

# *ARTICLES OF INCORPORATION*



*BHUTAN POWER CORPORATION LIMITED  
NORZIN LAM  
THIMPHU  
BHUTAN*

# *ARTICLES OF INCORPORATION*

## **I. Name**

The name of the company is Bhutan Power Corporation Limited.

## **II. Registered Office**

The registered office of the company will be situated at Thimphu, Kingdom of Bhutan.

## **III. Objects**

a. The main objects to be pursued by the company on its incorporation are:

i. to develop the Bhutan Power Corporation Ltd. as a supplier of power (energy) and as a supplier of transmission and distribution services.

b. The objects incidental or ancillary to the attainment of the above objects are:

- i. to operate as a commercial concern that seeks to generate returns for the benefit of shareholders; and
- ii. to ensure the reliability of power supply.

## **IV. Limited Liability**

The liability of the members is limited.

## **V. Capital**

The authorized share capital of the company is [3,644,000,000.00 ] Ngultrum divided into Equity (or ordinary) shares of [1,000] Ngultrums each.

## **VI. Regulations**

### **Definitions**

In this Articles, unless inconsistent with the subject or context:

- i. “**Act**” means the Companies Act of the Kingdom of Bhutan 2000.
- ii. “**Administrative Ministry**” means the Ministry to which a company is attached by the nature of its operations and the programme to which it pertains.

- iii. **“Alter”** and **“Alteration”** shall include the making of additions and omissions.
- iv. **“Articles”** means the Articles of Incorporation of the company as originally formed or as altered by special resolution.
- v. **“Authorised Share Capital”** shall mean the maximum amount of capital specified in the Articles within which the company is authorized to issue shares.
- vi. **“Board of Directors”** or **“Board”** means the directors collectively acting as the Board of directors of the company.
- vii. **“Capital”** means amounts contributed by shareholders towards the share capital of a company and includes capital contributed from retained earnings or other surplus accounts.
- viii. **“Chief Executive Officer”** means a full-time manager, by whatever name called, appointed by the Board to manage the day to day affairs of the company or as otherwise determined by the Board.
- ix. **“Chairman”** means a director of the company appointed by the Board as Chairman of the Board of Directors and general meetings of shareholders.
- x. **“Company”** means Bhutan Power Corporation Limited.
- xi. **“Debenture”** means a debt instrument acknowledging indebtedness to a person or persons with or without interest and of specified maturity period, and constituting a charge on the assets of the company.
- xii. **“Depository”** means a depository for securities operating under the authority and direction of the Royal Monetary Authority of Bhutan.
- xiii. **“Director”** means any person occupying the position of a director of the incorporated Board.
- xiv. **“Government”** means the Royal Government of Bhutan.
- xv. **“Issued share capital”** means the value of shares which the company has issued in accordance with the Act.
- xvi. **“Paid up share capital”** means the capital as paid up and allotted to the shareholders of a company.

- xvii. **“Person”** includes an individual, a company, an unincorporated association, Government agency, a natural person in his or her capacity as a legal representative and any body of persons recognized as a separate legal entity.
- xviii. **“Registrar”** means the Registrar of Companies appointed by the Ministry.
- xix. **“Securities”** include-
- (i) shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or any body corporate;
  - (ii) such other instruments as may be declared by the Government to be securities; and
  - (iii) rights or interests in securities.
- xx. **“Share”** means a share in the share capital of a company, and includes stock, except where a distinction between stock and share is expressed or implied.
- xxi. **“Shareholder”** or **“member”** in relation to a company, means-
- (a) the subscribers to the Articles of the company who shall be deemed to have agreed to become shareholders of the company and on its incorporation shall be entered as shareholders in the register of shareholders;
  - (b) every other person who agrees in writing to become a shareholder of the company and whose name is entered in the register of shareholders; and
  - (c) every other person holding equity share capital of the company and whose name is entered as beneficial owner in the records of the depository shall be deemed to be a shareholder of the concerned company:

Provided that a person cannot hold shares, who is-

- (i) less than 18 years of age;
- (ii) of unsound mind and has been declared so by a court in Bhutan;
- (iii) insolvent and has been declared so by a court in Bhutan;
- (iv) not a citizen of Bhutan:

Provided further that a person who is not a citizen of Bhutan or a foreign company may hold shares, by allotment or by transfer, in a company with the previous approval of the Government.

- xxii. words importing the masculine gender also include the feminine gender.
- xxii. words importing the singular number also include the plural number and vice versa.

### Share Capital and Variation of Rights

1. Any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the company are liable, to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.
- 2.(1) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
  - (2) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class in question.
3. The rights conferred upon the holders of the shares of any class issued with preferred or other right shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.
4. (1) The company may exercise the powers of paying commission conferred by section 38 of the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section.
  - (2) The company may also, on any issue of shares, pay such brokerage as may be lawful.
5. (1) Every person whose name is entered as a member in the register of members shall be entitled to receive within one month after allotment or after the application for the registration of transfer (or within such other period as the conditions of issue shall provide)-
  - (a) one certificate for all his shares without payment; or

- (b) several certificates, each for one or more of his shares, in which case the company shall be entitled to charge a suitable fee for every certificate after the first.
- (2) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.
- (3) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

### **Lien**

- 6.(1) The company shall have a first and paramount lien –
- (a) on every share, not being a fully-paid share, for all moneys (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
  - (b) on all shares, not being fully paid shares, standing registered in the name of a single person, for all moneys presently payable by him or his estate to the company:

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

- (2) The company's lien, if any, on a share shall extend to all dividends payable thereon.
7. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:

Provided that no sale shall be made –

- (a) unless a sum in respect of which the lien exists is presently payable; or
  - (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
8. (1) To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchaser thereof.

- (2) The purchaser shall be registered as the holder of the shares comprised in any such transfer.
- (3) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

### **Calls on shares**

9. (1) The Board may, from time to time, make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

- (2) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.
  - (3) A call may be revoked or postponed at the discretion of the Board.
10. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by installments.
  11. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
  - 12.(1) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at five per cent per annum or at such lower rate, if any, as the Board may determine.
    - (2) The Board shall be at liberty to waive payment of any such interest wholly or in part.
  13. The Board –
    - (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him; and

- (b) upon all or any of the moneys so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, six per cent per annum, as may be agreed upon between the board and the member paying the sum in advance.

### **Transfer of shares**

- 14.(1) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.
  - (2) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
- 15. The Board may, subject to the right of appeal conferred by section 30 of the Act, decline to register –
  - (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
  - (b) any transfer of shares on which the company has a lien.
- 16. Subject to the provisions of section 30 of the Act, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than fifteen days at any one time or for more than thirty days in the aggregate in any year.

### **Transmission of shares**

- 17.(1) On the death of a member, the survivor or survivors where the member was a joint holder, and his legal representatives where he was a sole holder, shall be the only persons recognized by the company as having any title to his interest in the shares.
  - (2) Nothing in clause (1) shall release the estate of a deceased joint holder from any liability in respect of any share that had been jointly held by him with other persons.
- 18.(1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may

from time to time, properly be required by the Board and subject as hereinafter provided, elect, either –

- (a) to be registered himself as holder of the share; or
  - (b) to make such transfer of the share as the deceased or insolvent member could have made.
- (2) The Board shall, in either case, have the same right to decline or suspend registration, as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
- 19.(1) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.
- (2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
- (3) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.
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 were 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 right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

### **Forfeiture of shares**

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

22. 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 in respect of which the call was made will be liable to be forfeited.
23. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
- 24.(1) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
- (2) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms, as it thinks fit.
- 25.(1) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, 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.
- (2) The liability of such person shall cease if and when the company shall have received payment in full of all such moneys in respect of the shares.

### **Conversion of shares into stock**

26. The company may, by ordinary resolution, -
- (a) convert any paid-up shares into stock; and
  - (b) reconvert any stock into paid-up shares of any determination.
27. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

28. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
29. Such regulations of the company (other than those relating to share warrants), as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stockholders" respectively.

### **Alteration of capital**

30. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.
31. The company may, by ordinary, resolution, -
  - (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (b) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the articles;
  - (c) cancel any shares which, at the date of the passing of the resolution have not been taken or agreed to be taken by any person.
32. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorized and consent required by the Act, -
  - (a) its share capital;
  - (b) any capital redemption reserve account; or
  - (c) any share premium account.

### **General meetings**

33. All general meetings other than annual general meetings shall be called extraordinary general meetings.
- 34.(1) The Board may, whenever it thinks fit, call an extraordinary general meetings.

- (2) If at any time there are insufficient number of directors present in the country to form a quorum, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

### **Proceedings at general meetings**

- 35.(1) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
  - (2) Save as herein otherwise provided, two members present in person shall be a quorum.
36. The chairman of the Board shall preside as chairman at every general meeting of the company.
37. If there is no such chairman, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairman of the meeting, the directors present shall elect one of their member to be chairman of the meeting.
38. If at any meeting no director is willing to act as chairman or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their number to be chairman of the meeting.
- 39.(1) 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.
  - (2) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
  - (3) 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.
  - (4) 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.
40. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place,

or at which the poll is demanded, shall be entitled to a second or casting vote.

### **Votes of members**

41. Subject to any rights or restrictions for the time being attached to any class or classes of shares, -
  - (a) on a show of hands, every member present in person shall have one vote; and
  - (b) on a poll, the voting rights of members shall be as laid down in section 26 of the Act.
42. In the case of a joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
43. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.
44. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
45. An instrument appointing a proxy shall be in the form in Schedule VII to the Act or a form as near thereto as circumstances admit.
46. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

## **Board of directors**

47. The company shall have a Board of Directors, which shall comprise at least five and at most seven Directors, including the Chairman. The names of the first directors shall be determined in writing by the subscriber(s) of the memorandum or a majority of them.
48. The primary role of the board of directors is the governance of the company. Irrespective of a director's specialist expertise, all members of the board will be collectively responsible for the performance of the company.
49. The duties of the Board include -
  - (1) appointing the chief executive officer of the company;
  - (2) monitoring the performance of the chief executive officer;
  - (3) providing leadership and vision to the company in a way that will enhance shareholder value and ensure the company's long-term organizational health;
  - (4) reviewing business plan and organizational strategy;
  - (5) reviewing and approving the company's annual budget, capital investments and profit distributions;
  - (6) ensuring compliance with statutory requirements;
  - (7) providing leadership in its relationships with key stakeholders;
  - (8) holding management responsible for meeting agreed performance measures/milestones and the business plan; and
  - (9) establishing appropriate governance structures (such as board committees and clear lines of responsibility and accountability between the board and the management) to ensure the smooth, efficient and prudent stewardship of the company.
50. The chief executive officer of the company shall function concurrently as the member secretary of the board. As the chief executive officer he shall have substantial powers of management in day-to-day functioning of the company subject to the control and general direction of the board. He shall also be a director of the board.

51. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such director and in such manner as the Board shall from time to time by resolution determine.
52. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.
- 53.(1) The Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.
  - (2) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act .
54. Every director of the company, in the exercise of his powers and discharge of his duties under the provisions of the Act or under these Articles, shall act honestly and in good faith in the best interests of the company and shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
55. Directors shall be appointed on the basis of their qualifications. Preference shall be given to director nominees who -
  - (1) have demonstrated experience in governance in significant organizations with a commercial focus;
  - (2) have experience at chief executive or senior management level in organizations that have commercial attributes;
  - (3) hold senior positions in relevant professional areas, including, but not limited to, engineering, science, technology, finance, law and social policy; and
  - (4) have relevant governance or management experience in community or professional organizations.
56. Directors shall generally be appointed for terms of up to three years. Subject to the director's performance and their skills continuing to be relevant to the business, they may be reappointed for a second term of three years. In exceptional cases, a director may be appointed for a third term. The director's appointment lapses on the end-of-term date.

- 57.(1) The remuneration of the directors shall be determined by a process that compares Government companies with each other and with private-sector companies displaying comparable characteristics.
- (2) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day to day.
- (3) In addition to the remuneration payable to them in pursuance of the Act, directors may be paid all traveling, hotel and other expenses properly incurred by them –
- (a) in attending and returning from meetings of the Board of directors or any committee thereof or general meeting of the company; or
- (b) in connection with the business of the company.

### **Proceedings of Board**

- 58.(1) The Board of directors may meet for the dispatch of business, adjourn and otherwise regulate its meetings, as it thinks fit.
- (2) A director may, and the secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
- 59.(1) Save as otherwise expressly provided in the Act, question arising at any meeting of the Board shall be decided by a majority of votes.
- (2) In case of an equality of votes, the chairman of the Board, shall have a second or casting vote.
60. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.
- 61.(1) The Board may elect a chairman of its meetings and determine the period for which he is to hold office.
- (2) If no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be chairman of the meeting.

- 62.(1) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body, as it thinks fit.
- (2) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
- 63.(1) A committee may elect a chairman of its meetings.
- (2) If no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their number to be chairman of the meeting.
- 64.(1) A committee may meet and adjourn as it thinks proper.
- (2) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of any equality of votes, the chairman shall have a second or casting vote.
65. All acts done by any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more such directors or of any person acting as aforesaid or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
66. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be as valid and effectual as if it had been passed at a meeting of the Board or committee, duly convened and held.

### **The seal**

- 67.(1) The Board shall provide for the safe custody of the seal.
- (2) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person as aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

## **Dividends and reserve**

68. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
69. The Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.
- 70.(1) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks proper as reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.
  - (2) The Board may also carry forward any profits, which it may think prudent not to divide, without setting them aside as a reserve.
- 71.(1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.
  - (2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
  - (3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions for the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
72. 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.
- 73.(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 directed to the registered address of the holder or, in the 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 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.

74. Delayed dividend shall bear interest against the company.

### **Accounts**

75.(1) The Board shall from time to time determine whether and to what extent and 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 the inspection of members not being directors.

- (2) 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 authorized by the Board or by the company in general meeting.

### **Capitalization of profits**

76.(1) The company in general meeting may, upon the recommendation of the Board, resolve -

- (a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
  - (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (2) the sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3), either in or towards –
- (i) paying up any amounts for the time being unpaid or any shares held by such members respectively;
  - (ii) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid; or
  - (iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).

- (3) A share premium account and a capital redemption reserve account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares.
- (4) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.

### **Winding up**

- 77.(1) If the company shall be wound-up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide among the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
  - (2) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
  - (3) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

### **Indemnity**

78. Every officer or agent for the time being of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favor or in which he is acquitted.



## NAME AND ADDRESSES OF FIRST DIRECTORS

- 1 Lyonpo Khandu Wangchuk, Minister for Ministry of Trade and Industry, Thimphu.
- 2 Mr. Kezang Chador, Principal, Royal Bhutan Institute of Technology, Kharbandi, Phuenstholing, Chhukha.
- 3 Aum Yangki Wangchuk, Director General, Department of Aid and Debt Management, Ministry of Finance, Thimphu.
- 4 Mr. Yeshey Wangdi, Managing Director, CHPC, Chhukha.
- 5 Mr. Sonam Tshering, Director, Department of Power, MTI, Thimphu.
- 6 Mr. Sonam Tshering, CEO, C/o Department of Power, MTI, Thimphu.
- 7 Aum Neten Zangmo, Secretary, Cabinet Secretariat, Tashichodzong, Thimphu.

**CONSENT TO ACT AS DIRECTOR**

Name of Company **BHUTAN POWER CORPORATION** Limited

Presented by **Khandu Wangchuk**

To,

The Register of Companies  
Thimphu, Bhutan

I, the undersigned, having consented to act as director of the company, **BHUTAN POWER COPROATION** Limited and certify that I have not been disqualified to act as a director under 79 of the Companies Act of the Kingdom of Bhutan, 2000.

Name and surname in full **Khandu Wangchuk**

Father's name

Address **Minister, Ministry of Trade & Industry, Thimphu, Bhutan**

Occupation **Government Service**

Date of Birth .....

Nationality **Bhutanese**

Place : **Thimphu**

Signature

Dated: .....

**CONSENT TO ACT AS DIRECTOR**

Name of Company **BHUTAN POWER CORPORATION** Limited

Presented by **Sonam Tshering**

To,

The Register of Companies  
Thimphu, Bhutan

I, the undersigned, having consented to act as director of the company, **BHUTAN POWER CORPORATION** Limited and certify that I have not been disqualified to act as a director under 79 of the Companies Act of the Kingdom of Bhutan, 2000.

Name and surname in full **Sonam Tshering**

Father's name .....

Address **Director, Department of Energy, Ministry of Trade and Industry, Thimphu, Bhutan**

Occupation **Government Service**

Date of Birth .....

Nationality **Bhutanese**

Place : **Thimphu**

Signature

Dated: .....

**CONSENT TO ACT AS DIRECTOR**

Name of Company **BHUTAN POWER CORPORATION** Limited

Presented by **Yangki Wangchuk**

To,

The Register of Companies  
Thimphu, Bhutan

I, the undersigned, having consented to act as director of the company, **BHUTAN POWER CORPORATION** Limited and certify that I have not been disqualified to act as a director under 79 of the Companies Act of the Kingdom of Bhutan, 2000.

Name and surname in full **Yangki Wangchuk**

Father's name .....

Address **Director General, Department of Aid and Debt Management,  
Ministry of Finance, Thimphu**

Occupation **Government Service**

Date of Birth .....

Nationality **Bhutanese**

Place : **Thimphu**

Signature

Dated: .....

**CONSENT TO ACT AS DIRECTOR**

Name of Company **BHUTAN POWER CORPORATION** Limited

Presented by **Neten Zangmo**

To,

The Register of Companies  
Thimphu, Bhutan

I, the undersigned, having consented to act as director of the company, **BHUTAN POWER CORPORATION** Limited and certify that I have not been disqualified to act as a director under 79 of the Companies Act of the Kingdom of Bhutan, 2000.

Name and surname in full **Neten Zangmo**

Father's name .....

Address **Secretary, Cabinet Secretariat, Tashichodzong, Thimphu**

Occupation **Government Service**

Date of Birth .....

Nationality **Bhutanese**

Place : **Thimphu**

Dated: .....

Signature

**CONSENT TO ACT AS DIRECTOR**

Name of Company **BHUTAN POWER CORPORATION** Limited

Presented by **Kezang Chador**

To,

The Register of Companies  
Thimphu, Bhutan

I, the undersigned, having consented to act as director of the company, **Bhutan Power Corporation** Limited and certify that I have not been disqualified to act as a director under 79 of the Companies Act of the Kingdom of Bhutan, 2000.

Name and surname in full **Kezang Chador**

Father's name .....

Address **Principal, Royal Bhutan Institute of Technology, Kharbandi, Phuentsholing**

Occupation **Government Service**

Date of Birth .....

Nationality **Bhutanese**

Place : **Phuentsholing**

Dated: .....

Signature

**CONSENT TO ACT AS DIRECTOR**

Name of Company **BHUTAN POWER CORPORATION** Limited

Presented by **Yeshey Wangdi**

To,

The Register of Companies  
Thimphu, Bhutan

I, the undersigned, having consented to act as director of the company, **Bhutan Power Corporation** Limited and certify that I have not been disqualified to act as a director under 79 of the Companies Act of the Kingdom of Bhutan, 2000.

Name and surname in full **Yeshey Wangdi**

Father's name .....

Address **Managing Director, Chhukha Hydropower Corporation, Chhukha.**

Occupation **Government Service**

Date of Birth .....

Nationality **Bhutanese**

Place : **Chhukha**  
Dated: .....

Signature

**CONSENT TO ACT AS DIRECTOR**

Name of Company **BHUTAN POWER CORPORATION** Limited

Presented by **Sonam Tshering**

To,

The Register of Companies  
Thimphu, Bhutan

I, the undersigned, having consented to act as director of the company, **BHUTAN POWER CORPORATION** Limited and certify that I have not been disqualified to act as a director under 79 of the Companies Act of the Kingdom of Bhutan, 2000.

Name and surname in full **Sonam Tshering**

Father's name .....

Address **Managing Director, Bhutan Power Corporation Limited, Thimphu, Bhutan**

Occupation **Government Service**

Date of Birth .....

Nationality **Bhutanese**

Place : **Thimphu**

Signature

Dated: .....

## Declaration of Compliance

Name of Company **BHUTAN POWER CORPORATION** Limited

Presented by **Khandu Wangchuk**

I/We **Khandu Wangchuk** do solemnly and sincerely declare that I/We am/are **CHAIRMAN** who is engaged in the formation of the company as named in the Articles as a director, and that all the requirements of the Companies Act of the Kingdom of Bhutan, 2000 in respect of matters precedent to the incorporation of the said company have been complied with, and I make this solemn declaration conscientiously believing the same to be true.

Place : Thimphu

Signature

Date :

Witness :

Name Sonam Tshering  
Address Director, Department of Power, Thimphu.

Signature