

[THE COMPANIES ORDINANCE, 1984]

COMPANY LIMITED BY SHARES

Articles of Association

OF

**National Fertilizer Corporation of
Pakistan (Private) Limited**

1. The regulations contained in Table 'A' of the first schedule to the Companies Ordinance, 1984, shall apply to this Company so far as these regulations are applicable to Private Companies, except as the same are modified, altered, replaced or added to by these Articles. Table 'A' to apply.
2. The chapter headings shall not affect the construction hereof, and in these Articles, unless there is something in the subject or context inconsistent therewith:- Interpretation.
 - "The Ordinance" means the Companies Ordinance 1984, as amended and now in force in Pakistan, and any amendment or re-enactment thereof for the time being in force.
 - "The Articles" mean these Articles of Association, as originally framed or as altered from time to time by Special Resolution.
 - "The Board" shall mean the Directors from time to time of the Company acting at a meeting or through a Committee of Directors or pursuant to unanimous written consent.
 - "The Company" means NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PRIVATE) LIMITED.
 - "The Directors" mean the Directors of the Company appointed from time to time pursuant to these Articles including alternate Directors.
 - "Dividend" means the distribution of profit of the Company to its Members.
 - "Special Resolution" has the meanings assigned thereto by Section 2(1) (36) of the Ordinance.
 - "The Managing Director" means the Chief Executive/Managing Director of the Company appointed from time to time pursuant to these Articles.
 - "Member" means a member of the Company within the meaning

of Section 2(1) (21) of the Ordinance.

“The Memorandum” means the Memorandum of Association of the Company as originally framed or as altered from time to time in accordance with the provisions of the Ordinance as defined in Section 2(1)(22) of the Ordinance.

“Month” means a Calendar month according to the English Calendar.

“The Office” means the Registered Office of the Company.

“The Register” means the Register of Members to be kept pursuant to Section 147 of the Ordinance.

“The Seal” means the Common Seal adopted by the Company.

“In writing” and “Written” including printing, lithography and other modes of representing or reproducing words in a visible form.

Words importing the singular number include the plural number and vice versa.

Words importing the masculine gender also include the feminine gender and words or expressions contained in the Articles shall bear the same meaning as in the Ordinance.

Words importing persons include bodies corporate.

3. The Company is a Private company within the meanings of sub-section (28) of Section 2(1) of the Companies Ordinance, 1984 and accordingly :- Private Company

- a) “the right to transfer the shares in the Company is restricted in the manner given hereunder:
- b) the number of members in the Company is restricted to fifty excluding the persons who are in the employment of the Company; Provided that where two or more persons hold one or more shares in the Company jointly they shall, for the purpose of this definition, be treated as a single member; and
- c) no invitation shall be issued to the Public to subscribe for the shares or debentures of the Company.”

The Business and functions of the Company shall amongst others be to ensure that companies, corporations, projects, surveys, institutions, establishments and undertakings envisaged by or under the West Pakistan Industrial Development Corporation (Central Ordinance No. XXXVIII of 1962) or by any other Central or Provincial Laws, Orders, Ordinances and Regulations or which may be entrusted to the Company by the Provincial or Central Government in pursuance of any law, direction whether in force or brought into force hereinafter and to ensure that the existing employees of the present aforesaid bodies and companies are protected at all times and in particular also to ensure that establishments, concerns/undertakings envisaged by and within the preview of the Economic Reforms Order, 1972 (President's

Order No. 1 of 1972) are managed, run and operated efficiently and, that activities harmonized coordinated and rationalized in accordance with sound business principles in the greater public interest, in conformity and in accordance with the provisions and objects relating to the development of Industries under Federal Government contained in the Development of Industries (Federal Control), Act, 1972 (Act No. XVI of 1972) and the purposes and aims specified in the said Economic Reforms Order.

Towards these ends the Company may acquire part or all of the equity in the said establishment(s), concern(s), undertaking(s) and more particularly in those concerned/engaged with the assembly and manufacture of motor-vehicles and tractors and components thereof and / or enter into any such agreements, contracts, amalgamations, schemes, mergers and other such like or other arrangements whatever with the same and/or thereof and/or abide and comply with any arrangements that the Federal shareholders, Government or any other component Authority may cause for the fulfillment/accomplishment of the said purposes whether by virtue of powers exercised under the aforesaid Economic Reforms Order, Development of Industries (Federal Control) Act and Economic Reforms (Protection of Industries) Regulation, 1972 or in pursuance of any other law or statutory instrument whether in force or brought into force hereinafter. Nothing herein contained shall prejudice the rights and powers of the company to undertake any business authorized by the Memorandum.

4. a) The Company will take over all the assets and liabilities of the projects/companies alongwith all the employees. The Company shall also take over the staff, officers, advisors and other employees working in the technical divisions as well as in service departments of WPIDC Head Office on their present terms and conditions of service. The Company will safeguard the interest of all the employees, protect their interest and guarantee continuity of their service.
- b) To maintain offices of the Company at Karachi and other places as may be determined by the company from time to time.

CAPITAL

5. "The authorized capital of the Company is Rs.2,000,000,000/- (Rupees two thousand million) dividend into 150,982,998 ordinary shares of Rs.10/- each and 49,017,002 preference shares of Rs. 10/- each." * CAPITAL
6. Subject to the provisions of the Ordinance, the shares shall be under the control of the Board who may allot or otherwise dispose of the same or any of them to such persons, on such terms and conditions, and at such time as the Board thinks fit, and with full power to give to any person such time as the Board thinks fit, and with full power to give to any person the call of any shares and for such time and for such consideration as the Board thinks fit, provided that only fully paid up shares shall be issued. Issue of shares

* Amended vide Special Resolution dated 18-12-1994.

7. Where at any time the Board decides to increase the issued capital of the Company by issuing any further shares, then subject to any direction to the contrary that may be given by the Company in General Meeting, such shares shall be offered to the members in proportion to the existing shares held by each member, and such offer shall be made by notice specifying the number to which the member is entitled, and limiting a time within which the offer, if not accepted, will be deemed to be declined; and after the expiration of such time, on receipt of information from the member to whom such notice is given that he declines to accept the shares offered, the Board may dispose of the same in such manner as it may consider beneficial to the Company. **Increase in issued Capital**
8. If and whenever as a result of an issue of new shares or any consolidation or sub-division of shares, any member becomes entitled to hold shares in fractions, the Board shall not be required to issue such fractional shares and shall be entitled to sell whole shares at a reasonable price and pay and distribute to and amongst the members entitled to such fractional shares in due proportion the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Board may authorize any person to transfer the shares sold to the purchaser thereof, and the purchaser shall be registered as the holder of the shares comprised in such transfer but he shall not be entitled to see the application of the purchase money nor shall his title to the shares be effected by any irregularity or invalidity in the proceedings in reference to the sale. **Fractional shares**
9. Subject to the provisions of the Ordinance and the Articles, the Board may allot and issue shares in the capital of the Company as payment or part payment for any property sold or transferred, goods, or machinery supplied, or for service rendered to the Company in the conduct of the business or affairs, and any shares which may be so allotted may be issued as fully paid up shares, and, if so issued, shall be deemed to be fully paid up shares. **Shares in part payment**
10. Any application or subscription signed by or on behalf of an allotment of any shares therein, shall be an acceptance of shares within the meaning of the Articles, and every person who thus or otherwise accepts any shares and whose name is entered on the Register shall for the purpose of the Articles be a member. **Evidence of membership**
11. Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of members as the holder of any shares 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 trust or equity or benami, equitable, contingent or other claim to or interest in such shares, on the part of any other person whether or not it shall have express or implied notice thereof. **Trust not recognized**
- CERTIFICATES**
12. Every member shall be entitled without payment to receive within 2 months of allotment or 45 days of the application for registration **Member's right to certificates**

of transfer a Certificate for all the shares registered in his name and upon paying such fee as the Board may from time to time determine, to several Certificates, each for one or more shares. Every certificate of shares shall specify the number and amount of shares in respect of which it is issued and the amount paid thereon, such certificates shall be issued under Seal, and shall bear the signature of one director and shall be countersigned by the Secretary or by a second Director, or by some other person appointed for that purpose by the Board. The Directors, may by resolution determine, either generally or in any particular case, that the signature of any Director(s) may be affixed by some mechanical means in the mode and manner specified in such resolution.

13. If any Certificate is worn-out, defaced or rendered useless, then upon production thereof to the Board, it may order the same to be cancelled and may issue a new Certificate in lieu thereof, and if any Certificate is lost or destroyed, then on proof thereof, to the satisfaction of the Board and on such indemnity as the Board deems adequate being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate.

Issue of New Certificate in place of defaced, lost or destroyed certificate

TRANSFER AND TRANSMISSION

14. The Company shall keep a book to be called the "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.
15. No transfer of shares shall be registered unless a proper instrument of transfer accompanied by the certificates of shares is delivered to the Company. The instrument of transfer of any share shall be signed both by the transferor and the transferee and shall contain the name, address and occupation of both the transferor and the transferee and shall be duly stamped and the transferor shall be deemed to remain the holder of such shares until name of the transferee is entered to the register in respect thereof. Each signature to such transfer shall be duly attested by the signature of one witness who shall add his address and occupation.
16. The instrument of transfer of any share shall be in writing in the usual common form or in the following form or as near thereto as circumstances will admit :-

Register of transfers

Execution of Transfer

Form of Transfer

I, _____ of _____ being a National of _____ (hereinafter called the "Transferor") in consideration of the sum of Rs. _____ (Rupees _____) paid to me by _____ S/o _____ of _____ a National of _____ (hereinafter called "The Transferee") do hereby transfer to the Transferee _____ share(s) numbered _____ in the undertaking called to hold the same upto the said Transferee, his (or her) executors, administrators and assigns subject to the several conditions on which I held the same immediately before the execution hereof, and I, the Transferee, do hereby agree to take

the said share(s) subject to the conditions aforesaid.

Signature of the Transferor

As witness, etc

Signature of Transferee

The Board may from time to time alter or vary the transfer from.

17. The Board shall have power on giving not less than seven day's prior notice to close the Register of Transfers for such period or periods of time not exceeding thirty days at a time nor forty five days in any year. **When Register may be closed**
18. In the case of the death of a shareholder, the survivor, where the deceased was a joint holder, and (subject as hereinafter provided), where the deceased was a sole or only surviving holder, the executors or administrators of the deceased holding a Grant of Probate or Letters of Administration or such person or persons mentioned in any Succession Certificate effective in Pakistan, shall be the only persons recognized by the Company as having any title to the shares but nothing herein contained shall release the state of a deceased holder (whether sole or joint) from any liabilities, (whether sole or joint), in respect of any share solely or jointly held by him. In any case in which such a Grant of Probate or Letters of Administration or Succession Certificate to the estate of a deceased sole or only surviving holder has not been obtained the Board may but shall not be bound to, recognise the title of a person claiming to be entitled to the deceased holder's share on production by such claimant of any other evidence of title as the Board may deem sufficient, and upon the claimant furnishing such indemnity, if any, as the Board may require. **Transmission of shares of deceased member**
As to Survivorship
19. Any person becoming entitled to a share in consequence of the death or insolvency of a member shall, upon such evidence being produced as may from time to time be required by the Board, have the right either to be registered as a member in respect of a share or, instead of being registered himself, to make such transfer of the share as the deceased or insolvent person could have made. **Rights of the survivor to be registered as a member or to transfer shares**
20. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he was the registered holder of the share, except that he shall not before being registered as a member in respect of the share, be entitled in respect of it to exercise any rights conferred by membership in relation to meetings of the Company. **Rights of survivor to receive dividends and other advantages**
21. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register) to the persons having or claiming any equitable right, title or interest to or in the same shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and the Company shall not be bound or required to regard to attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be **Company not to be liable**

under any liability whatsoever for refusing or neglecting so to do, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Board shall so think fit.

ALTERATION OF CAPITAL

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| 22. | The Company may from time to time in General Meeting increase its authorised capital by the issue of new shares of such amount and of such designations, powers and rights as it thinks expedient. | Power to increase authorized capital |
| 23. | Except and so far as otherwise provided by the conditions of issue or by the Articles, and capital raised by the creation of new shares shall be considered part of the authorised capital and shall be subject to the provisions herein contained with reference to transfer and transmission, voting and otherwise. | Conditions of issue |
| 24. | The Company may by Special Resolution reduce its share capital in any manner and with and subject to any incident authorised and consent required by law. | Power to reduce share Capital |
| 25. | The Company may in General Meeting by Special Resolution alter the conditions of its Memorandum as follows :-
a) consolidate and divide all and any of its share capital into shares of larger amount than its existing shares;
b) sub-divide shares or any of them into shares of smaller amounts than originally fixed by the Memorandum, subject nevertheless to the provisions of the Ordinance in that behalf;
c) cancel shares which at the date of such General Meeting have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled. | Power to subdivide or consolidate shares.

Powers to cancel shares not taken |

BORROWING POWERS

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| 26. | The Board may from time to time borrow any monies for the purposes of the Company from the members or from any other persons, firms, companies, corporations, Government Agencies, institutions or banks, or the Directors may themselves lend monies to the Company and may also enter into any arrangement for obtaining loans, advances or credit as defined in the Banking Companies Ordinance, 1962 (LVII of 1962) and to issue other securities not based on interest for raising resources from a Scheduled Bank or a Financial Institution. | Borrowing powers and giving of securities |
| 27. | The Board may raise and secure payment of such sum or sums of money in such manner and upon such terms and conditions in all respects as it may think fit, and in particular by the issue of bonds, perpetual or redeemable debentures, or by mortgage or charge or other security on the whole or any part of the property assets and rights of the Company, (both present and future). | Raising moneys |
| 28. | Any bonds, debentures or other securities issued or to be issued by the Company shall be under the control of the Board which may issue them upon such terms and conditions and in such manner | Conditions of Bonds, etc. |

and for such consideration as shall be considered by the Board to be for the benefit of the Company.

29. Any bonds, debentures or other securities may be issued at a discount premium or otherwise and with any special privileges as to redemption, surrender, drawings, convertibility into shares, attending and voting at General Meetings of the Company, provided that allotment of or conversion into shares shall not be made without the consent of the Company in General Meeting. **Issue at Discount**
30. If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or effecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability. **Indemnity to Directors**

GENERAL MEETINGS

31. A General Meeting of the Company shall be held within eighteen months from the date of incorporation of the Company and thereafter once at least in every calendar year within a period of six months following the close of its financial year at such time and place as may be determined by the Board, provided that no greater interval than fifteen months shall be allowed to elapse between two such General Meetings. Such General Meetings shall be called Ordinary General Meetings and all other General Meetings of the Company shall be called Extraordinary Meetings. **General Meetings when to be held**
32. The Board may call an Extraordinary Meeting whenever it shall think fit. An Extraordinary Meeting may also be convened on the requisition of the Members in accordance with the provisions of Section 159 of the Ordinance. **Who may call Extraordinary General Meetings**
33. Twenty-one clear days' notice at least of every Ordinary General Meeting, specifying the date, place and hour of the Meeting and with a statement of the business to be transacted at the Meeting, shall be given to the persons entitled under and in the manner provided by the Ordinance and these Articles. With the notice for a meeting, the Company shall send to the members copies of draft resolutions other than routine or procedural resolutions which are proposed for consideration in the meeting. **Notice of meetings**
34. Where it is proposed to pass a Special Resolution, at least twenty-one clear days' notice specifying the intention to propose the Resolution as a Special Resolution and specifying the date, place and hour of meeting, whether Ordinary or Extraordinary and the nature of the business, shall be given. **Special Resolutions**
35. With the consent of all Members entitled to receive notice of a Meeting, or to attend and vote at any such Meetings, a Meeting may be convened by shorter notice than specified in Article 34, in accordance with Section 21(1)36 of the Ordinance. **Waiver of notice**
36. In case in which notice of any Meeting called by the Board is given to the shareholders individually, the accidental omission to **Omission to give notice**

give notice to any of the shareholders or the accidental non-receipt thereof shall not invalidate any Resolution passed at any such Meeting.

PROCEEDINGS AT GENERAL MEETINGS

37. Two members entitled to vote and present in person or by proxy shall represent a quorum, provided they represent not less than 25% of the total voting power either of their own account or as proxies. **Quorum**
38. The Chairman of the Board shall be entitled to take the Chair at every General Meeting, if there is no 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, the Directors present may choose a Chairman, and in default of their doing so, the members present shall choose one of the Directors to be Chairman, and if no Director present is willing to take the Chair, the members present shall choose one of the members to be the Chairman. **Who to preside at a General Meeting**
39. If within half hour after the time appointed for the holding of a General Meeting a quorum is not present, the meeting if convened on the requisition of the Members, shall be dissolved, and in every other case shall stand adjourned to the same day in the week following at the same time and place, or to such other day, time and place as the Board may by notice to the shareholders appoint. If at such adjourned Meeting a quorum is not present, the Members present personally or by proxy shall be the quorum and may transact the business for which the meeting was called. **Adjournment of meeting for lack of Quorum**
40. The Chairman with the consent of the Meeting may adjourn any meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting other than business left unfinished at the meeting from which the adjournment took place. **Adjournment by Chairman**
41. At any General Meeting a Resolution put to the vote of the Meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the results of the show of hands) demanded by at least five members present in person or by proxy, or by the Chairman of the Meeting, or by any member or members present in person or by proxy and holding or representing not less than one-tenth of the issued capital carrying voting rights, and unless a poll is so demanded a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost, and an entry to that effect in the Books of the proceedings of the Company, shall be conclusive evidence of the fact without further proof of the number or proportion of the votes recorded in favour of or against such Resolution. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the Meeting shall be entitled to a second or casting vote. **Voting on Resolutions by show of hands and when Poll demanded**
42. If a Poll is demanded as aforesaid it shall be taken in such manner and at such time and place as the Chairman of the meeting directs, **Poll**

and either at once or after an interval or adjournment not exceeding 14 days and the results of the poll shall be the resolution passed at the Meeting at which the poll was demanded. The demand for a poll may be withdrawn.

43. Any poll demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting and without adjournment. **Poll on election of Chairman & Adjournment**
44. The demand for a poll shall not prevent the continuation of a Meeting for the transaction of any business, other than the question on which the poll was demanded. **Effect of Poll**
45. Minutes shall be made in books provided for the purpose of all resolutions and proceedings at General Meeting, and any such Minutes if signed by any person purporting to have been the Chairman of the meeting or next following meeting shall be receivable as evidence of the facts therein stated without further proof. **Minutes**
46. The Books containing Minutes of proceedings of General Meeting of the Company shall be kept at the Registered Office of the Company and shall during business hours (subject to reasonable restriction as the Board may from time to time impose but so that not less than two hours each day is allowed for inspection) be open to the inspection of any Member without charge. **Minute Books**
- VOTES OF MEMBERS**
47. Except as provided in Article 54 hereof, upon a show hands every member entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote for every share conferring voting rights as aforesaid held by him. **Vote of Members**
48. A corporation or a company being a member of the company may appoint as proxy or as its representative under Section 162 of the Ordinance, any person whether a member of the Company or not. **Representative of a corporate member**
49. The instrument of proxy shall be in writing under the hand of the appointer or of his Attorney duly authorized in writing or, if the appointer is a company or corporation either under the common seal or under the hand of an officer or Attorney who may be so authorized. A person appointed as proxy need not be a member. **Manner of proxy**
50. Any proxy declared expressly on its face to be irrevocable shall not be revoked or be deemed revoked by the member giving such proxy without the consent of the proxy-holder, whether by attendance at any General Meeting held during the period of such proxy or by any other action on his part whatsoever or otherwise during the term of such proxy provided it is furnished to and filed with the records of the Company and the Company shall be bound to recognize and give effect to such proxy in accordance with the terms thereof. **Irrevocable proxy**
51. No person shall act as proxy unless the instrument of his appointment and the Power of Attorney, if any, under which it is signed, shall be deposited at the office of the Company not later than 48 hours before the time for holding the Meeting at which he proposes to vote. **Proxy to be deposited at registered office**

52. An instrument of proxy may be in the following form or in any other form which the Board shall approve: **Form of proxy**

I/We _____ of
 _____ in the _____ district of
 _____ being a
 Member(s) of _____ hereby
 appoint Mr. _____ of
 _____ as my/our proxy to vote for me/us and
 my/our behalf at the Ordinary/Extra-ordinary (as the case may be)
 General Meeting of the Company to be held on the _____
 day of _____ and at any adjournment thereof.

As witness my/our hand this _____ day of _____
 signed by the said _____ in the presence of
 _____.

53. A vote given in accordance with terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company before the commencement of the meeting or adjourned meeting at which the proxy is used. **Validity of proxy**
54. No objection shall be made to the validity of any vote except at the meeting or at the poll at which such vote shall be tendered, and every vote whether given personally or by proxy and not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll. **Validity of vote**
55. If any question is raised, the Chairman of the meeting shall decide on the validity of every vote tendered at such meeting in accordance with these Articles. **Chairman to decide**

DIRECTORS

56. Until otherwise determined by Special Resolution of the Company in General Meeting, the number of Directors shall not be less than two or more than nine, such number to be fixed from time to time by the Board. **Number of Directors**
57. The first Directors of the Company shall be appointed by the Subscribers to the Memorandum. **First Directors**

TERM OF OFFICE, REMOVAL AND CASUAL VACANCIES

58. On the date of the first Annual General Meeting of the Company, all directors of the Company for the time being who are subject to election shall stand retired from office and thereafter all such directors shall retire on the expiry of the term laid-down in Section 180 of the Ordinance; provided that the directors so retiring shall continue to perform their functions until their successors are elected. Provided further that the Directors so continuing to perform their functions shall take immediate steps to hold the election of directors and in case of any impediment report the

circumstances of the case to the Registrar within fifteen days of the expiry of the term laid down in section 180 of the Ordinance.

59. The number of Directors determined by the Board under Article 56 shall be elected to office by the Members in General Meeting in the following manner, namely:

Election of Directors

- o A Member shall have such number of votes as is equal to product of voting shares held by him and the Number of Directors to be elected;
- o A Member may give all his votes to a single candidate, or divide them between more than one of the candidates in such manner as he may choose;
- o The candidate who gets the highest number of votes shall be declared elected as Director and then the candidate who gets the next highest number of votes shall be so declared, and so on until the total number of Directors to be elected has been so elected;
- o Any person seeks to contest the election to the office of the director shall, whether he is a retiring director or otherwise file with the Company, not later than 14 days before the date of the meeting at which elections are to be held, a notice of his intention to offer himself for election as Director.

60. A Director, including Chairman/Chief Executive/Managing Director, if any, shall, other than an ex-officio member unless he resigns from office earlier, hold office for a period of 3 years and shall be eligible for re-appointment for such term or terms as the Federal Government may determine provided that the Director including Chairman/Chief Executive/Managing Director shall cease to hold office on attaining the age of sixty five years or expiry of the tenure whichever is earlier.

Term of Office

61. The Company may, by a resolution, in General Meeting remove a Director from office in accordance with the procedure laid down under section 181 of the Companies Ordinance, 1984.

Removal

61-A Nothing in Article 59, article 60 or article 61 shall apply to:*

- a) Directors nominated by a Corporation or a Company formed under any law in force and owned or controlled, whether directly or indirectly, by the Federal Govt. : or a Provincial Govt. : on the Board of Directors of the Company in or to which the said Corporation or Company has made investment or otherwise extend credit facilities;
- b) Directors nominated by the Federal Govt.: or a provincial Govt.: on the Board of Directors of the Company;

Provided that, where a Director referred to in clause (a) or (b) is nominated: such number of the votes computed in the manner laid-down in article 59 as is equal to the minimum number of votes which would have been sufficient to elect such Director if he had offered himself for election shall stand excluded from the total number of votes otherwise available at an election of the Directors

* Article 61-A added vide special Resolution dated 30-12-1987.

to the Corporation, Company, the Federal or a Provincial Govt. nominating him.

Provided further that a Director nominated under this Article shall hold office during the pleasure of the Corporation, Company, the Federal or a Provincial Government which nominates him.

62. The continuing Directors may act notwithstanding any vacancy in their body, but if the minimum falls below the number fixed by Article 56 hereof, the Directors shall not, except for the purpose of filling a vacancy in their number or of convening a General Meeting, act so long as the number remains below the minimum.

**Continuing
Director to act.**

63. The Directors may at any time appoint any person to be a Director to fill a casual vacancy in the Board. Any Director so appointed shall hold office for the remainder of the term of the Director he replaces.

**Filling casual
vacancy**

REMUNERATION

64. Remuneration paid for attending meetings of the Board to persons other than the regularly paid Chief Executive/Managing Director and full time working directors shall be paid meeting fee as fixed by the Board of Directors from time to time. Each Director, (including each alternate Director), shall be entitled to be reimbursed his reasonable expenses incurred in consequence of his attendance at meetings of the Directors, or of Committees of Directors.

**Remuneration of
Directors**

65. Any Director who serves on any Committee or who devotes special attention to the business of the Company or who otherwise performs services which, in the opinion of the Board, are outside the scope of the statutory duties of a Director, may be paid such extra remuneration by way of salary, allowances, facilities perquisites, etc; as the Company in General Meeting may determine. Such extra remuneration shall be subject to the restrictions, if any, imposed by the Controller of Capital issues from time to time.

**Extra
remuneration
may be paid to a
Director**

66. The qualification of a Director, (other than a person representing the Government or an institution or authority which is a member, a whole time director who is an employee of the Company, a Chief Executive or a person representing a creditor), shall be his holding at least one share of the value of Rs.10/- in his own name.

**Share
qualification for
Directors**

67. The control of the Company shall be vested in the Board, which may pay all expenses incurred in forming and registering the Company, and may exercise all such powers of the Company as are not by the Ordinance or by these Articles required to be exercised by the Company in General Meeting, subject nevertheless to the regulations of these Articles, to the provisions of the Ordinance and such regulations, (not inconsistent with the aforesaid regulations or provisions), as may be prescribed by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if the regulations had not been made.

**General Powers
of Company
vested in
Directors**

68. The Board may exercise all the powers of the Company to borrow and mortgage or charge its undertaking, property and assets (both present and future), and unpaid capital, (whether, called up or not), and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company, or of any third party. **Borrowing powers and giving of securities**
69. The Board shall cause Minutes to be made in books provided for the purpose:- **Minute Books**
- a) of the names of Directors present at each meeting of the Board and of any Committee of Directors;
 - b) of all resolutions and proceedings at all meetings of the Company, and of the Board and of Committee of Directors;
 - c) of appointments of officers made by the Directors. Any such minutes of any Meeting of the Board or of a Committee of Directors or of the Company, if signed or purporting to be signed by the Chairman of such meeting or of the next succeeding meeting, shall be receivable as evidence of the matters stated in such minutes.
70. The Board may pay and agree to pay pensions or other retirement, superannuation, death or disability benefits or allowances to any person in respect of any Director or former Director who may hold or may have held any executive office or employment under the Company, or any subsidiary company of the Company, or its holding company, (if any), and for the purpose of providing any such pensions or other benefits or allowances, may contribute to any scheme or fund and may make payment towards insurances or trusts in respect of such persons. **Powers to pay pension etc.**

PROCEEDING OF DIRECTORS

71. The Directors may meet together for the dispatch of business, adjourn, and otherwise regulate meetings of the Board as they think fit. The Chairman may at any time, and shall on the written requisition of two Directors at any time, summon a meeting of the Board. At least six clear day's notice must be given to all the Directors to summon a meeting of the Board, and such meeting shall set forth the purposes for which such meeting is summoned, with the consent of all the Directors entitled to receive notice of a meeting, or to attend or vote at any such meeting, a meeting of the Board may be convened by shorter notice than specified in this Article. **Meeting of Directors**
72. A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Articles vested in or exercisable by the Board generally. Two Directors personally present shall constitute a quorum. Questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote. **Quorum of Directors Meetings and Powers**

73. The Chairman of the Board shall, whenever present, preside as Chairman at each meeting of the Board, but if at any meeting the Chairman is present and not willing to act or is absent beyond ten minutes after the time fixed for holding the same, the Directors present shall within fifteen minutes of the time fixed for the meeting choose one of their members to be Chairman of such meeting. **As to presiding at Directors Meetings**
74. All acts done by any meeting of the Board or of a Committee of Directors, or by any person acting as a Director or alternate Director shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Directors or persons acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Director or person had been duly appointed and was qualified to act. **When acts of meetings of the Board or Committee valid notwithstanding defective appointment etc.**
75. A Resolution in writing circulated to all the Directors and signed by the majority of them shall be effective as if such Resolution has been passed at a meeting of Directors duly convened and held. **Resolution by Circulation**
76. Any Director not permanently resident in Pakistan or the Director so resident but intending to be absent from Pakistan for a period of not less than three months may appoint any person acceptable to the Board to be an alternate Director of the Company to act for him. Every such appointment shall be in writing under the hand of Director making the appointment. An alternate Director so appointed shall not be entitled to appoint another Director, but shall otherwise be subject to the provisions of the Articles with regard to Directors, except that he shall require no share qualification. An alternate Director shall be entitled to receive notice of all meetings of the Board, and to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointer as Director in the absence of such appointer. An alternate Director shall ipso facto cease to be an alternate Director if his appointer for any reason ceases to be a Director or if and when his appointer returns to Pakistan, or if the appointee is removed from office by notice in writing under the hand of the appointer. **Power to appoint alternate Director**

COMMITTEE OF DIRECTORS

77. The Directors may from time to time delegate all or any of their powers to a committee or committees consisting of two or more Directors as they think fit. Any committee so formed shall conform to any regulations that may be imposed upon it by the Board and shall be governed, in the exercise of the powers so delegated, by the provisions herein contained for regulating meetings and proceedings applicable to the Directors. **Committee of Directors**

CHAIRMAN AND CHIEF EXECUTIVE / MANAGING DIRECTOR

78. a) The Chairman of the Board shall be elected by the Board of Directors of the Public Sector Company. However, this provision shall not apply where Chairman of the Board is appointed by the Government. **Appointment of Chairman**

b) The Board shall evaluate the candidates based on the fit and proper criteria and the guidelines specified by the Commission for appointment to the position of the Chief Executive, and recommend at least three candidates to the Government for its concurrence for the appointment of one of them as Chief Executive of the Public Sector Company, except where the Chief Executive is nominated by the Government. On receiving concurrence or nomination of the Government, as the case may be, the Board shall appoint the Chief Executive in accordance with the provisions of the Ordinance. The Board shall also be responsible for development and succession planning of the Chief Executive.

**Appointment of
Chief Executive/
Managing
Director,
Remuneration of
Chief Executive /
Managing
Director**

79. The Directors may entrust to and confer upon the Chief Executive/Managing Director and/or the Chairman, any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw alter or vary all or any of such powers.

**Delegation to
Chief Executive/
Managing
Director/
Chairman**

DISQUALIFICATION OF A DIRECTOR

80. The office of a Director shall be vacated if:-

**Vacation of
Office of
Directors**

- a) he is found to be of unsound mind by a Court of competent jurisdiction; or
- b) he has applied to be adjudged as an insolvent and his application is pending; or
- c) he is an undischarged insolvent ; or
- d) he has been convicted by a court-of-law for any offence involving moral turpitude ; or
- e) he has been debarred from holding such office under any provision of the Ordinance ; or
- f) he has betrayed lack of fiduciary behavior and a declaration to this effect has been made by the Court under Section 217 of the Ordinance at any time during the preceding five years ; or
- g) he or any firm of which he is partner or any private company of which he is a director, without the sanction of the Company in General Meeting, accepts or holds any office of profit under the Company other than of a Chief Executive/Managing Director or a legal or technical adviser or a banker ; or
- h) he absents himself from three consecutive meetings of the Directors, or from all meetings of the Directors for a continuous period of three months , whichever is the longer, without leave of absence from the Directors ; or
- i) he or any firm of which he is a partner or any private company of which he is a Director accepts a loan or guarantee from the Company in contravention of section 195 of the Ordinance ; or
- j) he acts I contravention of section 196(2)(g) of the Ordinance ; or
- k) he resigns his office by notice in writing to the Company ; or
- l) he ceases to hold, the share qualification, if any, necessary for

his appointment ; or

- m) not being an ex-officio director he is removed from office by resolution of the Company in accordance with Section 181 of the Ordinance.

The appointment of an alternate Director will constitute leave of absence from the Board of Directors for whom such alternate is appointed during such Director's absence.

81. Subject to the provisions of Section 214 of the Ordinance, the Directors shall not be disqualified from contracting with the Company as Vendor, purchaser or otherwise, but in respect to any such contract or arrangement entered into by or on behalf of the Company with any company or partnership of or in which any Director shall be a member or so interested, be liable to account to the Board for any profit realized by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established, and the nature of his interest must be disclosed by him at the meeting of the Directors at which the contract or arrangement is determined, if the interest then exists, or in any other case at the meeting of the Directors after the acquisition of the interest. No director shall vote as a Director in respect of any contract or arrangement in which he is so interested as aforesaid and if he does so vote, his vote shall not be counted, but he shall be entitled to be present at the meeting during the transaction of the business in relation to which he is precluded from voting, although he shall not be reckoned for the purpose of ascertaining whether there is a quorum of Directors present. These provisions shall not apply to any contract by or on behalf of the Company to give to the Directors or any of them any security for advances or by way of indemnity against any loss which they or any of them may suffer by reason of becoming or being sureties for the Company. A general notice that any Director is a member of any specified company, or is a member of any specified firm, and is to be registered as interested in any subsequent transaction with such firm or company shall be given for purposes of disclosure under this Article, but after such general notice it shall still be necessary to give special notice relating to any particular transaction with such firm or company.
82. A register in accordance with Section 219 of the Ordinance shall be kept by the Directors in which shall be entered particulars of all contracts, arrangements, or appointments in which the Directors are interested.
83. The Board shall appoint a Secretary of the Company who shall perform such functions and duties as are required in these Articles or as may be directed by the Board.

THE SEAL

84. The Board shall provide a Common Seal for the purposes of the Company and for the safe custody of the Seal, and Seal shall never be used except by the authority of the Board or a Committee of Directors previously given, and one Director at least shall sign (in

the same manner as provided for in Article 12) every instrument to which the Seal is affixed ; provided, nevertheless, that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching any authority to issue the same. The Board shall also have power to destroy the Seal and substitute a new Seal thereof, if necessary.

DIVIDENDS AND RESERVES

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|--------|--|---|
| 85. | The Company in General Meeting may declare dividends, but no dividends shall exceed the amount recommended by the Board. | Declaration of dividends and restrictions on amount thereof |
| 86. | The Board may from time to time pay to the members such interim dividends as appear to be justified to the profits of the Company. The Board may also pay any fixed dividends which are payable on any share of the Company half-yearly or otherwise on fixed dates, whenever such profits, in the opinion of the Board, justify that course. | Interim Dividend |
| 87. | No dividends shall be paid otherwise than out of profits of the year, or any other undistributed profits from prior years. | Dividend out of profits |
| 88. | Subjects to the rights of any persons entitled to share with special rights as to dividends, the profits distributed as dividends shall be distributed among the share-holders and all dividends shall be declared and paid according to the amounts paid on the shares. If any share is issued on the terms that it shall rank for dividend accordingly. The dividend shall be distributed to the shareholders within thirty days from the date of declaration. | Distribution of dividends |
| 89. | The Board may before recommending any dividend, set aside out of the profits of the Company such sum as they proper as a reserve or reserves, which shall, at the discretion of the Board be applicable for meeting contingencies, or for equalizing dividends, or for any other purpose to which the profits of the Company may be properly applied and pending such application may, in the like discretion, either be employed in the business of the Company or be invested in such investment, (other than shares of the Company), as the Board may from time to time thinks fit. | Powers of Board to create reserves |
| 90. | If several persons are registered as joint holders of any share, any one of them may give effectual receipts for any dividends payable on the share. | Receipts for dividends by joint holders. |
| 91. | No dividend shall bear interest against the Company. | No interest on dividends |
| 92. a) | Any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or persons entitled thereto, or in the case of joint holders to any one of such joint holders at his registered address or to such person and at such address as the member or person entitled or such joint holders, as the case may be, may direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, or to order of such other person as | Payments by post |

the member or person entitled or such joint holders, as the case may be, may direct.

- b) Unclaimed dividends may be invested or otherwise used by the Board for the benefit of the Company until claimed.

CAPITALISATION

93. Any General Meeting may, upon recommendation of the Board, resolve that any undistributed profits of the Company, (including profits carried and standing to the credit of any reserve or reserves or other special accounts or representing premiums received on the issue of shares and standing to the credit of the premium account and capital reserves arising from realized or unrealized appreciation of the assets or goodwill of the Company or from any acquisition/sale of interest in another undertaking) not required for paying the dividends of any shares issued with special rights or privileges in regard to dividend, be capitalized. Such capitalized undistributed profits and reserves shall be distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend, and in the same proportions, on the footing that they become entitled thereto as capital. All or any part of such capitalized fund may be applied on behalf of such shareholder for payment in full or in part either at par or at such premium as the resolution may provide, for any unissued share or debentures of the Company which shall be distributed accordingly, and such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum.
- Capitalization of Reserves**

ACCOUNTS

94. The Board shall cause to be kept proper books of Account.
- Books of account to be kept**
95. The books of Account shall be kept at the registered office or all such other place as the Board shall think fit and shall be open to inspection by the Directors during business hours.
- Where to kept**
96. The Board shall from time to time determine whether and to what extent at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to inspection of members, and no member shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorized by the Board or by Special Resolution of the Company in General meeting.
- Inspection by members**
97. Within eighteen months of the incorporation of the Company, and subsequently once at least in every year, the Directors shall cause to be prepared and lay before the Company in General Meeting a balance sheet and profit and loss account, both made up in accordance with the Ordinance and to a date not more than six months before the date of the Meeting. Every such balance sheet shall be accompanied by an Auditor's Report and the Director's report, in accordance with the provisions of the Ordinance in that behalf.
- Profit and loss account and balance sheet**

98. A copy of the audited balance sheet and profit & loss account or income and expenditure account together with a copy of the Auditor's Report and Director's Report shall be sent to every member of the Company at least 21 days before the meeting at which it is to be laid before the members of the Company and shall keep a copy at the registered office of the Company during a period of at least 21 days before the meeting.

Copies of Director's Report and balance sheet to be sent to members

AUDIT

99. Auditors shall be appointed and their duties regulated in accordance with Section 252 to 255 and 257 of the Ordinance.

Appointment of Auditors and their duties

NOTICES

100. 1) A notice may be given by the Company to any member or Director either personally or by sending it by post to him at his registered address or, (if he has no registered address in Pakistan), to the address, if any, within Pakistan supplied to the Company for the giving of notices to him.
- 2) Where a notice is sent by post, service of the notice shall be deemed to be effective by properly addressing, prepaying and posting a letter containing the notice, and unless the contrary is proved, to have been effected at the time at which the letter would be delivered in the ordinary course of post.
101. If a Member or Director has no registered address in Pakistan, and has not supplied to the Company an address within Pakistan for the giving of notice to him, a notice addressed to him and advertised in a newspaper circulating in the neighbourhood of the registered office of the Company shall be deemed to be duly given to him on the day on which the advertisement appears.
102. A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder named first in the register in respect of the share.
103. A notice may be given by the Company to the persons entitled to a share in consequences of the death or insolvency of a Member by sending it through the post in a prepaid letter addressed to them by name, or by the little of representative of the deceased, or assignee of the insolvent, or by any like description, at the address, (if any) in Pakistan supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been supplied) by giving the notice in any manner in which the same might have been given if the death or insolvency had not occurred.

How notices to be served on members

Service by post.

Notice to members and advertising in newspaper

Notice to joint holders

Notice to persons entitled by transmission.

SECRECY

104. Every Director, Chief Executive, Managing Director, Manager, Auditor, Trustee, member of a committee, officer, servant, agent, accountant or the person employed in the Business of the Company shall, if so required by the Board before entering upon his duties, sign a declaration in the form approved by the Board pledging himself to observe strict secrecy representing all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto, and shall by declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board, or by any General

Secrecy

Meeting, or by a court of law, and except so far as may be necessary in order to comply with any provisions in these presents contained.

105. No member or other person, (not being a Director) shall be entitled to enter the property of the Company, or to inspect or examine the Company's premises or properties of the Company, without permission of the Board or the Chief Executive/Managing Director, if any, and to require disclosure of 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, mystery of trade, or secret to the conduct of the business of the Company and which in the opinion of the Board or the Chief Executive/Managing Director, if any, will be inexpedient in the interest of the members to communicate.

No share holders to enter the premises of the Company without permission

WINDING UP

106. If the Company shall be wound up, whether voluntarily or otherwise, the Liquidators may, with the sanction of Resolution, divide among the members in specie or kind, the whole or any part of the assets of the Company, and they with the like sanction, vest any part of the assets of the Company, in trustees upon such trusts for the benefit of the Members as the Liquidators may think fit.

Distribution of assets on winding up

INDEMNITY

107. Every Director, Chief Executive/Managing Director, Manager or Office of the Company or any person (whether an Officer of the Company or not), employed by the Company as Auditor or Advisor, shall be indemnified out of the funds of the Company against any liability incurred by him as such Director, Chief Executive/Managing Director, Manager, Officer, Auditor, in defending any proceedings, whether civil or criminal, in which judgment is given in his application under Section 488 of the Ordinance in which relief is granted to him by a Court.

Indemnity

108. No Director, Chief Executive / Managing Directors, or other Officer of the Company will be liable for the acts, receipts neglects or defaults of any other Director or Officer or for giving any receipt or other act for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors, Chief Executive/Managing Director, or other Officer 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 from the bankruptcy, insolvency or tortuous act of any person with whom any money, securities or effects shall be deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever, which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own willful act, neglect, default or dishonesty.

Individual responsibility of Directors

We, the several persons whose names and addresses are subscribed below, are desirous of being formed into a Company in pursuance of these Articles of Association and we respectively agree to take the number of shares in the Capital of the Company set opposite to our respective names.

Names, Addresses and Descriptions of each Subscriber	Number of shares taken by each subscriber	Signature of the Subscriber	Names, addresses and Descriptions of witness
1. S. MANZOOR ILLAHI, Secretary, Ministry of Production and Presidential Affairs, Government of Pakistan Islamabad	1		Dr. Aziz N. Kurtha, Barister-At-Law and Advocate, 3 rd Floor, Dawn building, Karachi.
2. ALAUDDIN AHMAD, Additional Secretary, (Production Division) Ministry of Production and Presidential Affairs, Government of Pakistan Islamabad	1		
3. HAMAYUN KHAN, Joint Secretary, Ministry of Production and Presidential Affairs, Government of Pakistan Islamabad	1		

Dated this _____ day of August 1973.

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