Administration, as the case may be, from some competent Court.
<b>Expression in the meaning in Articles</b>	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.
<b>Gender</b>	Words importing the masculine gender also include the feminine gender.
<b>The Government</b>	“The Government” means the Government of the State of Himachal Pradesh.
<b>Government of Himachal Pradesh</b>	“Government of Himachal Pradesh” means Government of the State of Himachal Pradesh.
<b>*H.P.S.E.B.*</b>	“HPSEB” means The Himachal Pradesh State Electricity Board.
<b>Government Corporation.</b>	“Government Corporation” means (i) a Corporation established by the Government under any law in force for the time being, and (ii) a Government Company as defined in the Act.
<b>The Governor</b>	“The Governor” means the Governor of the State of Himachal Pradesh.
<b>Marginal Notes</b>	The marginal notes hereto shall not affect the construction hereof.
<b>Month</b>	“Month” means a calendar month.
<b>Office</b>	“Office” means the Registered office for the time being of the company.
<b>Persons</b>	“Persons” include Corporation and firms as well as individuals.
<b>Plural number</b>	Words importing the plural number also include the singular number.
<b>Register</b>	“Register” means the register of members to be kept in pursuance to the Act.
<b>Registrar</b>	“Registrar” means the Registrar of the Companies of the State in which the Registered Office of the Company is situated.

<b>Seal</b>		“Seal” means the Common Seal for the time being of the Company.
<b>Singular Number</b>		Words importing the singular number include the plural number.
<b>Shares</b>		“Shares” means the shares or stock into which the capital is divided and the interest corresponding with such shares or stock.
<b>These Presents or Regulations</b>		“These Presents” or “Regulations” means these Articles of Association as originally framed or altered from time to time and include Memorandum where the context so required.
<b>Writing</b>		“Writing” shall include printing and lithography and any other mode or modes of representing or reproducing words in a visible form.
<b>Table 'A' not to apply</b>	2.	The Regulations in Table ‘A’ in the first schedule to the Act shall not apply to the Company except so far as the same are repeated or contained in or expressly made applicable by these Articles or by the Act.
<b>Company to be governed by these Articles</b>	3.	The Regulations for the management of the company and for the observance of the members thereof and the representatives shall, subject as aforesaid and to any exercise of the statutory powers of the company in reference to the repeal or alteration of or addition to its Articles of Association by Special Resolution, as prescribed or permitted by the Act, be such as are contained in these Articles.
<b>Company is a Public Company</b>	4.	“The Company” is a Public Limited Company” and accordingly:-
	a)	Deleted
	b)	Deleted
	c)	The Government of Himachal Pradesh is entitled to and shall subscribe to the equity capital of the company.
	d)	Deleted
<b>Capital Shares</b>	<b>and</b> 5.	The Authorized Share Capital of the Company is Rs.1100,00,00,000/- (Rs. One thousand One hundred Crore only) divided into 11,00,00,000 (Eleven Crore) Equity Shares of Rs.100/-each.

- Allotment of Shares** 6. Subject to the provisions of the Act and these Articles and to right of the Government, the Shares shall be under the control of the Board of Directors, who may allot **or transfer** or otherwise dispose off the same.

### **CERTIFICATES**

- Members right to Certificates** 7. Every person whose name is entered as a member in the Register shall, without payment, be entitled to a certificate under the common seal of the company specifying the share or shares held by him and the amount paid thereon.

- Issue of new certificate in place of one defaced, lost or destroyed** 8. If a share is defaced, lost or destroyed, it may be renewed in accordance with the Share Certificate Rules under the Act on payment of fee, as may be prescribed by any law and on such terms, if any, as to evidence and indemnity and the payment of out of pocket expenses incurred by the company in investigating evidence as the Directors think fit.

### **Transfer and Transmission of Shares**

- Transfer and Transmission of Shares.** 9. The right of members to transfer their shares shall be in accordance with the provisions of the Companies Act.

a) (deleted)

- Register of transfers** 10. The company shall keep a book to be called the Register of Transfers and therein enter the particulars of several transfers or transmission of any shares.

- Execution of transfer** 11. The instrument of transfer of any share in the company shall be executed both by the transferor and the transferee, and the transferor shall be deemed to remain holder of the share until the name of the transferee is entered in the register of members in respect thereof.

- Transmission of Shares** 12. Nothing contained in Article 9 shall prejudice any power of the company to register as shareholder any person to whom the right to any share in the company has been transmitted by operation of law.

### **Increase, Reduction and Alteration of Capital**

- Increase of capital** 13. 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.
- On what condition new shares may be issued.** 14. Subject to the provisions of the act and subsequent approval of the Government, new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct. Provided that no shares (not being preference shares) shall be issued carrying voting right or rights in the company as to dividends, capital or otherwise, which are disproportionate to the rights attaching to the holders of other shares (not being preference shares).
- When to be offered to existing members** 15. The new shares, (resulting from an increase of capital as aforesaid) may be issued or disposed of in accordance with the provisions of articles.
- New shares to be same as original Capital.** 16. Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, transfer and transmission, forfeiture, lien, surrender, voting and otherwise.
- Reduction of Capital** 17. Subject to the provisions of Sections 100 to 104 of the Act and the approval of 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, again or otherwise , and the Board may, subject to the provisions of the Act, accept surrenders of shares.
- Consolidation of Share Capital** 18. Subject to the Provisions of the act the Company in a General meeting may from time to time sub-divide or consolidate its shares or any of them and exercise any of the other powers conferred by sub –section (i) (a) to (e) of section 94 of the act, and shall file with the registrar such notice in exercise of any such powers as may be required by the act.
- Issue or new share certificate in place of one lost, destroyed or defaced** 19. If a share certificate is defaced, lost or destroyed, it may be renewed on such terms, if any, as to evidence and indemnify and the payment of out of pocket expenses incurred by the Company investigating evidence as the Board may think fit.

**Funds of Company not to be employed for purchase of its shares etc** 20. Except to the extent allowed by the Act, no part of the funds of the Company shall be employed in the purchase of or in loans upon the security of the Company's shares.

### **LIEN**

**Company's lien on Shares** 21. The Company shall have a first and paramount lien on every share (not being fully paid share) for all money whether presently payable or not called or payable at a fixed time in respect of that share, and the Company shall also have a lien on all shares (other than fully paid shares) standing registered in the name of single person, for all moneys presently payable by him or his estate to the Company, but the Directors may declare any share to be wholly or in part exempt from the provisions of this clause. The Company's lien, if any, on a share shall extend to all dividends payable thereon.

**Enforcement of lien by sale** 22. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien but no sale shall be made (a) unless a sum in respect of which the lien exists is presently payable; or (b) until the expiration of fourteen days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder for the time being of the share, or the person entitled by reason of his death or insolvency.

**Application of proceeds of sale** 23. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the shares at the date of the sale. The purchaser shall be registered as the holder of the shares and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

### **CALLS ON SHARES**

**Calls** 24. a). The Board, may from time to time, make calls upon the members in respect of any moneys paid on their shares and not by the conditions of allotment thereof made payable at fixed times; provided that no calls shall exceed one fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of last preceding call.

b) Each member shall, subject to receiving at least fourteen



days notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified the amount called on his shares.

c) A call may be revoked or postponed at the discretion of the Board.

d). A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by installments.

**Several and Joint  
responsibility of  
joint share  
holders**

25. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

If a sum called in respect of share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest, as the Directors may determine from the day appointed for the payment thereof to the time of the actual payment, but the Board shall be at liberty to waive payment of that interest wholly or in part.

**When interest on  
call payable**

26. The provisions of these Articles as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue of share become payable at a fixed time, whether on account of the amount of the share or by way of premium, as if the same had become payable by virtue of a call duly made and notified.

**Payment in  
anticipation of  
call may carry  
interest**

27. The Board may, if it thinks fit, receive from any member willing to advance the same all or any part of the moneys uncalled and unpaid upon any share held by him and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, without the sanction of the Company in General Meeting, six percent per annum as may be agreed upon between the member paying the sum in advance and the Directors.

### **FORFEITURE OF SHARES**

**Forfeiture  
Shares**

of 28. If a member fails to pay any call or installment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of such call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

The notice shall name a further day not being earlier than the expiration of fourteen days from the date of service of the notice is to be made and shall state that, in the event of non-payment on or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

- Forfeiture of Share by resolution after notice** 29. If the requirements or any such notice as aforesaid are not complied with, any share in respect of which the notice has been given, may at any time thereafter, before payment required by the notice has been made, be forfeited by the resolution of the Board.
- Disposal of forfeited share** 30. A forfeited share may be sold or otherwise disposed off on such terms and in such manner as the Board thinks fit, and at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the Board thinks fit.
- Holder of forfeited share to cease to be a Member** 31. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall not withstanding the forfeiture, remain liable to pay to the Company all moneys which, at the date of forfeiture were presently payable by him to the Company in respect of the shares, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.
- Declaration of forfeiture** 32. A duly verified declaration in writing that the declarant is a Director, the Manager, Secretary or Treasurer of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share and the receipt of the Company for the consideration, if any, given for the share on any or disposal thereof, shall constitute a good title to the share and the person to whom the share is sold or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

## **Borrowing Powers**

- Powers to Borrow** 33. Subject to the provisions of Section 58A, 292 and 293 of the Act, and Government Guidelines issued from time to time, the Board may by means of resolution passed at meetings of the Board from time to time, accept deposits or borrow and/or secure the payment of any sum or sums of money for the purpose of the Company.
- Issue at discount etc. or with special privileges** 34. Subject to Sections 79 and 117 of the Act and the approval of the Government, any bonds, may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings and allotment of shares.

## **GENERAL MEETINGS**

All general meetings other than annual general meetings shall be called extraordinary general meetings.

- Notice to General Meetings** 35. 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 those members may think fit.
- Holding of Annual General Meeting** 36. Except in case when for any special reason time for holding any annual general meeting (not being the first annual general meeting) is extended under section 166 of the Act, shall be held in accordance with section 166 and 210 of the Act.
- When Extra-Ordinary General Meeting to be called** 37. 1). The Board may, whenever it thinks fit, shall when required, call an extraordinary general meeting.  
2). If at any time all the directors are not within India, directors capable of acting, who are sufficient in number to form a quorum, any director or any two members of the Company may call an extra-ordinary general meeting, in the same manner as nearly as possible, as that in which such a meeting may be called by the Board.
- Non receipt of notice not to invalidate proceedings** 38. The accidental non-receipt of any such notice by any member shall not invalidate the proceedings of any meeting.

- Business of Annual General Meeting** 39. The business of an annual general meeting shall be to receive and consider profit and loss account, the balance sheet, and the report of the Directors and of the Auditors, to declare dividends and to transact any other business which under these Articles ought to be transacted at an annual general meeting in terms of section 173 (1) of the Act. All other business transacted at an annual general meeting and all business transacted at an extraordinary meeting shall be deemed special business.
- Omission to give notice not to invalidate a resolution passed. Quorum** 40. The accidental omission to give notice to or the non receipt thereof by any member shall not invalidate any resolution passed at any such meeting.
41. Five (Five) Members present in person shall be quorum for a general meeting of the company.
- Chairman of General Meeting** 42. The Chairman of the Board of Directors shall be entitled to take the Chair at every General Meeting, if there be no such Chairman, or if at any Meeting he shall not be present within fifteen minutes after the time appointed for holding such Meeting or is unwilling to act as Chairman, the members present shall choose another Director as Chairman, and, if no Director shall be present, or if all the Directors present decline to take the Chair, then the members present shall choose one of the members to be the Chairman.
- Chairman's decision Conclusive** 43. 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.
- Power to adjourn General Meeting** 44. The Chairman may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at any meeting from which the adjournment took place. When a meeting is adjourned for one month or more notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment of the business to be transacted at an adjourned meeting.
- Proof of passing of a resolution where poll not demanded** 45. At any general meeting a resolution put to vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the show of hands) demanded in accordance with the provisions of the Act, and unless a poll is

so demanded, a declaration by the Chairman that a resolution has, on a show of hands been carried unanimously or by particular majority, or lost and any entry to that effect in the book of the proceedings of the company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against the resolution.

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| <b>Poll</b>                                       | 46. | If a poll is duly demanded, it shall be taken in such manner as the Chairman directs and the results of the poll shall be deemed to be the resolution of meeting at which the poll was demanded.                                      |
| <b>Equality of votes</b>                          | 47. | In the case of an equality of votes, whether on a show of hand or on a poll, the Chairman of the meeting at which the show of hands take place, or at which the poll is demanded shall be entitled to a second or casting vote.       |
| <b>When poll can be taken without adjournment</b> | 48. | A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs                      |
| <b>Chairman's decision conclusive.</b>            | 49. | 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**

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|--|-----|---|
| <b>Votes</b>   | 50. | 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.   |
| <b>Votes in respect of shares of deceased member</b> | 51. | Any person entitled under the transmission clause to transfer any shares may vote at a General Meeting in respect thereof as if he was the registered holder of such shares provided that at least 72 hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof. |
| <b>Form of proxy</b>                                 | 52. | Every instrument of proxy for a specified meeting or otherwise shall as nearly as circumstances will admit, be in the form or to the effect following;  |

## HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED

I \_\_\_\_\_ a member of \_\_\_\_\_ do hereby appoint \_\_\_\_\_ of \_\_\_\_\_ (or failing him) \_\_\_\_\_ of \_\_\_\_\_ as my proxy to attend and vote for me and on my behalf at the Annual/Extraordinary 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 by the said \_\_\_\_\_

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

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

### **Board of Directors**

**Company to be managed by a Board of Directors**

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

(a) The following are the first directors of the Company:-

1. Smt. Asha Swarup, IAS
2. Sh. Ravinder Kumar Jain, IAS
3. Sh. S.K.B.S. Negi, IAS
4. Sh. Bhagat Singh Negi,
5. Sh. Surendra Kumar Chaudhary

<b>Number of Directors</b>	55.	The GOVERNMENT OF HIMACHAL PRADESH, shall, from time to time, determine the number of Directors of the company which shall not be less than three (3) and not more than Fifteen (15). Six (6) of the Directors shall be Whole-Time Directors, out of which One (1) will be the Managing Director, Two (2) Directors (Electrical), One (1) Director (Civil/Mechanical) and One (1) Director (Finance), One (1) Director (Personnel) and others shall be part time Directors. The Chief Secretary of GOVERNMENT OF HIMACHAL PRADESH shall be the Chairman of the Company unless otherwise decided by the GOVERNMENT OF HIMACHAL PRADESH.
<b>Appointment of Nominee Director by Debenture Trustee</b>	55A	<p>The Debenture Trustee and the Debenture Holders shall have the right to appoint a nominee director as per the SEBI (Debenture Trustee) Regulations, 1993 on the Board of the Company ("<b>Nominee Director</b>") in the event of:</p> <p>(a) Two consecutive defaults in payment of interest to the Debenture Holder(s); or</p> <p>(b) default in creation of Security for Debentures; or</p> <p>(c) default in Redemption of Debentures.</p> <p>The Company shall appoint the Nominee Director forthwith on receiving a nomination notice from the Debenture Trustee and not later than one month from the date of receipt of nomination from the Debenture Trustee.</p> <p>The Nominee Director shall not be liable to retire by rotation nor required to hold any qualification shares.</p> <p>The Nominee Director shall be appointed on all key committees of the Board of Directors of the Company.</p>
<b>Appointment of Nominee Director by Financial Institutions</b>	55B	Where any investment institution/finance Corporation/Bank make any loan(s)/provide guarantee(s)/ financial arrangement(s) etc. to the Company, the financial institution(s)/Company etc. shall be entitled to nominate a Director i.e. Nominee Director on the Board of Directors of the Company, if that be agreed to as a condition of the grant of loan or giving of such guarantee. The Director so appointed would have the same powers and privileges as other Directors of the Company.
<b>Appointment of Board of Directors</b>	56.	a) The Chairman, all other Members of the Board of Directors shall be appointed by the GOVERNMENT OF HIMACHAL PRADESH.

b) The GOVERNMENT OF HIMACHAL PRADESH, may, from time to time appoint any of the Directors, to the office of the Managing Director, of the company for such term and remuneration (whether by way of salary or other wise) as it may think fit.

**Terms and conditions of the appointment of Board of Directors**

57. a). The Directors shall be paid such salary and/or allowance as the GOVERNMENT OF HIMACHAL PRADESH, may, from time to time, determine subject to the provisions of the Act.

b) The GOVERNMENT OF HIMACHAL PRADESH, may at any time remove any Director either part-time or whole-time from office at its absolute discretion.

**Alternate Director**

58. 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, the GOVERNMENT OF HIMACHAL PRADESH may appoint, in consultation with the Chairman of the company, any person to be alternate Director during his absence out of India 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.

**Meeting of Board and Quorum**

59. The Board of Directors may meet together for the transaction of business once at least in every three months and at atleast 4 such meetings shall be held every year. They may adjourn and otherwise regulate their Meeting and proceedings as they think fit and may determine the quorum necessary for the transaction of the business. Until otherwise determined one third of the total strength of Directors (any fraction contained in that one third being rounded off as one) or minimum two disinterested Directors, whichever is higher shall be a quorum.

**Delegation of powers**

60. a). Subject to the provisions of Sections 292 and 293 of the Act, the Board of Directors may, from time to time, entrust and confer upon the Chairman, Managing Director, Director for the time being such of the powers as it may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as it may think expedient and may, from time to time, revoke, withdraw, alter or vary all or any such powers.

b). The Chairman or Managing Director may sub delegate the powers to such officers as deem fit for efficient and day-to-day functioning of the Company.



**Powers of  
Chairman**

61. a). The Chairman shall reserve for decision of GOVERNMENT OF HIMACHAL PRADESH any proposals or decisions 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 GOVERNMENT OF HIMACHAL PRADESH and no decision on such an important issue shall be taken in absence of the Chairman.
- b). Without prejudice to the generality of the above provision, the Board shall reserve for the decision of GOVERNMENT OF HIMACHAL PRADESH any matter related to:-
- (i). Agreement involving foreign collaboration proposed to be entered into by the company.
- (ii). The annual and five year annual plans for development and the Company's capital budget.
- (iii). Winding up of the company.
- (iv). Sale, lease, disposal or otherwise of the whole or substantially the whole of the undertaking of the company.
- (v) Appointment of any person who has attained the age of 58 years (other than foreign technical personnel) on a pay/salary of Rs.50,000/- per month and above including pension and/or pension equivalent to retirement benefits.

**Powers of  
GOVERNMENT  
OF HIMACHAL  
PRADESH to  
issue directives**

62. Notwithstanding any thing contained in all these Articles, GOVERNMENT OF HIMACHAL PRADESH 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 and annul any such directive or instruction. The Directors shall give immediate effect to the directives or instructions so issued. In particular, GOVERNMENT OF HIMACHAL PRADESH shall have the powers:
- (i). To give directive 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, accounts 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 partly owned Company(ies) or subsidiary(ies) including participation in their share capital irrespective of the sources from which the operations of such companies are to be financed
- (iv). To determine in consultation with the Board long term financial and economic objectives of the company.
- (v). To take decisions regarding entering into partnership and /or regarding arrangements sharing profits.

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

63. No action shall be taken by the Company in respect of any proposal or decision of the Directors reserved for the approval of GOVERNMENT OF HIMACHAL PRADESH until its approval to the same has been obtained. GOVERNMENT OF HIMACHAL PRADESH shall have the power to modify such proposal or decision of the Directors.

**Directors may be  
Directors of  
Companies  
promoted by  
the Company**

64. A Chairman or Directors of this Company may be or become a Director of any company promoted by this Company or in which it may be interested as a vendor, member or otherwise and no such Director shall be accountable for any benefit received as Director or Member of such Company.

**Omission to  
give notice**

65. The accidental omission to give notice of any meeting of the Directors to a Director shall not invalidate any resolution passed at any meeting.

**Question of  
Board meeting  
how decided**

66. 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.

**Who is to  
preside at  
the meetings  
of the Board**

67. All meetings of the Directors shall be presided over by the Chairman, if present. 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.

<b>Board may set up committees</b>	68.	The Board, may subject to the provisions of Section 292 of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit, and it 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 meeting.
<b>Meetings of committees, how to be governed</b>	69.	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 thereto and are not superseded by any regulations made by the Directors under the last preceding Article.
<b>Chairman of meetings of Committees</b>	70.	A committee may elect a Chairman at its meetings, 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 the members to be Chairman of the meeting.
<b>Specific powers given to Directors</b>	71.	Subject to the provisions of the Act and without prejudice to the general powers conferred by these Articles, the Directors shall have the following powers, that is to say powers:
<b>To make bye laws</b>		(i). To make, vary and repeal, from time to time, bye-laws for the regulation of the business of the Company, its officers and servants;
<b>To pay and charge interest etc.</b>		(ii). To pay and charge to the capital account of the company any interest lawfully payable there at under the provisions of the Act.
<b>To acquire property</b>		(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.
<b>To pay for property in debentures</b>		(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 or with such amount credited as paid up thereon as may be agreed upon, and any such bonds, debentures, debenture stock or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

**To secure contracts by mortgage**

(v).To secure the fulfillment of any contracts or engagements entered into by the Company by mortgaging 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 such securities as may be approved by GOVERNMENT OF HIMACHAL PRADESH and deal with any of the moneys of the Company upon such investment authorized by the Memorandum of Association of the Corporation (not being shares in the company) and in such manner as they think fit and, from time to time, vary and realize such investments.

**To give Bonus and to create Provident Fund**

(viii).To provide for the welfare of the employees or ex-employees of the company or of its predecessors in business and the wives, widows and families or the dependents or connections of such employees or ex-employees by building or contributing to the building of houses, dwellings or chawls or by grants of money, allowances, bonuses, profit sharing bonuses or benefit of any other kind or by creating and from time to time subscribing or contributing to provident and other association, institution funds, profits sharing or other scheme or trusts or by providing or subscribing or contributing towards places of instruction and recreation, educational institutions, hospitals and dispensaries, medical and other attendances and any other form of assistance, welfare or relief as the Directors shall think fit.

**To subscribe to other funds**

(ix).To subscribe or otherwise to assist or to guarantee money to scientific institutions or objects.

**To create depreciation and other funds**

(x).To set aside before recommending any dividend out of the profit of the Company such sums as they may think proper for depreciation or to Depreciation Fund, Reserve or to Reserve fund to meet contingencies or Insurance Fund or any special or other Fund to meet contingencies or to repay redeemable preference shares and for special dividends and for equalizing dividends and for repairing and replacements, improving, extending and maintaining any part of the properties of the company and for such other purposes (including the purposes referred to in the sub clause ix) as the Directors may, in their absolute discretion think conducive to the interest of the company and to invest the several sums so set aside or so much thereof as required to be invested upon such investments (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 and apply and expend all or any part thereof for the benefit of the company in such manner and for such purposes as the Directors (subject to such restriction as aforesaid) in their absolute discretion think conducive to the interest of the company notwithstanding that the matters to which the Directors apply or upon which they expend the same, or any part thereof, may be matters to or upon which capital moneys of the company might rightly be applied or expended and to divide the Reserve Fund into such special funds as the Directors may think fit and to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of 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 power, 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.

**To create posts**

(xi).To create such posts with the prior approval of the State Govt., other than those to which appointment is made by GOVERNMENT OF HIMACHAL PRADESH as may be considered necessary, for the efficient conduct of the Company's affairs and to determine the scale of pay and other terms thereof except for posts(s) immediately below the Board level for whom the scale of pay and other terms will be decided by GOVERNMENT OF HIMACHAL PRADESH.

**To appoint officers**

(xii).Subject to Article 61 to appoint and at its discretion remove or suspend all such officers and employees from permanent, temporary or special services as it 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 it may think fit and also without prejudice as aforesaid from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India in such manner as it thinks fit ;

**Authority to Sub-delegate Powers**

(xiii).Subject to section 292 of the Act, to sub-delegate all or any of the powers, authorities and discretion for the time being vested in the Directors, subject, however, to the ultimate control and authorities being retained by it.

(xiv).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; and

**To lend money**

(xv).To lend moneys to subsidiaries and associated Organization, on such terms and conditions as they may consider desirable.

**THE SEAL**

**The seal and its custody**

72. a).The Board of Directors shall provide a Common Seal for the purpose 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 for the safe custody of the seal.

**Issue 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 Secretary or such other persons as the Board may appoint for the purpose and those two Directors or such other persons as aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.

**Division of Profits and Dividend**

**Division of Profit**

73. The profits of the Company available for payment of dividend subject to any special rights relating thereto created or authorised to be created by these presents and subject to the provisions of the Act and these presents as to the reserve fund and amortisation of capital shall be divisible among the members in proportion to the amount of capital paid-up by them respectively. Provided always that (subject as aforesaid) any capital paid-up on a share during the period in respect of which a dividend is declared shall only entitle the holder of such share to an apportioned amount of such dividend as from the date of payment.
- (i)
  - (ii) No dividend shall be declared or paid by the company for any financial year except out of profits of the company for that year arrived after providing for the depreciation in accordance with the provisions of sub-section (2) of section 205 of the Act or out of profits of the company for any previous financial year or years arrived after providing for the depreciation in accordance with applicable laws and remaining undistributed or out of both or out of moneys provided by the government for the payment of dividend in pursuance of a guarantee given by the government. No dividend shall carry interest against the Company.
  - (iii) For the purpose of the last preceding article, the declaration of the dividend as to the amount of the profits of the company shall be conclusive.
  - (iv) Subject to the provisions of section 205 of the Act as amended, no dividend shall be payable except in cash.
  - (v) A transfer of shares shall not pass the right to any dividend declared thereon after transfer and before the registration of the transfer.
  - (vi) Any one of the several persons who are registered as the joint holders of any shares, may give effectual receipts for all dividends and payments on account of dividends in respect of such shares.
  - (vii) Unless otherwise directed any dividend may be paid by cheque or demand draft or warrant or such other permissible means to the registered address of the member or person entitled or in the case of joint holding, to the registered address of that one whose name stands first in the register in respect of the joint holding and every cheque, demand draft or warrant so sent shall be made payable to the member or to such person and to such address as the shareholder or the joint shareholders in writing may direct.

**The Company in General Meeting may declare a dividend** 74. The company in a 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 dividend** 75. 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**

76. The Directors shall cause to be kept proper books of accounts in accordance with the provisions of section 209 of the Act with respect to :-
- a) all sum of money received and expended by the company and the matters in respect of which the receipts and expenditure take place;
  - b) all sales and purchases by the company;
  - c) the assets and liabilities of the company where the company has a branch office, the company shall be deemed to have complied with this Article if proper books of accounts relating to the transactions affected at the branch office are kept at the branch office and proper summarized returns, made up to date at intervals of not more than three months, are sent by the Branch Office to the company at its Registered Office or other place in India at which the company's books of accounts are kept as aforesaid.

The books of account shall be kept at the registered office of the company or at such other place as the Board shall think fit and shall be open to inspection by any Director during business hours.

**Inspection by members of accounts and books of the company** 77. 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 but no member (not being a Director) shall have right of inspecting any 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**

- |   |     |   |
|---|-----|---|
| <b>Accounts to be audited annually</b>            | 78. | Once at least in every financial year the account of the Company shall be examined and the correctness of the profit and loss accounts and Balance Sheet ascertained by one or more auditors.   |
| <b>Appointment of Auditors</b>                    | 79. | The auditor/auditors of the Company shall be appointed or reappointed in accordance with the provisions of Section-619 (2) of the Companies Act 1956.   |
| <b>Auditors right to attend meetings</b>          | 80. | 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 or explanation they desire with respect to the accounts. |
| <b>When accounts to be deemed finally settled</b> | 81. | Every account of the company when audited and adopted by a general meeting shall be conclusive.   |

## **Notice**

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

## **WINDING UP**

**Distribution of assets**      of 83.      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 a 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 Clause**      84.      No members shall be entitled to visit or inspect the Company's work without the permission of Director or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors, will be inexpedient in the interest of the members of the company to communicate to the public.

### **Indemnity and Responsibilities**

**Director's and others right to indemnity**      85.      a). Subject to the provisions of section 201 (1) of the Company's act., every Director, Manager, Auditor, Secretary or other officer or employees 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, 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 Director, Manager, Officer or servant or in any other way in the discharge of his duties and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the company and have priority as between the Members over all other claims.

b). Subject as aforesaid every Director, Manager or officer of the company shall be indemnified against any liability incurred by him or them in defending any proceedings whether civil or criminal in which judgment is given in his or their favor of in which he is 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**

86. 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 or for joining in any receipt or other act for the sake of conformity or for any loss or expense happening to the company through insufficiency or deficiency of title to any property acquired by the 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 due to the bankruptcy, insolvency or tortuous 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 whatsoever, which shall happen in the execution of duties of his or their office or in relation thereto unless the same happens through his own dishonesty.

**Ownership  
Pattern  
and Equity  
Holding:**

87. The equity of the Himachal Pradesh State Electricity Board Limited shall be contributed by the Government of Himachal Pradesh.

**Benefits**

88. The benefits accruing from the Himachal Pradesh State Electricity Board Limited shall be shared by the Government of Himachal Pradesh only.

Name of subscriber, address, description and occupation, if any	Signature of subscriber	Signature of witnesses and their addresses, description and occupation, if any
<b>On behalf of Governor:</b>		
1. Smt. Asha Swarup, IAS, Chief Secretary to the Govt. of Himachal Pradesh		Signed in my presence  Sudershan Kumar Sharma
2. Sh. Ravinder Kumar Jain, IAS, Chairman HPSEB, Shimla-171004		
3. Sh. S.K. B. S. Negi, IAS Member (Finance & Accounts)) HPSEB, Shimla -171004		
4. Sh. Bhagat Singh Negi Member (Projects) HPSEB, Shimla-171004		
5. Sh. Surendra Kumar Chaudhary Member (Operation) HPSEB, Shimla-171004		

**Dated: this day 19.11.2009**