



A company setup under Section 42 of the Companies Ordinance, 1984

**PHA FOUNDATION
GOVERNMENT OF PAKISTAN
MINISTRY OF HOUSING & WORKS**

**ARTICLES OF ASSOCIATION
OF
PHA FOUNDATION**

**Islamabad the
31st January, 2012**

Company Secretary

ARTICLES OF ASSOCIATION
OF
PHA FOUNDATION

PRELIMINARY

1. In these Articles, unless the context or the subject matter otherwise requires:
- a) "THE COMPANY" means PHA FOUNDATION.
 - b) "THE OFFICE" means the Registered Office for the time being of the company.
 - c) "THE DIRECTORS" mean the Directors for the time being of the company.
 - d) "THE SEAL" means the Common Seal of the company.
 - e) "THE ORDINANCE" means the Companies Ordinance, 1984.
 - f) "THE COMMISSION" means the Securities and Exchange Commission of Pakistan.
 - g) "THE MINISTRY" means the Ministry of Housing & Works, Government of Pakistan.
 - h) "THE REGISTRAR" means the Registrar of Companies.
 - i) "THE REGISTER" means the Register of the members to be kept in pursuant to Section 147 of the Ordinance.
 - j) "CHIEF EXECUTIVE" means the Chief Executive of the company.
 - k) "SECRETARY" means the Company Secretary of the company.
 - l) "MEMORANDUM" means the memorandum of association of the company.
 - m) "PERSON" includes an individual, company, corporation and body corporate.
 - n) "ARTICLES" means the articles of association of the company.
 - o) "BOARD" means the board of directors of the company.
 - p) "YEAR" used in the context of financial matters shall mean financial year of the Company.
 - q) Expressions referring to writing shall be construed as including references to typewriting, printing, lithography and other modes of representing or reproducing words in visible form.
 - r) Words importing the singular number include the plural number and vice versa and words importing the masculine gender including the feminine gender.
 - s) Unless the context otherwise requires, words or expressions contained in these Articles shall be of the same meaning as in the Ordinance or any statutory modification thereof in force at the date at which these Articles become binding on the company.

MEMBERSHIP

2. The number of members with which the Company proposes to be registered is three (3) but the minimum number of members shall not be, at any time, less than three (3). However, the directors may, from time to

- time, whenever the company or the business of the Company requires, increase the number of members.
3. The Company in General Meeting may from time to time lay down the qualifications and conditions subject to which any person or class of persons shall be admitted to membership of the Company.
 4. The rights and privileges of a member shall not be transferable and shall cease on his death or otherwise ceasing to be a member.
 5. The subscribers to the memorandum and such persons as the directors shall admit to membership shall be members of the Company.
 6. One person shall have the right to hold one membership.

ADMISSION TO MEMBERSHIP

7. The application for seeking membership of the Company shall be required to be seconded by an existing member whereupon the board of directors shall decide the matter of his admission as member or otherwise within three months of making of such application. No minor or lunatic shall be admitted as a member of the Company.
8. Every person, upon applying for admission to membership, shall sign an undertaking that he will, if admitted, so long as he is a member, duly observe the Articles of the Company for the time being in force.
9. The Board shall subject to the Articles, accept or reject any application for admission to membership. The Board's decision shall be final and it shall not be liable to give any reasons thereof.

CESSATION/ EXPULSION FROM MEMBERSHIP

10. A member will render himself liable to expulsion or suspension by the Board if:
 - a) He refuses or neglects to give effect to any decision of the Board: or
 - b) He infringes any of the regulations of the Articles; or
 - c) He is declared by a court of competent jurisdiction to have committed a fraud, or to be bankrupt, or to be insane or otherwise incompetent; or
 - d) He is held by the Committee of the Company to have been guilty of any act discreditable to a member of the Company; or
 - e) He is acting or is threatening to act in a manner prejudicial to the interest or functioning of the Company or any other institute, body corporate, society, association or institution in which the Company has an interest.
11. The Company in general meeting may, on an appeal of the aggrieved member and after giving an opportunity of hearing, annul or modify the decision of the board with regard to expulsion of the member by resolution supported by two-third majority. The person expelled shall be reinstated as a member from the date of the resolution of the general meeting annulling the decision of the Board.
12. The Board may accept the letter of resignation of a member desirous of resigning from the membership of the Foundation provided that the number of the members at any time, shall not be reduced below three. On acceptance of the letter of resignation by the Board the member resigning shall cease to be a member.
13. The ex-officio members shall cease to be members of the Foundation with the approval of the Board through a notification after fulfilling all legal requirements.
14. Termination of membership shall occur automatically:
 - a) in the event of the death of the member; and

- b) in the event a member fails to pay any amount due by him to the Company within three (3) months after such obligation has become due.

GENERAL MEETINGS AND PROCEEDINGS

15. ANNUAL GENERAL MEETING:

A meeting to be called annual general meeting, shall be held, in accordance with the provisions of Section 158, within eighteen (18) months from the date of incorporation of the Company and thereafter once at least in every calendar year within a period of four (4) months following the close of its financial year and not more than fifteen (15) months after the holding of its preceding annual general meeting as may be determined by the directors.

16. OTHER GENERAL MEETINGS:

All other meetings of the members of the Company other than an annual general meeting shall be called "Extraordinary General Meetings".

17. EXTRAORDINARY GENERAL MEETINGS:

The directors may, whenever they think fit, call an Extraordinary General Meeting and Extraordinary General Meetings shall also be called on such requisition(s), as is provided by Section 159 of the Ordinance.

18. NOTICE OF GENERAL MEETINGS:

Twenty-one (21) days notice at least (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given) specifying the place, the day and the hour of meeting and, in case of special business, the general nature of that business, shall be given in the manner provided by the Ordinance for the general meeting, to such persons as are, under the Ordinance or the Articles of the Company, entitled to receive such notices from the Company but the accidental omission to give notice to or the non-receipt of notice by any member shall not invalidate the proceedings at any general meeting.

19. SPECIAL BUSINESS:

All business that is transacted at an extra ordinary general meeting and that is transacted at an annual general meeting with the exception of the consideration of the accounts, balance sheet and the reports of the director and auditors, the election of directors, the appointment of and the fixing of remuneration of the auditors shall be deemed special business.

20. QUORUM:

No business shall be transacted at any general meeting unless a quorum of members representing not less than twenty five percent (25%) of the total voting power present in person but being not less than two (2) members, is present at that time when the meeting proceeds to business.

21. EFFECT OF QUORUM NOT BEING PRESENT:

If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if called upon the requisition of members,

shall be dissolved and in any other case, it shall stand adjourned to the same day in the next week at the same time and place and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present, shall be a quorum.

22. CHAIRMAN OF MEETING:

The chairman of the Board of directors, shall preside as chairman at every general meeting of the Company, but if he is not present within fifteen minutes after the time appointed for the meeting, or is unwilling to act as chairman, any of the directors present may be elected to be the chairman and if none of the directors present is willing to act as chairman, the members present shall choose one of their member to be the chairman.

23. ADJOURNMENT:

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 but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

24. VOTING:

At any general meeting a resolution put to the vote to the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded. Unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favor of or against that resolution.

25. DEMAND FOR POLL:

A poll may be demanded in accordance with the provisions of section 17 of the ordinance.

26. MANNER OF TAKING POLL:

If a poll is duly demanded, it shall be taken in accordance with the manner laid down in section 168 of the Ordinance and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

27. TIME OF TAKING POLL:

A poll demanded on the election of chairman or on a question of adjournment shall be taken at once.

28. CASTING VOTE:

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 takes place, shall have and exercise a second or casting vote.

29. VOTES OF MEMBERS:

On a show of hands every member present in person shall have one vote and upon a poll every member present in person shall have one vote.

30. OBJECTION TO VOTE:

No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given and tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.

MANAGEMENT AND ADMINISTRATION

31. There shall be, for the overall management of the Company's affairs, a Board of directors, which will be elected from amongst the members.

32. One term of the Board of directors would be for three years.

33. No person shall be appointed as a director if he is in-eligible to hold office of director of a Company under Section 187 of the Ordinance.

34. No member/ person shall hold more than one office in the Company, such as those of chief executive/ director or company secretary.

35. The Composition of the Board will be by designation as under:-

i. Chairman	Federal Minister of Housing & Works
ii. Deputy Chairman	Secretary, Ministry of Housing & Works
iii. Member	Additional Secretary, Ministry of Housing & Works
iv. Member	Chief Executive Officer, PHA Foundation
v. Member	Member Engineering, CDA
vi. Member	Joint Secretary, Ministry of Housing & Works
vii. Member	Financial Advisor, Ministry of Housing & Works
viii. Member	Director General, Federal Government Employees Housing Foundation
ix. Member	Joint Engineering Advisor, Ministry of Housing & Works
x. Member	Director General, PAK PWD

36. FIRST DIRECTORS:

The subscribers to the Memorandum of Association shall be the first directors of the Company whose names are given below and they shall hold office until the election of directors in the first Annual Meeting, subject to the provisions of Sections 174 and 176 of the Ordinance.

- i. Mr. Kamran Lashari
- ii. Mr. Rasul Bux Phulpoto
- iii. Mr. Faisal Saeed Cheema

37. NUMBER OF DIRECTORS:

The number of directors shall not be less than three (3) and not more than ten (10). The Company may, however, determine through Special Resolution, such other number not being less than three (3), before the election of the directors. A retiring director shall be eligible for re-election.

38. PROCEDURE FOR ELECTION OF DIRECTORS:

- i. The directors of the Company shall be elected in accordance with provisions of sub sections (1) to (4) of section 178 of the Ordinance, in the following manner:
 - a) The directors of the Company shall be elected by the members of the Company in general meeting;
 - b) The directors of the Company shall be elected on the basis of one member one vote,
 - c) 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.
- ii. If the number of persons who offer themselves to be elected is not more than the number of directors fixed by the directors under sub-section (1) of section 178, all persons who offered themselves shall be deemed to have been elected as directors.

39. CASUAL VACANCY AND ALTERNATE OR SUBSTITUTE DIRECTORS:

- a) Any casual vacancy occurring among the directors may be filled up by the directors within thirty days of the vacancy and the person so appointed shall hold office for the remainder of the term of director in whose place he is appointed.
- b) An existing director may, with the approval of the board of directors, appoint an alternate director to act for him during his absence from Pakistan of not less than three months. The alternate director so appointed shall ipso facto vacate office if and when the director appointing him returns to Pakistan.

40. REMOVAL OF DIRECTOR:

The Company may remove a director through a resolution passed in a general meeting of members in accordance with Section 181 of the Ordinance.

41. CHAIRMAN OF THE BOARD:

The directors may elect one of their members as the Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board but, if at any meeting the chairman is not present within ten minutes after the time appointed for holding the same or is unwilling to act as chairman, the directors present may choose one of their member to be chairman of the meeting.

DUTIES AND POWERS OF THE BOARD

- 42.** The Board shall conduct and manage all the business affairs of the Company, exercise all the powers, authorities and discretion of the Company, obtain or oppose the application by others for all concessions, grants, charters and legislative acts and authorization from any government or authority, enter into such contracts and do all such other things as may be necessary for carrying on the business of the Company, except only such of them as under the statutes and Articles are expressly directed to be exercised by general powers shall have the following special powers and duties:

- a) To present to the general meeting of the Company any matters which the directors feel are material to the Company, its objects or interests or affecting the interests of members and make suitable recommendations regarding such matters.

- b) To regulate, through articles, the admission of members.
- c) To appoint, remove or suspend the legal advisors, bankers, or other officers on such terms and conditions as they shall think fit and as may be agreed upon.
- d) To appoint any qualified person as a first auditors subject to provisions of the Ordinance;
- e) To determine the remuneration, terms and conditions and powers of such appointees and from time to time, revoke such appointments and name another person of similar status to such office except for the auditor in which case the relevant provisions of the Ordinance shall be followed.
- f) To delegate, from time to time, to any such appointee all or any of the powers and authority of the Board and to reconstitute, restrict or vary such delegations.
- g) To agree upon and pay any expenses in connection with the Company's objects and undertakings and pay all the expenses incidental to the formation and regulation of the Company.
- h) To constitute from time to time committee(s) from among themselves or co-opt other persons for the purpose and delegate to them such functions and powers as the Board may see fit to carry out the objects of the Company.
- i) Subject to the provisions of Section 196 of the Ordinance, the directors may exercise all the powers of the Company to borrow and mortgage or charge its undertaking, property and assets (Both present and future) or issue securities whether outright security for any debt, liability or obligation of the Company.

PROCEEDINGS OF THE BOARD

- 43. The Board shall meet at least once in each quarter of every year, subject there to, that meetings of the Board shall be held at such time as the directors shall think fit. All meetings of the Board shall be held at the registered office of the Company or at such other place as the Board shall from time to time determine. The meetings of the Board shall be called by the chairman on his own accord or at the request of the Chief Executive (or any three directors) by giving at least seven (7) days notice to the members of the Board.
- 44. At least one-third (1/3rd) of the total number of directors or four (4) directors whichever is higher, for the time being of the Company, shall constitute a quorum.
- 45. Except as otherwise provided by these Articles, every question at meetings of the Board shall be determined by a majority of votes of the directors present, each director having one vote. In case of an equality of votes or tie, the chairman shall have a casting vote in addition to his original vote as a director.
- 46. Minutes of the proceedings of every meeting of the Board and a record of attendance of the directors thereat shall be recorded by the Secretary in a book kept for that purpose. These shall be signed by the chairman of the meeting at which they are read.

RESOLUTION THROUGH CIRCULATION

- 47. A resolution in writing signed by all directors for the time being entitled to receive notice of the meeting of directors or affirmed by them in writing shall be as valid and effectual as if it had been passed at a meeting of the directors duly convened and held.
- 48. **CHIEF EXECUTIVE:**

The directors may appoint a person to be the Chief Executive of the Company and vest in him such powers and functions as they deem fit in relation to the management and administration of the affairs of the Company subject to their general supervision and control. The Chief Executive, if not already a director, shall be deemed to be a director of the Company and be entitled to all the rights and privileges and subject to all the liabilities of that office.

49. QUALIFICATION OF THE CHIEF EXECUTIVE:

No person who is not eligible to become a director of the Company under section 187 of the Ordinance, shall be appointed or continue as the Chief Executive of the Company.

50. REMOVAL OF CHIEF EXECUTIVE:

The directors by passing resolution by not less than three-fourths of the total number of directors for the time being or the Company may by a Special Resolution passed in a general meeting remove a Chief Executive before the expiry of his term in office.

51. MINUTE BOOKS:

The directors shall cause minutes to be duly entered in a book or books provided for the purpose of:

- a) All resolutions and proceedings of General Meeting(s)
- b) and the meeting(s) of directors and committee(s) of directors, and every member present at any General Meeting and every director present at any meeting of directors or Committee of directors shall put his signature in a book to be kept for that purpose;
- c) Recording the names of the persons present at each meeting of the directors and of any committee of the directors, and the general meeting; and
- d) All orders made by the directors and Committee(s) of directors.

SECRETARY

52. The Secretary shall be appointed and removed by the Chairman of the Company with the approval of the Board.

53. The Secretary shall be responsible for all secretarial functions and shall ensure compliance with respect to requirements of the Ordinance concerning the meetings and record of proceedings of the Board, committees and the general meeting of members review the applications for admission to membership and the recommendations accompanying the same to ensure that they are in the form prescribed, ensure that all notices required by these Articles or under the Ordinance are duly sent and that all returns required under the Ordinance are duly filed with concerned Company Registration Office.

54. COMMITTEES:

The directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit and they may from time to time revoke such delegation. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the directors.

55. CHAIRMAN OF COMMITTEE MEETINGS:

A committee may elect a chairman of its meetings, but, if no such chairman is elected, or if at any meeting the chairman is not present

within ten (10) minutes after the time appointed for holding the same or is unwilling to act as chairman, the members present may choose one of them to be the chairman of the meeting.

56. PROCEEDINGS OF COMMITTEE MEMBERS:

A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present. In case of an equality of votes, the chairman shall have and exercise a second or casting vote.

57. VALIDITY OF DIRECTOR'S ACTS:

All acts done by any meeting of the directors or of a committee of directors, or by any person acting as a director, shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of such directors or persons acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a director.

58. THE SEAL:

The directors shall provide for the safe custody of the seal, which shall not be affixed to any instrument except by the authority of a resolution of the Board or by a committee of directors authorized in that behalf by the directors, and two directors or one director and the Secretary of the Company shall sign every instrument to which the seal shall be affixed.

FINANCES

59. The funds of the Company shall be applied in defraying the expenses and shall be applicable in or towards the acquisition by purchase, lease or otherwise and furnishing and maintenance of suitable premises and assets for the use of the Company and shall be subject to the general control and direction of the Board.

60. No person, except persons duly authorized by the Board and acting within the limits of the authority as conferred, shall have authority to sign any cheque or to enter into any contract so as thereby to impose any liability on the Company or to pledge the assets of the Company.

ACCOUNTS

61. BOOKS OF ACCOUNTS:

The directors shall cause to be kept proper books of account as required under Section 230 of the Ordinance so that such books of account shall be kept at the registered office or at such other place as the directors think fit as provided in the said section 230 and shall be open to inspection by the directors during business hours.

62. INSPECTION BY NUMBERS:

The directors shall from time to time determine the time and places for inspection of the accounts and books of the company by the members not being directors, and no member (not being a director) shall have any right to inspect any account and books or papers of the Company except as conferred by law or authorized by the directors or by the Company in general meeting.

63. ANNUAL ACCOUNTS:

The directors shall as required by section 233 of the Ordinance cause to be prepared and to be laid before the Company in Annual General Meeting such Balance Sheet and Income and Expenditure Account

and Cash Flow Statement duly audited and reports as are required in the Ordinance.

64. COPY OF ACCOUNTS TO BE SENT TO MEMBERS:

A copy of balance sheet and profit and loss account and the cash flow statement along with the reports of directors and Auditors of the Company shall, at least twenty-one (21) clear days before the holding of the General Meeting, be sent to all the members and the persons entitled to receive notices of general meetings, in the manners in which notices are to be given as provided in section 50 of the Ordinance.

65. AUDIT:

Auditors shall be appointed and their duties regulated in accordance with Sections 252-254 or 256-258 of the Ordinance.

66. NOTICE TO MEMBERS:

Notice shall be given by the Company to members and auditors of the Company and other persons entitled to receive notice in accordance with section 50 of the Ordinance.

67. INDEMNITY:

Every officer or agent for the time being of the Company may be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, arising out of his dealings in relation to the affairs of the Company, except those brought by the Company against him in which judgment is given in his favour or in which he is acquitted, or in connection with any application under section 488 in which relief is granted to him by the Court.

68. SECRECY:

Every director, secretary, auditor, trustee, member of a committee, officer, servant, agent, accountant, or other person employed in the business of the Company shall observe strict secrecy representing all transactions of the Company, and the state of account with individuals and in matters relating thereto and shall not 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 directors or the Company in general meeting or by a court of law, and except so far as may be necessary in order to comply with any of the provisions herein contained.

WINDING UP

69. In the case of winding up or dissolution of the Company, any surplus assets or property, after the satisfaction of all debts and liabilities, shall not be paid or disbursed among the members, but shall be given or transferred to some other company established under section 42 of the Companies Ordinance, 1984, having similar or identical objects to those of the Company to be decided by the members of the Company in their general meeting by a special resolution, and with the approval of Commissioner of Income Tax under section 61 read with section 2 (36) of the Income tax Ordinance, 2001, under intimation to the Securities and Exchange Commission of Pakistan, within three months.

70. SUPPLEMENTARY PROVISIONS RELATING TO TAX:

a. The Company shall abide by and adhere to the following rules:

- b. The Company shall get its annual accounts audited from a firm of Chartered Accountants.
- c. The Company shall, in the event of its dissolution, after meeting all liabilities, transfer all its assets to an Institution, fund, trust, society or organization, which is an approved non-profit organization, and intimation of each transfer will be given to Commissioner, Federal Board of Revenue, within three months of the dissolution.
- d. The Company shall utilize its money, property or income or any part thereof, solely for promoting its objects.
- e. The Company shall not pay or transfer any portion of its money, property or income, directly by way of dividend, bonus or profit, to any of its members or the relatives of member or members.
- f. The Company shall maintain its bank accounts with a scheduled bank or in a post office or national saving organization, National Bank of Pakistan or national / commercialized banks.
- g. The Company shall regularly maintain its books of accounts in accordance with generally accepted accounting principles and permit their inspection to the interested members of the public, without any hindrance, at all reasonable times.
- h. Without prejudice to the powers conferred on the Commission under section 42 of the Companies Ordinance, 1984, the association shall not change its memorandum and articles of association without approval of Commissioner, Income Tax, if it has been approved by him as a non-profit organization.
- i. The Company shall restrict the surpluses or monies validly set apart, excluding restricted funds, up to twenty five percent (25%) of the total income of the year. Provided that such surpluses or monies set apart are invested in Government Securities, a collective investment scheme authorized or registered under the Non-Banking Finance Companies (Establishment and regulation) Rules, 2003, mutual funds, a real estate investment trust approved and authorized under Real Estates Investment Trust Regulations, 2008 or scheduled banks.
