THE COMPANIES ACT - 1956

Company Limited by Shares

ARTICLES OF ASSOCIATION
of
CHENAB VALLEY POWER PROJECTS PRIVATE LIMITED

INTERPRETATION

Interpretation clause	In these Regulations, unless the context otherwise require, words and expressions used shall have the meaning assigned to them below:-
Agreement	Agreement shall mean this promoters' Agreement signed on 21st December, 2010 between PTC India Limited, NHPC Limited, J & K State Power Development Corporation and Government of Jammu & Kashmir and any other supplement(s) to or amendments of this Agreement. Or appendix to this agreement which are made part of this Agreement in accordance with the provisions contained in this behalf herein.
Agreed proportion	Agreed Proportion means the proportion in which the Parties have agreed to subscribe to the Equity Share Capital of the Company as specified in section 4 of Agreement defined above
The Act or the said Act	"The Act" or the "said Act" means "The Companies Act, 1956" as amended upto date or other Act or Acts for the time being in force in India containing the provisions of the Legislature in relation to Companies
The Board or Board of Directors	Board shall mean the "Board of Directors" of the company as constituted from time to time.
Beneficiaries	It shall mean parties including Government departments, corporation, etc to whom electricity generated from the projects shall be sold by the company.
Capital	"Capital" means the Capital for the time being raised or authorised to be raised for the purpose of the Company.

Chairman	"Chairman" means the Chairman of the Board of Directors for the time being of the Company.
"The Company" or "this Company"	"The Company" or "This Company" means "**Chenab Valley Power Projects Private Limited**".
Debentures	"Debenture includes debenture stock, bonds, and any other securities of a company whether constituting a charge on the assets of the Company or not."
Dividend	"Dividend" includes bonus shares
Equity Share Capital	It means the total equity share capital of the Company agreed to be issued and called the Authorised Capital of the Company, as mentioned in the Memorandum of Association of the Company.
Gender	Words importing the masculine gender also include the feminine gender.
The Governor	"The Governor" means Governor of State of Jammu & Kashmir
Government	"Government" means the Central Government.
GoI	"Government of India"
GoJK	Government of Jammu & Kashmir
Issue Date	It shall mean the date on which the shares pursuant hereto are allotted and issued to the Parties by the Company.
JKSPDC	JKSPDC means Jammu & Kashmir State Power Development Corporation Limited, a company incorporated under the Companies Act, 1956 having its registered office at Hotel Shaw-Inn, Boulebard, Srinagar-190001
Marginal Notes	The marginal notes hereto shall not affect the construction hereof.
Memorandum of Association	It means the Memorandum of Association of the Company as originally framed or as altered from time to time
MOP	MOP means Ministry of Power, Government of India.

Month	"Month" means a calendar month.
NHPC	NHPC means NHPC Limited., a Company incorporated under Companies Act, 1956 having registered office at NHPC office Complex, Sector 33, Faridabad
"the office"	"the office" means the Registered office for the time being of the Company
PTC	PTC means PTC India Limited, a Company incorporated under Companies Act, 1956 having registered office at 2nd floor, NBCC Tower, 15 Bhikaji Cama Place, New Delhi
Parties	Parties shall mean JKSPDC, NHPC & PTC.
Person	"Person" shall mean any individual, body corporate, other business entity, or any statutory corporation, society, authority, trust, partnership firm or any other entity whether acting in an individual, fiduciary or other capacity.
Project(s)	It includes Pakal Dul, Kiru and Kwar projects as entrusted to the company for execution under the agreement or any other agreement from time to time.
Promoters	It means JKSPDC, NHPC and PTC.
Register	"Register" means the Register of Members to be kept pursuant to the Act.
Registrar	"Registrar" means the Registrar of Companies of the State in which the Registered office of the Company is situated.
"these regulations"	"these regulations" means these Articles of Association as originally framed or as altered, from time to time.
"the Seal"	"the Seal" means the common seal of the Company
Shares	"Shares" shall mean the issued, subscribed and paid-up shares of the company including any shares issued as bonus shares, or shares issued under any reclassification, reorganization, exchange recapitalization or otherwise.

State		"State" means the Government of State of Jammu & Kashmir..
Writing		"Writing" shall include printing and lithography and any other mode or modes of representing or reproducing words in a visible form.
Year		"Year" means a calendar year.
Table 'A' not to apply	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.
Company to be Governed by these Articles	3.	The Regulations for the management of the Company and for the observance of the members thereof and the representatives shall, subject to as aforesaid and to exercise of any 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.
Type of Company	4.	The Company is a Private Company Limited by Shares
Restrictions of a Private Company	5.	The company is a Private Limited Company and accordingly:

a) the number of members for the time being of the company is not to exceed fifty excluding i) persons who are for the time being in the 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: but where two or more persons hold one or more share in the Company jointly, they shall, for the purpose of this Article, be treated as single member.

b) Any invitation to the public to subscribe for any shares in or debentures of the Company is hereby prohibited.

c) Prohibits any invitation or acceptance of deposits from persons other than its members, directors or their relatives.

d) The right of transfer of shares shall be restricted as hereafter provided in these regulations

e) JKSPDC, NHPC and PTC are entitled to and shall subscribe to the equity capital of the Company in the ratio 49:49:2 and this ratio shall be maintained at all times.

CAPITAL AND SHARES

Authorised Share Capital

6. . The Authorised Share Capital of the company shall be of such amount and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Association with power to increase or reduce the capital in accordance with the Company's regulations and legislative provisions for the time being in force on that behalf with the powers to divide the share capital, whether original or increased or decreased into several classes and attach there to respectively such ordinary, preferential or special rights and conditions in such a manner as may for the time being be provided by the Regulations of the Company and allowed by law.

Pattern of Issued share capital

7. i)The pattern of shareholding of the issued share capital of the Company unless otherwise mutually agreed between JKSPDC, NHPC and PTC be as follows:

(a) Forty nine percent (49%) of the paid up share capital of the Company shall be subscribed and paid up by NHPC

(b) Forty nine percent (49%) of the paid up share capital of the Company shall be subscribed and paid up by. JKSPDC.

(c)Two percent (2%) of the paid up equity share capital of the company shall be subscribed and paid up by PTC

ii) Each of the parties hereto shall be obliged to subscribe to the Authorized Share Capital in agreed proportion as mentioned above and in the manner and at the time, the Board of Directors of the Company may make the calls for subscription.

iii) If at any time the Company wishes to raise its subscribed share capital by issue of additional shares, the Company shall first offer such shares to its existing shareholders in proportion to their existing share holding on the date of such issue. Such offer to the existing shareholders shall be in accordance with the provisions of Section 81(1A) of the Act.

Who can allot

8. Subject to the provisions of the Act and these Articles, the shares

Shares?

shall be under the control of the Board of Directors who may allot or otherwise dispose of the same.

CERTIFICATES

Right of Members or debenture holders to certificate.

9. Every person whose name is entered as a member/ debenture holder in the Register of members or debenture holders shall, without payment of full amount, be entitled to a certificate within two months after allotment (or within such other period as the conditions of issue shall provide) or within one month after the application for the registration of transfer is received by the Company, under the common seal of the Company, specifying the share(s) or debenture(s) held by him and the amount paid thereon.

Issue of share certificates in case of Subdivision, replacement or consolidation,

10. No certificate of any share or shares shall be issued either in exchange for those which are sub divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the cages on the reverse for recording transfers have been duly utilized unless the certificate in lieu of which it is issued is surrendered to the Company

Provided new share certificate shall state on the face of it and against the stub of counterfoil to the effect that it is 'Issued in lieu of share certificates no____ subdivided/ replaced/ on consolidation of shares'.

Issue of new Certificates in place of one lost or destroyed.

11. If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only with the prior consent of the Board and on such terms , if any , as to evidence and Indemnity as to payment of out of pocket expenses incurred by the Company in investigating evidence, as the Board may think fit.

Provided new share certificate shall state on the face of it and against the stub or counterfoil to the effect that it is 'Duplicate issued in lieu of share certificate No.____'. The word "duplicate" shall be stamped or punched in bold letters across the face of the share certificate.

Entry in the register

12. Particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate certificates indicating against the names of the persons to whom the certificate is issued, the number and date of issue of share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross reference in the 'Remarks' column

Custody of Blank

13. All blank forms to be issued for issue of share certificates shall be

Forms		printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or such other person as may be authorized by the Board for the purpose
Responsibility of maintenance of books of share certificates	14.	Every director of the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates except the blank forms of Share Certificates referred to in Article 10.
Power to make Call on shares / Debentures	15	The Board of Directors may from time to time, make calls upon the members or debenture-holders in respect of any moneys unpaid on their Shares or Debentures and specify the time or times of payments and each member or debenture holder shall pay to the company at the time or times so specified the amount called on his shares/Debentures. Provided that the board may from time to time at their discretion extend the time fixed for the payment of any call.
Interest on unpaid calls	16.	(i) If the sum payable in respect of any call be not paid on or before the day appointed for payment thereof the holder for the time being or allottee of the shares/Debenture in respect of which a call shall have been made, shall pay interest on the same at the rate of 2% p.a. above the rate of interest at which company has raised loans for meeting the working capital / capital requirement of the company from the due date till the amount is subscribed. (ii) If any of the party fails to pay its agreed proportion of the equity together with interest, if any, for delayed payment till commissioning of the projects then other party shall have discretion to pay the amount payable by defaulting party against purchase of the equity shares at par.
Right to forfeit after Due date of unpaid call	17.	Neither the receipt by the Company of a portion of any money which shall, from time to time, be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall, preclude the Company from thereafter proceeding

to enforce a forfeiture of such shares on which call money is due

Evidence of Call/Premium/ allotment money due

18. On the trial or hearing of any suit or proceedings brought by the Company against any member or his representative to recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the Register of members of the Company as a holder or one of the holders of the number of shares in respect of which such claim is made and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Directors who resolved to make any call, nor that a quorum of Directors was present at Board Meeting at which any call was resolved to be made, nor that the meeting at which any call was resolved to be made was duly convened or constituted nor any other matter, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

LIEN

Company Lien on all shares or debentures

19. (a) The Company shall have a first and paramount lien-

(i) On every share or debenture (not being a fully paid share or debenture) for all moneys (whether presently payable or not) called or payable at a fixed time, in respect of that share or debenture.

(ii) On all shares or debenture (not being fully paid up) standing registered in the name of a single person for all moneys presently payable by him or his estate to the Company; and

(iii) On all shares or debenture for which the allotment money (whether in full or part) was deferred or kept as term deposit, as a condition of subscription by allottee to the shares or debentures.

Provided that the Board of Directors may at any time declare any share or debenture to be wholly or in part exempt from the provisions of this Article.

(b) The Company's lien, if any, on a share or debenture shall extend to all dividends or interest payable thereon.

Conditions for sale of shares on which

20. The company may sell, in such manner as the Board thinks fit, any shares or debentures on which the Company has a lien provided that

Company has lien

no sale shall be made -

(i) Unless a sum in respect of which the lien exists is presently payable; or

(ii) Until the expiration of 14 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 debenture or the person entitled thereto by reason of his death or insolvency.

Procedure for sale of shares under lien of Company

21. (i) To give effect to any such sale the Board may authorise some persons to transfer the shares or debentures sold to the purchaser thereof.

(ii) The purchaser shall be registered, as the holder of shares or debentures comprised in any such transfer.

(iii) 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.

(iv) The residue, if any, shall, subject to a lien for sums not presently payable as existed upon the shares or debentures before the sale, be paid to the person entitled to the shares or debentures at the date of the sale.

FORFEITURE

Forfeiture of Shares/ Debentures

22. (i) If a member or debenture-holder fails to pay any call or the allotment money which was deferred or kept as term deposit as a condition of subscription or installment of a call on the day appointed for payment thereof, the Board may, at any time thereafter, during such time as any part of the call or allotment money or installments remain unpaid, serve a notice on him requiring payment of so much call or installment as is unpaid, together with any interest which may have accrued.

(ii) The notice aforesaid shall :

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

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

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

(iii) a forfeited share or debenture may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

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

Effect of forfeiture

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

The liability of such person ceases if and when the company shall have received payment in full of all such moneys in respect of shares or debentures.

Declaration and other provisions of Forfeiture

24. (i) A duly verified declaration in writing that the declarant is a Director, Manager or the Secretary of the Company, and that a share or debenture in the Company has been duly forfeited on the 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 or debenture.

(ii) The Company may receive the consideration, if any, given for the share or debenture on any sale or disposal thereof and may execute a transfer of the share or debenture in favour of the persons to whom the share or debenture is sold or disposed of.

(iii) The transferee shall thereupon be registered as the holder of the share or debenture.

(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share or debenture be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share or debenture.

(v) The provision of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the term of issue of a share or debenture, becomes payable at a fixed time, whether on account of the nominal value of the share or debenture or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

DEMATERIALIZATION OF SECURITIES

Dematerialization/ Rematerialization of securities.

25. (a) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize or rematerialize its shares, debentures and other securities (both present and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialized form pursuant to the Depositories Act, 1996 and the rules framed there under, if any.

(b) Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security and the Company shall, in the manner and within the time prescribed provided by the Depository Act, 1996 issue to the beneficial owner the required Certificates of Securities.

If a person opts to hold his security with a depository, then notwithstanding anything to the contrary contained in the Act or in these Articles, the Company shall intimate such Depository the details of allotment of the security and on receipt of the information, the Depository shall enter in its record the name of the allottee the beneficial owner of the security.

(c) All securities held by a Depository shall be dematerialized and shall be in fungible form. Nothing contained in Section 153 of the Act shall apply to a Depository in respect of securities held by it on behalf of the beneficial owners.

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

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

(iii) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member/debenture holder, as the case may be, of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.

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

(f) Nothing contained in the Act or in these Articles, shall apply to a transfer or transmission of Securities where the Company has not issued any certificates and where such shares or debentures or securities are being held in a electronic and fungible form in a Depository. In such cases the provisions of the Depositories Act, 1996 shall apply.

(g) Notwithstanding anything to the contrary contained in the Act or these Articles, after any issue where the securities are dealt with by a Depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Nothing contained in the Act or in these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held by a Depository.

TRANSFER AND TRANSMISSION OF SHARES / DEBENTURES.

Restrictions on the right to Transfer and Transmission of Shares / Debentures

26. The right of members to transfer their shares shall be restricted as follows:

a) No promoter shall sell, transfer, assign, mortgage or otherwise encumber_other than hypothecate its shareholding in the Company for initial period of three years after the incorporation of the Company. Obligation of negative lien on shares will be treated as normal and party having negative lien on shares shall be treated as member of the Company

b) A share may be transferred by a member or other person entitled to transfer to a person approved by the Board in pursuance of agreement.

c) Any member desiring to sell/ transfer any of his shares must notify (hereinafter called as transfer notice) the Board of Directors and existing members of the Company of the number of shares and the fair value_at least 2 months in advance.

d) Existing members shall within the said period of two months of receipt of transfer notice, communicate to the Board and to the member desiring to sell/ transfer its shares their acceptance or otherwise of the offer and/ or to nominate the buyers thereof.

e) If the offer is accepted, the shares, shall be transferred to the acceptee within 60 days of the acceptance

f) If the offer is not accepted within 2 months from the date of notice to the Board of Directors and to the existing members, the members proposing transfers shall, at any time within two months afterwards, be at liberty, to sell and transfer the shares to any person (hereinafter known as third party) at the same price and at such terms and conditions which shall not be more favorable to third party .

g) The said third party shall have to sign an undertaking addressed to the existing members and to the Company thereby confirming to comply with the terms and conditions as may be prescribed.

h) Subject as aforesaid and subject to the provisions of part iv of the Act, the Directors may, in their absolute and uncontrolled discretion, refuse to register any transfer of shares.

Register of Transfers	27	The Company shall keep the Register of Transfers of Shares and Transfer of debentures and therein enter the particulars of several transfers or transmission of any share or debenture.
Execution of Transfers	28.	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 until the name of the transferee is entered in the Register of Members or debenture holders in respect thereof.
Transmission of Shares / Debentures	29.	Nothing contained in Article 26 shall prejudice any power of the company to register as Shareholder or Debenture holder, any person to whom the right to any share/debenture in the company has been transmitted by operation of law.

UNDERWRITING & BROKERAGE

Purpose and rate of commission	30.	Subject to provisions of Section 76 of the Act, the company may, at any time, pay a commission/ incentive to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares or debentures in the company or procuring or agreeing to procure subscriptions whether absolute or conditional for any shares or debentures in the company provided that the commission/ incentive shall not exceed in the case of shares five percent of the price at which the shares are issued and in the case of debentures two and a half percent of the price at which the debentures are issued.
Mode of Payment of commission	31.	Such Commission/incentive may be satisfied by payment of cash or allotment of fully of partly paid shares/ debentures or partly in one way and partly in the other.
Payment of Brokerage	32.	The company may also pay a reasonable and lawful sum of brokerage or fee in lieu of brokerage.

INCREASE, REDUCTION AND ALTERATION OF CAPITAL

Increase of Capital	33.	The Company in a General Meeting i.e with the approval of shareholders may increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe.
On what conditions new shares may be issued	34.	Unless otherwise mutually agreed between the parties, there shall be only one class of shares i.e. Equity Shares. Subject to such directions as may be issued by the shareholders in this behalf in writing, 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 rights or rights in the Company as to dividend, 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	35.	The new shares (resulting from an increase of capital as aforesaid) shall be issued or disposed of in accordance with the provisions of Article 7
If terms and	36.	Except so far as otherwise provided by the conditions of issue or by

conditions of issue are not specified

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

37. Subject to the provisions of Sections 100 to 104 of the Act and to such directions as may be issued by the shareholders 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.

Sub - division and consolidation of shares

38. 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.

BORROWING POWERS

Powers to borrow

39. Subject to 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 sum or sums of money for the purpose of the Company.

Issue of bonds/ shares at discount etc. or with special privileges

40. Subject to the approval of the Board and subject to Sections 79 and 117 of the Act, any bonds/ shares, may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings and allotment of shares.

Period and manner of Notice of General meeting

41. At least Twenty One clear days' notice in writing, specifying the place, day and hour of general meeting 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, of members in the manner provided by the Act, any general meeting may be convened by such shorter notice and in such manner as those members may think fit.

Omission to give notice not to invalidate a

42. 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.

resolution passed

Quorum in General Meeting	43.	i. Three members or 1/3rd of the total members, whichever be higher present in person shall be quorum for a general meeting of the Company. Provided that no such quorum shall exist unless duly authorised representatives of the parties are present at the meeting. ii. No business shall be transacted at any general meeting unless specified quorum of members is present at the time when the meeting proceeds to transact business.
Who can Adjourn a 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.
What business can be transacted at adjourned general meeting	45.	No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place
Notice for adjourned meeting	46.	(i) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. (ii) Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
Chairman of General Meeting	47	The Chairman of the Board of Directors shall be entitled to take the Chair at every general meeting
If the Chairman not present within 15 minutes time	48.	If the Chairman is not present within fifteen minutes after the time appointed for holding such meeting or is unwilling to act as Chairman, the members present shall choose, another Director as Chairman and, if no Director shall be present, or if all the Directors present decline to take the Chair, then the members present shall choose one of their member to be Chairman
Chairman's decision	49.	The Chairman of any meeting shall be the sole judge of the validity

conclusive

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

VOTES OF MEMBERS

Votes

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.

Votes in respect of shares of deceased member

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.

Format of proxy

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 :

CHENAB VALLEY POWER PROJECTS (PVT.) LIMITED

I..... a member of .....do hereby appoint.....of.....(of 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 recognise 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

General management of business	54.	The business of the Company shall be managed by a Board of Directors, Which shall be responsible for formulating the overall policies of the Company in all matters and shall supervise the conduct of the affairs and operations of the Company._The Board shall meet at such time and at such place, preferably at the registered office of the company, as it may deem necessary provided that at least one meeting of the Board shall be held every quarter i.e. three months and at least four such meetings shall be held in every year.
Number of Directors	55.	(i) The company shall comprise of not less than 4 but not more than 14 directors. The actual number of directors shall be determined from time to time at general body meeting of the members of the company. (ii) The Directors shall not be required to hold, any qualification shares. (iii)Board of Directors of the Company will have equal representation from NHPC and JKSPDC. The PTC will not be represented (iv)Any change in the structure of the management of the company which is mutually agreed by parties shall not have an impact on ongoing activities of the projects. Accordingly, the first directors of the company shall be four directors with equal representation of NHPC and JKSPDC 1. Sh. M.Y. Khan (Nominated by JKSPDC) 2. Sh. Basharat Ahmad Dhar (Nominated by JKSPDC) 3. Sh. D.P. Bhargava (Nominated by NHPC) 4. Sh. J.K. Sharma (Nominated by NHPC) All the above directors shall be part time directors of the company.
Appointment of Chairman	56.	The Chairman of the Board, shall be a non-executive professional who shall be appointed by JKSPDC in consultation with NHPC.
Appointment of Directors	57	The nominees of NHPC, JKSPDC shall hold office of the directors in the company at the pleasure of respective appointing authority, who shall have power to remove their respective nominees on the Board and to nominate another person in the vacancy thereby caused or caused in any other manner.
Remuneration to directors	58	Subject to the Provisions of section 314 of the Act, such reasonable remuneration as may be fixed by the Board may be paid to any one or more of the Directors for extra or special services rendered by him or them or otherwise.

Alternate Director	59.	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 meetings of the Directors are ordinarily held, the respective parties shall be entitled to appoint an alternate director who may attend participate and vote at a meeting of Board.
Retirement of directors	60..	(i) A Director representing JKSPDC or NHPC shall retire on his ceasing to be an official / nominee of JKSPDC or NHPC 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, entrust and confer upon the Managing Director/ Director(s) for the time being, such of the powers as they may think fit and may confer such powers 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.
Quorum of the Board	61.	The quorum of the Board shall be three directors or one third of the strength of the Board whichever is higher, provided that there shall be no meeting unless one director nominated each by the JKSPDC and NHPC are present in the meeting.
Sitting Fees.	62.	Subject to the provisions of the Companies Act and the rules, sitting fees to_non-official part-time directors for attending the meetings of Board or Committee(s) thereof, will be paid at such rates as may be decided by the Board from time to time.
Reimbursement of actual expenses to directors. s	63.	Actual expenses incurred by the part-time directors in attending meetings of the Board or committee thereof or General meetings of the Company or in connection with the business of the Company will be reimbursed to them subject to the provisions of Companies Act, 1956 where ever applicable.
Directors may be Directors of Companies Promoted by the Company	64.	A Chairman 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.
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 at Board	66.	A Director may at any time convene a meeting of Directors.

meeting how decided		Questions arising at any meeting shall be decided as per the Companies Act.
Who is to preside at meeting of the Board	67.	The Chairman shall chair the meeting of the Board. In the event the Chairman is not available or is unable to attend the meeting, the Directors shall elect from members, a person to chair the meeting and such one of their members shall be Chairman of such meeting.
Board may set up Committees	68.	The Board may, subject to the provisions of Section 292 of the Act, delegate any of their powers to Committees consisting of such member or 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 meeting or within 3 months whichever is later
Meeting of Committees how to be governed	69.	The meeting 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.
Chairman of meeting of Committees	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 their members to be Chairman of the meeting.
Authority to pay Preliminary Expenses	71.	The Board of Directors may pay all expenditure incurred in setting up and registering the Company.
Specific powers given to Board of Directors	72.	Subject to the provisions of the Act and article 73 of these regulations and without prejudice to the general powers conferred by these Articles, the Board of Directors shall have the following powers, that is to say, powers :-
To make bye-laws		(1) To make, vary and repeal from time to time bye-laws for the regulation of the business of the Company, its officers and servants;
To pay and charge interest etc.		(2) To pay and charge to the capital account of the company interest lawfully payable thereat under the provisions of the Act.
		(3) 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

(4) To pay for any property or rights acquired by or services rendered to the Company, either wholly etc. 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

(5) To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its unpaid capital for the time being or in such other manner as they think fit;

To refer to arbitration

(6) To refer any claim or demand by or against the Company to arbitration under any law for the time being in force and observe and perform the awards;

To give bonus

To create Provident Fund

(7) To Provide for the welfare of 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, 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

(8)To subscribe or otherwise to assist or to guarantee money to scientific institutions or objects;

To create Depreciation and other Funds

(9) 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 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 equalising 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(8)] 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 restrictions 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 the 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 Funds, 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

(10) To create such posts, other than those to which appointment is made by the JKSPDC/NHPC as they may consider necessary for the efficient conduct of the company affairs and to determine the scale of pay and other terms thereof.

(11) The Board may appoint and at their discretion remove or suspend such Managers, Secretaries, Officers, Clerks, 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 to provide for the management and transaction of the affairs of the Company in any specified locality in India in such manner as they think fit;

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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;

Authority to Sub-delegate powers

(12) Any such delegate or attorney as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities and

discretion for the time being vested in them;

Management of Affairs

73 (a) Subject to the control, direction and delegation by the Board, the day-to-day management of affairs of the Company shall vest with the Managing Director, who shall be responsible for the efficient conduct of the business of the company.

(b) All matters arising at a meeting of the Board or any Committee thereof shall be decided as per the Companies Act, provided, however, in respect of the following matters no resolution shall be passed or decision taken at the meeting of the Board or any Committee thereof unless it has been approved by the NHPC and JKSPDC in writing:

i) To invest the funds of the Company
ii) To issue debentures
iii) To make loans
iv) The establishment or change of any significant accounting policies and practices.
v) Substantial changes in the organizational structure and major policy
vi) Entering into foreign collaboration.
vii) Any proposal to submit bids without any profit margin / loss.

THE SEAL

The seal and its custody

74. 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.

Affixation of the seal

75. 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 the Board 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.

Use of seal abroad

76. The Company may exercise the powers conferred by Section 50 of the Act, with regard to having an official seal for use abroad and such powers shall be vested in the Board

DIVISION OF PROFITS AND DIVIDEND

Division of profits	77.	The profits of the Company available for payment as dividend, subject to any special rights relating thereto created or authorised 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 Company be paid to the members.
The Company in General Meeting may declare a dividend	78	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 Dividend	79.	The Directors may from time to time pay to the members such interim dividends as in their judgment the position of the Company justifies.
Manner of payment of dividend	80.	1. Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post direct to the registered address of the holder or in case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the first named holder or joint holders may in writing direct. 2. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
Adjustment of amount dues to Company with Dividend	81.	The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company subject to section 205A of the Act.
Interest on dividend	82	No dividend shall bear interest against the Company, irrespective of the reason for which it has remained unpaid.
Manner of notice of dividend	83.	Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

MANAGING DIRECTOR

Appointment	84.	The post of managing director and joint managing director shall be held by the nominees of NHPC and JKSPDC respectively.

Powers of Managing Director

85. The Managing Director, apart from powers entrusted to him by The Board from time to time shall have the following powers:-

(i) functioning of the company and will have all the powers of the management of the Company except as decided by the Board from time to time. Exceptions to the Powers of the Managing Director are as under

. BUDGET

a. Annual budget estimates and revised budget estimates for capital expenditure.

b. Annual budget estimates and revised budget estimates for revenue account for operational expenditure.

c. Budget requirement for five year plans.

PLANS

a. Annual Plans.

b. Five-year Plans.

c. Long term Plans.

d. Corporate Plans.

e. Resource mobilisation Plans

ACQUISITIONS

Acquiring shares, stocks, securities etc. of other Companies or Undertakings, Government guaranteed securities for short term and in duly registered Employees Consumer Co-operative Societies.

CAPITAL ESTIMATES

a. Feasibility reports, Project reports, Detailed Project Reports and estimates as a whole for the plant/project township or for expansion of existing facilities, of plant and township or for establishment of new units and facilities exceeding Rs. 50 crores.

b. Any capital expenditure above Rs.25 crore including additions, alternations, modifications, to or replacement of an existing asset and other items which have not been specifically included in the approved capital budget for the year within overall budget limit.

c. Deviation of more than 10% from the estimates for any component part of a project for which component wise sanction has been accorded by the Board.

PROCUREMENT OF WORKS, PROCUREMENT OF GOODS AND

APPOINTMENT OF CONSULTANTS

a-i. Issue of letter of intent, or award of contract for works of value exceeding Rs.50crores, forming a component of Project already sanctioned or where investment decision has been taken by the Board of Directors. However, all proposals for pre-qualification of contractors for works estimated to cost more than Rs.50 Crore shall be approved by MD, after the same have been processed by the Contracts Department in association with Finance and Engineering and routed through concerned Director and Director (Finance).

a-ii. Issue of letter of intent or award of supply order or contract for procurement of goods of value exceeding Rs.50 crore forming an item of a project already sanctioned or where investment decision has been taken by the Board of Directors.

a-iii. Making a commitment in respect of (i) and (ii) above.

a-iv. Award of consultancy contracts exceeding Rs.1 crore for approved items.

b) Agreement involving foreign collaboration/foreign consultancy proposed to be entered into by the Company irrespective of the consideration involved. MD can award Foreign Consultancy Contracts also upto Rs.1 crore subject to the condition that the Technical Expertise for which the Consultancy is sought from foreign consultant is superior than that is available in India.

c) Variations in quantities with respect to quantities indicated in the BOQ of the contract agreement, introduction of new item(s) substitution of one item in the BOQ by another in the BOQ, and deviations from the terms of the contract resulting cumulatively in an increase in the contract value of the Contracts approved by the Board by more than 15% or whichever is less of the limits given below:

S No	Value of Contracts	Limits
1	Upto Rs 400 crore	Rs 50 crore
2	Upto Rs 800 crore	Rs 90 crore
3	Above 800 crore	Rs 100 crore

excluding increases already built in the contract agreement due to price variation, provision for contingencies etc. and also due to new statutory requirement or changes in existing statutory requirements.

d) Payments of idle charges, hire charges and interest to contractor for delay not attributable to contractor and not covered by force majeure of

value more than Rs. 2 crore.

e) Acceptance of disputed claims over the value of Rs.2 crore..

f. The following items are subject to approval of a committee of Directors for contract comprising the functional Directors and MD. The quorum of the committee will be Director (F), concerned Director and MD/Functional Director.

(i) Award of LOI/contracts or making commitments referred to at 5(a) (i),(ii) and (iii) for contract amounts exceeding Rs. 50 crore but not exceeding Rs 100 crore.

(ii) Variations in quantities with respect to quantities indicated in the BOQ of the contract agreement, introduction of new item(s) substitution of one item in the BOQ by another in the BOQ, and deviations from the terms of the contract resulting cumulatively in an increase I n the contract value of the contracts approved by the Board by more than 15% or More than Rs 40 crore but within Rs 100 crore, whichever is less excluding increases already built in the contract agreement due to price variation, provision for contingencies etc. and also due to new statutory requirement or changes in existing statutory requirements.

(iii) Payments of Idle charges, hire charges and interest to contractor for delay not attributable to contractor and of value not exceeding Rs 5 crore.

(iv) Acceptance of disputed claims of the value not exceeding Rs 5 crore.

PERSONNEL

i) Framing of recruitment policies, promotion policies, voluntary retirement schemes including liberalised voluntary retirement schemes, disciplinary rules and procedures, excluding those which are routine and procedural in nature or involving expenditure or concessions to the extent of Rs.50 lakh in a year.

ii) Creation of post(s) of General Manager or equivalent and above.

iii) Formulation of any changes in wage structure and scales of pay of employees of the company.

iv) Policy matters relating to HRA, CCA, DA, Travelling, other allowances, Bonus/Ex-gratia in lieu of Bonus amenities and fringe benefits.

v) Changes in policies.

vi) Man power Budget

vii) Finalization of the manpower requirement and organizational structure of the projects/offices for Survey and Investigation, construction and O&M phases of the projects.

ACCOUNTS

i) Acceptance of annual/semi annual profit and loss accounts.

ii) Declaration of dividend

POWER TO INVEST

To invest the surplus funds of the Corporation.

POWER TO BORROW

To borrow money for purposes other than working capital requirements on the hypothecation of company's current assets (Borrowing for working capital requirements will be within the competence of MD subject to adherence to guidelines and policies laid down by the Board).

WRITE OFF

i) To write off any items of stores, equipment, tools, plant and materials resulting in a net loss of more than Rs.15 lakhs in each case.

ii) To write off any shortages of cash exceeding Rs.25,000 in each case

iii) To write off any demurrage/wharfages/port charges etc. exceeding Rs.25 lakhs in a year for each project/power stations/units

GENERAL

i) Grant of Compensation to other than Company employees, arising from any cause, above Rs.15 lakhs in each case.

ii) Sale or alienation including mortgage in any form of any immovable property vested in the Company.

iii) Any grant or donation or ex-gratia payments, not arising from recognised rules relating to amenities and welfare, over Rs.25,000/- in each case.

iv) Settlement of claims against the Company from any cause not provided for in any other items mentioned above exceeding Rs.5 lakh in each case.

v) Policy for allotment of land to outside parties.

vi) Any expenditure beyond the scope of objective of the Corporation.

vii) The power to sell, lease or otherwise dispose off the whole of the undertaking, any of its undertaking or substantial part thereof..

viii) Demolition and write off of Temporary buildings not required by the Projects/Power Stations beyond Rs. 1.5 Crore in original cost for each Power Station/Project.

(ii) power to stop further supply of electricity generated from the projects to the beneficiaries and sell it through open market, after notifying them, if dues for two successive months are not cleared by them.

(iii) power to position heads of the projects.

SECRETARY

Appointment of Secretary

86. (1) Subject to section 383A of the Act, a Secretary of the Company may be appointed by the Board on such terms, at such remuneration and upon such conditions as it may think fit, and any Secretary so appointed may be removed by the Board.

(2) A Director may be appointed as a Secretary.

Any provision in the Act or these regulations requiring or authorizing a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of the Secretary

ACCOUNTS

Inspection by Members of accounts and books of the Company

87. The Directors shall from time to time determine whether and to what extent and at what time and places and under what conditions or regulations the accounts and books of the company or any of them shall be open to the inspection of the members not being Directors and no member (not being a Director) shall have any right of inspecting any accounts or books or documents of the company except as conferred by law or authorised by the Board or by the Company in General meeting.

Accounting Year

88. Except the first accounting period, the accounting year of the Company shall be financial year i.e. 1st April to 31st March

AUDIT

Accounts to be Audited annually

89. At least 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 be ascertained by one or more auditors.

Appointment of Auditors

90. The auditor/auditors of the Company shall be appointed or reappointed by the Comptroller and Auditor General of India, in accordance with the provisions of Section 619 of the Act.

Powers of the

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

Comptroller and Auditor General

(i) To direct the manner in which the Company's account shall be audited by the Auditor/auditors appointed in pursuance of Article 61 hereof and to give such auditor/auditors instructions in regard to any matter relating to the performance of his/their functions as such; and

(ii) To conduct a supplementary or test audit of the company's accounts by such person or persons as he may deem fit on his behalf and for the purpose of such audit to require information or additional information to be furnished to any person or persons and in such form as the Comptroller and Auditor General may by general or special order, direct;

(iii) The auditor/auditors aforesaid shall submit a copy of his/their audit report to the Comptroller and Auditor General of India who shall have the right to comment upon or supplement the audit report in such manner as he may think fit;

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

Auditor's right to attend meeting

92. 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.

When accounts to be deemed finally settled

93. Every account of the Company when audited and approved by a general meeting shall be conclusive.

WINDING UP

Distribution of assets

94. 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 AND CONFIDENTIALITY

Secrecy clause

95. (i) No member shall be entitled to visit or inspect the Company's work without the permission of Managing Director/ Board 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 Managing Director/ Board, will be inexpedient in the interest of the members of the company to communicate to the Public.
(ii) Each party shall ensure that all information received by it relating to other party or the company which is not in the public domain shall be treated as confidential and shall not except for the purpose of these regulations or agreement, disclose all or any part of it to third party (other than Government of J&K or Ministry of Power, Government of India) or otherwise seek to use all or any part of it without prior written consent of the Company and the other parties, as the case may be.

INDEMNITY AND RESPONSIBILITY

Director's and others right to indemnity :

96. (i) Subject to the provisions of Section 201 (i) of the Companies Act, every Director, Manager, Auditor, Secretary or other officer or employee of the Company shall be indemnified by the Company against all liabilities 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.

(ii) 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 favour or 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	97.	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 order of the Director for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the company shall be invested or for any loss or damage arising to the bankruptcy, insolvency or tortious act of any person, company or corporation with whom any money, securities or effects shall be entrusted or deposited or for any loss occasioned by an error or judgment or over sight on his or their part or for any other loss or damage or misfortune whatever, which shall happen in the execution of the duties of his or their office or in relation thereto unless the same happens through his own dishonesty.
Time period for payment of preliminary expenses	98..	All preliminary expenses including all costs, charges, expenses and out of pocket expenses of and incidental to the incorporation, legal fee and registration fee of the Company incurred before and immediately after its formation by the parties shall be reimbursed and paid for by the company within 2 years from the date of its incorporation.
Sharing	**99.**	**The Company shall have complete access to all the survey & investigations, drawings, Reports, Detailed Project Report etc. prepared by NHPC for Pakal Dul, ~~Kiru and Kwar~~ hydroelectric projects. All the cost, expenses, charges etc. incurred by NHPC in connection with above work of the Projects shall be reimbursed to NHPC by the Company. However detailed survey and investigation for detailed project Report and implementation on BOOM basis of Dulhasti Phase-II HE project shall be done by CVPP.**
Proportion in which benefits shall be shared	100.	The benefits of the Company shall be shared by respective parties in proportion to their actual contribution in shareholding of company.
Ratio of distribution of power	101.	The Government of Jammu & Kashmir shall get 12% free power generated from the projects. An additional 1% free power for local area development fund shall also be provided by the company. The fund shall be operated as per the guidelines issued in the Hydro Power Policy 2008. Further, out of balance 87% power, the Government of Jammu & Kashmir would have the right to purchase power from the company in proportion to the share of JKSPDC in the equity of the company at the price determined as per regulatory norms. The remaining power will be sold by NHPC and PTC in proportion to their paid up equity share capital at the market price to the purchaser. The Jammu & Kashmir Power Development

Department shall have first right of refusal.

Rights of GoJK

102. (a) Revenue receipts on account of sale of timber, royalty on river bed materials etc. arising as a result of the submergence of areas by the projects shall accrue to the GoJK

(b) Rights in fisheries, navigation, exploitation of tourism potential etc. in respect of ponds created by the project shall vest in the GoJK.

(c) Right to develop/ allot other schemes proposed to be executed in the upstream and downstream as also in the vicinity of the projects provided design and execution of such schemes does not effect design and operation of the projects adversely.

Rights of the Company

103. (a) Subject to Laws in vogue in the State of J&K with regard to land, the company shall have exclusive rights over the projects.

(b) The parties shall provide or lend to the Company on deputation / lien services of their qualified employees on such terms and conditions as may be agreed upon between the concerned parties and the company. The employees whose services are so lent to the company shall remain on deputation or retain lien in their parent Orgainsation for a period upto five (5) years. During this period, the employee on deputation, may opt to revert to his parent Orgainsation which shall take him back into employment with continuity of service. However, the terms and conditions of the services of the employees so lent to the company by the parties shall be in no way inferior to that of respective parent organization during the period of lien/deputation. Company shall adopt same designations for executives as prevalent in NHPC. Criteria for determination of equivalent post for executives to be taken on deputation from JKSPDC/GoJK to be decided by the Board of Directors

(c) The parties shall assist the Company by providing managerial, legal and commercial and technical support on mutually agreed consideration.

(d) The parties shall assist the Company in Financial closure of the projects along with GoJK

(e) The parties to the extent of their respective righs to do so shall exchange such technical information & data as are reasonably required from each party to perform their

obligations and responsibilities under these regulations.

(f) The modalities of power evacuation system, as applicable shall be decided by the Board of the Company.

Obligations of the Company 104

a) The design, construction and operation of the Projects would be as per provisions of the Indus Water Treaty. Company shall render all assistance to Indus Water Commission / Govt. of India in this regard.

b) The company would comply with conditions imposed by the Government of India from time to time in respect of clearances to the Projects. It would also comply with conditions imposed by GoJK in respect of clearances of the Projects.

c) The company shall endeavour to complete the Projects within the time schedule approved by the Government of India and the time schedule will commence from the date of accord of approval subject to acquisition of land and obtaining all statutory clearances.

d) Company will pursue with Government of India for mega status of the Projects.

e) The Company shall not compete with either of the parties, without the prior consent of shareholders at general meeting.

f) The Company shall provide promptly full information, data and statements relating to its operations and other activities including quarterly unaudited accounts for each quarter and audited balance sheets, profit and loss accounts and all such other data and information regarding its business and operation and conduct of its business as may be reasonable required by the parties.

g) The Company shall have no objection to JKSPDC raising their share of equity from any financial institutions, banks or any other sources on the basis of securitization of the share of free power of GoJK from the Projects.

Obligations of GoJK 105

The GoJK shall make available unencumbered land as may be required for the projects, to taken up by the company, to the company on lease hold basis as per the land laws applicable to the State of Jammu & Kashmir from time to time, through transfer or acquisition, including compulsory

acquisition. Subject to the provisions of the Companies Act, 1956, the cost incurred by GoJK on the land so acquired or transferred or leased or provided by GoJK and not paid for by the company, will go towards the equity contribution of JKSPDC to the company._Accordingly, the GoJK shall have the option to contribute towards the share equity of JKSPDC in the company subject to the provisions of the Companies Act, 1956 by way of:

1) Cost of all types of Government lands.

2) Development of such infrastructure upto the Project sites which is part of the estimates of the respective projects.

Joint Responsibility of GoJK and the Company. 106

a) The work of R&R of the oustees of the Projects would be the joint responsibilities of the Company and GoJK. The entire expenditure incurred on this account would be borne by the Company. This activity would be implemented in accordance with the approved R&R –plan for the Projects. GoJK would provide staff on deputation to enable the Company to carry out this task. The GoJK will facilitate the acquisition of the land at the expense of the Company and transfer/ lease/ provide it to the Company in accordance with the laws prevalent in the State of Jammu & Kashmir. Company shall obtain all clearances including environmental, forest etc. from the Government of India and State Government as would be mandatory for Projects implementation.

b) Security arrangements for the Projects areas shall be looked after by the GoJK. However, specific security arrangements for guarding the Projects sites, temporary and permanent installations etc. shall be made by the Company.

c) The cost of projects will be met by way of debt equity norms by the parties in accordance with the regulatory guidelines." Ministry of Power

d) The staff for Rehabilitation and Resettlement (R&R) activities shall be deputed by GoJK to the Company and the remaining staff to the Company shall be provided in the following manner:

i. 80% of Group C& D staff in Company shall be Permanent Residents of J&K State subject to their sustainability, availability and eligibility.

ii. A minimum of 49% of Group A&B staff in the Company

shall be permanent residents of J&K State subject to their sustainability, availability and eligibility. The requirement under these categories shall be met either by way of deputation from NHPC, JKSPDC/ Department of GoJK or through recruitment by the Company.

Directives issued by the President to NHPC.	107.	Not with standing any thing contained in these articles, the directives issued by the President to NHPC / Government of Jammu & Kashmir to JVC will be applicable to the Company for the conduct of its business. The directors shall give immediate effect to the directives or instruction so issued.

SETTLEMENT OF DISPUTES

Resolution of disputes	108	In the event of any dispute or differences relating to the interpretation and application of the provisions of these regulations between the parties, same shall be settled to the extent possible amicably between the parties. In case the parties are unable to settle the dispute amicably within 30 days after the notice of dispute is given either of the parties, the issues so raised shall be referred for Arbitration. The parties to the dispute shall appoint their nominee arbitrator and all the nominee arbitrators so appointed by the parties shall appoint an independent arbitrator who shall be the presiding arbitrator. In case one of the parties fail to appoint its nominee arbitrator or all the nominee arbitrators fail to appoint an independent arbitrator or there is no consensus between nominee arbitrators for independent arbitrator within 30 days, then the matter will be referred to the secretary, MOP who will appoint such Arbitrator/ independent arbitrator as the case may be.
Applicable rules	109	The rules governing the proceedings before the Arbitrators shall be as per J & K Arbitration and Conciliation Act, 1997
Award	110	The award of the Arbitrator shall be final and binding on all the parties
Cost of Arbitration	111.	The cost of the Arbitration proceedings, to be determined by the Arbitrator with mutual consent of the parties, shall be shared equally by the parties.
Performance of agreement	112.	Notwithstanding the fact that the arbitration is intended or has commenced, the parties agree to continue to perform their respective part of the Agreement, irrespective of the Arbitration.

PRE-INCORPORATION AGREEMENT

Promoters' Agreement

113. After Incorporation, the Company shall adopt the Promoters Agreement executed between NHPC Limited, JKSPDC, PTC and GOJK on 21st December 2010 and Memorandum of Understanding signed among the parties on 10th October, 2008 for formation of this Company and any subsequent amendment thereof. Upon adoption of the Promoters' Agreement including any amendment thereto, the Company shall be bound by the same and shall give effect to the terms thereof as law permits, except when there is any inconsistency between the provision of Promoters' Agreement (including its amendments) and Articles of Association, in which case the provisions of the Articles of Association shall be amended suitably to make it consistent with the provisions of Promoters' Agreement.

114 The Parties and the Company shall in accordance with the provisions of the J&K Specific Relief Act applicable to the matter, be entitled to specific performance of the terms of this Agreement including the rights and obligations contained therein.

Sl.no.	Names, address, description, and occupation of each subscriber	Signature of subscriber	Signature of witness with address, description and occupation
1	FOR & ON BEHALF OF JAMMU & KASHMIR STATE POWER DEVELOPENT CORPORATION LTD MOHAMMAD YUSUF KHAN S/O GULAM AHMAD KHAN R/O S-378 PANCHSHEEL PARK N. DELHI 110017 BUSINESS		I hereby witness Signatures of all the Subscribers who have signed in front of me GARIMA DUGGAL (COMPANY SECRETARY) Memb. No. 21818 CP. No. 8413 W/O Mr. Gautam Duggal R/O B-428, II floor, Green fields, Faridabad
2.	DINESH PRASAD BHARGAVA S/O MR. RAM NARAYAN BHARGAVA R/O HOUSE NO. 176, SECTOR-30, FARIDABAD HARYANA - 121003 SERVICE (NOMINEE OF NHPC Ltd.)		
3.	FOR AND ON BEHALF OF NHPC Ltd. NHPC OFFICE COMPLEX, SECTOR-33, FARIDABAD DINESH PRASAD BHARGAVA S/O MR. RAM NARAYAN BHARGAVA R/O HOUSE NO. 176 SECTOR-30, FARIDABAD HARYANA-121003		

DESIGNATION-DIRECTOR (TECH) NHPC Ltd.

4.	FOR AND ON BEHALF OF PTC India Ltd. 2nd FLOOR, NBCC TOWER 15, BHIKAJI CAMA PLACE NEW DELHI - 110066 RAKESH KUMAR S/O LATE MR. NAGESHWAR SINGH. R/O HOUSE NO. A-70 1st FLOOR, SECTOR-55, NOIDA, U.P-201301 DESIGNATION: EXECUTIVE VICE PRESIDENT PTC (INDIA) Ltd		I hereby witness signatures of all the subscribers who have signed in front of me. GARIMA DUGGAL (COMPANY SECRETARY) C.P. No. 8413, Memb. No. 21818 W/o Mr. Gautam Duggal R/o B-428, II floor, Green fields, Faridabad.

Dated: 2nd June, 2011

Place: Delhi