

**MEMORANDUM
OF ASSOCIATION**

OF

Punjab State Transmission Corporation Limited

THE COMPANIES ACT, 1956 (1 of 1956)
COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION
OF
Punjab State Transmission Corporation Limited

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| <i>NAME OF THE COMPANY</i> | I | The name of the Company is Punjab State Transmission Corporation Limited |
| <i>REGISTERED OFFICE</i> | II | The Registered Office of the Company shall be situated in the State of Punjab. |
| <i>OBJECTS</i> | III | The objects for which the Company is established are: |
| A. Main Objects to be pursued by the Company on its incorporation | | |
| <i>Take over existing transmission system</i> | 1 | To take-over, acquire and manage the existing transmission system and undertaking of the Punjab State Electricity Board as may be transferred in pursuance of a transfer scheme to be notified by the Government of Punjab under the under the laws, rules and regulations. |
| <i>Acquire, establish, construct, operate and maintain extra high voltage, high voltage, medium voltage and low voltage, lines and associated sub-stations</i> | 2 | To plan, promote, organize, acquire, take over, establish, buy, develop, construct, erect, augment, enlarge, renovate and modernize, shift, replace, lay, maintain, operate, run, manage, hire, lease, sell, alter, work, use a power system transmission network in all its aspects; other machinery, equipment and material connected with wheeling and transmission of electrical energy, its metering, monitoring, construction & operations of new transmission lines and substations as permitted by the Applicable Law.

To undertake, for and on behalf of others, erection, operation, maintenance, management of transmission projects and systems; to design and implement transmission projects; to undertake diagnostic & system studies and to recommend remedial measures. |
| <i>Provide non- discriminatory open access</i> | 3 | To provide access to its transmission system and intervening transmission facilities to any licensee or consumer |
| <i>To develop a communication system</i> | 4 | To install, develop, maintain and operate a suitable communication system with necessary tele-metering equipment and SCADA systems for the purpose of maintaining, operating and managing the transmission system as well as for use by other agencies, subject to any |

requirements and payments under the Applicable Laws.

Plan, operate, maintain inter/intra state grid system etc.

- 5 To perform the functions of the State Transmission Utility; build, maintain, operate, plan and co-ordinate an intra/inter state transmission grid system for the State of Punjab as per the Applicable Laws; to coordinate and operate the State Grid in accordance with the appropriate Grid Codes, Availability Based Tariff or any other Tariff/ Operational Regime in force; to discharge its obligations effectively and efficiently.

To act as State Load Dispatch Centre as envisaged by the Applicable Laws; to interact with regional and national grids and the associated load dispatch centres at regional and national levels.

Plan, investigate and prepare project reports business plans and strategy documentation and forecast customer demand and sources of purchase of power.

- 6 To study, investigate, review operations; collect information and data; plan, research, design and prepare project reports; diagnose operational difficulties & weaknesses, and advise on the remedial measures to improve and modernize existing transmission lines and sub-stations as also optimal design of proposed transmission lines and sub-stations.

Co-ordination and Control

- 7 To coordinate, aid and advise on the activities of other companies and concerns, including its subsidiaries, associates and affiliates, engaged in generation, transmission, and wheeling of electrical energy; to determine their economic and financial objective/targets; to review, control, guide and direct their performance with a view to secure optimum utilization of all resources placed at their disposal.

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

To obtain and comply with authorization , charters, concessions etc.

- 1 To enter into arrangements with any authority or persons; to apply for, procure, obtain & maintain such authorization , charters, subsidies, loans, indemnities, grants, contracts, decrees, rights, sanctions, privileges, permissions, consents, approvals, or concessions ("**Sanction**") from any person or authority required for (directly or indirectly) carrying out the objects or furthering the interests of the Company or its members; to operate, exercise and comply with the Sanction and to do anything which the Company is authorized or required to do under or by virtue of any Sanction so granted.

Borrowing power

- 2 Subject to the Applicable Laws, borrow/raise money or to receive money/deposits in such manner as the Company shall think fit for financing its business either by creating a charge on the assets of the Company or otherwise; to secure the repayment of any money so borrowed/received

by creating a suitable mortgage, charge, lien, hypothecation, or other security upon the whole or any part of the Company's property or assets, including its uncalled capital; to secure and guarantee the performance of the Company of any obligations or liabilities that it may undertake or which may become binding on it.

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| <i>To acquire and lease property</i> | 3 | To acquire by purchase, lease, exchange, hire or otherwise; to construct and maintain transmission network, with all related land, works, offices, buildings, conveniences of all kinds, apartments, plant, machinery and hereditament of any tenure or description, situated in India or in any other part of the world and any estate, right or interest therein in any manner as may seem expedient, necessary or convenient to the Company for the purposes of its business. |
| <i>To acquire business/ companies</i> | 4 | To acquire, possess and undertake the whole or any part of the business, assets, property, goodwill, rights and liabilities of any person, firm, society, association, corporation or company. |
| <i>To conduct electrical energy</i> | 5 | To conduct electrical energy for achievement or carrying out all or any of the objects of the Company. |
| <i>To acquire know-how etc.,</i> | 6 | To apply for, purchase or otherwise acquire any trade marks, patents, brevets or inventions, licenses, concessions and other valuable rights, title, interest, and property in the use of any intellectual property & know-how including proprietary information (" <i>IPR</i> ") which may seem capable of being used for any of the purposes of the Company or the acquisition of which may seem calculated, directly or indirectly, to benefit the Company; to utilize, exercise, develop and build upon such IPR; to grant licenses in respect of such IPR so acquired or developed. |

To undertake research development and training.

- 7 To establish, provide, maintain and conduct or otherwise subsidize research laboratories and experimental workshops for scientific, technical or research purposes; to undertake and carry on (directly or in collaboration with other agencies) scientific or technical research experiments and tests of all kinds; to process, improve and invent new products and their techniques of manufacture so as to promote, encourage and reward studies and research, scientific and technical investigations and inventions of any kind that may be considered likely to assist, encourage and promote recent advances in technology, economics, import substitution or any business which the Company is authorized to carry on.

To establish, maintain and operate technical training institutions and hostels for engineers, other technical staff, artisans and mechanics, accountants and others in India or in any part of the world; to make such other arrangements as may be expedient for training of all categories of officers, workers, clerks, storekeepers and other personnel likely to be useful for any business which the Company is authorized to carry on.

To sell, transfer property etc.,

- 8 To sell, improve, manage, develop, exchange, loan, lease, let, under-lease, sub-let, mortgage, hypothecate, dispose of or deal with in any manner, with any rights or property of the Company.

To invest money

- 9 To accumulate funds and to invest/employ monies belonging to or with the Company and not immediately required, in the purchase or acquisition of any shares, securities or other investments whatsoever (movable or immovable) upon such terms as may be thought proper, from time to time; to sell, transfer, deal with, manage or vary such investments as deemed fit.

To undertake joint ventures

- 10 To amalgamate or enter into partnership/ consortium/ arrangement for sharing of projects/activities, funding and profits with any person or company or body or authority including any Government carrying on or engaged in any operation capable of being conducted so conveniently in conjunction with the business/activities of the Company, or to directly or indirectly benefit the Company.

To provide for welfare of employees

- 11 To provide for the amelioration and welfare of persons employed by or retirees of the Company, and such of the employees/retirees of PSEB that have been assigned to it, with their immediate families by building or contributing to the building of houses, dwellings or by grants of money, pensions, allowances, bonuses or other payments or by

creating and from time to time subscribing or contributing to provident fund and other funds or trusts; by helping such persons to effect or maintain insurance on their lives by contributing to the payment of premium or otherwise; by providing or contributing towards places of instruction & recreation, hospitals & dispensaries, medical & other assistance as the Company shall think fit.

To sell property

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

To enter into contracts

- 13 To enter into contracts with any Government, authority, individuals, companies and others :
- For purchase of equipment and for technical, financial or any other assistance, necessary to carry out or in furtherance of any of the objects of the Company.
 - For any purpose conducive to the Company's objects including to obtain, maintain and utilize any contracts, rights, privileges and concessions.
 - To enter into contracts of indemnity and guarantee.
 - To adopt, carry out or give effect to any pre incorporation or post incorporation agreements, or any modification thereto, arrived at between the Company's shareholders, promoters and/or others for promotion of the Company.
 - For provision of technical know how or in respect of matters concerning affairs and the business of the Company.

To implement Grid Code et al, & establish agencies etc.,

- 14 To establish and maintain agencies, branches and local registers, to procure registration/recognition of the Company and its ability to carry on business in any part of the world and to take steps necessary to give the Company such rights and privileges.

To subscribe for shares

- 15 To subscribe for, underwrite, purchase, or otherwise acquire and to hold, dispose of and deal with the shares, stocks or any other form of securities and any option or right in respect thereof.

- To create funds.*** 16 To create any depreciation fund, reserve fund, sinking fund, insurance fund or any other fund, and to maintain any reserves or make provisions whether in relation to depreciation or for repairing improving, extending or maintaining any of the properties of the Company, or for redemption of preference shares or for any other purposes whatsoever conducive to the interests to the Company.
- To open accounts in banks*** 17 To open account(s) with any firm, company, bank or bankers; to pay into & withdraw money from such account(s), and to operate & close operations of any such account(s).
- To acquire & sell part of companies*** 18 To acquire and hold all or any of the share or loan capital or other securities of any other company, body or its undertakings, and to sell or dispose of or transfer any such shares, loan capital and securities.
- To carry on consultancy services*** 19 To promote, organize or carry on the business of consultancy services in any field of activity that may be relevant and permissible for the Company.
- To promote & take-over other companies*** 20 To promote or concur in the promotion of any other company, or take-over any other company considered desirable in furtherance of any objects of the Company.
- To act as an entrepreneur on behalf of Central or State Government*** 21 To act as an entrepreneur on behalf of the Central or any State Government, to identify new areas of economic investment and to undertake or help in the undertaking of such investments.
- To advance money*** 22 To advance money against security of any property, or mortgage of immovable property, or any bank guarantee, or future supply of goods and services - on such terms as the Board may consider necessary.
- To collect and use information*** 23 To arrange, receive and collect all relevant information in regard to any business carried on by the Company; to organize an information cell and/or a data-bank relating to the consumer profiles of the Company; to utilize and/or provide to third parties the information contained in the Company's data-bank in such manner as the Company deems fit and as permissible by law.
- To carry on other businesses for the optimum utilization of assets.*** 24 To promote, organize, or carry on any other businesses for the optimum utilization of its assets including the transmission network and other connected infrastructure facilities of the Company.
- To carry on convenient business*** 25 Generally to do all such other things as may be deemed incidental or conducive to the attainment of the above

objects; to carry on any business which may be conveniently carried on in connection thereto, or calculated directly or indirectly to enhance value of or render profitable any of the Company's property or rights.

To employ, appoint, transfer, promote/demote, terminate or retrench employees

26 To employ, transfer, reward & punish, promote & demote, retrench, lay-off, suspend, terminate the appointment of or dismiss executives, managers, assistants, support staff and other employees and to remunerate them at such rates as shall be thought fit.

To advertise services

27 To adopt such means of making known the services of the Company as may seem expedient and in particular by advertising in the press and mass media (including radio and television.)

To allow another person to undertake transmission

28 To allow any other person to undertake transmission of electricity or any aspect thereof for a specified area within the Company's area of supply, to the extent permissible by the Applicable Laws.

To maintain books of accounts

29 To maintain all statutory records of the company including the books of accounts consistent with the Applicable Law including the Electricity Act, 2003, Accounting Rules, the License and regulations issued by PSERC and relevant provisions of the Companies Act, 1956.

To pursue and defend cases/claims

30 To diligently pursue any cases and claims of the Company, as also to diligently defend any cases and claims against the Company.

Internal Audit & Corporate Governance

31 To establish suitable processes and mechanism of corporate governance within the company in compliance with the Applicable Law as also recognizing its role as a public utility service provider with accountability, including the appointment of a suitable Audit Committee.

C. Other Objects

To carry on the business of carriers by land etc.,

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

LIMITED LIABILITY




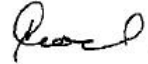
IV The liability of the members is limited.

SHARE CAPITAL

V The Authorised Share Capital of the Company is Rs. 3,000,00,00,000 (Rupees three thousand crores only) divided into 3,00,00,00,000 [Three Hundred Crores] equity shares of Rs. 10/- (Rupees Ten) each, with the rights, privileges and conditions attached thereto as are provided by the Regulations of the Company for the time being.

The Company has power, from time to time, to increase or decrease its Capital and to divide the Shares in the original or increased capital for the time, into several classes and to attach thereto such preferential rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions as may be permitted by law.

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




Sr. No	Name, Address, & Description of the Subscriber	Number of equity shares taken by each Subscriber	Signature	Witness with Address and Description
1.	ANURAG AGARWAL S/O RAMESH CHANDRA GUPTA. No House No 121 sector 23 A CHANDIGARH MD PSIDC, and. GOVT. SERVICE	10,000/- (Ten thousand)		<p>I hereby witness the signatures of all the subscribers who have signed in my presence.</p> <p> ANURAG AGARWAL MD PSIDC GOVT. SERVICE</p> <p>ATAY S/O T. SH. CHANDIGARH COMPTROLLER & SECRETARY SC064 BS, NTF 100R SECTOR 6A, CHANDIGARH.</p>
2.	Gopal Krishna Singh S/O Sukhdev Singh # 119, 23 A Chandigarh AMD, PSIDC GOVT SERVICE	5000 (Five thousand)		
3.	ARUN GOEL SON OF SH. RAM MURTI GOEL # 26, MOTI BAGH COLONY, PATIALA PRINCIPAL SECRETARY TO GOVT OF PUNJAB DEPTT. of Irrigation & Power GOVT. SERVICE	10,000/- (Ten Thousand)		

4.	ANIRUDH TEWARI S/O SIKRI RAM SENAK TEWARI 2-A, VIKAS COLONY, OUTSIDE SIRMINDI GATE, PATIALA SECRETARY, EXPENDITURE, GOP CHANDIGARH G. SERVICE	5,000 (FIVE THOUSAND)	<i>du</i>	I hereby witness the signature of all the subscribers and have signed in my presence.
5.	Subodh Chandra Agrawal Son of Shri Subhash Chandra Agrawal resident of # 53, Sector 5, Chandigarh Occupation: Chief Secretary Punjab Govt. Service	10,000 (TEN THOUSAND)	<i>Subodh</i>	
6.	Rakesh Kumar Verma S/O Sh. Ram Chandra Verma No 1640, Sector 39 Chandigarh MD, PICTO GOVT. SERVICE	5,000 (FIVE THOUSAND)	<i>Rakesh</i>	
Total				

ANAY K. ARORA
M.L.T. SH. U.P. ARORA
COMPANY SECRETARY
SCO 64-65 1st FLOOR
SECTOR 17-A, CHANDIGARH



Place : Chandigarh
Dated : 15/04/2010
The subscribers to the Articles of Association have been nominated by the
Government of Punjab to hold the shares on its behalf vide letter No. 19/08 EB (PR) 1185-86
dated 15/04/2010.

7.	Vijoy Kumar Singh S/o Shri Ram Babu Singh. no-136 Sectr-19A CHANDIGARH MD, MILCPED Punjab CHANDIGARH GOVT SERVICE	5000 Five Thousand		I hereby witness the signature of all the subscribers who have signed in my presence.  ATAY K. ARORA S/O LT. SH. V.P. ARORA. COMPANY SECRETARY SCC 64-05, 1st FLOOR SECTOR 17-A, CHANDIGARH 
Total		50,000 Fifty Thousand		

Place : Chandigarh

Dated : 15/04/2010

The subscribers to the Articles of Association have been nominated by the Government of Punjab to hold the shares on its behalf vide letter No. 119/08 ERB(PR) 1185-86 dated 15-04-2010.