

THE COMPANIES ACT, 1956

PUBLIC COMPANY LIMITED BY SHARES

**MEMORANDUM
AND
ARTICLES OF ASSOCIATION
OF**

**NAGARJUNA FERTILIZERS
AND CHEMICALS LTD.**

भारत सरकार-कॉर्पोरेट कार्य मंत्रालय
कम्पनी रजिस्ट्रार कार्यालय, महाराष्ट्र, मुंबई

नाम परिवर्तन के पश्चात नया निगमन प्रमाण-पत्र

कॉर्पोरेट पहचान संख्या : U24129MH2006PLC205652

मैसर्स KAKINADA FERTILIZERS LIMITED

के मामले में, मैं एतद्वारा सत्यापित करता हूँ कि मैसर्स
KAKINADA FERTILIZERS LIMITED

जो मूल रूप में दिनांक सात नवम्बर दो हजार छह को कम्पनी अधिनियम, 1956 (1956 का 1) के अंतर्गत मैसर्स
KAKINADA FERTILIZERS LIMITED

के रूप में निगमित की गई थी, ने कम्पनी अधिनियम, 1956 की धारा 21 की शर्तों के अनुसार विधिवत आवश्यक विनिश्चय पारित करके तथा लिखित रूप में यह सूचित करके की उसे भारत का अनुमोदन, कम्पनी अधिनियम, 1956 की धारा 21 के साथ पठित, भारत सरकार, कम्पनी कार्य विभाग, नई दिल्ली की अधिसूचना सं. सा. का. नि. 507 (अ) दिनांक 24.6.1985 एस.आर.एन. B18507640 दिनांक 19/08/2011 के द्वारा प्राप्त हो गया है, उक्त कम्पनी का नाम आज परिवर्तित रूप में मैसर्स
Nagarjuna Fertilizers and Chemicals Limited

हो गया है और यह प्रमाण-पत्र, कथित अधिनियम की धारा 23(1) के अनुसरण में जारी किया जाता है।

यह प्रमाण-पत्र मुंबई में आज दिनांक उन्नीस अगस्त दो हजार ग्यारह को जारी किया जाता है।

GOVERNMENT OF INDIA - MINISTRY OF CORPORATE AFFAIRS
Registrar of Companies, Maharashtra, Mumbai

Fresh Certificate of Incorporation Consequent upon Change of Name

Corporate Identity Number : U24129MH2006PLC205652

In the matter of M/s KAKINADA FERTILIZERS LIMITED

I hereby certify that KAKINADA FERTILIZERS LIMITED which was originally incorporated on Seventh day of November Two Thousand Six under the Companies Act, 1956 (No. 1 of 1956) as KAKINADA FERTILIZERS LIMITED having duly passed the necessary resolution in terms of Section 21 of the Companies Act, 1956 and the approval of the Central Government signified in writing having been accorded thereto under Section 21 of the Companies Act, 1956, read with Government of India, Department of Company Affairs, New Delhi, Notification No. G.S.R 507 (E) dated 24/06/1985 vide SRN B18507640 dated 19/08/2011 the name of the said company is this day changed to Nagarjuna Fertilizers and Chemicals Limited and this Certificate is issued pursuant to Section 23(1) of the said Act.

Given at Mumbai this Nineteenth day of August Two Thousand Eleven.

Validity unknown
Digitally signed by
M. KANNAN
Date: 2011.08.19 17:03:30
GMT+05:30

Registrar of Companies, Maharashtra, Mumbai

कम्पनी रजिस्ट्रार, महाराष्ट्र, मुंबई

*Note: The corresponding form has been approved by M KANNAN, Deputy Registrar of Companies and this certificate has been digitally signed by the Registrar through a system generated digital signature under rule 5(2) of the Companies (Electronic Filing and Authentication of Documents) Rules, 2006.

The digitally signed certificate can be verified at the Ministry website (www.mca.gov.in).

कम्पनी रजिस्ट्रार के कार्यालय अभिलेख में उपलब्ध पत्राचार का पता :

Mailing Address as per record available in Registrar of Companies office:

Nagarjuna Fertilizers and Chemicals Limited
A/612, DALAMAL TOWER, 211 NARIMAN POINT,
MUMBAI - 400021,
Maharashtra, INDIA





सत्यमेव जयते

Form 1

Certificate of Incorporation

Corporate Identity Number : U24129AP2006PLC051561

2006 - 2007

I hereby certify that KAKINADA FERTILIZERS LIMITED is this day incorporated under the Companies Act, 1956 (No. 1 of 1956) and that the company is limited.

Given under my hand at Hyderabad this SEVENTH day of NOVEMBER TWO THOUSAND SIX.



Richard
(RICHARD HENRY)

Registrar of Companies
Andhra Pradesh



सत्यमेव जयते

Certificate for Commencement of Business

Pursuant of Section 149(3) of the Companies Act, 1956

Corporate Identity Number : U24129AP2006PLC051561

I hereby certify that the KAKINADA FERTILIZERS LIMITED which was incorporated under the Companies Act, 1956(No. 1 of 1956) on the SEVENTH day of NOVEMBER TWO THOUSAND SIX , and which has this day filed or duly verified declaration in the prescribed form that the conditions of the Section 149(2)(a) to (c) of the said act, have been complied with and is entitled to commence business.

Given under my hand at Hyderabad this NINETEENTH day of DECEMBER TWO THOUSAND SIX.



Richard
(RICHARD HENRY)

Registrar of Companies
Andhra Pradesh



भारत सरकार-कॉर्पोरेट कार्य मंत्रालय
कम्पनी रजिस्ट्रार कार्यालय, आंध्र प्रदेश

कम्पनी अधिनियम, 1956 की धारा 18(3)
राज्य परिवर्तित करने के संबंध में, कम्पनी विधि बोर्ड के आदेश के पंजीकरण से संबंधित प्रमाण-पत्र

कॉर्पोरेट पहचान संख्या : U24129AP2006PLC076238
मैसर्स Nagarjuna Fertilizers and Chemicals Limited

ने अपने विशेष विनिश्चय द्वारा, इसके पंजीकृत कार्यालय को महाराष्ट्र राज्य से आंध्र प्रदेश राज्य में स्थानान्तरित करने के निमित्त अपने संगम-ज्ञापन के प्रावधानों में परिवर्तन कर लिया है और इस परिवर्तन की पुष्टि

CLB, Mumbai Bench, CLB, Mumbai Bench

के दिनांक 12/08/2011 के आदेश द्वारा किए जाने पर,

मैं, यह सत्यापित करता हूँ कि उक्त आदेश की सत्यापित प्रतिलिपि को आज पंजीकृत कर लिया गया है।

हैदराबाद में, यह प्रमाण-पत्र, आज दिनांक पांच सितम्बर दो हजार ग्यारह को जारी किया जाता है।

GOVERNMENT OF INDIA - MINISTRY OF CORPORATE AFFAIRS
Registrar of Companies, Andhra Pradesh

SECTION 18(3) OF THE COMPANIES ACT, 1956
Certificate of Registration of Company Law Board order for Change of State

Corporate Identity Number : U24129AP2006PLC076238

M/s Nagarjuna Fertilizers and Chemicals Limited having by special resolution altered the provisions of its Memorandum of Association with respect to the place of the Registered Office by changing it from the state of Maharashtra to the Andhra Pradesh and such alteration having been confirmed by an order of CLB, Mumbai Bench, CLB, Mumbai Bench bearing the date 12/08/2011.

I hereby certify that a certified copy of the said order has this day been registered.

Given at Hyderabad this Fifth day of September Two Thousand Eleven.

Validity: unknown
Digitally
Registered on
Date: 2011-09-05 12:31:42
GRTF0832

Registrar of Companies, Andhra Pradesh

कम्पनी रजिस्ट्रार, आंध्र प्रदेश

*Note: The corresponding form has been approved by SATYAJIT ROUL, Assistant Registrar of Companies and this certificate has been digitally signed by the Registrar through a system generated digital signature under rule 5(2) of the Companies (Electronic Filing and Authentication of Documents) Rules, 2006.
The digitally signed certificate can be verified at the Ministry website (www.mca.gov.in).

कम्पनी रजिस्ट्रार के कार्यालय अभिलेख में उपलब्ध पत्राचार का पता :
Mailing Address as per record available in Registrar of Companies office:
Nagarjuna Fertilizers and Chemicals Limited
D.NO 8-2-248, NAGARJUNA HILLS, PUNJAGUTTA,
HYDERABAD - 500082,
Andhra Pradesh, INDIA





भारत सरकार-कॉर्पोरेट कार्य मंत्रालय
कम्पनी रजिस्ट्रार कार्यालय, महाराष्ट्र, मुंबई

कम्पनी अधिनियम, 1956 की धारा 18(3)
राज्य परिवर्तित करने के संबंध में, कम्पनी विधि बोर्ड के आदेश के पंजीकरण से संबंधित प्रमाण-पत्र

कॉर्पोरेट पहचान संख्या : U24129MH2006PLC205652
मैसर्स KAKINADA FERTILIZERS LIMITED

ने अपने विशेष विनिश्चय द्वारा, इसके पंजीकृत कार्यालय को आंध्र प्रदेश राज्य से महाराष्ट्र राज्य में स्थानान्तरित करने के निमित्त अपने संगम-ज्ञापन के प्रावधानों में परिवर्तन कर लिया है और इस परिवर्तन की पुष्टि

Company Law Board, Chennai, Tamil Nadu

के दिनांक 10/05/2010 के आदेश द्वारा किए जाने पर,

मैं, यह सत्यापित करता हूँ कि उक्त आदेश की सत्यापित प्रतिलिपि को आज पंजीकृत कर लिया गया है।

मेरे हस्ताक्षर द्वारा मुंबई में, यह प्रमाण-पत्र, आज दिनांक उन्नीस जुलाई दो हजार दस को जारी किया जाता है।

GOVERNMENT OF INDIA - MINISTRY OF CORPORATE AFFAIRS
Registrar of Companies, Maharashtra, Mumbai

SECTION 18(3) OF THE COMPANIES ACT, 1956
Certificate of Registration of Company Law Board order for Change of State

Corporate Identity Number : U24129MH2006PLC205652

M/s KAKINADA FERTILIZERS LIMITED having by special resolution altered the provisions of its Memorandum of Association with respect to the place of the Registered Office by changing it from the state of Andhra Pradesh to the Maharashtra and such alteration having been confirmed by an order of Company Law Board, Chennai, Tamil Nadu bearing the date 10/05/2010.

I hereby certify that a certified copy of the said order has this day been registered.

Given under my hand at Mumbai this Nineteenth day of July Two Thousand Ten .

(ANURADHA BHASKAR ATHAVALE)

उप कम्पनी रजिस्ट्रार/ Deputy Registrar of Companies

महाराष्ट्र, मुंबई

Maharashtra, Mumbai

कम्पनी रजिस्ट्रार के कार्यालय अभिलेख में उपलब्ध पत्राचार का पता :
Mailing Address as per record available in Registrar of Companies office:
KAKINADA FERTILIZERS LIMITED
A/612, DALAMAL TOWER, 211 NARIMAN POINT,
MUMBAI - 400021,
Maharashtra, INDIA

THE COMPANIES ACT, 1956
PUBLIC COMPANY LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION
OF
**NAGARJUNA FERTILIZERS AND
CHEMICALS LIMITED**

I.^{*1} The name of the Company is NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED

II.^{*2} The Registered Office of the Company will be situated in the state of Andhra Pradesh.

III.^{*3} The Objects for which the Company is established are:

(a) The main objects to be pursued by the company are :

To manufacture and deal in fertilizers and manures

(1) To carry on the business of manufacturing or producing, refining, mixing or preparing, mining or otherwise acquiring, trading and dealing in and with any and all classes and kinds of fertilizers, manures, their mixtures and formulations and any and all classes and kinds of chemicals, source materials ingredients, mixtures, derivatives and compounds thereof, and any and all kinds of products of which any of the foregoing constitutes an ingredient or in the production of which any of the foregoing is used, including industrial chemicals of all kinds and industrial and other preparations or products arising from or required in the manufacture or production refining etc., of any kind of fertilizers, manures, their mixtures and formulations.

To manufacture and deal in dyes and dyestuffs, petrochemicals, chemicals etc.

(2) To carry on the business of manufacturers, importers and exporters of and dealers, whether as principals or agents, in dyes and dyestuffs, petrochemicals, chemicals, agro chemicals heavy chemicals, organic and inorganic chemicals, plastics, alkalis, acids, drugs, tannins, essences, liquefied petroleum gas and gases generally, plaster of paris, gypsum, plasters, salts, isinglass, colours, paints, glues, gums, mineral and other waters, compositions, cements, oils, pigments, varnishes, compounds, dye stuffs, organic or mineral intermediates, quill pens, tooth picks, brushes, soap and washing materials, toilette requisites, and preparations, perfumes, proprietary articles of all kinds, laboratory re-agents, including any and all elementary substances and compounds thereof and all or any formulated compositions consisting or partly consisting of the foregoing or any of them and all or any converted or fabricated products and articles of the foregoing or any of them

To manufacture and deal in fungicides etc.

(3) To carry on the business of manufacturing or producing, refining, mining or otherwise acquiring, trading and dealing in whether as principals or

^{*1} Amended vide Resolution passed by the members on August 19, 2011

^{*2} Amended vide Resoution passed by the members on July 12, 2011 and approved by the Company Law Board, Mumbai Bench on August 12, 2011.

^{*3} Amended vide Resolution passed by the members on July 12, 2011

agents with fungicides, germicides; insecticides, fumigators, disinfectants, fats, dips, vermifuges, pesticides, medicines, sprays and remedies of all kinds for agricultural, fruit-growing, gardening or other purposes or as remedies for men or animals and whether produced from vegetables, mineral, gaseous, animal or any other matter or by any other process whether chemical, mechanical, electrical or otherwise.

To carry on business of manufactures, refiners importers, exporters, dealers in drugs, medicines etc.

- (4) To carry on the business of manufacturers, refiners, importers, exporters, and dealers, whether as principals or agents, in drugs, medicines, and chemical pharmaceutical and biological products and preparations of all kinds and all substances apparatus and things capable of being used in connection with such products or required by customers.

To carry on business of chemists, druggists etc.

- (5) To carry on the business of chemists, druggists, makers of and dealers, whether as principals or agents in proprietary articles of all kinds and of electrical, chemical, photographic, surgical, optical and scientific apparatus and materials.

To carry on the business of irrigation equipment, garden equipment, water management equipment, drip irrigation equipment, micro irrigation equipment, etc.

- (6) To carry on the business of manufacturing, producing, assembling, marketing, dealing, distributing, installing, buying selling, importing, exporting, leasing, trading, hiring and dealing whether as Principals and / or agents in and with any and all classes of irrigation equipment, garden equipment, water management equipment including drip irrigation or micro irrigation equipments, sprinklers, sprayers, pipes, fittings, valves, filters, pumps, gauges, moulds whether metal or plastic or any other material and all other accessories for use in such systems of irrigation and all other products and equipment required in the manufacture or production, installation assembly of any irrigation equipment or systems and also to set up model demonstration farms for use of irrigation systems and for training farmers in using irrigation systems and to carry on the business of fertigation by manufacturing or producing, formulating, refining, processing, importing purchasing, acquiring, leasing, selling, trading, hiring or dealing in whether as Principals and / or agents in all kinds of fertigation systems whether liquid or solid, manures, mixtures and formulations of systems any and all kinds of chemicals whether organic or inorganic and all other products arising from or required in the manufacture or production, refining of any kind of fertilizers manure, mixtures and formulations to be used in the irrigation systems.

To carry on the business of programming of systems and applications software

- (7) To undertake relating to the fertilizers and agricultural sector, designing, development and programming of systems and applications software either for its own use or for sale in India or abroad and to design and develop such systems and application software for or on behalf of manufacturers, owners and users of computer systems required in the manufacture or production, refining; to set up and run electronic data processing centres and to carry on the business of data processing, word processing, software development, programming and consultancy, system studies, management consultancy, techno-economic feasibility studies of project, design and development of management information systems, technical analysis of data, data storage and retrieval services in connection with and relating to a manufacturing plant and in this regard to exclusively establish, maintain, conduct, provide, manufacture, procure, develop, deal in software development, data processing centres, imaging services on agricultural fields, data conversion and data translation services including blue prints and develop simulators for erection and operation of any plant or process, systems design and development, consultancy services

including feasibility studies, whether for commercial, social, statistical, financial, accountancy, advertisement, medical, legal, management, educational and other technological purposes specifically relating to Fertilizers Field and Agricultural related activities and to impart training in the said fields and to render consultancy and other services in the field of agricultural related software development, to undertake turnkey software projects and operation research to offer complete hardware and software and technical services relating to the Fertilizer and Agriculture related fields.

(b) The objects incidental or ancillary to the attainment of the main objects stated in sub-class (a) above, are:-

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|---|--|
| To act as analytical and consulting chemists | (1) To act as analytical and consulting chemists, and to undertake analytical and research work of any kind. |
| Manufacturers and importers of and dealers in glass, china, pottery etc | (2) To carry on business as manufacturers and importers of and dealers whether as principals or agents, in glass, china, pottery, porcelain, glassware, earthenware, terracotta, bottles, flasks, stoppers, vases, tubes, pipettes, tumblers, glasses, mirrors and all manners of goods made out of glass. |
| Manufactures of and dealers in paper cardboard | (3) To carry on business as manufacturer and importers of and dealers, whether as principals or agents, in paper cardboard, strawboard, papier mache, tracing paper, transfers, transparencies, transparent paper, waterproof paper, wax paper and other paper for every purpose. |
| To cultivate, grow agricultural products | (4) To cultivate, grow, produce or deal in any agricultural products for the time being required for any of the manufacturers which the Company is authorised to undertake. |
| Manufacture of and dealers in substances, apparatus etc. | (5) To buy, sell, manufacture, refine, manipulate, import, export and deal in all substances, apparatus, and things capable of being used in any business which the Company may or may have power to engage in or required by any customers or persons either wholesale or retail. |
| Business of importers, exporters, buyers, sellers etc. | (6) To import, export, buy, sell and deal in and with whether as principals, agents brokers or otherwise and to carry on all or any of the business of exporters and importers, manufacturers, buying and selling agents, wholesale and retail dealers in all and every kind of general produce, substance, goods materials, merchandise and articles from, in and to all parts of the world, as may be required in connection with the main objects of the Company. |
| To grow agricultural and other produce | (7) To plant, grow and produce agricultural products and other produce of any kind in India or elsewhere necessary or useful for the business of the Company in which the Company is authorised to carry on business. |
| To establish chemical manufacturing units | (8) To establish chemical manufacturing factories, refineries, distilleries for the purpose of turning into account any raw materials, minerals, tailings, by products, waste or sewage connected with the Company's operations. |
| Wholesalers and retailers of commodities, articles | (9) To buy, sell, deal in, export and import by wholesale or retail commodities, articles, and things of all kinds which can be conveniently dealt with by the Company with any of its business. |
| Construct and superintend buildings, offices, structures | (10) To acquire, build, construct, alter, maintain, enlarge, pull down, remove or replace, and to work, manage and control any buildings, offices, factories, mills, foundries, refineries, furnaces, godowns, warehouse, shops, machinery, engines, roadways, tramways, railways, branches or sidings, bridges, reservoirs, drains, watercourses, wharves, electrical works, gas |

works or other works and also such other machinery, equipment, conveyances works and conveniences which may seem calculated directly or indirectly to advance the interest of the Company, and to subsidise, contribute to or otherwise assist or take part in doing any of these things and to join with any other person or company, or with any Government or Governmental authority in doing any of these things.

General manufacturers

- (11) To buy, sell, manufacture, repair, alter, improve, exchange, let out on hire, import, export and deal in all factories, works, plant, machinery tools, utensils, appliances, apparatus, products, material, substances, articles and things capable of being used in any business which this Company is competent to carry on and to manufacture, experiment with, render marketable and deal in all products or residual products or by-products incidental to or obtained in any of the businesses carried on by the Company.

Purchase, Lease, exchange

- (12) To purchase, take on lease or tenancy or in exchange, hire, take options over or otherwise acquire for any estate or interest whatsoever and to hold, develop, work, cultivate, deal with and turn to account concessions, grants, decrees, licences, privileges, claims, options, leases, property, real or personal, or rights or powers of any kind which may appear to be necessary or convenient for any business of the Company and to purchase, charter, hire, build or otherwise acquire vehicles of any or every sort or description for use on or under land or water or in the air and to employ the same in the carriage of merchandise of all kinds of passengers and to carry on the businesses of owners of trucks, trams, lorries, motor cars and of ship-owners and lightermen and owners of aircraft in all or any of their respective branches.

Technical information and know how

- (13) To acquire from any person, firm or body corporate or unin corporate whether in India or elsewhere, technical information, know how, processes, engineering, manufacturing and operating data, plants, lay outs and blue prints useful for the design, erection and operation of plant required for any of the businesses of the Company and to acquire any grant or licence and other rights and benefits in the foregoing matters and things.

Disposal of undertaking and property of Company

- (14) To sell exchange, mortgage let on lease, royalty or tribute, grant licences, easements, options and other rights over and in any other manner deal with or dispose of the whole or any part of the undertaking, property, assets, rights, and effects of the Company for such consideration as the Company may think fit and in particular for stocks, shares, whether fully or partly paid up, debentures or other securities of any other Company whether or not having objects altogether or in part similar to those of this Company.

Payment for property and services

- (15) To pay for any rights or property acquired by the Company and to remunerate any person, firm or body corporate rendering services to the Company either by cash payment or by allotment to him or them of shares or securities of the Company credited as paid up in full or in part or otherwise.

Advances, deposits and loans

- (16) To lend and advance money, either with or without security, or to give credit to such persons (including Government) or companies and upon such terms and conditions as the Company may think fit and in particular to customers and others having dealings with the Company, provided

that the Company shall not carry on the business of banking as defined in the Banking Regulation Act, 1949.

- | | |
|--|--|
| Financial and Commercial obligations | (17) To undertake financial and commercial obligations, transactions and operations of all kinds. |
| Guarantee | (18) To guarantee the performance of any contract or obligations of and the payment of money of or dividends and interest on any stock, shares or securities of any company, corporation, firm or person in any case in which such guarantee may be considered likely directly or indirectly to further the objects of the Company or the interests of its shareholders. |
| Guarantee and surety | (19) To guarantee the payment of money unsecured or secured by or payable under or in respect of promissory notes, bonds, debentures, debenture stock, contracts, mortgages, charges obligations, instruments and securities of any Company or of any authority, supreme, municipal, local or otherwise of any persons whomsoever, whether incorporated or not incorporated and generally to guarantee or become sureties for the performance of any contracts or obligations. |
| Holding stocks, shares, and securities | (20) To subscribe for, underwrite, acquire, hold, sell and otherwise deal in shares, stock, debentures, debenture-stock, bonds, mortgages, obligations and securities of any kind issued or guaranteed by any company (both corporate or undertaking) of whatever nature and wheresoever constituted or carrying on business and shares, stock, debentures, debenture-stock, bonds, mortgages, obligations and other securities issued or guaranteed by any government, sovereign ruler, commissioners, trust, municipal, local or other authority or body of whatever nature, whether in India or elsewhere. |
| Investment | (21) To invest any moneys of the Company in such investment (other than shares or stock in the Company) as may be thought proper and to hold, sell or otherwise deal with such investments. |
| Borrowing | (22) To receive money on deposit or loan and borrow or raise money in such manner as the Company shall think fit, and in particular by the issue of debentures-stock (perpetual or otherwise) and to secure the repayment of any money borrowed, raised or received or owing by mortgage, charge or lien upon all or any of the property or assets of the Company (both present and future), including its uncalled capital and to give lenders or creditors the power of sale and other powers as may seem expedient and to purchase redeem or pay off any such securities, and also by a similar mortgage, charge or lien to secure and guarantee the performance by the Company or any other person or Company of any obligation undertaken by the Company or any other person or Company as the case may be. |
| Negotiable instruments | (23) To draw make, accept endorse, discount, negotiate execute and issue bills of exchange promissory notes, hundies, bills of lading, warrants debentures and other negotiable or transferable instruments or securities. |
| Patents, etc., | (24) To apply for purchase or otherwise acquire and protect, prolong and renew in any part of the world, any patents, patent rights, brevets, d'invention trade marks, designs licences, protections, concessions and the like conferring any exclusive or non-exclusive or limited right to their use, or any secret or other information as to invention, process or privileges 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 and to use, exercise, develop or grant licences or |

privileges in respect of, or otherwise turn to account, the property, rights and information so acquired and to carry on any business in any way connected therewith.

Improvement of patents and other rights

(25) To expend money in experimenting on and testing and in improving or seeking to improve any patents, rights, inventions discoveries, processes or information of the company or which the Company may acquire or propose to acquire.

Research laboratories
Colleges and provisions of lectures

(26) To establish, provide, maintain, and conduct research and other laboratories, training colleges, schools and other institutions for the training, education and instruction of students and others who may desire to avail themselves of the same and to provide for the delivery and holding of lectures, demonstrations, exhibitions, classes, meetings and conferences in connection therewith.

Acquire and undertake business

(27) To purchase or otherwise acquire and undertake the whole or any part of the business, property, rights and liabilities of any person, firm or company carrying on or proposing to carry on any business which this Company is authorised to carry on or possessed of property suitable for any of the purposes of the Company or which can be carried on in conjunction therewith or which is capable of being conducted so as directly or indirectly to benefit the Company, and to purchase, acquire, sell and deal in property, shares, stocks and debentures of such person, firm or Company, and to conduct, make or carry into effect any arrangements in regard to the winding up of the business of any such person, firm or Company.

Management of other concerns

(28) Subject to any applicable law for the time being in force, to act as managers of any firm or association dealing in similar objects as those of this Company and generally, subject as aforesaid, to undertake or take part in the management, supervision or control of the business or operations of such firm or association and for such purpose or purposes to appoint and remunerate any officer of the Company, accountants or other experts or agents.

Registration of Company outside India and establishment of agencies

(29) To procure the registration or recognition of the Company in or under the laws of any place outside India and to establish and regulate agencies in any country, state or place for the purpose of the Company's business.

Promotion of other companies

(30) To form, incorporate or promote any company or companies, whether in India or elsewhere, having amongst its or their objects the acquisition of all or any of the assets or control, management or development of the Company or any other objects or object which in the opinion of the Company could or might directly or indirectly assist the Company in the management of its business or the development of its properties or otherwise prove advantageous to the Company and to pay all or any of the costs and expenses incurred in connection with any such promotion or incorporation.

Promotional and share issue expenses of the Company

(31) To pay out of the funds of the Company all expenses of or incidental to the promotion, formation and incorporation of the Company or which the Company shall consider to be preliminary, or to contract with any person, firm or company to pay the same.

Amalgamation and partnership

(32) Subject to the provisions of the Companies Act, 1956 or any other law for the time being in force, to amalgamate or to enter into partnership or into any arrangement for sharing profits, union of interests, cooperation joint

venture or reciprocal concession or for limiting competition with any person, firm or company carrying on or engaged in, or about to carry on or engage in, or being authorised to carry on or engaged in, any business or transaction which the Company is authorised to carry on or engage in or which can be carried on in conjunction therewith or which is capable of being conducted so as directly or indirectly to benefit the Company.

Government and other concessions and to promote and oppose legislation

- (33) To enter into any arrangement or agreement and to take all necessary or proper steps with any Government or other authority, supreme, national, foreign, local, municipal or otherwise and to carry on any negotiations or operations with any such Government or authority for the purpose of directly or indirectly carrying out any of the objects of the Company or extending any of its powers or effecting any modification in its constitution or furthering the interests of its members and to oppose any steps taken by any other company firm or person which may be considered likely directly or indirectly to prejudice the interests of the Company or its members and to promote or assist the promotion, whether directly or indirectly, of any legislation which may appear to be in the interests of the Company and to oppose and resist, whether directly or indirectly, any legislation which may seem disadvantageous to the Company and to obtain from any such Government, authority or any Company, any charters, contracts, decrees, licences, rights, grants loans, privileges or concessions which the Company may think it desirable to obtain and carry out, exercise and comply with any such arrangement or agreement charters, contracts, licences, decrees, rights, privileges, or concessions.

Publicity

- (34) To adopt such means of making known the products of the Company as may seem expedient and in particular by advertising in the press by circulars, by purchase and exhibition of work of art or interest, by publication of books and periodicals and by granting prizes, rewards and donations.(34) To adopt such means of making known the products of the Company as may seem expedient and in particular by advertising in the press by circulars, by purchase and exhibition of work of art or interest, by publication of books and periodicals and by granting prizes, rewards and donations.

Trusts

- (35) To undertake and execute any trust, the undertaking of which may seem to the Company desirable, and either gratuitously or otherwise and vest any real or personal property, rights or interest acquired by or belonging to the Company in any person or company on behalf of or for the benefit of the Company, and with or without any declared trust in favour of the Company.

Establishment of association connected with company or for benefit of employees of Company

- (36) To apply the assets of the Company in any way in or towards the establishment, maintenance or extension of any association, institution or fund in any way connected with any particular trade or business or with trade or commerce generally and particularly with the trade, including any association, institution or fund for the protection of the interests of masters, owners and employers against loss by bad debts, strikes, combinations, fire accidents or otherwise or for the benefit of any clerks, workmen or others at any time employed by the Company or any of its predecessors in business or their families or dependents and whether or not in common with other persons or classes of persons and in particular of friendly, cooperative and other societies, reading rooms, libraries, educational and charitable institutions, refectories, dining and recreation rooms, churches, chapels, schools and hospitals and to grant gratuities, pensions and allowances and to contribute to any funds raised by public or local subscriptions for any purpose whatsoever.

- Aid to labour and other industrial associations (37) To aid, pecuniarily or otherwise, any association, body or movement having for an object the solution, settlement, or surmounting of industrial or labour problems or troubles or the promotion of industry or trade.
- Donations (38) To subscribe or guarantee money for any national, charitable, benevolent, public, general or useful object or for any exhibition.
- Provident institutions (39) To establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation funds and/or pension for the benefit of and give or procure the giving of donations, gratuities, pensions, allowances or emoluments to any persons who are or were at any time in the employment or service of the Company, or of any company which is subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary company, or who are or were at any time Directors or officers of the Company or of any such other company as aforesaid, and the wives widows, families and dependents of any such persons, and also establish and subsidise and subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well being of the Company or of any such other company as aforesaid, and make payments to or towards the insurance of any such person as aforesaid and do any of the matters aforesaid, either alone or in conjunction with any such other company as aforesaid.
- Distribution in specie (40) In the event of winding up, subject to the provisions of Section 205 of the Companies Act, 1956 or any other law for the time being in force, to distribute among the members in specie or otherwise as may be determined any property or assets of the Company, or any proceeds of sale or disposal of any property or assets of the Company including the shares, debentures the other securities of any other company formed to take over the whole or any part of the assets or liabilities of the Company, but so that no distribution amounting to a reduction of capital be made except with the sanction, (if any) for the time being required by law.
- To do all things incidental (41) Generally to do all such other things as may be deemed incidental or conducive to the attainment of the above main objects or any of them.
- (c) The other objects for which the Company is established, are:-**
- Business of farmer, dairymen etc. (1) To carry on all or any of the business of farmers, dairymen, milk contractors, dairy farmers, millers, purveyors and vendors of milk, cheese, butter, poultry and provisions of all kinds, growers of and dealers in corn, hay and straw, seedsmen, and nurserymen and to buy, sell and trade in any goods usually traded in any of the above business, or any other business associated with the foregoing or other interests of the Company.
- Business of general merchants, warehousemen underwriters, etc. (2) To carry on the business in India and elsewhere as merchants, general merchants, agents and traders, financiers, promoters, concessionaries, contractors, commission agents, insurance agents, importers, exporters, in the products and / or services herein before mentioned, warehousemen, underwriters, carriers, by land and sea forwarding agents, wharfingers, coal and mineral agents and refrigerating store keepers.
- Business of Manufacture and sale of sugar, industrial, chemicals, etc. (3) To carry on business of manufacture and sale of sugar, industrial chemicals, industrial alcohols, polymers, including its bye – products and derivatives and any other products which may be conveniently manufactured and / or sold along with sugar, industrial chemicals, industrial alcohols, polymers and their derivatives and / or bye-products.

- Business of generation, supply and sale of power, etc.
- Business of ferrous and non-ferrous metal, etc.
- Business of operating maintaining strips, etc.
- Business of mines & mining, etc.
- Establishment of farms, plantation, etc.
- Explanation of oil, natural gas and other petroleum products, etc.
- (4) To carry on the business of generation, supply and / or sale of electric power, solar power and other forms of energy including the business of distribution of electric power, solar power and other forms of energy and other like utilities.
 - (5) To establish own or acquire ferrous and non-ferrous metal, melting furnaces and rolling mills and manufacture and trade in metal ingots, hot rolled coils, strips, cold rolled strips and strips of all kinds, slabs, sheets and to mould such components into suitable material either for domestic sale, export and use manufactured material either singly or along with the combination of one or more metals to convert into alloys, special steel material and deal with them in all kinds and manner and do all necessary acts in relation thereto.
 - (6) To carry on the business of operating, maintenance of ships, barges, boats, lorries, tractors, cranes, plant and machinery of any kind including earth moving equipment and to further undertake repairs of such machinery and to own, hire, lease, purchase, import and export ships, dredgers or any other equipment required for dredging operation and any other relevant operations and to undertake breaking of ships, construction for dredging, harbours, ports, rivers canals, dams etc., including transport over an area by barges, floating crafts, lighters, ships boats, vessels, launches, motor boats, etc., for movement of all kinds of merchandise, articles of all kinds, passenger, mail, live stock etc., and do all necessary acts in relation thereto.
 - (7) To acquire mines, land embedded with metals, minerals, ores and mining of metals, minerals and to enter into areas such as mining of ore(s), extraction of ores, mining of coal, lime stone, dolomite and other products, refining of ores and its upgradation to higher quality and the movement of the basic ore(s) and the end product from place to place and do all necessary acts in relation thereto.
 - (8) To establish, own and maintain farms, plantations and to carry on the business of farming, horticulture, floriculture, sericulture, dairies, cultivation of all kinds of plants, food grains, seeds, fruits, proprietors of orchards, dealers, traders, importers, exporters of all kinds of agricultural products including by-products, beverages, food grains, flowers drinks, fruits of various descriptions in the form of preserved products and extracts, by-products, derivatives, whether edible or non – edible, dehydrated and or converted agricultural produce into intermediate or end products with or without the aid of power and to run and maintain plant and machinery for manufacturing, processing and preserving agricultural produce and do all necessary acts in relation thereto.
 - (9) To engage in exploration of oil, natural gas and other petroleum products, onshore and offshore, in India and elsewhere and to tap oil and gas reserves and other similar or allied substances wherever found, in India and to organize production, processing and marketing of oil, gas and other similar or allied substances in India and elsewhere.
 - (10) To undertake, promote, maintain, support, collaborate for research and development in fertilizers and their mixtures, formulations of all kinds, chemicals, source materials, ingredients, mixtures, derivatives and compounds thereof, agro chemicals of all kinds, pesticides, insecticides, seeds, chemicals, organic and inorganic chemicals, heavy chemicals, alkalies, acids, drugs, tannins, essence, fumigators, disinfectives, fats, dips,

vermifides, research into agricultural crops either commercial or non commercial, fruit growing, horticulture gardening, vegetables, seeds, through conventional breeding or chemical engineering, genetic engineering, bio-chemistry, water management, agriculture implements, all areas of life sciences and more particularly in the fields of agricultural biotechnology, industrial and environment, medical, food and marine biotechnology through conventional, chemical and genetic engineering and biochemistry for biological control and improvement of plant, animal and human health and prevention of environment degradation in any manner and whatsoever nature and to develop products, processes, technologies, applications and solutions using conventional methods, processes and practices and to commercially exploit such products, processes, technologies (computational and genetic engineering techniques) and solutions through manufacturing, marketing, selling, licensing for improved agricultural, commercial, health and nutrition, industrial and environment applications.

- (11) To carry on the business of sourcing of professionals or consultants / suppliers/ providers of industrial services / providers of all types of man power such as contractual, skilled / unskilled, trained labour / staff / managerial personnel including managers, professionals, executives, skilled, semi-skilled, un-skilled workers, labourers & other technical personnel in India and abroad and act as Placement agent/ employment agent or recruitment agent, as may be required.

IV. The liability of the members of the Company is limited

V.*¹ The Authorised Share capital of the Company is Rs. 801,00,00,000/- (Rupees Eight Hundred One Crores only) comprising 621,00,00,000 (Six Hundred and Twenty One Crores only) Equity Shares of Re. 1/- each and 180,00,00,000 (One Hundred Eighty Crores only) Preference Shares of Re. 1/- each with the rights, privileges and conditions attaching thereto as are provided by the regulations of the company for the time being with power to increase and / or reduce the Capital of the Company and to divide the shares in the Capital for the time being in accordance with the provisions of the Companies Act, 1956, or any other statutory enactments in force from time to time into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions including that of redemption and / or conversion (including deemed redemption / conversion) as may be determined by or in accordance with the enactment /order / notification as may be in force from time to time and to vary, modify or abrogate manner as may for the time being be provided by the regulations of the Company or any statutory enactment / order / notification as may be in force from time to time.

*¹ Amended consequent to the Composite Scheme of Arrangement and Amalgamation under section 391 to 394 of the Companies Act, 1956 between iKisan Limited and Kakinada Fertilizers Limited and Nagarjuna Fertilizers and Chemicals Limited and Nagarjuna Oil Refinery Limited and their respective shareholders and creditors.

Further amended pursuant to sub-division of Preference Shares from Rs. 90/- per share to Re. 1/- per share vide resolution passed by the members on November 29, 2013.

VI. We, the several persons, whose names and addresses are hereunder subscribed, are desirous of being formed into a company, in pursuance of this Memorandum of Association and we respectively agree to take the number of shares in the Capital of the Company set opposite to our respective names :

Sl. No.	Name, address, description & Occupation of the Subscriber	No. of Equity shares taken by each subscriber	Name, address, description and Occupation of the witnesses
1.	T.V. Dwarakanath S/o. T.V. Nagaraja Rao 10-4-771/5/1A, Sriram Nagar Colony, Masab Tank, Hyderabad - 500 028. Occ : Service DOB : 19-02-1958	8000 (Eight Thousand Only)	Buthibabu Gorantla S/o. B. Chenchaiiah G-1, Lakshmi Park View Apartments, Ashok Nagar, Hyderabad - 500 020. Occ : Company Secretary
2.	K. Ravindra S/o. K. Siva Rama Raju 401, Block - I, 8-3-226 Madhura Nagar, Hyderabad. Occ : Service DOB : 05-08-1971	8000 (Eight Thousand Only)	
3.	Suri Babu .K S/o. Sri Subba Rao H.No. 24-1/8, Venkatapuram, Secunderabad - 500 015. Occ : Private Service DOB : 01-06-1955	8000 (Eight Thousand Only)	
4.	R.V. Krishnan S/o. Late. R.N. Venkataraman 8204, AOC, Apartments, Booke Bond Colony, Kakaguda, Secunderabad - 500 015. Occ : Service DOB : 01-06-1962	8000 (Eight Thousand Only)	

Place : Hyderabad
Date : 06-10-2006

Sl. No.	Name, address, description & Occupation of the Subscriber	No. of Equity shares taken by each subscriber	Name, address, description and Occupation of the witnesses
5.	<p>A.V.S. Subash Babu S/o. A. Subba Rao TRT, 1204, Sanath Nagar, Hyderabad - 500 020.</p> <p>Occ : Service</p> <p>DOB : 19-07-1972</p>	8000 (Eight Thousand Only)	<p>Buthibabu Gorantla S/o. B. Chenchaiiah G-1, Lakshmi Park View Apartments, Ashok Nagar, Hyderabad - 500 020. Occ : Company Secretary</p>
6.	<p>Sri Krishna .S. Chintalapati S/o. C.V. Jayaram 1-10-18, G-1, Lakshmi Sri Park View, Ashok Nagar, Hyderabad - 500 020.</p> <p>Occ : Professional</p> <p>DOB : 08-07-1979</p>	2000 (Two Thousand Only)	
7.	<p>Sangeetha Iyer D/o. Late. Venkatachalam Srinivasan Flat No. 103, Partan Towers, Golconda Cross Roads, Musheerabad, Hyderabad - 500 020.</p> <p>Occ : Service</p> <p>DOB : 10-08-1959</p>	8000 (Eight Thousand Only)	
Total Number of Equity Shares Taken		50000 (Fifty Thousand Only)	

Place : Hyderabad

Date : 06-10-2006

THE COMPANIES ACT, 1956
PUBLIC COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION*¹
OF
NAGARJUNA FERTILIZERS AND
CHEMICALS LIMITED

1. Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which the Articles become binding on the Company.

Interpretation

The marginal notes are hereto inserted for convenience and shall not affect the construction hereof and in these presents, unless there be something in the subject or context inconsistent there with:-

“The Act” means the Companies Act, 1956, and includes where the context so admits any re-enactment or statutory modification thereof for the time being in force.

“These Articles” means these Articles of Association as Originally framed or as from time to time altered by special resolution.

“The Company” means Nagarjuna Fertilizers and Chemicals Limited.

“The Directors” means the Directors for the time being of the Company.

“The Board of Directors” or “the Board” means the Board of Directors for the time being of the Company.

“The Managing Director” means the Managing Director for the time being of the Company.

“Wholetime Director” includes a Director in the wholetime employment of the Company.

“The Secretary” means the Secretary for the time being of the Company and includes an Acting Secretary.

“The Office” means the Registered Office for the time being of the Company.

“Register” means the Register of Members of the Company required to be kept by Section 150 of the Act.

“The Registrar” means the Registrar of Companies, Andhra Pradesh

“Dividend” includes bonus.

“Month” means calendar month.

“Seal” means the Common Seal of the Company.

“Proxy” includes Attorney duly constituted under a Power-of-Attorney.

*¹ Amended vide resolution passed by the members on December 6, 2010.

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

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

Word importing person include corporations

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| Table ‘A’ not to apply | 2. | Save as otherwise provided herein, the regulations contained in Table “A” in the First Schedule to the Act shall not apply to the Company. |
| Commencement of new business | 3. | Subject to the provisions of Sub-section (2A) of Section 149 of the Act, the Company may, from time to time, by a special resolution commence any new business in relation to any of the other objects set out in Clause III (c) of its Memorandum of Association. |
| Company not to purchase its own shares | 4. | Save as permitted by Section 77 of the Act, the funds of the Company shall not be employed in the purchase of, or lent on the security of shares of the Company and the Company shall not give, directly or indirectly, any financial assistance, whether by way of loan, guarantee, the provision of security or otherwise, for the purpose of or in connection with any purchase of or subscription for shares in the Company or any Company of which it may, for the time being, be a subsidiary provided the Company may give loan/advance to the employees of the Company for the purpose of purchase of Company’s shares, debentures, or bonds, subject to such limits as may be prescribed from time to time

This article shall not be deemed to affect the power of the Company to enforce repayment of loans to members or to exercise a lien conferred by article 33. |
| Buy back of Shares | 4A*. | Notwithstanding anything contained in these Articles, subject to the provisions of Section 77A and 77B of the Companies Act and Securities and Exchange Board of India (Buy back of Securities) Regulations 1998 and such other enactments or regulations in lieu thereof that maybe in force from time to time, the Board of Directors of the company may, when and if thought fit at its sole discretion, buy back such of the company’s own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be deemed necessary. |

SHARES

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| Division of Capital | 5.*1 | (1) The Authorised Share Capital of the Company is Rs. 801,00,00,000 (Rupees Eight Hundred and One Crores only) comprising 621,00,00,000 (Six Hundred and Twenty One Crores only) Equity Shares of Re. 1/- each and 180,00,00,000 (One Hundred Eighty Crores only) Preference Shares of Re. 1/- each with such rights, privileges and conditions provided by any statutory enactment for the time being in force and as may be provided by these Articles or by a Special Resolution passed at a General Meeting duly convened and held for the purpose.” |
| Redeemable Preference Shares | (2) | Subject to the provisions of the Companies Act 1956 and any other Statutory Enactment/Order/Notification as may be in force from time to time and these Articles, the Company shall have power to issue Cumulative Convertible Preference Shares carrying fixed rate of dividend and a right to conversion into Equity shares at such time or during such period and in such manner as may be decided at the time of the issue of such Cumulative Convertible Preference shares in accordance with the provisions of the Companies Act 1956 or any other Statutory Enactment/Order/ Notification as may be in force from time to time, these Regulations and any Special Resolution of the Company in general meeting. |
| Issue of Warrants | (3) | Subject to the provisions of Section 81 of the Companies Act, 1956, the Board shall have power to issue warrants or other documents which may entitle the holders thereof to Equity Shares or Convertible Debentures at the Price to be specified therein and on such terms and conditions as the Board may deem fit. |
| Further Issue of Shares | (4)*2 | Where at the time after the expiry of two years from the formation of the |

* Inserted vide Resolution passed by the members on November 29, 2013

*1 Amended consequent to the Composite Scheme of Arrangement and Amalgamation under section 391 to 394 of the Companies Act, 1956 between iKisan Limited and Kakinada Fertilizers Limited and Nagarjuna Fertilizers and Chemicals Limited and Nagarjuna Oil Refinery Limited and their respective shareholders and creditors.

Further amended pursuant to sub-division of Preference Shares from Rs. 90/- per share to Re. 1/- per share vide resolution passed by the members on November 29, 2013.

*2 Amended vide Resolution passed by the members on July 12, 2011

company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the unissued capital or out of the increased share capital then:

- (A) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
- (B) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
- (C) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right.

PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.

- (D) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that such person declines to accept the shares offered, the Board of Directors may dispose them in such manner and to such person(s) as they may think, in their sole discretion fit.
- (5)*¹ Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub clause (1) hereof in any manner whatsoever.
- (a) If a special resolution to that effect is passed by the company in General Meeting, or
 - (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the company.

(6)*¹ Nothing in sub-clause (c) of (1) hereof shall be deemed:

- (a) To extend the time within which the offer should be accepted; or
- (b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made had declined to take the shares comprised in the renunciation.

(7)*¹ Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

*¹ Amended vide Resolution passed by the members on July 12, 2011

- (a) To convert such debentures or loans into shares in the company; or
- (b) To subscribe for shares in the company (whether such option is conferred in these Articles or otherwise)

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
- (b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans

Allotment of shares

- 6. Subject to the provisions of these Articles, the shares shall be under the control of the Board who may allot or otherwise dispose of the same to such person, on such terms and conditions, at such times, either at par or at a premium, and for such consideration as the Board thinks fit

Shares at the disposal of the Directors:

- 6A.*¹ Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in General Meeting provided that the option or right to call of shares shall not be given to any person or persons without the sanction of the Company in general meeting.

Return of allotments

- 7. As regards all allotments made from time to time, the Company shall duly comply with Section 75 of the Act.

Restriction on allotments

- 8. If the Company shall offer any of its shares to the public for subscription:
 - (1) no allotment thereof shall be made, unless the amount stated in the prospectus as the minimum subscription has been subscribed, and the sum payable on application thereof has been paid to and received by the Company; but this provision shall no longer apply after the first allotment of shares offered to the public for subscription;
 - (2) the amount payable on application on each share shall not be less than 5 percent, of the nominal amount of the share; and
 - (3) the Company shall comply with the provisions of Sub-section (4) of Section 69 of the Act.

*¹ Amended vide Resolution passed by the members on July 12, 2011

And if the Company shall propose to commence business after filing a statement in lieu of prospectus, the Board shall not make any allotment of shares payable in cash unless seven at least of the shares proposed to be issued shall have been subscribed for as payable in cash by seven members and Sections 70 and 149 of the Act shall have been complied with.

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| 9. | The Company may exercise the powers of paying commissions conferred by section 76 of the Act, provided that the rate percent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the said Section and the commission shall not exceed 5 percent, of the price at which any shares, in respect whereof the same is paid, are issued or 2 1/2 percent; of the price at which any debentures are issued (as the case may be). Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerages as may be lawful. | Commission and brokerage |
| 10. | With the previous authority of the Company in general meeting and the sanction of the Company Law Board and upon otherwise complying with Section 79 of the Act, the Board may issue at a discount shares of a class already issued. | Shares at a discount |
| 11. | If, by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being, shall be the registered holder of the share or by his executor or administrator. | Installments on shares to be duly paid |
| 12. | The joint-holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share. | Liability of joint-holders of shares |
| 13. | Save as herein otherwise provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction, or as by statute required, be bound to recognize any equitable or other claim to or interest in such share on the part of any other person. | Trusts not recognized |
| 14. | Shares may be registered in the name of any person, company or other body corporate. Not more than four persons shall be registered as joint-holders of any share. | Who may be registered |

CERTIFICATES

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| 15. | Subject to the provisions of the Companies (Issue of Share Certificates) Rules, 1960, or any statutory modification or re-enactment thereof, share certificates shall be issued as follows:- | Certificates |
| (1) | The certificates of title to shares and duplicates thereof when necessary shall be issued under the Seal of the Company which shall be affixed in the presence of (i) two Directors or a Director and a person acting on behalf of another Director under a duly registered Power-of-Attorney or two persons acting as attorneys for two Directors as aforesaid; and (ii) the Secretary or some other person appointed by the Board for the purpose, all of whom shall sign such share certificate; provided that, if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole-time Director. | |
| (2) | Every member shall be entitled free of charge to one certificate for all the shares of each class registered in his name or, if the Board so approves, to several certificates each for one or more of such shares but, in respect of | Members' right to certificate |

each additional certificate, the Company shall be entitled to charge a fee of Rs.2/- or such less sum as the Board may determine. "Unless Prohibited by any provision of law or by any order of any court, tribunal or other authority". The Company shall within two months after the date of either allotment and on surrender to the Company of its letter making the allotment or of its fractional coupons of requisite value (save in the case of issue against letters of acceptance or of renunciation or in cases of issue of bonus shares) or within one month of receipt of the application for registration of the transfer of any of its shares, as the case be, deliver the certificates of such shares. Every certificate of shares shall specify the name of the person in whose favour the certificate is issued, the shares to which it relates and the amount paid up hereon. Particulars of every certificate issued shall be entered in the Register maintained in the form set out in the aforesaid Rules or, in a form as near thereto as circumstances admit, against the name of the person to whom it has been issued, indicating the date of issue. In respect of any share registered in the joint names of several persons, the company shall not be bound to issue more than one certificate and delivery of certificate to one of the several joint-holders shall be sufficient delivery to all such holders.

As to issue of new certificates

- (3) If any certificate of any share or shares be surrendered to the Company for sub-division or consolidation or if any certificate be defaced, torn or old, decrepit, worn-out or where the cages in the reverse for recording transfers have been duly utilised, then upon surrender thereof to the Company the Board may order the same to be cancelled and may issue a new certificate in lieu thereof free of charge; and if any certificate be lost or destroyed, then, upon proof thereof to the satisfaction of the Board, and on such indemnity as the Board thinks fit being given, a new certificate in lieu thereof shall be given to the party entitled to the shares to which such lost or destroyed certificate shall relate. Where a certificate has been issued in place of a certificate which has been defaced etc. lost or destroyed, it shall state on the face of it and against the stub or counterfoil that it is issued in lieu of a share certificate or is a duplicate issued for the one so defaced, et., lost or destroyed, as the case may be, and, in the case of a certificate issued in place of one which has been lost or destroyed, the word, "duplicate" shall be stamped or punched in bold letters across the face thereof. For every certificate issued under this Article in replacement of that which is torn or defaced or lost or destroyed or which is sub-divided and consolidated into denominations other than those fixed for the market units of trading, there shall be paid to the Company the sum of Rs. 2 or such smaller sum together with such out of pocket expenses incurred by the Company in investigating evidence as the Board may determine.

Particulars of new certificate to be entered in the Register

- (4) Where a new share certificate has been issued in pursuance of the last preceding paragraph, particulars of every such certificate shall also be entered in a Register of Renewed and Duplicate Certificates indicating against the name of the person to whom the certificate is issued, the number and date of issue of the certificate in lieu of which the new certificate is issued and the necessary changes indicated in the Register by suitable cross references in the "Remarks" column. All entries made in the Register or in the Register of Renewed and Duplicate Certificates shall be authenticated by the Secretary or such other person as may be appointed by the Board for purposes of sealing and signing the share certificate under Sub-paragraph (1) hereof.

- (5) Notwithstanding anything contained in Article 15(2) hereof the Board may refuse any application for sub-division or consolidation of number of shares or of certificates for shares into denomination of less than 100 shares or any marketable lot as may be determined from time to time by any law, rule, guideline or listing requirements of the stock exchange(s) with which the shares of the company are or may be listed, except where such sub-division or consolidation is required to be made in compliance with any law or statutory order or regulation or an order or a decree of a competent court or listing requirements of a stock exchange, provided, however, that the Board may at its sole discretion and in exceptional circumstances for avoiding any hardship for any just and sufficient cause (on each of which the Board's decision shall be final and conclusive) accept any application for subdivision or consolidation of number of shares or certificates for shares into denomination of less than 100 shares or marketable lot as the case may be.

CALLS

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| 16. The Board may, from time to time, subject to the terms on which any shares may have been issued, and subject to the provisions of Section 91 of the Act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board. A call may be made payable by installments and shall be deemed to have been made when the resolution of the Board authorizing such call was passed. | Calls |
| 17. No call shall exceed one-half of the nominal amount of a share, debenture or bond or be made payable within one month after the last preceding call was payable. Not less than thirty day's notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid. Provided always that nothing herein shall preclude the Board from calling on application the entire amount or such lesser amount as may be decided by the Board in respect of any issue. | Restriction on power to make calls and notice |
| 18. (1) If the sum payable in respect of any call or installment not paid on or before the day appointed for payment thereof, the holder for the time being in respect of the shares/debentures for which the call shall have been made or the installment shall be due shall pay interest for the same at the rate to be determined by the Board of Directors of the company, from the day appointed for the payment thereof to the time of the actual payment.

(2) The Board shall be at liberty to waive payment of any such interest either wholly or in part. | When interest on call or installments payable |
| 19. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times whether on account of the amount of the share or by way of premium, every such amount or installment shall be payable as if it were a call duly made by the Board and of which due notice had been given and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly. | Amount payable at fixed times or payable by installments as calls |
| 20. On the trial or hearing of any action or suit brought by the Company against any member or his representatives to recover any debt or money claimed to be due to the Company in respect of his share, it shall be sufficient to prove that the name of the defendant is, or was, when the claim arose on the Register as a | Evidence in actions by Company against members |

holder, or one of the holders of the number of shares in respect of which such claim is made, and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Board who made any call, nor that a quorum was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Payment of calls in advance

21. The Board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the money due upon the share held by him beyond the sums actually called for, and upon the money so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the share in respect of which such advance has been made, the Company may pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, 15 percent per annum as the member paying such sum in advance and the Board agree upon. Money so paid in excess of the amount of calls shall not rank for dividends or confer a right to participate in profits.

Revocation of calls

22. A call may be revoked or postponed at the discretion of the Board.

FORFEITURE AND LIEN

If call or installment not paid notice may be given

23. If any member fails to pay any call or installment of a call on or before the day appointed for the payment of the same the Board may at any time thereafter during such time as the call or installment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Form of notice

24. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.

If notice not complied with shares may be forfeited

25. If the requisitions of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may at any time thereafter, before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to the effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. If notice not complied with shares may be forfeited

Notice after forfeiture

26. When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

Forfeited share to become property of the Company

27. Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit.

Power to annul forfeiture

28. The Board may, at any time before any share so forfeited shall have been sold, reallocated or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

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| 29. A person whose share has been forfeited shall cease to be a member in respect of the forfeited share, but shall notwithstanding, remain liable to pay, and shall forthwith pay to the Company, all calls, or installments, interest and expenses, owing upon or in respect of such share, at the time of the forfeiture together with interest thereon, from the time of forfeiture until payment, at 12 percent, per annum and the Board may enforce the payment thereof, or any part thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so. | Liability on forfeiture |
| 30. A duly verified declaration in writing that the declarant is a Director or Secretary of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares; and the person to whom any such share is sold shall be registered as the holder of such share and shall not be bound to see to the application of the purchase money, nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition. | Evidence of forfeiture |
| 31. The provisions of Articles 23 to 30 hereof shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of a share or by way of premium as if the same had been payable by virtue of a call duly made and notified. | Forfeiture provisions to apply to non-payment in terms of issue |
| 32. The Company shall have first and paramount lien upon every share not being fully paid up registered in the name of each member (whether solely or jointly with others), and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such share whether the time for payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that Article 13 hereof is to have full effect. Such lien shall extend to all dividends from time to time declared in respect of such share. Unless otherwise agreed, the registration of a transfer of a share shall operate as a waiver of the Company's lien, if any, on such share. | Company's lien on shares |
| 33. For the purpose of enforcing such lien, the Board may sell the share subject thereto in such manner it thinks fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his executor or administrator or his committee, curator bonis or other legal representative, as the case may be, and default shall have been made by him or them in the payment of the moneys called or payable at fixed time in respect of such share for seven days after the date of such notice. | As to enforcing lien by sale |
| 34. The net proceeds of the sale shall be received by Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to alike lien for sums not presently payable as existed upon the share before the sale) be paid to the person entitled to the share at the date of the sale. | Application of proceeds of sale |
| 35. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the share sold and cause the purchaser's name to be entered in the Register in respect of the share sold, and the purchaser shall not be bound to see to the regularity of the proceedings nor to the application of the purchase money, and after his name has been entered in the Register in respect | Validity of sales in exercise of lien and after forfeiture |

of such share the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damage only and against the Company exclusively.

Board may issue new certificates

36. Where any share under the powers in that behalf here in contained is sold by the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of such share, the Board may issue a new certificate for such share distinguishing it in such manner as it may think fit from the certificate not so delivered up.

TRANSFER AND TRANSMISSION

37. The Board may, subject to the right of appeal conferred by section 111 of the Companies Act, 1956 and the provisions of section 22A of the Securities Contracts (regulation) Act, 1956, refuse to register the transfer of any share to any person. Provided that the registration of a transfer of shares shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on the shares.
38. Save as provided in Section 108 of the Act, no transfer of a share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company within the time prescribed by the said Section, together with the certificate or if no such certificate is in existence, the Letter of Allotment of the share. The transferor shall be deemed to remain the holder such share until the name of the transferee is entered in the Register in respect thereof.
39. Application for the registration of the transfer of a share may be made either by the transferor or the transferee provided that, where such application is made by the transferor, no registration shall, in the case of partly paid share, be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 110 of the Act, and subject to the provisions of these Articles the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.
40. Every instrument of transfer of any share shall be in writing in the prescribed form and in accordance with the provisions of Section 108 of the Act.
41. The Board shall not knowingly register the transfer of any share to a minor or a person of unsound mind, "except where the share is fully paid up and the minor or person of unsound mind is duly represented as permissible in law".
42. Every instrument of transfer shall be left at the Office for registration, accompanied by the certificate of the share to be transferred or, if no such certificate is in existence, by the Letter of Allotment of the share and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share. Every instrument of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Board may refuse to register, shall be returned to the person depositing the same.
43. If the Board refuses whether in pursuance of Article 40 or otherwise to register the transfer of any share, the Company shall, within one month from the date on which the instrument of transfer was lodged with the Company, send to the

transferee and the transferor notice of the refusal, "giving reasons to such refusal."

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| 44. No fee shall be charged for the registration of a transfer, grant of probate, grant of letters of administration, certificate of death or marriage, power of attorney or other instrument. | Fee on registration of transfer, probate etc. |
| 45. The executor or administrator of a deceased member (not being one of several joint-holders) shall be the only person recognized by the Company as having any title to the share, registered in the name of such member, and in case of the death of any one or more of the registered joint-holders of any share, the survivor shall be the only person recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of deceased joint-holder from any liability on the share held by him jointly with any other person. Before recognizing any executor or administrator the Board may require him to obtain a Grant of Probate or Letters of Administration or other legal representation as the case may be from a competent Court in India. Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or Letters of Administration or such other legal representation upon such terms as to indemnity or otherwise as the Board, in its absolute discretion, may consider adequate. | Transmission of registered shares. |
| 46. Any committee or guardian of a lunatic member or any person becoming entitled to a share in consequence of the death or bankruptcy or insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board thinks sufficient, may with the consent of the Board (which the Board shall not be bound to give) be registered as a member in respect of such share, or may subject to the regulations as to transfer herein before contained, transfer such share. This Article is hereinafter referred to as "the Transmission Article". | As to transfer of shares of insane, deceased, or bankrupt members

Transmission Article |
| 47. (1) If the person so becoming entitled under the Transmission Article 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 an instrument of transfer of the share.

(3) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of instruments of transfer of a share shall be applicable to any such notice or transfer as aforesaid as if the death lunacy, bankruptcy or insolvency of the member had not occurred an the notice of transfer were a transfer signed by that member. | Election under the Transmission Article |
| 48. A person so becoming entitled under the Transmission Article to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall, subject to the provisions of Article 80 and of Section 206 of the Act, be entitled to the same dividends and other advantages as he would be entitled to if he were the registered holder of the share, except that no such person (other than a person becoming entitled under the Transmission Article to the share of a lunatic) shall, before being registered as a member in respect of the share, be entitled to exercise in respect thereof any right conferred by membership in relation to meetings of the Company. | Rights of persons entitled to shares under the Transmission Article |

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 forty five days, the Board may thereafter withhold payment of all dividends, bonus or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

Dematerialization /
Rematerialization of
Securities

48A. *1 A Definitions for the purpose of this Article:

“Beneficial Owner” means a person (s) whose name is recorded as such with a depository;

“SEBI” means The Securities and Exchange Board of India established under Securities and Exchange Board of India Act, 1992;

“Depository” means a Company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a Depositor under the SEBI Act, 1992;

“Deposit Act” means the Depositories Act, 1996 or any statutory modification or re-enactment thereof;

“Registered Owner” means a Depository whose name is entered as such in the records of the Company;

“Security “ means such Security, as may be a specified by the SEBI from time to time.

Dematerialization / Rematerialization of Securities

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in the dematerialized form pursuant to the Depositories Act.

B. Intimation to Depository

Notwithstanding anything contained in this Article, where securities are dealt with in a Depository, the Company shall intimate the Details of allotment of securities to Depository immediately on allotment of such Securities.

C. Options for investors

Every person subscribing to securities offered by the company shall have the option to receive security certificated or to hold the securities with a depository, such a person who is the beneficial owner of the securities can opt out of depository, if permitted by law, in respect of any security in the manner provided by the Depository Act, and the company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificate of securities.

If a person opts to hold the security with a depository, the company shall intimate such depository, the details of allotment of the security, and on receipt of information, the depository shall enter in the records, the name of the allottee as the beneficial owner of the securities.

D Securities in Depositories to be in fungible form

All securities held by a Depository shall be dematerialized and shall be in fungible form. No Certificate shall be issued for the securities held by the depository. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372A of the Companies Act, 1956 shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

*1 Amended vide resolution passed by the members on July 12, 2011.

E. Transfer of Securities

Nothing contained in Section 108 of the Companies Act, 1956 or these Articles shall apply to a transfer of securities effected by a transferor and transferee, both of whom are entered as beneficial owners in the records of a depository.

F. Allotment of Securities dealt within a Depository

Notwithstanding anything contained in the Act, or these Articles, where a depository deals within or the securities, the Company shall intimate the details of allotment of relevant securities to the depository immediately on allotment of such securities.

G. Distinctive Nos. of Securities held in a Depository

Notwithstanding in the Act, or these Articles regarding the necessity of having distinctive numbers for securities issued by the company shall not apply to securities held with a depository.

H. Register and Index of beneficial owners

The Register and index of beneficial owners maintained by a Depository under the Depositories Act shall be deemed to be the Register and Index of members and other security holders for the purpose of these Articles.

I. Right of Depositories and beneficial owners

- (a) Notwithstanding anything contained in the Provisions of the Companies Act, 1956 and these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be member of the company.

The beneficial owners of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of their securities, which are held by the depository.

INCREASE AND REDUCTION OF CAPITAL

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| 49. The Company in general meeting may, from time to time, by ordinary resolution increase the capital by the creation of new shares of such amount as may be deemed expedient. | Power in increase capital |
| 50. Subject to any special rights or privileges for the time being attached to any shares in the capital of the Company then issued, the new shares may be issued upon such terms and conditions, and with such rights and privileges attached thereto as the General Meeting resolving upon the creation thereof, shall direct, and, if no direction be given, as the Board shall determine, and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company. | On what conditions new shares may be issued |
| 51. Before the issue of any new shares, the company in general meeting may make provisions as to the allotment and issue of the new shares, and in particular may | Provisions relating to the issue |

determine to whom the same shall be offered in the first instance and whether at par or at a premium or, subject to the provisions of Section 79 of the Act, at a discount; in default of any such provision, or so far as the same shall not extend, the new shares may be issued in conformity with the provisions of Article 6.

How for new shares to rank with existing shares

52. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered part of the then existing capital of the Company and shall be subject to the provision herein contained with reference to the payment of dividends, calls and, installments, transfer and transmission, forfeiture, lien, surrender and otherwise.

Inequality in number of new shares

53. If, owing to any inequality in the number of new shares to be issued and the number of shares held by members entitled to have the offer of such new shares, any difficulty shall arise in the apportionment of such new shares or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the shares or by the Company in general meeting, be determined by the Board.

Reduction of Capital etc.

54. The Company may, from time to time, by special resolution, reduce its capital and any Capital Redemption, Reserve Account or Share Premium Account in any manner and with and subject to any incident authorised and consent required by law.

ALTERATION OF CAPITAL

Power to sub-divide and consolidate shares

55. The Company in general meeting may from time to time 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 memorandum so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;
- (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 and diminish the amount of its share capital by the amount of the shares so cancelled.

Sub-division into Preference and Equity

56. The resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital, voting, or otherwise over or as compared with the others, or other subject, nevertheless, to the provisions of Section 85, 87, 88 and 106 of the Act.

Surrender of shares

57. Subject to the provisions of Sections 100 to 105 inclusive of the Act, the Board may accept from any member the surrender on such terms and conditions as shall be agreed of all or any of his shares.

MODIFICATION OF RIGHTS

Power to modify rights

58. 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, whether or not the Company is being wound up,

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 general meeting of the holders of the shares of that class. To every such separate general meeting, the provisions of these articles relating to general meeting shall apply but so that the necessary quorum shall be two persons at least holding or representing by proxy one-fifth of the issued shares of the class, but so that if at any adjourned meeting of such holders a quorum as above-defined is not present, those members who are present shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll and, on a poll, shall have one vote for each share of the class of which he is the holder. This Article is not by implication to curtail the power of modification which the Company would have if this Article were omitted. The Company shall comply with the provisions of Section 192 of the Act as to forwarding a copy of any such agreement of resolution to the Registrar.

BORROWING POWERS

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| 59. The Board may from time to time, at its discretion, subject to the provisions of Sections 292, 293 and 370 of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purposes of the Company. | Power to borrow |
| 60. The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and, in particular, by the issue of bonds, perpetual or redeemable, debentures or debenture-stock, or any mortgage, or other security on the undertaking of the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being. | Conditions on which money may be borrowed |
| 61. Any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges, as to redemption, surrender, drawings, allotment of shares appointment of Directors and otherwise. Debentures, debenture-stock bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Debentures, debenture stock, loan/loan stock, bonds or other securities with a right to allotment or conversion into shares shall not be issued except with the sanction of the Company in general meeting. | Issue at discount etc. or with special privileges |
| 62. Save as provided in Section 108 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the debentures. | Instrument of transfer of debenture |
| 63. If the Board refuses to register the transfer of any debentures, the Company shall, within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal, "giving reasons for such refusal". | Notice of refusal to register transfer of debenture |

GENERAL MEETINGS

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| 64. The Statutory Meeting of the Company shall, as required by section 165 of the Act, be held at such time not being less than one month nor more than six months from the date at which the Company shall be entitled to commence business and at such place as the Board may determine, and the Board shall comply with the other requirements of that Section as to the report to be submitted and otherwise. | The Statutory Meeting |
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- When Annual General Meetings to be held
65. In addition to any other Meetings, general meetings of the Company shall be held within such intervals as are specified in Section 166(1) of the Act and subject to the provisions of Section 166(2) of the Act, at such times and places as may be determined by the Board. Each such general meeting shall be called an "Annual General Meeting" and shall be specified as such in the notice convening the meeting. Any other meeting of the Company shall, except in the case where an Extraordinary General Meeting is convened under the provisions of the next following Article, be called a "General Meeting".
- When other General meetings to be called
66. The Board may, wherever it thinks fit, call a general meeting and it shall, on the requisition of such number of members as hold, at the date of the deposit of the requisition, not less than one-tenth of such of the paid up capital of the company as at that date carried the right of voting in regard to the matter to be considered at the meeting, forthwith proceed to call an Extraordinary General Meeting, and in the case of such requisition the provisions of Section 169 of the Act shall apply.
- Circulation of members resolution
67. The Company shall comply with the provisions of Section 188 of the Act as to giving notice of resolutions and circulating statements on the requisition of members.
- Notice of meeting
68. (1) Save as provided in sub-section (2) of Section 171 of the Act, not less than twenty-one day's notice shall be given of every general meeting of the Company. Every notice of a meeting shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat. Where any such business consists of "special business" as hereinafter defined, there shall be annexed to the notice a statement complying with section 173(2) and (3) of the Act.
- To whom notice to be given
- (2) Notice of every meeting of the Company shall be given to every member of the company, to the Auditors of the Company and to any persons entitled to a share in consequence of the death or insolvency of a member in any manner hereinafter authorised for the giving of notices to such persons. Provided that where the notice of general meeting is given by advertising the same in a newspaper circulating in the neighbourhood of the Office under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in section 173(2) of the Act need not be annexed to the notice as required by that Section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.
- Non-receipt of notice not to invalidate proceedings
- (3) The accidental omission to give any such notice to, or its non-receipt by, any member or other person to whom it should be given shall not invalidate the proceedings of the meetings.

PROCEEDINGS AT GENERAL MEETINGS

- Business of meetings
69. The ordinary business of an Annual General Meeting shall be to receive and consider the profit and loss Account, the Balance Sheet and the Reports of the Directors and of the Auditors to elect Directors in the place of those retiring by rotation, to appoint Auditors and fix their remuneration and to declare dividends. All other business transacted at an annual General Meeting and all business transacted at any other General Meeting shall be deemed special business.
- Quorum to be present when business commenced
70. 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. Save as

herein otherwise provided, five members present in person shall be a quorum.

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| 71. Any act or resolution which under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in general meeting shall be sufficiently so done or passed if effected by an ordinary resolution as defined in Section 189(1) of the Act unless either the Act or these Articles specifically require such act to be done or resolution passed by a special resolution as defined in Section 189(2) of the Act. | Resolution to be passed by Company in general meeting |
| 72. The Chairman or, in his absence, the Vice-Chairman of the Board shall be entitled to take the chair at every general meeting. If there be no such Chairman or Vice-Chairman, or if at any meeting neither of them is present within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act, the members present shall chose be entitled to take the chair at every general meeting. If there be no such Chairman or Vice-Chairman, or if at any meeting neither of them is present within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act, the members present shall choose another Director as Chairman, and if no Director be present, or if all the Directors present decline to take the chair, then the members present shall, on a show of hands or on a poll if properly demanded elect one of their number, being a member entitled to vote, to be Chairman. | Chairman of general meeting |
| 73. If within half-an-hour from the time appointed for the meeting a quorum be not present, the meeting, if convened upon such requisition as aforesaid, shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such time and place, as the Board may by notice appoint and if at such adjourned meeting, a quorum be not present, those members who are present and not being less than two shall be a quorum and may transact the business for which the meeting was called. | When, if quorum not present, meeting to be dissolved and when to be adjourned |
| 74. Every question submitted to a meeting shall be decided, in the first instance by a show of hands, and in the case of an equality of votes,, both on a show of hands and on a poll, the Chairman of the meeting shall have a casting vote in addition to the vote to which he may be entitled as a member. | How questions to be decided at meetings |
| 75. At any general meeting, unless a poll is (before or on the declaration of the result on a show of hands) ordered by the Chairman of the meeting of his own motion, or demanded by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than rupees fifty thousand has been paid up, a declaration by the Chairman that the resolution has or has not been carried either unanimously, or by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against the resolution. | What is to be evidence of the passing of a resolution where poll not demanded |
| 76. (1) If a poll be demanded as aforesaid, it shall be taken forthwith on a question of adjournment or election of a Chairman and, or any other case, in such manner and at such time, not being later than forty-eight hours from the time when the demand was made, and at such place as the Chairman of the meeting directs and subject as aforesaid, either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was demanded. | When poll to be decided |

- Scrutineers at poll
- (2) The demand of a poll may be withdrawn at any time.
 - (3) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers, one at least of whom shall be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed, to scrutinise the votes given on the poll and to report to him thereon.
 - (4) On a poll a member entitled to more than one vote or his proxy or other person entitled to vote for him as the case may be, need not, if he votes, uses all his votes or cast in the same way all the votes he uses.
 - (5) The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.
- 77 (1) The Chairman of general meeting may adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting form which the adjournment took place.
- Notice of adjourned meeting not necessary
- (2) When a meeting is adjourned it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTES OF MEMBERS

- Votes of members
- 78 (1) Save as hereinafter provided, on a show of hands every member present in person and being a holder of Equity Shares shall have one vote and every person present either as a General Proxy (as defined in Article 83) on behalf of a member holding Equity Shares, if he is not entitled to vote in his own right or, as a duly authorized representative of body corporate being a member holding Equity Shares, have one vote.
- (2) Save as hereinafter provided, on a poll the voting rights of a holder of Equity Shares shall be as specified in Section 87 of the Act.
- Provided that no company or body corporate shall vote by proxy so long as a resolution of its board of directors under the provisions of Section 187 of the Act is in force and the representative named in such resolution is present at the general meeting at which the vote by proxy is tendered.
- Procedure where a Company or the President of India or the Governor of a State is a member of the Company
- 79 (1) Where a company or a body corporate (hereinafter called "member company") is a member of the Company, a person, duly appointed by resolution in accordance with the provisions of Section 187 of the Act to represent such member company at a meeting of the Company, shall not, be reason of such appointment, be deemed to be a proxy, and the lodging with the Company at the Office or production at the meeting of a copy of such resolution duly signed by a director of such member company or its secretary or manager and certified by him being a true copy of the resolution shall, on production at the meeting, be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers including the right to vote by proxy on behalf of the member company which he represents, as that member company could exercise if it were an individual member.
- (2) Where the President of India or the Governor of a state is a member of the

Company, the President or, as the case may be, the Governor may appoint such persons as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company and such a person shall be deemed to be a member of the Company and shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President or as the case may be, the Governor could exercise as a member of the Company.

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| 80. If any member be a lunatic, idiot or non compos mentis, he may vote whether on a show of hands or on a poll, by his committee curator bonis or other legal curator and such last mentioned person may give his vote by proxy, provided that forty-eight hours at least before the time of holding the meeting or adjourned meetings as the case may be, at which any person proposes to vote he shall satisfy the Board of his right under the Transmission Article, to transfer the shares in respect of which he proposes to exercise his right under this Article, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof. | Votes in respect of insane and insolvent members |
| 81. Where there are joint registered holders of any share any one of such persons may vote at any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto; and if more than one of such joint-holders be present at any meeting either personally or by proxy, that one of the said persons so present whose name stands first on the Register in respect of such share alone shall be entitled to vote in respect thereof. | Joint holders |
| 82. On a poll votes may be given either personally or by proxy or in the case of a body corporate, by a representative duly authorised as aforesaid. | Instrument appointing proxy to be in writing |
| 83. The instrument appointing a proxy shall be in writing under the hand of the appointer or of this Attorney duly authorised in writing or if such appointer is a body corporate be under its common seal or the hand of its officer or Attorney duly authorised. A proxy who is appointed for a specified meeting only shall be called a Special Proxy. Any other proxy shall be called a General Proxy. | Proxies may be general or special |
| 84. A person may be appointed a proxy though he is not a member of the Company and every notice convening a meeting of the Company shall state this and that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. | Proxy may be non-member |
| 85. 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 or authority, shall be deposited at the Office not less than forty-eight 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 twenty-four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. | Instrument appointing a proxy to be deposited at the Office |
| 86. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death insanity, revocation or transfer of the share shall have been received by the Company at the Office before the vote is given: Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked. | When vote by proxy valid through authority revoked |

Form of instrument appointing a Special Proxy

87. Every instrument appointing a Special proxy shall be retained by the Company and shall as nearly as circumstances will admit, be in the form or to the effect following:-

NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED

I/We of being a member of Nagarjuna Fertilizers and Chemicals Limited, hereby appoint of (or failing him of as my/our Proxy) to attend and vote for me/us, and on my/our behalf at the (Annual or Extraordinary, as the case may be) General Meeting of the Company to be held on the day of 20 and at any adjournment thereof. As witness my/our hand(s) this day of 20 Signed by the said Provided always that an instrument appointing a Special Proxy may be in any of the forms set out in Schedule IX to the Act.

Restrictions on voting

88. No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised, any right if lien.

Admission or rejection of votes

89. (1) Any objection as to the admission or rejection of a vote, either on a show of hands or, on a poll made in due time, shall be referred to the Chairman who shall forthwith determine the same, and such determination made in good faith shall be final and conclusive.
- (2) 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 or tendered and every vote not disallowed at such meeting shall be valid for all purposes.

DIRECTORS

Number of Directors

90. Until otherwise determined by a Special Resolution, the number of the Directors of the Company shall not be less than three nor more than twelve including additional, technical, nominee and debenture holders directors, if any.

Proportion to retire by rotation

91. Not less than two-thirds of the total number of Directors shall be persons whose period of office is liable to determination by retirement of directors by rotation.

Directors in Office at the date of adoption of these Articles

92. The persons hereinafter named shall become and be the 'first Directors of the Company' that is to say:-

Mr. Tankasal Verapala Dwarkanath

Ms. Sangeetha Iyer

Mr. Kalidindi Ravindra

Power of Board to add to its number

93. The Board shall have power, at any time and from time to time, to appoint any person as a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for re-election.

Nomination of Directors by Financial Institution

- 94*¹ i. "Notwithstanding anything to the contrary contained elsewhere in these Articles and so long as Nagarjuna Holdings Private Limited and its associates (referred to for brevity as 'NHL') as Promoters hold or continue to hold fully paid-up Equity Shares in the company, NHL shall have the right to nominate Directors on the Board of Directors of the Company, subject to a minimum of five Directors by NHL who may be referred to as

*¹ Amended vide resolution passed by the members on August 19, 2011.

'Promoter Directors'. Subject to the provisions of Section 255 and 256 of the Companies Act, 1956 and any Statutory Enactment / Order / Notification as may be in force from time to time and Articles 91, 105 and 106 of the Articles of Association of the Company, such Promoter Directors shall not be liable to retirement by rotation nor shall they be required to hold any qualification shares. NHL shall exercise their powers of nomination / reappointment / removal as the case may be by means of letters addressed to the Company which shall take effect forthwith on their receipt by the Company at its Registered Office.

- ii.a. Subject to Section 255 and other applicable provisions of the Companies Act, 1956 and notwithstanding anything otherwise contained in these Articles, the Government of Andhra Pradesh shall, so long as the Governor of Andhra Pradesh, holds not less than 10% of the paid-up share capital of the Company, have power to appoint two Directors (referred to as Official Directors) or in the event of the investment falling below 10% but not less than 2.5% of the equity share capital of the company, shall have power to nominate a minimum one Director on the Board of the company, who shall not be liable to retirement by rotation. The Government shall have powers to remove any such Nominee Director at their absolute discretion and to fill any vacancy in the office of such official Directors caused by removal, resignation, death or otherwise. The appointment or termination of the Official Directors shall be effected by means of a letter addressed to the Board of Directors of the Company and such appointment or termination shall have effect forthwith upon the said letter being delivered to the company.
- ii.b. If and when the State Government decides to disinvest the whole or any part of its Equity, the same shall be offered to Nagarjuna Holdings Private Limited and the said Nagarjuna Holdings Private Limited who shall be entitled to acquire the shares so offered in its own name or in the name of any other party acceptable to the State Government in terms of the agreement entered into between NHL and the State Government.
- iii. Subject to Section 255 and other applicable provisions of the Companies Act, 1956 and notwithstanding anything otherwise contained in these Articles, so long as Krishak Bharati Co-operative Limited (KRIBHCO), holds share capital of the Company, KRIBHCO shall have power to appoint one Director (referred to as Official Directors), who shall not be liable to retirement by rotation. KRIBHCO shall have powers to remove any such Nominee Director at their absolute discretion and to fill any vacancy in the office of such official Directors caused by removal, resignation, death or otherwise. The appointment or termination of the Official Directors shall be effected by means of a letter addressed to the Board of Directors of the Company and such appointment or termination shall have effect forthwith upon the said letter being delivered to the company.

If and when KRIBHCO decides to disinvest the whole or any part of its Equity, the same shall be offered to Nagarjuna Holdings Private Limited and the said Nagarjuna Holdings Private Limited who shall be entitled to acquire the shares so offered in its own name or in the name of any other party acceptable to KRIBHCO in terms of the agreement entered into between NHL and KRIBHCO.

- iv. Subject to Section 255 and other applicable provisions of the Companies Act, 1956 and notwithstanding anything otherwise contained in these

Articles, so long as Snamprogetti S.p.A (now called Saipem S.p.A), holds share capital of the Company, Saipem shall have power to appoint one Director (referred to as Official Directors), who shall not be liable to retirement by rotation. Saipem shall have powers to remove any such Nominee Director at their absolute discretion and to fill any vacancy in the office of such official Directors caused by removal, resignation, death or otherwise. The appointment or termination of the Official Directors shall be effected by means of a letter addressed to the Board of Directors of the Company and such appointment or termination shall have effect forthwith upon the said letter being delivered to the company.

If and when Saipem decides to disinvest the whole or any part of its Equity, the same shall be offered to Nagarjuna Holdings Private Limited and the said Nagarjuna Holdings Private Limited who shall be entitled to acquire the shares so offered in its own name or in the name of any other party acceptable to Saipem in terms of the agreement entered into between NHL and Saipem .

- v.a. Whenever the Company enters into a contract with any Government, Central, State or Local or any Financial Institution or any person or persons (hereinafter referred to as "the appointer") for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enters into any other arrangement whatsoever, the Board shall have, subject to the provisions of Section 255 of the Act, the power to agree that such appointer shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be provided in the agreement and that such Director or Directors may not be liable to retire by rotation nor be required to hold any such share qualification. The Board may also agree that any such Director or Directors may be removed from time to time by the appointed entitled to appoint or nominate them and the appointer may appoint another or others in his or their place and also fill any vacancy which may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatsoever. Unless otherwise agreed to between the Board and the appointer, the Director appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the other Directors of the Company including payment of remuneration and travelling expenses to such Director or Directors as may be agreed by the Company with the appointer.
- v.b. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit & Investment Corporation of India Limited (ICICI) and Life Insurance Corporation of India (LIC) or to any other Finance Corporation or Credit Corporation or to any other Finance Company or Body or the State Bank of India (SBI) out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC and Unit Trust of India (UTI) or any other Financing Corporation or Credit Corporation or any other Financing Company or Body or SBI (each of which IDBI, IFCI, ICICI, LIC and UTI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body or SBI is hereinafter in this Article referred to as "the Corporation") continue to hold debentures in the

Company by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

- vi. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Directors shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Directors shall not be liable to retire by rotation. Subject as aforesaid, the Nominee Directors shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.
- vii. The Nominee Directors so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds Debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of the Guarantee is outstanding and the Nominee Director's so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold Debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of the Guarantee furnished by the Corporation.
- viii. The nominee Directors appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which the Nominee Directors is/are members as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.
- ix. The Company shall pay to the Nominee Directors sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the Company, the fees, commission, moneys and remuneration in relation to such Nominee Directors shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Directors in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or, as the case may be, to such Nominee Directors.

Provided that if any such Nominee Directors is an officer of the Corporation the sitting fees, in relation to such Nominee Director's shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

- x. In the event of the Nominee Directors being appointed as whole time Directors such nominee Directors shall exercise such powers and have such rights as are usually exercised or available to a whole time Director

in the management of the affairs of the Company. Such whole time Directors shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation”.

xi. The Chairman and the Managing Director shall be the nominees of NHL or its successors in business.

Share qualification of Directors

95. Unless otherwise determined by the Company in general meeting, a Director shall not be required to hold any share qualification.

Director's fees, remuneration and expenses

96. Unless otherwise determined by the Company in general meeting, each Director other than the Managing and Whole-time Directors, shall be entitled to receive out of the funds of the Company for the services rendered by the Director in attending meetings of the Board or a Committee of the Board, the maximum amount as may be prescribed by the Act or the Central Government or such lower amount as may be fixed by the Board from time to time. The Directors shall also be entitled to receive a commission (to be divided between them in such manner as they may, from time to time, determine and, in default of determination, equally) of one percent, of the net profits of the Company computed in the manner referred to in sub-section (1) of Section 198 of the Act. All other remuneration, if any, payable by the Company to each Director, whether in respect of his services as a Managing Director or a Director in the whole or part time employment of the Company shall be determined in accordance with and subject to the provisions of these Articles and of the Act. The Directors shall be entitled to be paid all fees for filing documents which they may be required to file under the Act and shall also be entitled to be paid their reasonable traveling and hotel and other expenses incurred in consequence of their attending at Board and Committee meetings or otherwise incurred in the execution of their duties as Directors.

Remuneration for extra service

97. If any Director, being willing, shall be called upon to perform extra services or to make any special exertions for any of the purposes of the Company or in giving special attention to the business of the Company or as a member of a Committee of the Board then, subject to Section 198, 309 and 310 of the Act, the Board may remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled.

Board may act notwithstanding vacancy

98. The continuing Directors may act notwithstanding any vacancy in their body, but so that if the number falls below the minimum above fixed, the Board shall not, except for the purpose of filling vacancies, act so long as the number is below the minimum.

Vacation of office of Director

99. (1) Subject to the provisions of Section 283(2) of the Act, the office of a Director shall become vacant if:-

- (a) he is found to be of unsound mind by a Court of competent jurisdiction; or
- (b) he applies to be adjudicated an insolvent; or
- (c) he is adjudged an insolvent; or

- (d) he is convicted by a Court of any offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or
 - (e) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with other, within six months from the last date fixed for the payment of the call unless the Central Government has, by notification of the Official Gazette, removed the disqualification incurred by such failure; or
 - (f) he absents himself from three consecutive meetings of the Board or from all meetings of the Board for a continuous period of three months, whichever is the longer, without obtaining leave of absence from the Board; or
 - (g) he (whether by himself or by any person for his benefit or on his account), or any firm in which he is a partner or any private company of which he is a director, accepts a loan, or any guarantee or security for loan, from the Company in contravention of Section 295 of the Act; or
 - (h) he acts in contravention of Section 299 of the Act; or
 - (i) he becomes disqualified by an order of Court under Section 203 of the Act; or
 - (j) he be removed from office in pursuance of Section 284 of the Act; or
 - (k) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or
 - (l) by notice in writing to the Company he resigns his office; or
 - (m) any office or place of profit under the Company or under any subsidiary of the Company is held in contravention of Section 314 of the Act and by operation of that section he is deemed to vacate office.
- (2) Notwithstanding any matter or thing in clauses (c), (d) and (i) of sub-clause (1), the disqualification referred to in those clauses shall not take effect:-
- (a) for thirty days from the date of adjudication, sentence or order; or
 - (b) where an appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence, or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or
 - (c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.

100 Any Director or other person referred person referred to in Section 314 of the Act may be appointed to or hold any office or place of profit under the Company or under any subsidiary of the Company in accordance with the provisions of the said Section.

Office of Profit

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| When Director of this Company appointed director of a Company in which the Company is interested either as a member or otherwise | 101 A Director of this Company may be or become a director of any other company promoted by this Company or in which it may be interested as a member, shareholder or otherwise and no such Director shall be accountable for any benefits received as a director or member of such company, unless otherwise resolved by the Board. |
| Conditions under which Directors may contract with the Company | 102 Subject to the provisions of Section 297 of the Act, neither shall a Director be disqualified from contracting with the Company either as vendor, purchaser or otherwise for goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company, nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director, or a firm in which such Director or relative is a partner or with any other partner in such firm or with a private company of which such Director is a member or director, be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established. |
| Disclosure of a Director's interest | 103 Every Director who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, entered into or to be entered into, by or on behalf of the Company, not being a contract or arrangement entered into or to be entered into between the Company and any other company where any of the Directors of the Company or two or more of them together holds or hold not more than two percent, of the paid up share capital in the other Company, shall disclose the nature of his concern or interest at a meeting of the Board as required by Section 299 of the Act. A general notice, renewable in the last month of each financial year of the Company, from a Director that he is a director or a member of any specified body corporate or is a member of any specified firm and is to be regarded as concerned or interested in any subsequent contract or arrangement with that body corporate or firm shall be sufficient disclosure of concern or interest in relation to any contract or arrangement so made and, after such general notice, it shall not be necessary to give special notice relating to any particular contract or arrangement with such body corporate or firm, provided such general notice is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given. |
| Discussion and voting by Director interested | 104 No Director shall, as a Director take any part in the discussion of or vote on any contract or arrangement in which he is any way, whether directly or indirectly concerned or interested, nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote. This prohibition shall not apply to (a) any contract of indemnity against any loss which the Directors or any of them may suffer by reason of becoming or being sureties or a surety for the Company; or (b) any contract or agreement entered into or to be entered into by the Company with a public company, or with a private Company which is a subsidiary of a public Company, in which the interest of the Director consists solely in his being a director of such company and the holder of shares not exceeding in number or value the amount requisite to qualify him for appointment as a Director thereof, he having been nominated as such director by the Company or in his being a member of the company holding not more than two percent of its paid up share capital. |

ROTATION OF DIRECTORS

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| Rotation and Retirement of Directors | 105 At each Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number |
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is not three or a multiple of three, then the number nearest to one-third, shall retire from office. Provided that an additional Director appointed by the Board under Article 93 hereof shall not be liable to retire by rotation within the meaning of this Article nor shall he be taken into account in calculating the number of Directors liable to retire by rotation under this Article.

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| 106 | The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day those to retire shall, in default of and subject to any agreement among themselves, be determined by lot. | Which Directors to Retire |
| 107 | Save as permitted by Section 263 of the Act every resolution of a general meeting for the appointment of a Director shall relate to one named individual only. | Appointment of Director to be voted on individually |
| 108. (1) | The Company at the Annual General Meeting of Which a Directors retires by rotation in manner aforesaid, may fill up the vacated office by appointing the retiring Director or some other person thereto. | Meeting to fill up vacancies |
| (2) | If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place. If, at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless:- | When retiring Director deemed to be re-appointed |
| (a) | at the meeting or at the previous meeting, a resolution for the reappointment of such Director has been put to vote and lost; or | |
| (b) | the retiring Director has by notice in Writing addressed to the Company or the Board expressed his unwillingness to be reappointed; or | |
| (c) | he is not qualified or is disqualified for appointment; or | |
| (d) | a resolution, whether special or ordinary, is required for his appointment or re-appointment in virtue of any provisions of the Act; or | |
| (e) | the provision to Sub-section (2) of Section 263 of the Act is applicable to the case. | |
| 109. | The Company in general meeting may from time to time increase or reduce the number of Directors within the limits fixed by Article 90. | Company in general meeting to increase or reduce number of Directors |
| 110. | The Company may, subject to the provisions of Section 284 of the Act, by ordinary resolution of which special notice has been given, remove any Director before the expiration of his period of office and may, by ordinary resolution of which Special Notice has been given, appoint another person in his stead, if the Director so removed was appointed by the Company in general meeting. The person so appointed shall hold office until the date up to which his predecessor would have held office if he had not been so removed. | Power to remove Director by ordinary resolution on Special Notice |
| 111. | If any Director appointed by the Company in general meeting vacates office as a Director before his term of office will expire in the normal course, the resulting casual vacancy may be filled up by the Board at a meeting of the Board, but any person so appointed shall retain his office so long only as the vacating Director | Board may fill up casual vacancies |

would have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Article 110.

When the Company and candidate for office of Director must give notice

112. No person not being a retiring Director shall be eligible for appointment to the office of Director at any general meeting unless he or some member intending to propose him has, not less than fourteen days before the meeting, left at the office a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office, as the case may be, along with a deposit of five hundred rupees or such other sum as may be prescribed in that behalf, which shall be refunded to such person, or as the case may be, to such member, if the person succeeds in getting elected as a Director. The Company shall inform its members of the candidature of a person for the office of director or the intention of member to propose such person as a candidate for that office, by serving individual notices on the members not less than seven days before the general meeting. Provided that it shall not be necessary for the Company to serve individual notices upon the members as aforesaid if the company advertises such candidature or intention not less than seven days before the general meeting in at least two news papers circulating in the place where the Office is located of which one is published in the English language and the other in the regional of that place.

ALTERNATE DIRECTORS

Power to appoint Alternate Director

113. The Board may appoint any person to act as alternate director for a Director during the latter's absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee whilst he holds office as an alternate director, shall be entitled to notice of meetings of the Board and to attend and vote thereat accordingly, but he shall not be required to hold the share qualification, if any, and shall ipso facto vacate office if and when the absent Director returns to the State in which meetings of the Board are ordinarily held or the absent Director vacates office as a Director.

PROCEEDINGS OF DIRECTORS

Meetings of Directors

114. The Board shall meet together at least once in every three months for the dispatch of business and may adjourn and otherwise regulate its meetings and proceedings as it thinks fit, provided that at least four such meetings shall be held in every year. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India, and at this usual address in India to every other Director. Unless otherwise determined from time to time and at any time by the Chairman or the Vice-Chairman, meetings of the Board shall take place at the Office.

Who may summon Board meeting

115. The Chairman or the Vice-Chairman may, at any time and the Secretary shall, upon the request of the Chairman or the Vice-Chairman made, at any time, convene a meeting of the Board. meeting at any time, convene a meeting of the Board.

Chairman

116. The Board may appoint a Chairman and a Vice-Chairman of the Board and determine the period for which they are to hold office. The Chairman or, in his absence, the Vice-Chairman shall be entitled to take the Chair at any meeting of the Board. If no such Chairman or Vice-Chairman is appointed or if at any

meeting of the Board neither the Chairman nor the Vice-Chairman be present within five minutes after the time appointed for holding the same, the Directors present shall choose some one of their number to be Chairman of such meeting.

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| 117. The quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of Section 287 of the Act. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board, it shall be adjourned until such date and time as the Chairman of the Board shall appoint. | Quorum |
| 118. A meeting of the Board at which a quorum be present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles or the Act for the time being vested in or exercisable by the Board. | Powers of quorum |
| 119. Subject to the provisions of Sections 316, 372 (5) and 386 of the Act, questions arising at any meeting shall be decided by a majority of votes, and in case of an equality of votes, the Chairman shall have a second or casting vote. | How questions to be decided |
| 120. The Board may, subject to the provisions of the Act, from time to time and at any time, delegate any of its powers to a Committee consisting of such Director or Directors as it thinks fit, and 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 upon it by the Board. | Power to appoint Committees and to delegate |
| 121. The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto, and are not superseded by any regulations made by the Board under the last preceding Article. | Proceedings of Committee |
| 122. Acts done by a person as a Director shall be valid, notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provisions contained in the Act or in these Articles. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated. | When acts of a Director valid notwithstanding defective appointment etc. |
| 123. Save in those cases where a resolution is required by Section 262, 292, 297, 316, 372 (5) and 386 of the Act, to be passed at a meeting of the Board, a resolution shall be as valid and effectual as if it had been passed at a meeting of the Board or Committee of the Board, as the case may be, duly called and constituted, if a draft thereof in writing is circulated, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee of the Board, as the case may be, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be) and to all other Directors or members of the Committee at their usual address in India, and has been approved by such of them as are then in India or by a majority of such of them as are entitled to vote on the resolution. | Resolution without Board meeting |

MINUTES

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| 124. (1) The Board shall, in accordance with the provisions of Section 193 of the Act, cause minutes to be kept by making within thirty days of the conclusion of every general meeting and of every meeting of the Board or of every Committee of the Board, entries thereof in books provided for the purpose with their pages consecutively numbered, each page of every such book | Minutes to be made |
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being initialed or signed and the last page of the record of proceedings of each meeting. In such books being dated and signed, in the case of minutes of proceedings of a meeting of the Board or of a Committee thereof, by the Chairman of the said meeting or the Chairman of the next succeeding meeting, and in the case of minutes of proceedings of a general meeting by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period by a Director duly authorised by the Board for the purpose, provided that in no case shall the minutes of proceedings of a meeting be attached to any such book as aforesaid by pasting or otherwise.

The minutes shall contain particulars -

- (a) of the names of the Directors present at each meeting of the Board and of any Committee of the Board and in the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from or not concurring, in the resolution.
- (b) of all orders made by the Board and Committees of the Board.
- (c) of all appointments of Directors and other officers of the Company; and
- (d) of all proceedings of general meetings of the Company and of meetings of the Board and Committees of the Board.

The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

PROVIDED that no matter need be included in any such minutes which, in the opinion of the Chairman of the meeting, in his absolute discretion -

- (a) is, or could reasonably be regarded as, defamatory of any person;
 - (b) is, irrelevant or immaterial to the proceedings; or
 - (c) is detrimental to the interests of the Company.
- (2) Any such minutes of any meeting of the Board or of any Committee of the Board or of the Company in general meeting, if kept in accordance with the provisions of Section 193 of the Act, shall be evidence of the matters stated in such minutes. The Minute Books of general meetings of the Company shall be kept at the Office and shall be open to inspection by members during the hours of two and four o'clock in the afternoon on such business days as the Act requires them to be open for inspection.

POWERS OF THE BOARD

General powers of Company
vested in the Board

125. Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall pay all expenses incurred in promoting and registering the Company and shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorised to exercise and do. Provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other statute or by the Memorandum of the Company or by these Articles or otherwise, to be exercised or done by the Company in general meeting. Provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to

the provisions in that behalf contained in the Act or any other statute or in the Memorandum of the Company or in these Articles or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the company in general meeting, but no regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

LOCAL MANAGEMENT

126. Subject to the provisions of the Act, the following regulations shall have effect:-

- (1) The Board may, from time to time, provide for the management of the affairs of the Company outside India (or in any specified locality in India) in such manner as it shall think fit and the provisions contained in the four next following paragraphs shall be without prejudice to the general powers conferred by this paragraph.
- (2) The Board may, from time to time and at anytime establish any local Directorates or agencies for managing any of the affairs of the Company outside India, or in any specified locality in India, and may appoint any persons to be members of such Local Directorate or any managers or agents and may fix their remuneration and save as provided in Section 292 of the Act, the Board may, from time to time and at any time, delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, and may authorize the members for the time being of any such Local Directorate or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit and the Board may, at any time, remove any person so appointed and may annual or vary any such delegation.
- (3) The Board may, at any time and from time to time, by Power-of-Attorney under the Seal, appoint any persons to be attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those which may be delegated by the Board under the Act) and for such period and subject to such conditions as the Board may, from time to time, think fit, any such appointment may, if the Board thinks fit, be made in favour of the members or any of the members of the Local Directorate established as aforesaid, or in favour of any company or of the members, directors, nominees or officers of any company or firm, or in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board, and any such Power-of-Attorney may contain such provisions for the protection or convenience of persons dealing with such Attorneys as the Board thinks fit.
- (4) Any such delegates or Attorneys as aforesaid may be authorised by the Board to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.
- (5) The Company may exercise the powers conferred by Section 50 of the Act with regard to having an Official Seal for use abroad and such powers shall be vested in the Board, and the Company may cause to be kept in any State or country outside India, as may be permitted by the Act, a Foreign Register of Members or debenture-holders resident in any such State or country and the Board may from, time to time, make such regulations as it may think fit respecting, the keeping of any such Foreign Register, such

Local Management

Local Directorate delegation

Powers-of-Attorney

Sub-delegation

Seal for use abroad

Foreign Register

regulations not being inconsistent with the provisions of Sections 157 and 158 of the Act, and the Board may from time to time, make such provisions as it may think fit relating thereto and may comply with the requirements of and local law and shall in any case, comply with the provisions of Sections 157 and 158 of the Act.

MANAGING OR WHOLETIME DIRECTORS

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| How to appoint Managing or Wholetime Directors | 127 Subject to the provisions of Sections 269, 316 and 317 of the Act, the Board may, from time to time, appoint one or more of their body to be Managing Director or Managing Directors or Wholetime Director or Wholetime Directors of the Company and may from time to time (subject to the provisions of any contract between him or them and the Company), remove or dismiss him or them from office and appoint another or others in his or their place or places. |
| To what provisions they shall be subject | 128. (1) Subject to the provisions of Section 255 of the Act and of these Articles, a Managing Director or Wholetime Director shall not, while he continues to hold that office, be subject to retirement by rotation, and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire, but (subject to the provisions of any contract between him and the company) he shall be subject to the same provisions as to resignation and removal as the other Directors, and he shall, ipso facto and immediately, cease to be a Managing Director or Wholetime Director as the case may be if he ceases to hold the office of Director from any cause. |
| Seniority | (2) If at any time the total number of such Directors (including Managing Director or Wholetime Director) as are not subject to retirement by rotation is more than one-third of the total number of Directors for the time being, then such Managing Director or Managing Directors or Wholetime Director or Wholetime Directors who shall not retire, shall be determined by and in accordance with their respective seniorities. For the purpose of this Article the seniorities of the Managing Directors or of the wholetime Directors shall be determined by the dates of their respective appointments as Managing Directors or Wholetime Directors by the Board. As between persons who became Managing Directors or Wholetime Directors, as the case may be, on the same day, those who shall not retire shall in default of and subject to any agreement amongst themselves, be determined by lot. |
| Remunerations | 129. Subject to the provisions of Sections 309, 310 and 311 of the Act, a Managing Director or Wholetime Director shall, in addition to the remuneration payable to him as a Director of the Company under these Articles, receive such additional remuneration as may from time to time be sanctioned by the Company. |
| Powers | 130. Subject to the provisions of the Act in particular to the prohibitions and restrictions contained in Section 292 thereof, the Board may, from time to time, entrust to and confer upon a Managing Director or wholetime Director for the time being such of the powers exercisable under these presents by the Board as it may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as it thinks fit and the Board may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Board in that behalf, and may, from time to time, revoke, withdraw, alter or vary all or any of such powers. |

131. Subject to Section 383-A of the Act or any statutory modification thereof the Board shall appoint as Secretary of the Company an individual who possesses the prescribed qualification(s) on such terms and conditions the Board may think fit. Any Secretary so appointed may be removed by the Board and the Board may, in his place, appoint any other eligible person. Secretary
132. The Board shall provided for the safe custody of the Seal and the Seal shall never be used except by the authority of the Board, or a Committee of the Board authorised by the Board in that behalf and, save as provided in Article 15(1) hereof, any two Directors, or one Director and the Secretary, or one Director and such other person as the Board may appoint or such Constituted Attorney the board or the Committee may appoint, shall sign every instrument to which the Seal is affixed. Provided nevertheless, that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority of the Board to issue the same. Custody of Seal

ANNUAL RETURNS

133. The Company shall comply with the provisions of Sections 159 and 161 of the Act as to the making of Annual Returns. Annual Returns

RESERVES

134. The Board may from time to time before recommending any dividend, set apart any and such portion of the profits of the Company as it thinks fit as Reserves to meet contingencies or for the liquidation of any debentures, debts or other liabilities of the Company, for equalization of dividends, for repairing, improving or maintaining any of the property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interests of the Company, and may, subject to the provisions of Section 372 of the Act, invest the several sums so set aside upon such investments (other than shares of the Company) as it may think fit and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company, and may divide the Reserves into such special funds as it thinks fit, with full power to employ the Reserves or any parts thereof in the business of the Company, and that without being bound to keep the same separate from the other assets. Reserves
- 135 All moneys carried to the Reserves shall nevertheless remain and be profits of the Company applicable, subject to due provisions being made for actual loss or depreciation for the payment of dividends and such moneys and all the other moneys of the Company not immediately required for the purposes of the Company may, subject to the provisions of *Sections 370 and 372 of the Act be invested by the Board in or upon* such investments or securities as it may select or may be used as working capital or may be kept at any Bank on deposit or otherwise as the Board may, from time to time, think proper. Investment of money

CAPITALISATION OF RESERVES

- 136^{*1}. The Board of Directors, unless otherwise specifically provided in the Companies Act, 1956 and/ or such other enactments or regulations in lieu thereof that maybe in force from time to time and in accordance with the guidelines issued by the Securities and Exchange Board of India (SEBI), may resolve that any moneys, investments, or other assets forming part of the undivided profits of the Company standing to the credit of the Reserves, or any Capital Redemption Capitalisation of Reserves

*1 Amended vide Resolution passed by the members on November 29, 2013

Reserve Account, or in the hands of the Company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the Securities Premium Account be capitalised and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such members in paying up in full any unissued shares, debentures or debenture-stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such members in full satisfaction of their interest in the said capitalised sum. Provided that any sum standing to the credit of a Securities Premium Account or a Capital Redemption Reserve Account may; for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

- Surplus moneys 137 A general meeting may resolve that any surplus moneys arising from the realization of any capital assets of the Company or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.
- Fractional Certificates 138 For the purpose of giving effect to any resolution under the two last preceding Articles the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, and may determine that cash payments shall be made to any members in order to adjust the rights of all parties and may vest such cash in trustees upon such trusts for the persons entitled to the dividend or capitalised funds as may seem expedient to the Board. Where requisite, a proper contract shall be filed in accordance with Fractional Certificates Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund, and such appointments shall be effective.

DIVIDENDS

- How profits shall be divisible 139. Subject to the rights of members entitled to shares (if any) with preferential or special rights attached thereto the profits of the Company which it shall from time to time be determined to divide in respect of any year or other period shall be applied in the payment of a dividend on the Equity Shares of the Company, but so that a partly paid up share shall only entitle the holder with respect thereof to such a proportion of the distribution upon a fully paid up share as the amount paid thereon bears to the nominal amount of such share and so that where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not rank for dividends or confer a right to participate in profits.
- Declaration of dividends 140. The Company in Annual General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may subject to the provisions of Section 207 of the Act, fix the time for payment and determine that such dividend shall be payable to the holders registered as such at the close of some specified day of the shares in respect of which such dividend may be declared.
- Restrictions on amount of dividends 141. No larger dividend shall be declared than is recommended by the Board, but the Company in general meeting may declare a smaller dividend.
- Dividend out of profits only and not to carry interest 142. Subject to the provisions of Section 205 of the Act, no dividend shall be payable, except out of the profits of the Company or out of moneys provided by the Central or a State Government for the payment of the dividend in pursuance of

any guarantee given by such Government and no dividend shall carry interest against the Company.

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| 143. Subject to provisions of the Act, the declaration of the Board as to the amount of the net profits of the Company shall be conclusive. | What to be deemed net profits |
| 144. The Board, from time to time, pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company. | Interim dividends |
| 145. 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. No unclaimed dividend shall be forfeited by the Board. | Debts may be deducted |
| 146. Subject to the provisions of Article 17, any general meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend and the dividend may be set off against the call. | Dividend and call together |
| 147. No dividend shall be payable except in cash; Provided that nothing in the foregoing shall be deemed to prohibit the capitalisation of profits or reserves of the Company for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on the shares held by the members of the Company. | Dividend in cash |
| 148. In cases where the instrument of transfer of shares has been lodged with the Company for registration but transfer of such shares has not been registered, the Company shall comply with the provisions of section 206A of the Companies Act, 1956 in regard to dividend, rights shares and bonus shares. | Effect of transfer |
| 149. The Company may pay interest on capital raised for the construction of works or buildings when and so far as it shall be authorised to do by Section 208 of the Act. | Payment of interest on Capital |
| 150. No dividend shall be paid in respect of any share except to the registered holder of such share or to his order or to this bankers, but nothing contained in this Article shall be deemed to require the bankers of a registered shareholder to make separate application to the Company for the payment of the dividend. Nothing in this Article shall be deemed to affect in any manner the operation of the Article 148. | To whom dividends payable |
| 151. Any one of several persons who are registered as the joint-holders of any share may give effectual receipts for all dividends, bonuses and other payments in respect of such share. | Dividend to joint holders |
| 152. Payment of any dividend, whether interim or otherwise, shall be made to the persons entitled to share therein in the manner hereinafter provided. | Payment of Dividends |
| 153. Unless otherwise directed in accordance with Section 206 of the Act, any dividend, interest or other monies payable in cash in respect of a share may be paid by cheque or warrant sent through the post 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 the first named in the Register in respect of the joint-holding or to such person and such address as the holder or joint-holders, as the case may be, may direct, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent. | Manner of payment |
| 154. All dividends unclaimed or remaining unpaid shall be dealt with in accordance | Unclaimed dividends |

with the provisions of sections 205A and 205B and any other applicable provision of the Act.

BOOKS AND DOCUMENTS

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| Books of account to be kept | 155. The Board shall cause to be kept in accordance with Section 209 of the Act proper books of account with respect to:- <ul style="list-style-type: none"> (a) All sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place; (b) all sales and purchases of goods by the Company; (c) the assets and liabilities of Company; and (d) such particulars relating to utilization of material or labour or to other items of cost as may be prescribed in accordance with the provisions of Section 209 (1) (d) of the Act |
| Where to be kept | 156. The books of account shall be kept at the Office or at such other place in India as the Board may decide and when Board so decides the Company shall, within seven days of the decision, file with the Registrar a notice in writing giving the full address of that other place. |
| Inspection | 157. (1) Subject to the provisions of Section 209 of the Act, the books of account shall be open to inspection during business hours by any Director, Registrar or any officer of Government authorised by the Central Government in this behalf.

(2) 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 books of account and books and documents of the Company, other than those referred to in Articles 124(2) and 182 or any of them, shall be open to the inspection of the members not being Directors; and no member (not being a Director) shall have any right of inspecting any books of account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in general meeting. |
| Books of account and vouchers to be preserved | 158. The books of account of the Company together with the vouchers relevant to any entry in such books of account shall be preserved in good order for a period of not less than eight years from the date of incorporation of the Company and, after the said period of eight years, the books of account of the Company together with the vouchers relevant to any entry in such books of account relating to a period of not less than eight years immediately preceding the current year shall be preserved in good order. |

BALANCE SHEET AND ACCOUNTS

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|---|---|
| Balance Sheet and Profit and Loss Account | 159. At every Annual General Meeting the Board shall lay before the Company a Balance Sheet and Profit and Loss Account made up in accordance with the provisions of Section 210 of the Act and such Balance Sheet and Profit and Loss Account shall comply with the requirements of Sections 210, 211, 212, 215 and 216 and of Schedule VI to the Act so far as they are applicable to the Company but, save as aforesaid, the Board shall not be bound to disclose greater details of the result or extent of the trading and transactions of the Company than it may deem expedient. |
| Annual Report of Directors | 160. There shall be attached to every Balance Sheet laid before the Company a |

report by the Board complying with Section 217 of the Act.

161. A copy of every balance sheet (including the profit and loss account, the auditors' report and every other document required by law to be annexed or attached, as the case may be, to the balance sheet) which is to be laid before the Company in general meeting shall, not less than twenty one days before the date of the meeting, be sent to every member of the Company, to every trustee for the holders of any debentures issued by the Company, whether such member or trustee is or is not entitled to have notices of general meetings of the Company sent to him and to all other persons to whom the same is required to be sent by the said section.

Copies to be sent to members and others

PROVIDED that upon the Company's shares being listed on a recognised stock exchange, the Company shall be at liberty to comply with the aforesaid requirement regarding dispatch of copies of documents by sending, subject always to the Company complying with the provisions of section 219 of the Act, a statement containing the salient features of the documents aforesaid in the prescribed form or copies of the documents aforesaid as the Company may deem fit.

162. The Company shall comply with Section 220 of the Act as to filing copies of the Balance Sheet and Profit and Loss Account and documents required to be annexed or attached thereto with the Registrar.

Copies of Balance Sheet, etc. to be filed

AUDIT

163. Once at least in every year the books of account of the Company shall be examined by one or more Auditor or Auditors.

Accounts to be audited annually

164. The first Auditor or Auditors of the Company shall be appointed by the Board within one month after the date of registration of the Company and the Auditor or Auditors so appointed shall hold office until the conclusion of the first Annual General Meeting of the Company.

First Auditors

165. The Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting and shall, within seven days of the appointment, give intimation thereof to every Auditor so appointed unless he is or they are a retiring Auditor or Auditors. The appointment, remuneration, rights and duties of the Auditor or Auditors shall be regulated by Sections 224 to 227 of the Act.

Appointment and remuneration of Auditors

166. Where the Company has a branch office the provisions of Section 228 of the Act shall apply.

Audit of accounts of branch office of Company

167. All notices of, and other communications relating to any general meeting of the Company which any member of the Company is entitled to have sent to him shall also be forwarded to the Auditor of the Company and the Auditor shall be entitled to attend any general meeting and to be held at any general meeting which he attends on any part of the business when concerns him as Auditor.

Right of Auditor to attend general meeting

168. The Auditors' Report (including the Auditor's separate, special or supplementary report, if any) shall be read before the Company in general meeting and shall be open to inspection by any member of the Company.

Auditor's Report to be read

169. Every Balance Sheet and Profit and Loss Account of the Company when audited and adopted by the Company in general meeting shall be conclusive

When accounts to be deemed finally settled

SERVICES OF NOTICES AND DOCUMENTS

- | | |
|--|--|
| How notices to be served on members | 170. (1) A notice or other documents may be given by the Company to any member either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, within India supplied by him to the Company for the giving of notices to him. |
| Service by post | <p>(2) Where a notice or other document is sent by post:-</p> <p>(a) service thereof shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice or document, provided that where a member has intimated to the Company in advance that notices or documents should be sent to him under a certificate of posting or by registered post with or without acknowledgment due and has deposited with the Company a sufficient sum to defray the expenses of doing so, service of the notice or document shall not be deemed to be effected unless it is sent in the manner intimated by the member; and</p> <p>(b) such service shall be deemed to have been effected.</p> <p style="padding-left: 40px;">(i) in the case of a notice of a meeting at the expiration of forty-eight hours after the letter containing the same is posted, and</p> <p style="padding-left: 40px;">(ii) in any other case, at the time at which the letter would be delivered in the ordinary course of post.</p> |
| Notices to members who have not supplied addresses | 171. A notice or other document advertised in a newspaper circulating in the neighbourhood of the Office shall be deemed to be duly served on the day on which the advertisement appears on every member of the Company who has no registered address in India and has not supplied to the Company an address within India for the giving of notices to him. Any member who has no registered address in India shall if so required to do by the Company, supply the Company with an address in India for the giving of notices to him. |
| Notice to joint-holders | 172. A notice or other document may be served by the Company on the joint holders of a share by giving the notice to the joint-holder named first in the Register in respect of the share. |
| Notice to persons entitled by transmission | 173. A notice of other document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or assignee of the insolvent or by any like description, at the address in India supplied for the purpose by the persons claiming to be so entitled, or, until such an address has been so supplied, by giving the notice in any manner in which the same might have given been if the death or insolvency had not occurred. |
| When notice may be given by advertisement | 174. Any notice required to be given by the Company to the members or any of them and not expressly provided for by these Articles or by the Act shall be sufficiently given if given by advertisement |
| How to advertise | 175. Any notice required to be or which may be given by advertisement shall be advertised once in one or more newspapers circulating in the neighbourhood of the Office. |
| When notice by advertisement deemed to be served | 176. Any notice given by advertisement shall be deemed to have been given on the day on which the advertisement shall first appear. |

177. Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which previously to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such share.
178. Subject to the provisions of Article 173, any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these Articles shall, notwithstanding such member be then deceased and whether or not the Company have notice of his decease, be deemed to have been duly served in respect of any registered share, whether held solely or jointly with other persons by such member until some other person be registered in his stead as the holder or joint-holders thereof, and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his heirs, executors or administrators and all persons, if any jointly interested with him in any such share.
- 179.*¹ Subject to the provisions of Section 497 and 509 of the Act, in the event of a winding-up of the Company, every member of the Company who is not for the time being in Hyderabad shall be bound, within eight weeks after the passing of an effective resolution to wind up the Company voluntarily or the making of an order for the winding-up of the Company, to serve notice in writing on the Company appointing some householder residing in the neighbourhood of the Office upon whom all summonses, notices, process, orders and judgements in relation to or under the winding-up of the Company may be served, and, in default of such nomination, the Liquidator of the Company shall be at liberty, on behalf of such member, to appoint some such person, and service upon any such appointee whether appointed by the member or the Liquidator shall be deemed to be good personal service on such member for all purposes, and where the Liquidator makes any such appointment he shall, with all convenient speed, give notice thereof to such member by advertisement in some daily newspaper circulating in the neighbourhood of the Office or by a registered letter sent by post and addressed to such member at his address as registered in the Register and such notice shall be deemed to be served on the day on which the advertisement appears or the letter would be delivered in the ordinary course of the post. The provisions of this Article shall not prejudice the right of the Liquidator of the Company to serve any notice or other documents in any other manner prescribed by these Articles.

Transferee, etc., bound by prior notices

Notice valid through member deceased

Service of process in winding-up

KEEPING OF REGISTERS AND INSPECTION

180. The Company shall duly keep and maintain at the Office, Registers in accordance with the requirements of the Act.
181. The Company shall comply with the provisions of Sections 39, 118, 163, 192, 196, 219, 301, 302, 304, 307, 370 and 372 of the Act as to the supplying of copies of the Registers, deeds, documents, instruments, returns, certificates and books therein mentioned to the persons therein specified when so required by such persons on payment of the charges, if any, prescribed by the said Sections.
182. Subject to the provisions of Article 157, where under any provision of the Act any person, whether a member of the Company or not, is entitled to inspect any register, return, certificate, deed, instrument or document required to be kept or maintained by the Company, the person so entitled to inspection shall be permitted to inspect the same during the hours of two and four O'clock in the afternoon on such business days as the Act requires them to be open for inspection.

Registers, etc. to be maintained by Company

Supply of copies of Registers, etc.

Inspections of Registers, etc.

*¹ Amended vide resolution passed by the members on September 12, 2011.

When Registers of Members and Debenture-holders may be closed.
Secrecy

183. The Company may, after giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the Office is situate, close the Register of members or the Register of Debenture-holders as the case may be, for any period or periods not exceeding in the aggregate forty-five days in each year but not exceeding thirty days at any one time.

RECONSTRUCTION

Reconstruction

184. On any sale of the undertaking of the Company, the Board or the Liquidators on a winding-up may, if authorised by a special resolution, accept fully paid or partly paid up shares, debentures or securities of any other company, whether incorporated in India or not either then existing or to be formed for the purchase in whole or in part of the property of the Company, and the Board (if the profits of the Company permit) or the Liquidators (in a winding-up) may distribute such shares or securities, or any other property of the Company amongst the members without realisation, or vest the same in trustees for them, and any special resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefits or property otherwise than in accordance with the strict legal rights of the members or contributories of the Company, and for the valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto save only in case the Company is proposed to be or is in the course of being wound-up, such statutory rights (if any) under Section 494 of the Act as are incapable of being varied or excluded by these Articles.

SECRECY

Secrecy

185. Every Director, Secretary, Trustee for the Company, its members or debenture-holders, member of a committee, officer, servant, agent, accountant, or other person employed in or about the business of the Company shall, if so required by the Board before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board or by any general meeting or by a Court of law and except so far as may be necessary in order to comply with any of the provisions in these Articles contained.

No member to enter the Premises of the Company without permission

186. No member or other person (not being a Director) shall be entitled to enter upon the property of the Company or to inspect or examine the premises or properties of the Company without the permission of the Board, or subject to Article 157, to require discovery of or any information respecting any detail of the trading of the Company or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interests of the Company to communicate.

WINDING-UP

Distribution of assets.

187. If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses

shall be borne by the members in proportion to the capital paid up before entering upon his duties sign a declaration pledging or which ought to have been paid up at the commencement of the winding-up on the shares held by them respectively. And if in a winding-up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding-up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding-up paid-up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

188. If the Company shall be wound up, whether voluntarily or otherwise, the liquidators may, with the sanction of a special resolution, divide among the contributors, in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories, or any of them, as the liquidators, with the like sanction, shall think fit.

Distribution of assets in specie

INDEMNITY

189. Every Director, Secretary or officer of the Company or any person (whether an officer of the Company or not) employed by the Company and any person appointed Auditor shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, Secretary, officer, employee or Auditor in defending any processings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted, or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

Indemnity

Sl. No.	Name, address, description and Subscribers and their signatures	Names, address, description and Occupation of witnesses and Signature
1.	<p>T.V. Dwarakanath S/o. T.V. Nagaraja Rao 10-4-771/5/1A, Sriram Nagar Colony, Masab Tank, Hyderabad - 500 028.</p> <p>Occ : Service</p> <p>DOB : 19-02-1958</p>	<p style="text-align: center;">Buthibabu Gorantla S/o. B. Chenchaiiah G-1, Lakshmi Park View Apartments, Ashok Nagar, Hyderabad - 500 020. Occ : Company Secretary</p>
2.	<p>K. Ravindra S/o. K. Siva Rama Raju 401, Block - I, 8-3-226 Madhura Nagar, Hyderabad.</p> <p>Occ : Service</p> <p>DOB : 05-08-1971</p>	
3.	<p>Suri Babu .K S/o. Sri Subba Rao H.No. 24-1/8, Venkatapuram, Secunderabad - 500 015.</p> <p>Occ : Private Service</p> <p>DOB : 01-06-1955</p>	
4.	<p>R.V. Krishnan S/o. Late. R.N. Venkataraman 8204, AOC, Apartments, Booke Bond Colony, Kakaguda, Secunderabad - 500 015.</p> <p>Occ : Service</p> <p>DOB : 01-06-1962</p>	

Place : Hyderabad

Date : 06-10-2006

Sl. No.	Name, address, description and Subscribers and their signatures	Names, address, description and Occupation of witnesses and Signature
5.	<p>A.V.S. Subash Babu S/o. A. Subba Rao TRT, 1204, Sanath Nagar, Hyderabad - 500 020.</p> <p>Occ : Service</p> <p>DOB : 19-07-1972</p>	<p>Buthibabu Gorantla S/o. B. Chenchaiiah G-1, Lakshmi Park View Apartments, Ashok Nagar, Hyderabad - 500 020. Occ : Company Secretary</p>
6.	<p>Sri Krishna .S. Chintalapati S/o. C.V. Jayaram 1-10-18, G-1, Lakshmi Sri Park View, Ashok Nagar, Hyderabad - 500 020.</p> <p>Occ : Professional</p> <p>DOB : 08-07-1979</p>	
7.	<p>Sangeetha Iyer D/o. Late. Venkatachalam Srinivasan Flat No. 103, Partan Towers, Golconda Cross Roads, Musheerabad, Hyderabad - 500 020.</p> <p>Occ : Service</p> <p>DOB : 10-08-1959</p>	

Place : Hyderabad

Date : 06-10-2006

**IN THE HIGH COURT OF JUDICATURE, ANDHRA PRADESH
AT HYDERABAD**

(ORDINARY ORIGINAL/CIVIL JURISDICTION)

**MONDAY, THE TWENTY SIXTH DAY OF JUNE
TWO THOUSAND AND ELEVEN**

PRESENT

**THE HON'BLE SRI JUSTICE B.SESHASAYANA REDDY
COMPANY PETITION NOS. 71 AND 72 OF 2011**

IN THE MATTER OF THE COMPANIES ACT (1 of 1956)

AND

**IN THE MATTER OF SECTIONS 391 TO 394 READ WITH SECTION 78,
SECTION 100 TO 104 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 1956**

AND

**IN THE MATTER OF THE COMPOSITE SCHEME OF ARRANGEMENT
AND AMALGAMATION BETWEEN IKISAN LIMITED, KAKINADA FERTILIZERS LIMITED, NAGARJUNA
FERTILIZERS AND CHEMICALS LIMITED AND NAGARJUNA OIL REFINERY LIMITED**

C.P.NO. 71 OF 2011

**CONNECTED WITH
COMPANY APPLICATION NO. 177 OF 2011**

Between:

M/s.Nagarjuna Oil Refinery limited. A company .incorporated under the provisions of the Companies Act, 1956, having its registered office at Nagarjuna Hills, Panjagutta, Hyderabad - 500 082. Rep.by its Director Sri K.Soma Raju. S/o. Sri K. Satyanarayana Raju, R/o. Hyderabad.

....Petitioner Company

Petition under Sections 391 to 394 read with Section 78, Section 100 to 102 and other applicable provisions of the Companies Act, 1956 read with Rule 79 of the Companies (Court) Rules, 1959 of the Original side Rules.praying that this High Court may be pleased to

- a. The composite scheme of arrangement and amalgamation between ikisan Limited, Kakinada Fertilizers Limited, Nagarjuna Fertilizers and Chemicals Limited and the Petitioner Company be sanctioned by the Hon'ble Court so as to be binding on all shareholders of the Petitioner Company:

C.P. No. 72 of 2011

**CONNECTED WITH
COMPANY APPLICATIONS NO. 178, 179, 180 OF 2011**

Nagarjuna Fertilizers and Chemicals Limited A Company incorporated under the provisions of the Companies Act, 1956, having its registered Office at Nagarjuna Hills, Punjagutta, Hyderabad , Hyderabad - 500082, rep. by its Vice President - Legal & Secretary and authorized Signatory, Mr. M. Ramakanth S/o. Late M. Guru Raj Rao, R/o. Hyderabad.

....Petitioner Company

These Petitions coming on for orders upon reading the Judge's Summons and the affidavit dated 23./03/2011 and filed by Sri K. Soma Raju, Authorised Signatory of the Petitioner Company in C.P. No. 71 of 2011 and the affidavit dated 15-04-2011 and filed by Sri M. Ramakanth, authorized signatory of the Petitioner Company in C.P. No. 72 of 2011 in support of these Company Petitions and Sri S. Ravi, learned Senior Counsel appearing on behalf of the Petitioners in both and Sri Anil Kumar, learned Counsel representing the Official Liquidator and of Sri Ponnam Ashok Goud, Assistant Solicitor General appearing on behalf of the Registrar of Companies in both Company Petitions.

The Court made the following Order

// Certified True Copy //

Director / Secretary

THE HON'BLE SRI JUSTICE B.SESHASAYANA REDDY

Company Petition Nos.71 and 72 of 2011

COMMON ORDER:

These two Company petitions have been taken out under Sections 391 to 394 of the Companies Act, 1956 read with Sections 78 and 100 to 102 and Rule 79 of the Companies (Court) Rules, 1959 seeking sanction of the composite scheme of arrangement and amalgamation.

More precisely; Nagarjuna Oil Refinery Limited (hereinafter referred to as 'NORL') is the petitioner in Company Petition No.71 of 2011 and whereas Nagarjuna Fertilizers and Chemicals Limited (hereinafter referred to as 'NFCL') is the petitioner in Company Petition No.72 of 2011. Both the companies are part of the Nagarjuna Group. The proposed scheme envisages de-merger of oil business undertaking of Nagarjuna Fertilizers and Chemicals Limited into Nagarjuna Oil Refinery Limited and merger of residual Nagarjuna Fertilizers and Chemicals Limited and iKisan Limited into Kakinada Fertilizers Limited.

'NORL' was incorporated on 16th November 2010 under the provisions of the Companies Act, 1956. The authorised share, capital of NORL as on 31st December 2010 is Rs.5,00,000/- (Rupees five lakhs only) divided into 50,000 equity shares of Rs.10/- each. The issued, subscribed and paid up capital of the company as on 31st December 2010 is Rs.5,00,000/- divided into 50,000 equity shares of Rs.10/- each, fully paid up.

The objects of 'NORL' are to purchase or otherwise acquire, manufacture, refine, treat, reduce, distil, smelt, store, hold, transport, use experiment with, prospect for, mine, bore, extract, market, distribute, exchange, supply, sell or otherwise dispose of, import, export and trade or generally deal in all kinds of petroleum, petroleum products and petrochemicals including all varieties of plastics, oil field chemicals etc., more fully described in para (5) of Company Petition No. 71 of 2011.

'NFCL' was incorporated on January 28th, 1976. The authorised share capital of the company as on 31st December, 2010 is Rs. 800,00,00,000/- (rupees eighty hundred crores only) divided into 60,00,00,000 equity shares of Rs.10/- each amounting to 600,00,00,000 and 2,00,00,00,000 preference shares of Rs. 100/- each amounting to 200,00,00,000/- (Rupees Two hundred crores only). The issued, subscribed and paid up share capital of 'NFCL' as on 31st December 2010 is Rs.465,38,55,410/- divided into 42,81,81,821 equity shares of Rs.10/- each and 37,20,372 preference shares of Rs.100/-each, fully paid up. The petitioner company as on March 22, 2011 has redeemed 18,60,185, 0.01% Ordinary Redeemable Preference Shares of Rs.100/- each as stipulated by Corporates Debt Restructuring Cell (CDR Cell).

The objects of 'NFCL' are to carry on the business of manufacturing or producing, refining, mixing or preparing, mining or otherwise acquiring, trading and dealing in and with any and all cases and kinds of fertilizer, manures, their mixtures and formulations and any and all classes and kinds of chemicals, source materials ingredients, mixtures, derivatives and compounds thereof, more fully described in para (5) of the company petition 72 of 2011.

'iKisan' was incorporated on 11th April, 2007. It's registered office is situated at A/612, Dalamal Tower, 211, Nariman Point, Mumbai-400021. The authorised share capital of 'iKisan' as on 31st December, 2010 is

Rs. 30,00,00,000/-divided into 2,99,00,000 equity shares of Rs. 10/- each and 1,00,000 preference shares of Rs. 10/- each. The issued, subscribed and paid up share capital of iKisan as on 31st December 2010 is Rs.29,55,00,000/- divided into 2,95,50,000 equity shares of Rs.10/- each.

'The objects of 'iKisan'. are to carry on the business in India and abroad of development of real estate and in that respect to conceive, design, invest, construct, build, manage etc., more fully described in para (13) of Company petition No.71 of 2011.

Kakinada Fertilizers Limited 'KFL' was incorporated on November, 7th 2006. It's registered office is situated at A/612, Dalamal Tower, 211, Nariman Point, Mumbai-400 021. The authorized share capital of KFL as on 31st December, 2010 is Rs.1,00,00,000/- (Rupees one crore only) divided into 10,00,000/- equity shares of Rs.10/- each. The issued, subscribed and paid up share capital of KFL as on 31st December 2010 is Rs. 5,00,000/- divided into 50,000 equity shares of Rs.10/- each.

The objects of KFL are to carry on the business of manufacturing or producing, refining, importing and exporting, mixing or preparing, mining or otherwise acquiring, trading and dealing in and with any and all classes and kinds of fertilizers manures, their mixtures etc., more fully described in para (17) of Company petition No.72 of 2011.

Nagarjuna Fertilizers and Chemicals Limited ('NFCL') is flagship company of the Nagarjuna Group. The shareholders of NFCL have not been able to realize the value of their investments in view of the involvement of the company in two diverse sectors having unique opportunities and challenges. In view of the necessity to maintain market leadership position, expand their respective businesses, they have focussed attention of the business and attract investors into their respective businesses and it was considered appropriate to undertake a composite scheme of arrangement and amalgamation so as to demerge the fertilizer and oil business. The reasons for the proposed arrangement and amalgamation between NFCL, NORL., iKisan and KFL have been detailed in para (18) of the Company Petition No.71 of 2011.

According to the petitioners, the implementation of the scheme would ensure enhancement in the market perception and enable NFCL to emerge as a stronger market player both in the Fertilizer and Micro Irrigation sector and enable the shareholders to enjoy the benefits of both the Fertilizer and Oil sector by being shareholders in two listed companies, i.e., KFL and NORL. The scheme envisages segregation of like business and demerger of unlike business. The segregation of like business involves merger of iKisan Limited into Kakinada Fertilizers Limited (KFL) along with the fertilizer sector of NFCL for achieving synergies in business, inorganic growth and capturing the untapped market share by enhancing the product portfolio, service offerings, customer base and market positioning and the demerger of the oil business into an independent company termed "Nagarjuna Oil Refinery Limited" ('NORL')

The scheme has been considered by the Board of Directors of NFCL and NORL by a resolution dated

10.1.2011, the Board of Directors of the respective companies resolved for implementation of the composite scheme.

A Chairperson came to be appointed to conduct the meeting of the shareholders of NFCL for the purpose of considering the proposed scheme of arrangement and amalgamation, vide order dated 4.3.2011. The meeting was held on 15.4.2011 as ordered by this Court in Company Application No.178 of 2011, dated 14.3.2011.

The meeting of the secured creditors and unsecured creditors of NFCL came to be dispensed with, as per the orders of this Court dated 4.3.2011 passed in Company Application No. 179 of 2011. The meeting of the shareholders of NORL came to be dispensed with since all the shareholders have given their positive consent by way of affidavits for the proposed scheme of arrangement/Amalgamation, vide order dated 14.3.2011 passed in Company Petition No.177 of 2011.

These company petitions came to be admitted on 26.4.2011. The applicants were directed to take out notice to the Official Liquidator, High Court of A.P., Hyderabad, Regional Director, Department of Company Affairs, Chennai and Registrar of Companies, Hyderabad. The petitioners were also directed to take out publication in "THE HINDU" English daily Andhra Pradesh and main edition of "EENADU" .telugu daily indicating the date of hearing as 15.6.2011. The petitioners took out publication and placed on record copies of proof publication.

The Official Liquidator placed on record his report in Company Petition No.72 of 2011. It is stated in the report that the affairs of NFCL appears to have not been conducted in a manner prejudicial to the interests of the members or to the public interest.

The Registrar of Companies filed a common affidavit. It is stated in the affidavit that the petitioners have to secure NOCs from secured/unsecured creditors including Debenture Holders and that NFCL and KFL have to comply Section 31 and 192 of the Companies Act, 1956.

The petitioners filed reply affidavit to the common affidavit filed by the Registrar of Companies. It is stated in the reply affidavit that the CDR Cell has approved the composite scheme of arrangement and amalgamation, vide its letter dated 16.6.2011. It is also stated in the reply affidavit that the debenture holders of NFCL are none other than the secured creditors of CDR and the CDR approved the composite scheme of arrangement and amalgamation. Therefore, the objection raised by the Registrar of Companies cannot be sustained. Paras (4) and, (5) of the reply affidavit of the petitioner in Company Petition No. 72 of 2011 needs to be noted and it is thus:-

"Contrary to what has been submitted by the Registrar of Companies in his affidavit, the order dated 4-3-2011 passed by the Hon'ble High Court in C.A.Nos.179 and 180 of 2011 does not require NOCs from unsecured creditors to be furnished. The Hon'ble High Court dispensed with the meetings of the unsecured creditors of the petitioner company upon being satisfied that the assets of the petitioner company that are being transferred to Kakinada Fertilizers Limited are adequate to meet its liabilities, that the scheme does not involve any compromise with the unsecured creditors of the company and that it would not affect the interests of the unsecured creditors'

It is further submitted that the amendment of Article 94 in Nagarjuna Fertilizers and Chemicals Limited and Kakinada Fertilizers Limited shall be in compliance with Section 31 and 192 of the Companies Act, 1956".

Heard Sri S.Ravi, learned Senior Counsel appearing on behalf of the petitioners, Sri Anil Kumar, learned counsel representing the Official Liquidator and the learned Assistant Solicitor General appearing on behalf of the Registrar of Companies.

Learned senior counsel submits that NFCL is engaged in various business activities like production, manufacture and sale of Urea and micro irrigation system apart from sale of other fertilizers and has an oil business undertaking. The segregation of like business involves merger of IKisan Limited into Kakinada Fertilizers Limited (KFL) along with the Fertilizer sector of NFCL for achieving synergies in business, inorganic growth and capturing the untapped market share by enhancing the product portfolio, service offerings. He would further contend that the scheme does not effect the interest of the workers, employees of the NFCL, NORL, IKisan and KFL as their services shall be deemed to have been continuous and not interrupted by reason of the composite scheme of arrangement and amalgamation.

The only objection taken by the Registrar of companies is that NOC has not been obtained from the secured creditors. As could be seen from the material placed on record, the CDR has stepped into the shoes of the secured creditors and it has accorded its approval under letter dated 16.6.2011 for the proposed scheme of arrangement and amalgamation. In view of the letter, the objection of the Registrar of Companies has been complied with by the petitioners.

From the material on record, the scheme appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to the public policy.

Having considered the report of the Registrar of Companies and the Official Liquidator and there being no opposition from any quarter for the proposed scheme and as all the statutory compliances have been fulfilled, I do not see any impediment in granting sanction to the scheme of arrangement and amalgamation as proposed by the petitioners. Since the registered offices of KFL and IKisan Limited have been situated in Maharashtra State, the scheme is sanctioned subject to the orders to be passed by the Bombay High Court in the petitions filed by them.

Accordingly, these Company Petitions are allowed sanctioning the scheme of arrangement and amalgamation subject to the orders to be passed by the High Court of Bombay in the petitions relating to K.F.L. and IKisan Limited companies. The parties to the scheme or other persons interested shall be at liberty to apply to this Court for any directions that may be necessary in regard to working of the scheme and the petitioners do lodge an authenticated copy of this order with the Registrar of Companies within 30 days from today. The petitioners in both the company petitions are to pay costs of Rs. 5,000/- each to the Registrar of Companies, Hyderabad and the Official Liquidator, High Court of A.P., Hyderabad. Costs are to be paid within four weeks from today.

// TRUE COPY //

Sd/-
P.V.RADHA KRISHNA RAO
JOINT REGISTRAR
SECTION OFFICER

HIGH COURT

DATED: 27-06-2011

**Scheme of Arrangement and
Amalgamation.**

C.P.NO. 71 & 72 of 2011

Allowing the Company Petitions

**IN THE HIGH COURT OF JUDICATURE, ANDHRA PRADESH
AT HYDERABAD
(ORDINARY ORIGINAL/CIVIL JURISDICTION)**

**MONDAY, THE TWENTY SIXTH DAY OF JUNE
TWO THOUSAND AND ELEVEN**

**PRESENT
THE HON'BLE SRI JUSTICE B.SESHASAYANA REDDY
COMPANY PETITION NOS. 71 AND 72 OF 2011**

**IN THE MATTER OF THE COMPANIES ACT (1 of 1956)
AND
IN THE MATTER OF SECTIONS 391 TO 394 READ WITH SECTION 78 ,
SECTION 100 TO 104 AND OTHER APPLICABLE PROVISIONS OF
THE COMPANIES ACT, 1956
AND
IN THE MATTER OF THE COMPOSITE SCHEME OF ARRANGEMENT AND
AMALGAMATION BETWEEN IKISAN LIMITED, KAKINADA FERTILIZERS
LIMITED, NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED AND
NAGARJUNA OIL REFINERY LIMITED**

**C.P.NO. 71 OF 2011
CONNECTED WITH
COMPANY APPLICATION NO. 177 OF 2011**

Between:

M/s.Nagarjuna Oil Refinery limited. A company incorporated under the provisions of the Companies Act, 1956, having its registered office at Nagarjuna Hills, Panjagutta, Hyderabad - 500 082. Rep.by its Director Sri K.Soma Raju. S/o. Sri K. Satyanarayana Raju, R/o. Hyderabad.

....PETITIONER Company

Petition under Sections 391 to 394 read with Section 78, Section 100 to 102 and other applicable provisions of the Companies Act, 1956 read with Rule 79 of the Companies (Court) Rules, 1959 of the Original side Rules,praying that this High Court may be pleased to

- b. The composite scheme of arrangement and amalgamation between ikisan Limited, Kakinada Fertilizers Limited, Nagarjuna Fertilizers and Chemicals Limited and the Petitioner Company be sanctioned by the Hon'ble Court so as to be binding on all shareholders of the Petitioner Company:

**C.P. No. 72 of 2011
CONNECTED WITH
COMPANY APPLICATIONS NO. 178, 179, 180 OF 2011**

Nagarjuna Fertilizers and Chemicals Limited A Company incorporated under the provisions of the Companies Act, 1956, having its registered Office at Nagarjuna Hills, Punjagutta, Hyderabad , Hyderabad - 500082, rep. by its Vice President - Legal & Secretary and authorized Signatory, Mr. M. Ramakanth S/o. Late M. Guru Raj Rao, R/o. Hyderabad.

...Petitioner Company

Petition under Sections 391 to 394 read with Section 78, Section 100 to 102 and other applicable provisions of the Companies Act, 1956 read with Rule 79 of the Companies (Court) Rules, 1959 of the Original side Rules,praying that this High Court may be pleased to

- a. The composite scheme of arrangement and amalgamation between ikisan Limited, Kakinada Fertilizers Limited, Nagarjuna Oil Refinery Limited and the Petitioner Company be sanctioned by the Hon'ble Court so as to be binding on all shareholders of the Petitioner Company ;

These Petitions coming on for orders upon reading the Judge's Summons and the affidavit dated 23./03/2011 and filed by Sri K. Soma Raju, Authorised Signatory of the Petitioner Company in C.P. No. 71 of 2011 and the affidavit dated 15-04-2011 and filed by Sri M. Ramakanth, authorized signatory of the Petitioner Company in C.P. No. 72 of 2011 in support of these Company Petitions and Sri S. Ravi, learned Senior Counsel appearing on behalf of the Petitioners in both and Sri Anil Kumar, learned Counsel representing the Official Liquidator and of Sri Ponnam

Ashok Goud, Assistant Solicitor General appearing on behalf of the Registrar of Companies in both Company Petitions.

This Court doth order

1. This Court doth order that the Company petitions be and hereby are allowed and sanctioning the composite scheme of arrangement and amalgamation between Ikisan Limited, Kakinada Fertilizers Limited, Nagarjuna Fertilizers and Chemicals Limited and Nagarjuna Oil Refinery Limited.
2. That the scheme of arrangement and amalgamation be and hereby is sanctioned subject to the orders to be passed by the High Court of Bombay in the petitions relating to Kakinada Fertilizers Limited and Ikisan Limited Companies.
3. That the scheme is binding on all the shareholders of the petitioner companies in both Company Petitions.
4. That the composite scheme of arrangement
Between: Ikisan Limited
And
Kakinada Fertilizers Limited (KFL)
And
Nagarjuna Fertilizers and Chemicals Limited (NFCL)
And
Nagarjuna Oil Refinery Limited (NORL)
contains the following.
 - i) Demerger at Oil Business undertaking of Nagarjuna Fertilizers and chemicals limited into Nagarjuna Oil Refinery Limited
 - ii) Merger of Residual Nagarjuna Fertilizers and chemicals Limited
And
Ikisan Limited
Into
Kakinada Fertilizers Limited
Demerger of Oil Business undertaking of Nagarjuna Fertilizers and Chemicals Limited (NFCL)
Into
Nagarjuna Oil Refinery Limited (NORL)
1. That the Oil Business undertaking of Nagarjuna Fertilizers and Chemicals Limited as defined in Section 2 of the Scheme (in

clause 1.9 of the Scheme) shall stand transferred to and vested in Nagarjuna Oil Refinery Limited, without any further act or deed be transferred to and vested in NORL.

2. That all the properties, assets, rights, benefits and title and interest pertaining to the oil Business undertaking of Nagarjuna Fertilizers and Chemicals Limited be transferred, without any further act or deed to and vested in NORL.
3. That all the debts borrowings, and liabilities including contingent liabilities directly relatable to the Oil Business undertaking of NFCL be transferred without further act or deed into NORL.
4. That all the liabilities relatable to the Oil Business undertaking (excluding internal liabilities) of NFCL without any further act or deed be transferred into NORL with effect from the appointed dated.
5. That all the employees of the Oil Business undertaking of NFCL shall become the employees of NORL, without any break or interruption in their services, on same terms and conditions on which they are engaged as on the effective date.
6. that all proceedings now pending by or against, the Oil Business undertaking of NFCL, be continued, prosecuted and enforced by or against NORL.
7. That the NORL do without any further application or deed, issue and allot to all the equity share holders of NFCL as fully paid up equity shares.
 - i) the equity shares issued by NORL pursuant to clause 5.1 of the scheme, hereinafter referred to as "NORL equity shares"
 - ii) that the transfer and vesting of the Oil Business undertaking of NFCL in NORL, NORL shall on or after the record date, without any further application or deed, issue and allot to all the preference share holders of NFCL, the preference shares to be issued pursuant to clause 5.2. and specified in Schedule-I of the scheme.
 - iii) Upon the Scheme becoming effective and on issue of shares by NORL to the share holders of NFCL, 50,000 equity shares of Rs. 10/- each currently held by the shareholders of NORL shall stand cancelled and reduced to the extent of face value of shares, as provided in clause 8.1 of Section 2 of the Scheme.

Merger of residual Nagarjuna Fertilizers and Chemicals Limited

AND Iskan Limited

Into

Kakinada Fertilizers Limited

That this Court doth hereby sanction the merger of
transferor companies
Nagarjuna Fertilizers and Chemicals Limited (NFCL)
(Residual)

And Ikisan Limited

Into

Kakinada Fertilizers Limited (KFL)

be and hereby is sanctioned with effect from
the appointed date.

1. that all property, rights and powers of the transferor companies specified above supra i.e. NFCL (residual) and Ikisan Limited and all other property rights and powers of the transferor companies without further act or deed be transferred to and vested in Kakinada Fertilizers Limited (KFL) and accordingly the same shall pursuant to Section, 391 to 394 of the Companies Act' 1956, be transferred to and vested in the Kakinada Fertilizers Limited, for all the estate and interest of the, transferor Companies therein, but subject nevertheless to all charges now effecting the same.
2. that all the liabilities and duties of the transferor companies be transferred without further act or deed to the Kakinada Fertilizers Limited, and accordingly the same shall, pursuant to Section 394(2) of the Companies Act'1956 be transferred to and become the liabilities of the Kakinada Fertilizers Limited.
3. that all proceedings now pending by or against the transferor companies be continued by or against the Kakinada Fertilizers Limited.
4. that the Kakinda Fertilizers Limited do without any application or deed, issue and allot equity shares credited as fully paid up to the equity shareholders of the transferor companies, and also the Kakinda Fertilizers limited do without any further application or deed, issue and allot to all the preference shareholders of transferor companies as is required by Clause 14 (Section 3) of the scheme herein the shares in the Kakinada Fertilizers Limited to which they are entitled under the said scheme.
5. that the stamp duties and fees paid on the authorized capital of NFCL shall be utilized and applied to the increased authorised share capital of KFL and there would be no requirement for any further payment of stamp duty and for fee by KFL for increase in the authorised share capital to that extent.

6. that the petitioner companies do within 30 days from the date of this order cause a certified copy of this order to be delivered to the Registrar of companies for registration, and on such certified copy being so delivered the transferor companies shall stand dissolved without being wound up and the Registrar of Companies shall place all documents relating to the transferor companies and registered with him on the file kept by him in relation to the Kakinada Fertilizers Limited and files relating to the companies shall be consolidated accordingly.
7. that any person interested shall be at liberty to apply to the Court in the above matter for any directions that may be necessary.
8. that the petitioner companies in both the company petitions herein are to pay costs of Rs. 5,000/- each to the Registrar of Companies, Hyderabad and the Official Liquidator, High Court of A.P. Hyderabad
9. that the costs are to be paid within four weeks from the date of this order.

SCHEDULE

Section 1, of the Scheme deals with the definition, date of taking effect and share capital

Section 2 of the Scheme deals with the demerger of Oil Business undertaking of NFCL into NORL

Section 3 of the Scheme deals with the merger of transferor Companies NFCL and Ikisan Limited into Kakindada Fertilizers Limited.

Section 4 deals with other terms and conditions.

NOTE: Costs Form +
Scheme of arrangement
And amalgamation
Enclosed herewith.

MEMORANDUM OF COSTS

That the petitioner companies do pay to the Registrar of Companies of A.P., Hyderabad and the Official Liquidator, High Court of A.P. Hyderabad towards costs of these petitions i.e. Rs. 5,000/- X 2 = Rs. 10,000/- to the Registrar of Companies A.P. Hyderabad and Rs.5,000/- X 2 = Rs. 10,000/- to the Official Liquidator High Court of A.P. Hyderabad, (as fixed by the Court).

//TRUE COPY//

SD/-
P.V.RADHA KRISHNA RAO
JOINT REGISTRAR

SECTION OFFICER

HIGH COURT

DATED: 27-06-2011

**Scheme of Arrangement and
Amalgamation.**

C.P.NO. 71 & 72 of 2011

Allowing the Company Petitions

**COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION
BETWEEN
IKISAN LIMITED
AND
KAKINADA FERTILIZERS LIMITED
AND
NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED
AND
NAGARJUNA OIL REFINERY LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS & CREDITORS**

PREAMBLE

All the companies are part of the Nagarjuna Group ('the Group'). The above Composite Scheme of Arrangement and Amalgamation comprising of various distinct but integrally connected arrangements under the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 envisaging the following:

- Demerger of Oil Business Undertaking of Nagarjuna Fertilizers and Chemicals Limited into Nagarjuna Oil Refinery Limited;
- Merger of residual Nagarjuna Fertilizers and Chemicals Limited and iKisan Limited into Kakinada Fertilizers Limited

SECTIONS OF THE SCHEME

The Scheme comprises of the following arrangements:

- (a) Section 1 deals with the Definitions, date of taking effect and share capital;
- (b) Section 2 deals with the demerger of Oil Business Undertaking of Nagarjuna Fertilizers and Chemicals Limited into Nagarjuna Oil Refinery Limited;
- (c) Section 3 deals with the merger of residual Nagarjuna Fertilizers and Chemicals Limited and iKisan Limited into Kakinada Fertilizers Limited; and
- (d) Section 4 deals with Other Terms and Conditions which unless the context requires otherwise are applicable to all the arrangements envisaged by the Scheme.

This Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

SECTION 1

1. Definitions

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings:

- 1.1 **"Act" or "the Act"** means the Companies Act, 1956 and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force.
- 1.2 **"Appointed Date"** means the 1st day of April 2011 or such other date as may be approved by the High Courts.
- 1.3 **"Effective Date"** means the later of the date on which the certified copies of the Orders of High Court of Judicature of Bombay at Mumbai and High Court of Judicature of Andhra Pradesh at Hyderabad, sanctioning the Scheme are filed with the Registrar of Companies, Maharashtra, Mumbai and Registrar of Companies, Andhra Pradesh, Hyderabad, respectively.
- 1.4 **"High Courts"** means the High Court of Judicature of Bombay at Mumbai and the High Court of Judicature of Andhra Pradesh at Hyderabad collectively or such other competent authority and shall include the National Company Law Tribunal, if applicable.
- 1.5 **"iKisan"** means iKisan Limited, a company incorporated under the Companies Act, 1956 and having its registered office at A/612, Dalamal Towers, 211, Nariman Point, Mumbai 400 021.
- 1.6 **"KFL" or "the Transferee Company"** means Kakinada Fertilizers Limited, a company incorporated under the Companies Act, 1956 and having its registered office at A/612, Dalamal Towers, 211, Nariman Point, Mumbai 400021.
- 1.7 **"NFCL"** means Nagarjuna Fertilizers and Chemicals Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Nagarjuna Hills, Punjagutta, Hyderabad - 500 082.
- 1.8 **"NORL"** means Nagarjuna Oil Refinery Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Nagarjuna Hills, Punjagutta, Hyderabad-500082.

- 1.9 **"Oil Business Undertaking"** means the entire business and undertaking of NFCL relating to oil business related activities as a going concern and shall include (without limitation) the following:
- 1.9.1 All assets (whether movable or immovable, real or personal, corporeal or incorporeal, present, future or contingent, including investment in Nagarjuna Oil Corporation Limited) and liabilities pertaining thereto.
- 1.9.2 Without prejudice to the generality of the provisions of sub-clause 1.9.1 above, the Oil Business Undertaking shall include in particular:
- (i) All property of and required for the above business wherever situated, including all immoveable property, current assets, funds, capital work in progress, furniture, fixtures, office equipment, appliances, accessories, etc whether on lease or not;
- (ii) All permits, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, municipal and other statutory permissions, approvals, consents, licenses, registrations, subsidies, concessions, exemptions, remissions, tax deferrals, tenancies in relation to office, bank accounts, lease rights, licenses, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Oil Business Undertaking;
- (iii) Debts, duties, obligations, and liabilities (including contingent liabilities) directly relatable to the Oil Business Undertaking.
- 1.9.3 For the purpose of this Scheme, it is clarified that liabilities pertaining to the Oil Business Undertaking include:
- (a) The liabilities (excluding internal liabilities), which arise out of the activities or operations of the Oil Business Undertaking.
- (b) Specific loans and borrowings raised, incurred and utilised solely for the activities or operation of the Oil Business Undertaking.
- 1.9.4 All permanent employees of the Oil Business Undertaking, as identified by the Board of Directors of NFCL, as on the Effective Date.
- 1.9.5 Any question that may arise as to whether a specific asset or liability pertains or does not pertain to the Oil Business Undertaking or whether it arises out of the activities or operations of the Oil Business Undertaking shall be decided by mutual agreement between the Board of Directors of NFCL and NORL.
- 1.10 **"Record Date"** means the date to be fixed by the Board of Directors of KFL and NORL and informed to the stock exchanges for the purposes of issue and allotment of equity and preference shares of KFL and NORL to the equity and preference shareholders of NFCL and equity shares to the shareholders of iKisan, eligible to be allotted shares pursuant to the Scheme.
- 1.11 **"Residual NFCL"** means businesses of NFCL other than the Oil Business Undertaking as defined in Clause 1.9.
- 1.12 **"Scheme" or "the Scheme" or "this Scheme"** means this Composite Scheme of Arrangement and Amalgamation in its present form with or without any modification(s), if any made, as approved or imposed by the High Court of Andhra Pradesh and High Court of Bombay as per Clause 26 of the Scheme.
- 1.13 **"Transferor Companies"** means iKisan Limited and Residual NFCL collectively.
- 1.14 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

2 DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Courts or made as per Clause 26 of the Scheme, shall be effective from the Appointed Date but shall be operative from the Effective Date.

3 SHARE CAPITAL

- 3.1 The share capital of iKisan as at December 31, 2010 is as under:

	Rupees
Authorised Capital	
2,99,00,000 Equity Shares of Rs.10/ each	29,90,00,000
1,00,000 Preference Shares of Rs.10/- each	10,00,000
Total	30,00,00,000
Issued, Subscribed & Paid up	
2,95,50,000 Equity Shares of Rs.10/- each	29,55,00,000
Total	29,55,00,000

- 3.2 The share capital of KFL as at December 31, 2010 is as under:

	Rupees
Authorised Capital	
10,00,000 Equity Shares of Rs.10/- each	1,00,00,000
Total	1,00,00,000
Issued, Subscribed & Paid up	
50,000 Equity Shares of Rs.10/- each	5,00,000
Total	5,00,000

3.3 The share capital of NFCL as at December 31, 2010 is as under:

	Rupees
Authorised Capital	
60,00,00,000 Equity Shares of Rs 10 each	600,00,00,000.00
2,00,00,000 Preference Shares of Rs 100 each	200,00,00,000.00
Total	800,00,00,000.00
Issued, Subscribed & Paid up	
42,81,81,821 Equity Shares of Rs 10 each	428,18,18,210.00
37,20,372 Preference Shares of Rs. 100 each	37,20,37,200.00
Total	465,38,55,410.00

3.4 The share capital of NORL as at December 31, 2010 is as under:

	Rupees
Authorised Capital	
50,000 Equity Shares of Rs.10/- each	5,00,000
Total	5,00,000
Issued, Subscribed & Paid up	
50,000 Equity Shares of Rs 10/- each	5,00,000
Total	5,00,000

SECTION 2

DEMERGER OF OIL BUSINESS UNDERTAKING OF NFCL INTO NORL

4 TRANSFER AND VESTING

- 4.1 The Oil Business Undertaking (as defined in Clause 1.9) shall stand transferred to and vested in or deemed to be transferred to and vested in NORL, as a going concern in the following manner:
- 4.2 With effect from the Appointed Date, the Oil Business Undertaking shall, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act or deed, stand transferred to and vested in and/ or deemed to be transferred to and vested in NORL, so as to vest in NORL all the rights, title and interest pertaining to the Oil Business Undertaking.
- 4.3 With effect from the Appointed Date, the liabilities relating to the Oil Business Undertaking (excluding internal liabilities) shall, without any further act or deed be and shall stand transferred to NORL so as to become as from the Appointed Date, the liabilities of NORL and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this sub-clause.
- 4.4 With effect from the Appointed Date any Letter of Intent or other letter, document, permission of the Government of India, Government of Tamilnadu, statutory licences, agreements including shareholders agreements and investor agreements, permissions or approvals or consents held by NFCL required to carry on operations of the Oil Business Undertaking shall stand vested in or transferred to NORL without any further act or deed, and shall be appropriately mutated by the

statutory authorities concerned therewith in favour of NORL. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licences, and consents shall vest in and become available to NORL pursuant to the Scheme. In so far as the various incentives, subsidies, rehabilitation Schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by NFCL relating to the Oil Business Undertaking respectively, are concerned, the same shall vest with and be available to NORL on the same terms and conditions.

- 4.5 The transfer and vesting of Oil Business Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof relating to Oil Business Undertaking.
- 4.6 With effect from the Appointed Date, NORL shall be deemed to carry on, and is authorized to carry on, the Oil Business Undertaking of NFCL. The Articles of Association of NORL shall stand amended with the deletion of the existing clause 94 and insertion of following clauses in the Articles of Association of NORL and NORL shall on the Scheme becoming effective file necessary forms with the appropriate fees with the Registrar of Companies, Andhra Pradesh, Hyderabad and also comply with the other provisions of the Companies Act, 1956.

Article No.94

- i. "Notwithstanding anything to the contrary contained elsewhere in these Articles and so long as Nagarjuna Holdings Private Limited and its associates (referred to for brevity as 'NHL') as Promoters hold or continue to hold fully paid-up Equity Shares in the company, NHL shall have the right to nominate Directors on the Board of Directors of the Company, subject to a minimum of five Directors by NHL who may be referred to as 'Promoter Directors'. Subject to the provisions of Section 255 and 256 of the Companies Act, 1956 and any Statutory Enactment / Order / Notification as may be in force from time to time and Articles 91, 105 and 106 of the Articles of Association of the Company, such Promoter Directors shall not be liable to retirement by rotation nor shall they be required to hold any qualification shares. NHL shall exercise their powers of nomination / reappointment / removal as the case may be by means of letters addressed to the Company which shall take effect forthwith on their receipt by the Company at its Registered Office".
- ii.a. "Subject to Section 255 and other applicable provisions of the Companies Act, 1956 and notwithstanding anything otherwise contained in these Articles, the Government of Andhra Pradesh shall, so long as the Governor of Andhra Pradesh,

holds not less than 10% of the paid-up share capital of the Company, have power to appoint two Directors (referred to as Official Directors) or in the event of the investment falling below 10% but not less than 2.5% of the equity share capital of the company, shall have power to nominate a minimum one Director on the Board of the company, who shall not be liable to retirement by rotation. The Government shall have powers to remove any such Nominee Director at their absolute discretion and to fill any vacancy in the office of such official Directors caused by removal, resignation, death or otherwise. The appointment or termination of the Official Directors shall be effected by means of a letter addressed to the Board of Directors of the Company and such appointment or termination shall have effect forthwith upon the said letter being delivered to the company".

ii.b. If and when the State Government decides to disinvest the whole or any part of its Equity, the same shall be offered to Nagarjuna Holdings Private Limited and the said Nagarjuna Holdings Private Limited who shall be entitled to acquire the shares so offered in its own name or in the name of any other party acceptable to the State Government in terms of the agreement entered into between NHL and the State Government.

iii. "Subject to Section 255 and other applicable provisions of the Companies Act, 1956 and notwithstanding anything otherwise contained in these Articles, so long as Krishak Bharati Co-operative Limited (KRIBHCO), holds share capital of the Company, KRIBHCO shall have power to appoint one Director (referred to as Official Directors), who shall not be liable to retirement by rotation. KRIBHCO shall have powers to remove any such Nominee Director at their absolute discretion and to fill any vacancy in the office of such official Directors caused by removal, resignation, death or otherwise. The appointment or termination of the Official Directors shall be effected by means of a letter addressed to the Board of Directors of the Company and such appointment or termination shall have effect forthwith upon the said letter being delivered to the company".

If and when KRIBHCO decides to disinvest the whole or any part of its Equity, the same shall be offered to Nagarjuna Holdings Private Limited and the said Nagarjuna Holdings Private Limited who shall be entitled to acquire the shares so offered in its own name or in the name of any other party acceptable to KRIBHCO in terms of the agreement entered into between NHL and KRIBHCO.

iv. "Subject to Section 255 and other applicable provisions of the Companies Act, 1956 and notwithstanding anything otherwise contained in these Articles, so long as Snamprogetti S.p.A (now called Saipem S.p.A), holds share capital of the Company, Saipem shall have power to appoint one Director (referred to as Official Directors), who shall

not be liable to retirement by rotation. Saipem shall have powers to remove any such Nominee Director at their absolute discretion and to fill any vacancy in the office of such official Directors caused by removal, resignation, death or otherwise. The appointment or termination of the Official Directors shall be effected by means of a letter addressed to the Board of Directors of the Company and such appointment or termination shall have effect forthwith upon the said letter being delivered to the company".

If and when Saipem decides to disinvest the whole or any part of its Equity, the same shall be offered to Nagarjuna Holdings Private Limited and the said Nagarjuna Holdings Private Limited who shall be entitled to acquire the shares so offered in its own name or in the name of any other party acceptable to Saipem in terms of the agreement entered into between NHL and Saipem .

v.a. Whenever the Company enters into a contract with any Government, Central, State or Local or any Financial Institution or any person or persons (hereinafter referred to as "the appointer") for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enters into any other arrangement whatsoever, the Board shall have, subject to the provisions of Section 255 of the Act, the power to agree that such appointer shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be provided in the agreement and that such Director or Directors may not be liable to retire by rotation nor be required to hold any such share qualification. The Board may also agree that any such Director or Directors may be removed from time to time by the appointed entitled to appoint or nominate them and the appointer may appoint another or others in his or their place and also fill any vacancy which may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatsoever. Unless otherwise agreed to between the Board and the appointer, the Director appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the other Directors of the Company including payment of remuneration and travelling expenses to such Director or Directors as may be agreed by the Company with the appointer.

v.b. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit & Investment Corporation of India Limited (ICICI) and Life Insurance Corporation of India (LIC) or to any other Finance Corporation or Credit Corporation or to any other Finance Company or Body or the State

- Bank of India (SBI) out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC and Unit Trust of India (UTI) or any other Financing Corporation or Credit Corporation or any other Financing Company or Body or SBI (each of which IDBI, IFCI, ICICI, LIC and UTI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body or SBI is hereinafter in this Article referred to as "the Corporation") continue to hold debentures in the Company by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.
- vi. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Directors shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Directors shall not be liable to retire by rotation. Subject as aforesaid, the Nominee Directors shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.
- vii. The Nominee Directors so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds Debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of the Guarantee is outstanding and the Nominee Director's so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold Debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of the Guarantee furnished by the Corporation.
- viii. The nominee Directors appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which the Nominee Directors is/are members as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.
- ix. The Company shall pay to the Nominee Directors sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the Company, the fees, commission, moneys and remuneration in relation to such Nominee Directors shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Directors in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or, as the case may be, to such Nominee Directors.
- Provided that if any such Nominee Directors is an officer of the Corporation the sitting fees, in relation to such Nominee Director's shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.
- x. In the event of the Nominee Directors being appointed as whole time Directors such nominee Directors shall exercise such powers and have such rights as are usually exercised or available to a whole time Director in the management of the affairs of the Company. Such whole time Directors shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation".
- xi. The Chairman and the Managing Director shall be the nominees of NHL or its successors in business.

5 CONSIDERATION

5.1 In consideration of the transfer and vesting of the Oil Business Undertaking of NFCL in NORL, NORL shall on or after the Record Date, without any further application or deed, issue and allot to all the equity shareholders of NFCL, whose names appears in the Register of Members of NFCL as on the Record Date or to his/her heirs, executors, administrators or the successors-in-title, as the case may be, fully paid-up equity shares in the following ratio:

1 (one) equity share of Re. 1 each fully paid up of NORL for every 1 (one) equity share of Rs. 10 each fully paid up, held by the equity shareholders in NFCL.

Equity shares issued by NORL pursuant to the above Clause is hereinafter referred to as "NORL Equity Shares".

5.2 In consideration of the transfer and vesting of the Oil Business Undertaking of NFCL in NORL, NORL shall on or after the Record Date, without any further application or deed, issue and allot to all the preference shareholders of NFCL, whose names appears in the Register of Members of NFCL as on the Record Date or to his/her heirs, executors, administrators or the successors-in-title, as the case may be, fully paid-up preference shares in the following ratio:

1 (One) preference share of Rs. 10 each fully paid up of NORL for every 1 (One) preference shares of Rs. 100 each fully paid up, held by the preference shareholders in NFCL.

Preference shares issued by NORL pursuant to the above Clause is hereinafter referred to as "NORL Preference Shares".

The key terms and conditions for the NORL Preference Shares to be issued pursuant to Clause 5.2 above are specified in Schedule 1 hereto.

- 5.3 Further, the NORL Preference Shares to be issued pursuant to Clause 5.2 above shall rank for dividend in priority to the equity shares of NORL, and shall, on winding up of NORL be entitled to rank, as regards repayment of capital upto the commencement of winding up, in priority to the equity shares of NORL. NORL Preference Shares shall be issued in physical form.
- 5.4 In respect of fractional entitlements, if any, by NORL, to the equity shareholders of NFCL at the time of issue and allotment of NORL Equity Shares under Clause 5.1, the Board of Directors of NORL shall consolidate all fractional entitlements, and allot NORL Equity Shares in lieu thereof to a Director or such other authorized representative(s) as the Board of Directors of NORL shall appoint in this behalf, who shall hold the NORL Equity Shares issued in NORL, in trust on behalf of the equity shareholders entitled to fractional entitlements with the express understanding that such director(s) or other authorized representative(s) shall sell the same in the market at such time or times and at such price or prices and to such person or persons, as it/he/they may deem fit, and pay to NORL, the net sale proceeds thereof, whereupon NORL shall distribute such net sale proceeds (after deduction of applicable taxes), to the equity shareholders in proportion to their respective fractional entitlements. The Board of Directors of NORL, if it deems necessary, in the interests of allottees, approve such other method in this behalf as it may, in its absolute discretion, deem fit.
- 5.5 The NORL Equity Shares shall be issued and allotted in dematerialized form to those equity shareholders who hold shares of NFCL in dematerialized form, in to the account in which NFCL shares are held or such other account as is intimated by the equity shareholders to NFCL and / or its Registrar. All those equity shareholders who hold equity shares of NFCL in physical form shall also have the option to receive the NORL Equity Shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to NFCL and / or its Registrar. In the event that NORL has received notice from any person that equity shares are to be issued in physical form or if any person has not provided the requisite details relating to his/her /its account with a depository participant or other confirmations as may be required or if the details furnished by any person do not permit electronic credit of the NORL Equity Shares, then NORL shall issue NORL Equity Shares in physical form to such person or persons.
- 5.6 The NORL Equity Shares and NORL Preference Shares to be issued and allotted as above shall be subject to the Memorandum and Articles of Association of NORL and shall rank pari passu with the existing equity shares and preference shares of NORL in all respects including dividends.
- 5.7 The Board of Directors of NORL shall, if and to the extent required, apply for and obtain any approvals from concerned Government / Regulatory authorities for the issue and allotment of NORL Equity Shares and NORL Preference Shares pursuant to Clause 5.1 and Clause 5.2 of the Scheme. Further, NORL shall take all necessary steps for increase of authorised share capital for issue of equity and preference shares pursuant to the Scheme.
- 5.8 NORL Equity Shares to be issued and allotted to the equity shareholders of NFCL pursuant to Clause 5.1 of this Scheme will be listed and/or admitted to trading on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, where the equity shares of NFCL are listed and/or admitted to trading. NORL shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchanges.
- 5.9 In the event of there being any pending share transfers with respect to the application lodged for transfer by any shareholder of NFCL, the Board of Directors or any committee thereof of NFCL if in existence, or failing which the Board of Directors or any committee thereof of NORL shall be empowered in appropriate case, even subsequent to the Record Date to effectuate such a transfer in NFCL as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or the transferee of the share(s) in NFCL and in relation to the NORL Equity Shares and NORL Preference Shares after the Scheme becomes effective.
- 5.10 NORL Equity Shares & NORL Preference Shares to be issued and allotted by NORL to the equity and preference shareholders of NFCL pursuant to Clause 5.1 and Clause 5.2 of this Scheme, in respect of any equity and preference shares in NFCL which are held in abeyance under the provisions of Section 206A of the Act or otherwise, pending allotment or settlement of dispute, by order of court or otherwise, be held in abeyance by NORL.
- 5.11 Approval of this Scheme by the equity shareholders of NORL shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and applicable provisions of the Act for

- the issue and allotment of equity shares by NORL, as provided in this Scheme.
- 5.12 The approval of this Scheme by the equity shareholders of NORL under Sections 391 and 394 of the Act shall be deemed to have the approval under Sections 16, 31 and other applicable provisions of the Act and any other consents and approvals required in this regard.
- 5.13 The NORL Equity Shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.
- 5.14 There shall be no change in the shareholding pattern or control of NORL between the Record Date and the listing of the NORL Equity Shares with the designated stock exchange.
- 6 ACCOUNTING TREATMENT IN THE BOOK OF NFCL**
- 6.1 Upon the Scheme becoming effective, NFCL shall reduce the book value of assets and liabilities pertaining to the Oil Business Undertaking.
- 6.2 The difference, being the excess of the book value of assets transferred over the book value of liabilities transferred, or vice versa, as the case may be, shall be adjusted in the Profit & Loss Account of NFCL.
- 7 ACCOUNTING TREATMENT IN THE BOOK OF NORL**
- 7.1 NORL shall, upon the Scheme becoming effective, record the assets and liabilities of the Oil Business Undertaking vested in it pursuant to this Scheme, at the respective book values, ignoring revaluations, if any, as at the Appointed Date.
- 7.2 NORL shall credit to the Share Capital Account in its books of account, the aggregate face value of the NORL Equity Shares and NORL Preference Shares of NORL issued and allotted by it to the members of NFCL pursuant to this Scheme. The Paid-up Equity Share Capital of NORL shall be Rs.42.82 crores consisting of 42,81,81,821 Equity Shares of Rs.1/- each fully paid-up and the Preference Share Capital of NORL shall be NIL.
- 7.3 The difference between the book value of net assets of Oil Business Undertaking and the face value of NORL Equity Shares and NORL Preference Shares issued and allotted pursuant to Clause 5 of the Scheme shall be accounted as per Accounting Standard 14.
- 7.4 The credit arising on cancellation of equity share capital of NORL pursuant to Clause 8 shall be credited to the Capital Reserve Account.
- 8 CANCELLATION OF EXISTING EQUITY SHARE CAPITAL OF NORL AND CAPITAL REORGANISATION**
- 8.1 Upon the Scheme becoming effective and on issue of shares by NORL to the shareholders of NFCL, 50,000 equity shares of Rs. 10 each currently held by the shareholders of NORL shall stand cancelled and reduced to the extent of face value of shares.
- 8.2 Such reduction of share capital of NORL as provided in Clause 8.1 above shall be effected as a part of the Scheme, upon which the share capital of NORL shall be deemed to be reduced and the orders of the High Courts sanctioning the Scheme shall be deemed to be an order under Section 100 to 103 of the Act confirming such reduction of share capital of NORL.
- 8.3 Further post cancellation the existing authorised share capital of NORL of Rs. 5,00,000/- (Rupees Five Lakhs only) consisting of 50,000 equity shares of Rs. 10 each shall stand sub - divided without any further act, instrument or deed into 5,00,000 equity shares of Re. 1 each.
- 9 CONDUCT OF BUSINESS OF OIL BUSINESS UNDERTAKING TILL EFFECTIVE DATE**
- 9.1 With effect from the date of passing of the board resolution for approving the Scheme and up to and including the Effective Date, NFCL shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets pertaining to the business and undertaking of Oil Business Undertaking for and on account of and in trust for the NORL. NFCL hereby undertakes to hold its said assets with respect to the Oil Business Undertaking with utmost prudence until the Effective Date.
- 9.2 With effect from the date of passing of the board resolution for approving the Scheme and up to and including the Effective Date, NFCL shall carry on its business and activities with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of NORL, alienate, charge, mortgage, encumber or otherwise deal with or dispose of Oil Business Undertaking or part thereof.
- 9.3 With effect from the Appointed Date and up to and including the Effective Date, all the profits or income accruing or arising to NFCL or expenditure or losses arising or incurred or suffered by NFCL pertaining to the business and undertaking of Oil Business Undertaking shall for all purposes be treated and be deemed to be and accrue as the income or profits or losses or expenditure as the case may be of the NORL.
- 9.4 With effect from the date of passing of the board resolution for approving the Scheme and up to and including the Effective Date, NFCL shall not vary the terms and conditions of employment of any of the employees except in the ordinary course of business or without the prior consent of the NORL or pursuant to any pre-existing obligation undertaken by the Oil Business Undertaking as the case may be, prior to the Appointed Date.
- 9.5 With effect from the date of passing of the board resolution for approving the Scheme and up to and

including the Effective Date, NFCL shall be entitled, pending the sanction of the Scheme, to apply to the Central/State Government, and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which NORL, may require pursuant to this Scheme.

10 LEGAL PROCEEDINGS

- 10.1 If any suit, appeal or other proceeding of whatever nature by or against NFCL pertaining to the Oil Business Undertaking is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against NORL, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against NFCL as if this Scheme had not been made.
- 10.2 In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against NFCL pertaining to the Oil Business Undertaking, NORL shall be made party thereto, respectively, and any payment and expenses made thereto shall be the liability of NORL.

11 CONTRACTS, DEEDS AND OTHER INSTRUMENTS

- 11.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, Letters of Intent, undertakings, arrangements, policies, agreements (including shareholders agreements and investor agreements) and other instruments, if any, of whatsoever nature pertaining to the Oil Business Undertaking, to which NFCL is a party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of NORL, as the case may be, and may be enforced by or against NORL as fully and effectually as if, instead of NFCL, NORL had been a party thereto.
- 11.2 NORL shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which NFCL will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. NORL shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of NFCL and to implement or carry out all formalities required on the part of NFCL to give effect to the provisions of this Scheme.

12 STAFF, WORKMEN & EMPLOYEES

- 12.1 On the Scheme becoming effective all the employees of the Oil Business Undertaking of NFCL shall become the employees of NORL, without any break or interruption in their services, on same terms and conditions on which they are engaged as on the Effective Date. NORL further

agrees that for the purpose of payment of any retirement benefit / compensation, such immediate uninterrupted past services with the Oil Business Undertaking of NFCL, shall also be taken into account. NORL undertakes to continue to abide by the terms of agreement / settlement entered into by NFCL, with employees' union / employee or associations of the Oil Business Undertaking.

- 12.2 The accounts / funds of the employees whose services are transferred under Clause 12.1 above, relating to superannuation, provident fund and gratuity fund shall be identified, determined and transferred to the respective Trusts / Funds of NORL and such employees shall be deemed to have become members of such Trusts / Funds of NORL.

SECTION 3

MERGER OF TRANSFEROR COMPANIES INTO KFL

13 TRANSFER AND VESTING

- 13.1 With effect from the Appointed Date, the entire business and whole of the undertaking of Transferor Companies including all its properties and assets (whether fixed assets, current assets, deferred revenue assets, movable or immovable, tangible or intangible), including Trademarks, copyrights, patents, of whatsoever nature such as licenses, permits, quotas, approvals, lease, tenancy rights, permissions, incentives if any, and all other rights, title, interest, contracts, consent, approvals or powers of every kind nature and descriptions whatsoever shall under the provisions of Sections 391 to 394 of the Act and pursuant to the orders of the High Courts or any other appropriate authority sanctioning this Scheme and without any further act, instrument or deed, but subject to the charges affecting the same as on the Effective Date be transferred and/or deemed to be transferred to and vested in KFL so as to become the properties and assets of KFL.
- 13.2 All tangible movable assets of Transferor Companies, which are capable of being physically transferred including all movable plant and machinery, stock in trade and cash in hand, shall be delivered to KFL to the end and intent that the property therein passes to KFL. The Bank balances as appearing in the books of Transferor Companies shall also be transferred to KFL.
- 13.3 The transfer and vesting as aforesaid shall be subject to the existing charges / hypothecation / mortgages, if any, as may be subsisting and agreed to be created over or in respect of the said assets or any part thereof, provided however, any reference in any security documents or arrangements to which Transferor Companies is a party wherein the assets of Transferor Companies have been or are offered or agreed to be offered as security for any financial assistance or obligations shall be construed as reference only to the assets pertaining to Transferor Companies and vested in KFL by virtue of this Scheme to the end

and intent that the charges shall not extend or deemed to extend to any assets of KFL

Provided that the Scheme shall not operate to enlarge the security for the said liabilities of Transferor Companies which shall vest in KFL by virtue of the Scheme and KFL shall not be obliged to create any further, or additional security thereof after the merger has become effective or otherwise. Further, the Scheme shall not operate to enlarge the security for any liabilities of KFL, in as much as the security shall not extend to the assets transferred by Transferor Companies to KFL in terms of Clause 13.1 above.

- 13.4 The liabilities (including all secured loans, unsecured loans, deferred tax liability, provisions, etc) shall also, without any further act, instrument or deed be and transferred to and vested in and assumed by and/or deemed to be transferred to and vested in and assumed by KFL pursuant to the provisions of Sections 391 to 394 of the Act, so as to become the liabilities of KFL and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities have arisen, in order to give effect to the provisions of this clause.
- 13.5 KFL may at any time after the coming into effect of the Scheme in accordance with the provisions of the Scheme, if so required, under any law or otherwise, execute necessary writings, in favour of the secured creditors of Transferor Companies or in favour of any other party to any contract or arrangement to which Transferor Companies is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. KFL shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of Transferor Companies and to implement or carry out all such formalities or compliance referred to above on the part of Transferor Companies to be carried out or performed.
- 13.6 With effect from the Appointed Date and upon the Scheme becoming effective, all development rights, statutory licences, permissions, approvals or consents to carry on the operations and business of Transferor Companies shall stand vested in or transferred to KFL without any further act or deed and shall be appropriately mutated by the Statutory Authorities concerned in favour of KFL. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registrations or other licences and consents shall vest in and become available to KFL pursuant to this Scheme. In so far as the various incentives, subsidies, rehabilitation Schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by Transferor Companies, are concerned, the same shall vest

with and be available to KFL on the same terms and conditions.

- 13.7. With effect from the Appointed Date, KFL shall be deemed to carry on, and is authorized to carry on, the business of the Transferor Companies. The Articles of Association of KFL shall stand amended with the deletion of the existing clause 94 and the insertion of following clauses in the Articles of Association of KFL and KFL shall on the Scheme becoming effective file necessary forms with the appropriate fees with the Registrar of Companies, Maharashtra, Mumbai, and also comply with the other provisions of the Companies Act, 1956.

Article No.94

- i. "Notwithstanding anything to the contrary contained elsewhere in these Articles and so long as Nagarjuna Holdings Private Limited and its associates (referred to for brevity as 'NHL') as Promoters hold or continue to hold fully paid-up Equity Shares in the company, NHL shall have the right to nominate Directors on the Board of Directors of the Company, subject to a minimum of five Directors by NHL who may be referred to as 'Promoter Directors'. Subject to the provisions of Section 255 and 256 of the Companies Act, 1956 and any Statutory Enactment / Order / Notification as may be in force from time to time and Articles 91, 105 and 106 of the Articles of Association of the Company, such Promoter Directors shall not be liable to retirement by rotation nor shall they be required to hold any qualification shares. NHL shall exercise their powers of nomination / reappointment / removal as the case may be by means of letters addressed to the Company which shall take effect forthwith on their receipt by the Company at its Registered Office".
- ii.a. "Subject to Section 255 and other applicable provisions of the Companies Act, 1956 and notwithstanding anything otherwise contained in these Articles, the Government of Andhra Pradesh shall, so long as the Governor of Andhra Pradesh, holds not less than 10% of the paid-up share capital of the Company, have power to appoint two Directors (referred to as Official Directors) or in the event of the investment falling below 10% but not less than 2.5% of the equity share capital of the company, shall have power to nominate a minimum one Director on the Board of the company, who shall not be liable to retirement by rotation. The Government shall have powers to remove any such Nominee Director at their absolute discretion and to fill any vacancy in the office of such official Directors caused by removal, resignation, death or otherwise. The appointment or termination of the Official Directors shall be effected by means of a letter addressed to the Board of Directors of the Company and such

appointment or termination shall have effect forthwith upon the said letter being delivered to the company".

ii.b. If and when the State Government decides to disinvest the whole or any part of its Equity, the same shall be offered to Nagarjuna Holdings Private Limited and the said Nagarjuna Holdings Private Limited who shall be entitled to acquire the shares so offered in its own name or in the name of any other party acceptable to the State Government in terms of the agreement entered into between NHL and the State Government.

iii. "Subject to Section 255 and other applicable provisions of the Companies Act, 1956 and notwithstanding anything otherwise contained in these Articles, so long as Krishak Bharati Co-operative Limited (KRIBHCO), holds share capital of the Company, KRIBHCO shall have power to appoint one Director (referred to as Official Directors), who shall not be liable to retirement by rotation. KRIBHCO shall have powers to remove any such Nominee Director at their absolute discretion and to fill any vacancy in the office of such official Directors caused by removal, resignation, death or otherwise. The appointment or termination of the Official Directors shall be effected by means of a letter addressed to the Board of Directors of the Company and such appointment or termination shall have effect forthwith upon the said letter being delivered to the company".

If and when KRIBHCO decides to disinvest the whole or any part of its Equity, the same shall be offered to Nagarjuna Holdings Private Limited and the said Nagarjuna Holdings Private Limited who shall be entitled to acquire the shares so offered in its own name or in the name of any other party acceptable to KRIBHCO in terms of the agreement entered into between NHL and KRIBHCO.

iv. "Subject to Section 255 and other applicable provisions of the Companies Act, 1956 and notwithstanding anything otherwise contained in these Articles, so long as Snamprogetti S.p.A (now called Saipem S.p.A), holds share capital of the Company, Saipem shall have power to appoint one Director (referred to as Official Directors), who shall not be liable to retirement by rotation. Saipem shall have powers to remove any such Nominee Director at their absolute discretion and to fill any vacancy in the office of such official Directors caused by removal, resignation, death or otherwise. The appointment or termination of the Official Directors shall be effected by means of a letter addressed to the Board of Directors of the Company and such appointment or termination shall have effect

forthwith upon the said letter being delivered to the company".

If and when Saipem decides to disinvest the whole or any part of its Equity, the same shall be offered to Nagarjuna Holdings Private Limited and the said Nagarjuna Holdings Private Limited who shall be entitled to acquire the shares so offered in its own name or in the name of any other party acceptable to Saipem in terms of the agreement entered into between NHL and Saipem .

v.a. Whenever the Company enters into a contract with any Government, Central, State or Local or any Financial Institution or any person or persons (hereinafter referred to as "the appointer") for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enters into any other arrangement whatsoever, the Board shall have, subject to the provisions of Section 255 of the Act, the power to agree that such appointer shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be provided in the agreement and that such Director or Directors may not be liable to retire by rotation nor be required to hold any such share qualification. The Board may also agree that any such Director or Directors may be removed from time to time by the appointer entitled to appoint or nominate them and the appointer may appoint another or others in his or their place and also fill any vacancy which may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatsoever. Unless otherwise agreed to between the Board and the appointer, the Director appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the other Directors of the Company including payment of remuneration and travelling expenses to such Director or Directors as may be agreed by the Company with the appointer.

v.b. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit & Investment Corporation of India Limited (ICICI) and Life Insurance Corporation of India (LIC) or to any other Finance Corporation or Credit Corporation or to any other Finance Company or Body or the State Bank of India (SBI) out of any loans granted by them to the Company

or so long as IDBI, IFCI, ICICI, LIC and Unit Trust of India (UTI) or any other Financing Corporation or Credit Corporation or any other Financing Company or Body or SBI (each of which IDBI, IFCI, ICICI, LIC and UTI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body or SBI is hereinafter in this Article referred to as "the Corporation") continue to hold debentures in the Company by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

- vi. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Directors shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Directors shall not be liable to retire by rotation. Subject as aforesaid, the Nominee Directors shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.
- vii. The Nominee Directors so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds Debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of the Guarantee is outstanding and the Nominee Director's so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold Debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of the Guarantee furnished by the Corporation.
- viii. The nominee Directors appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board

Meetings and of the Meetings of the Committee of which the Nominee Directors is/are members as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

- ix. The Company shall pay to the Nominee Directors sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the Company, the fees, commission, moneys and remuneration in relation to such Nominee Directors shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Directors in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or, as the case may be, to such Nominee Directors.

Provided that if any such Nominee Directors is an officer of the Corporation the sitting fees, in relation to such Nominee Director's shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

- x. In the event of the Nominee Directors being appointed as whole time Directors such nominee Directors shall exercise such powers and have such rights as are usually exercised or available to a whole time Director in the management of the affairs of the Company. Such whole time Directors shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation".
- xi. The Chairman and the Managing Director shall be the nominees of NHL or its successors in business.

14 CONSIDERATION

- 14.1 Upon this Scheme becoming effective, KFL shall, without any application or deed, issue and allot equity shares, credited as fully paid up, to the extent indicated below, to the equity shareholders of the Transferor Companies and whose names appear in the Register of Members of the Transferor Companies on the Record Date, or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of KFL / Transferor Companies in the following proportion viz.: 11 (eleven) equity shares of Re. 1 each fully paid up of KFL for every 10 (ten) equity shares of Rs. 10 each fully paid up, held by the equity shareholders in NFCL. 43 (forty three) equity

- shares of Re. 1 each fully paid up of KFL for every 10 (ten) equity shares of Rs. 10 each fully paid up, held by the shareholders in iKisan.
- Equity shares issued by KFL pursuant to the above Clause is hereinafter referred to as "KFL Equity Shares".
- 14.2 Upon this Scheme becoming effective, KFL shall, without any further application or deed, issue and allot to all the preference shareholders of Transferor Companies, whose names appears in the Register of Members of Transferor Companies as on the Record Date or to his/her heirs, executors, administrators or the successors-in-title, as the case may be, fully paid-up equity shares in the following ratio:
- 1 (one) preference share of Rs. 90 each fully paid up of KFL for every 1 (one) preference shares of Rs. 100 each fully paid up, held by the preference shareholders in NFCL.
- Preference shares issued by KFL pursuant to the above Clause is hereinafter referred to as "KFL Preference Shares".
- 14.3 The key terms and conditions for the KFL Preference Shares to be issued pursuant to Clause 14.2 above are specified in Schedule 2 hereto.
- 14.4 Further, the KFL Preference Shares to be issued pursuant to Clause 14.2 above shall rank for dividend in priority to the equity shares of KFL, and shall, on winding up of KFL be entitled to rank, as regards repayment of capital upto the commencement of winding up, in priority to the equity shares of KFL. KFL Preference Shares shall be issued in physical form.
- 14.5 In respect of fractional entitlements, if any, by KFL, to the equity shareholders of Transferor Companies at the time of issue and allotment of KFL Equity Shares under Clause 14.1, the Board of Directors of KFL shall consolidate all fractional entitlements, and allot KFL Equity Shares in lieu thereof to a Director or such other authorized representative(s) as the Board of Directors of KFL shall appoint in this behalf, who shall hold the KFL Equity Shares issued in KFL, in trust on behalf of the equity shareholders entitled to fractional entitlements with the express understanding that such director(s) or other authorized representative(s) shall sell the same in the market at such time or times and at such price or prices and to such person or persons, as it/he/they may deem fit, and pay to KFL, the net sale proceeds thereof, whereupon KFL shall distribute such net sale proceeds (after deduction of applicable taxes), to the equity shareholders in proportion to their respective fractional entitlements. The Board of Directors of KFL, if it deems necessary, in the interests of allottees, approve such other method in this behalf as it may, in its absolute discretion, deem fit.
- 14.6 The KFL Equity Shares shall be issued and allotted in dematerialized form to those equity shareholders who hold shares of Transferor Companies in dematerialized form, in to the account in which Transferor Companies shares are held or such other account as is intimated by the equity shareholders to Transferor Companies and / or its Registrar. All those equity shareholders who hold equity shares of Transferor Companies in physical form shall also have the option to receive the KFL Equity Shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to Transferor Companies and / or its Registrar. In the event that KFL has received notice from any person that equity shares are to be issued in physical form or if any person has not provided the requisite details relating to his/her /its account with a depository participant or other confirmations as may be required or if the details furnished by any person do not permit electronic credit of the KFL Equity Shares, then KFL shall issue KFL Equity Shares in physical form to such person or persons.
- 14.7 The KFL Equity Shares and KFL Preference Shares to be issued and allotted as above shall be subject to the Memorandum and Articles of Association of KFL and shall rank pari passu with the existing equity shares and preference shares of KFL in all respects including dividends.
- 14.8 The Board of Directors of KFL shall, if and to the extent required, apply for and obtain any approvals from concerned Government / Regulatory authorities for the issue and allotment of KFL Equity Shares and KFL Preference Shares pursuant to Clause 14.1 and Clause 14.2 of the Scheme.
- 14.9 KFL Equity Shares to be issued and allotted to the equity shareholders of Transferor Companies pursuant to Clause 14.1 of this Scheme will be listed and/or admitted to trading on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, where the equity shares of Transferor Companies are listed and/or admitted to trading. KFL shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchanges.
- 14.10 In the event of there being any pending share transfers with respect to the application lodged for transfer by any shareholder of Transferor Companies, the Board of Directors or any committee thereof of Transferor Companies if in existence, or failing which the Board of Directors or any committee thereof of KFL shall be empowered in appropriate case, even subsequent to the Record Date to effectuate such a transfer in Transferor Companies as if such changes in registered holder were operative as on the Record

Date, in order to remove any difficulties arising to the transferor or the transferee of the share(s) in Transferor Companies and in relation to the KFL Equity Shares and KFL Preference Shares after the Scheme becomes effective.

14.11 KFL Equity Shares & KFL Preference Shares to be issued and allotted by KFL to the equity and preference shareholders of Transferor Companies pursuant to Clause 14.1 and Clause 14.2 of this Scheme, in respect of any equity and preference shares in Transferor Companies which are held in abeyance under the provisions of Section 206A of the Act or otherwise, pending allotment or settlement of dispute, by order of court or otherwise, be held in abeyance by KFL.

14.12 Approval of this Scheme by the equity shareholders of KFL shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by KFL, as provided in this Scheme.

14.13 The approval of this Scheme by the equity shareholders KFL under Sections 391 and 394 of the Act shall be deemed to have the approval under Sections 16, 31 and other applicable provisions of the Act and any other consents and approvals required in this regard.

14.14 The KFL Equity Shares allotted pursuant of the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.

14.15 There shall be no change in the shareholding pattern or control of KFL between the Record Date and the listing of the KFL Equity Shares with the designated stock exchange.

15 CAPITAL REORGANISATION

15.1 Upon sanction of this Scheme, the existing authorised share capital of KFL of Rs. 1,00,00,000/- (Rupees One crore only) consisting of 10,00,000 equity shares of Rs. 10 each shall stand sub - divided without any further act, instrument or deed into 1,00,00,000 equity shares of Re. 1 each.

15.2 Upon sanction of this Scheme, the authorised share capital of the KFL shall stand increased without any further act, instrument or deed on the part of KFL including payment of stamp duty and fees payable to Registrar of Companies, by the authorised share capital of NFCL amounting to Rs.800,00,00,000 (Rupees Eight Hundred Crores) comprising of 60,00,00,000 (Sixty Crores) equity shares of Rs. 10 each and 2,00,00,000 (Two Crores) preference shares of Rs. 100 each which shall stand sub - divided and reclassified into 620,00,00,000 (Six Hundred and Twenty Crores) equity shares of Re. 1 each and 2,00,00,000 (Two Crores) preference shares of Rs. 90 each and the Memorandum of Association and Articles of Association of KFL (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and

amended, and the consent of the shareholders of KFL to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Sections 16, 31, 94 and 394 and applicable provisions of the Act would be required to be separately passed, as the case may be and for this purpose the stamp duties and fees paid on the authorized capital of NFCL shall be utilized and applied to the increased authorized share capital of KFL and there would be no requirement for any further payment of stamp duty and/or fee by KFL for increase in the authorised share capital to that extent.

15.3 Consequent upon the Scheme becoming effective, the authorised, share capital of KFL will be as under:

	Rupees
Authorised Capital	
621,00,00,000 Equity Shares of Rs.1/- each	621,00,00,000
2,00,00,000 Preference Shares of Rs.90/- each	180,00,00,000
Total	801,00,00,000

It is clarified that the approval of the members of KFL to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum and Articles of Association of KFL as may be required under the Act, and Clause V of the Memorandum of Association and Article 5(1) of the Articles of Association of KFL shall respectively stand substituted by virtue of the Scheme to read as follows:

Clause V of the Memorandum of Association of KFL:

The Authorised Share Capital of the Company is Rs.801,00,00,000/- (Rupees Eight Hundred and One Crores only) comprising 621,00,00,000 (Six Hundred and Twenty One Crores only) Equity Shares of Re.1/- each and 2,00,00,000 (Two Crores only) Preference Shares of Rs.90/- each with the rights, privileges and conditions attaching thereto as are provided by the regulations of the company for the time being with power to increase and / or reduce the Capital of the company and to divide the shares in the Capital for the time being in accordance with the provisions of the Companies Act, 1956 or any other statutory enactments in force from time to time into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions including that of redemption and / or conversion (including deemed redemption / conversion) as may be determined by or in accordance with the enactment / order / notification as may be in force from time to time and to vary, modify or abrogate manner as may for the time being be provided by the regulations of the Company or any statutory enactment / order / notification as may be in force from time to time.

Article 5(1) of the Articles of Association:

The Authorised Share Capital of the Company is Rs.801,00,00,000/- (Rupees Eight Hundred and One Crores only) comprising 621,00,00,000 (Six Hundred and Twenty One Crores only) Equity Shares of Re.1/- each and 2,00,00,000 (Two Crores only) Preference Shares of Rs.90/- each with such rights, privileges and conditions provided by any statutory enactment for the time being in force and as may be provided by these Articles or by a Special Resolution passed at a General Meeting duly convened and held for the purpose.

16 ACCOUNTING TREATMENT IN THE BOOKS OF KFL

- 16.1 With effect from the Appointed Date, all the assets and liabilities of Transferor Companies transferred to and vested in KFL, shall be recorded at their respective fair values, as may be determined by the Board of Directors of KFL.
- 16.2 Inter Company balances, if any, will be cancelled.
- 16.3 Inter Company investments, if any, will be cancelled.
- 16.4 KFL shall credit to the Share Capital Account in its books of account on the appointed date, the aggregate face value of the KFL Equity Shares and KFL Preference Shares of KFL issued and allotted under the Scheme by it to the shareholders of Transferor Companies pursuant to this Scheme.
- 16.5 The difference, between the value of net assets of Transferor Companies transferred to KFL and recorded by KFL pursuant to the High Courts Order in accordance Clause 16.1 over the fair value of KFL Equity Shares and KFL Preference Shares allotted by KFL pursuant to this Scheme shall, in case of there being a deficit, be debited to Goodwill Account. In case of there being a surplus, the same shall be credited to Capital Reserve Account. Further, the credit arising on cancellation of equity share capital of KFL pursuant to Clause 17 shall be credited to the Capital Reserve Account. The paid-up equity share capital of KFL shall be Rs. 59,80,65,003 consisting of 59,80,65,003 equity shares of Rs.1/- each fully paid-up and the preference share capital of KFL shall be NIL.
- 16.6 All the statutory reserves shall retain their identity as required by the Accounting Standard 14.

17 CANCELLATION OF EXISTING EQUITY SHARE CAPITAL OF KFL

- 17.1 The investment held by NFCL in the equity share capital of KFL shall stand cancelled and accordingly, the share capital of KFL shall stand reduced to the extent of face value of shares held by NFCL in KFL as and when the KFL Equity Shares are issued by KFL pursuant to the Scheme.
- 17.2 Such reduction of share capital of KFL as provided in Clause 17.1 above shall be effected as a part of the Scheme, upon which the share capital of KFL shall be deemed to be reduced and the orders of the High Courts sanctioning the Scheme shall be deemed to be an order under Sections 100 to 103 of the Act confirming such reduction of share capital of KFL.

18 CONDUCT OF BUSINESS OF TRANSFEROR COMPANIES TILL EFFECTIVE DATE

- 18.1 With effect from the date of passing of the board resolution for approving the Scheme and up to and including the Effective Date, Transferor Companies shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets pertaining to the business and undertaking of Transferor Companies for and on account of and in trust for the KFL. Transferor Companies hereby undertakes to hold its said assets with utmost prudence until the Effective Date.
- 18.2 With effect from the date of passing of the board resolution for approving the Scheme and up to and including the Effective Date, Transferor Companies shall carry on its business and activities with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of KFL alienate, charge, mortgage, encumber or otherwise deal with or dispose of Transferor Companies or part thereof.
- 18.3 With effect from the Appointed Date and upto and including the Effective Date, all the profits or income accruing or arising to Transferor Companies or expenditure or losses arising or incurred or suffered by Transferor Companies pertaining to the business and undertaking of Transferor Companies shall for all purposes be treated and be deemed to be and accrue as the income or profits or losses or expenditure as the case may be of the KFL.
- 18.4 With effect from the date of passing of the board resolution for approving the Scheme and up to and including the Effective Date, Transferor Companies shall not vary the terms and conditions of employment of any of the employees except in the ordinary course of business or without the prior consent of the KFL or pursuant to any pre-existing obligation undertaken by the Transferor Companies as the case may be, prior to the Appointed Date.
- 18.5 With effect from the date of passing of the board resolution for approving the Scheme and up to and including the Effective Date, Transferor Companies shall be entitled, pending the sanction of the Scheme, to apply to the Central/State Government, and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which the KFL, may require pursuant to this Scheme.

19 STAFF, WORKMEN & EMPLOYEES

- 19.1 On the Scheme becoming effective all the employees of the Transferor Companies shall become the employees of KFL, without any break or interruption in their services, on same terms and conditions on which they are engaged as on the Effective Date. KFL further agrees that for the purpose of payment of any retirement benefit / compensation, such immediate uninterrupted past services with the Transferor Companies, shall also be taken into account. KFL undertakes to continue to abide by the terms of agreement / settlement

entered into by the Transferor Companies, with employees' union / employee or associations of the Transferor Companies.

19.2 The accounts / funds of the employees whose services are transferred under Clause 19.1 above, relating to superannuation, provident fund and gratuity fund shall be identified, determined and transferred to the respective Trusts / Funds of KFL and such employees shall be deemed to have become members of such Trusts / Funds of KFL.

20 LEGAL PROCEEDINGS

20.1 If any suit, appeal or other proceeding of whatever nature by or against the Transferor Companies is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the KFL, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Companies as if this Scheme had not been made.

20.2 In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against the Transferor Companies, KFL shall be made party thereto, and any payment and expenses made thereto shall be the liability of KFL.

20.3 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance Letters of Intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to Transferor Companies to which Transferor Companies is party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of KFL, as the case may be, and may be enforced by or against KFL as fully and effectually as if, instead of Transferor Companies, KFL had been a party thereto.

21 CONTRACTS, DEEDS, ETC.

21.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, Letters of Intent, or other letters, documents, permission of the Government of India, Government of Andhra Pradesh, statutory licences, agreements including shareholders agreements and investor agreements, of which NFCL is a signatory with Government of Andhra Pradesh, KRIBHCO, Saipem, undertakings, arrangements, policies, and other instruments, if any, of whatsoever nature to which the Transferor Companies are a party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of KFL, as the case may be, and may be enforced by or against the KFL as fully and effectually as if, instead of the Transferor Companies, KFL had been a party thereto.

21.2 KFL shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which the Transferor Companies will, if necessary, also be party in order to give formal

effect to the provisions of this Scheme, if so required or becomes necessary. KFL shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of Transferor Companies and to implement or carry out all formalities required on the part of the Transferor Companies to give effect to the provisions of this Scheme.

22 SAVING OF CONCLUDED TRANSACTIONS

The transfer of assets and liabilities under Clause 13 above and the continuance of proceedings by or against Transferor Companies under Clause 20 above shall not affect any transaction or proceedings already concluded by Transferor Companies on or after the Appointed Date till the Effective Date, to the end and intent that KFL accepts and adopts all acts, deeds and things done and executed by Transferor Companies in respect thereto as done and executed on behalf of KFL.

23 DISSOLUTION OF TRANSFEROR COMPANIES

On the Scheme becoming effective, Transferor Companies shall stand dissolved without being wound-up.

SECTION 4

OTHER TERMS AND CONDITIONS

24 CHANGE OF NAME

With effect from the Appointed Date, the name of KFL shall be changed to "Nagarjuna Fertilizers and Chemicals Limited" or such other name as may be approved by the Registrar of Companies. Approval of the shareholders of NFCL and KFL to the Scheme shall be considered as the approval required under the provisions of Companies Act, 1956 for change of name.

25 APPLICATION TO HIGH COURTS

iKisan, KFL, NFCL and NORL shall with all reasonable dispatch make all necessary applications under Sections 391 and 394 of the Act and other applicable provisions of the Act to the High Courts for seeking approval of the Scheme.

26 MODIFICATION OR AMENDMENTS TO THE SCHEME

iKisan, KFL, NFCL and NORL by their respective Boards of Directors ('the Board', which term shall include any duly authorised Committee thereof), may assent to/make and/or consent to any modifications/amendments to the Scheme or to any conditions or limitations that the Courts and/or any other Authority under law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate as a result of subsequent events or otherwise by them (i.e. the Board). iKisan, KFL, NFCL and NORL by their respective Board are authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying the Scheme into effect, whether by reason of any directive or Orders of any other authorities or otherwise howsoever, arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

27 CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

- 27.1 This Scheme comprises of demerger of NFCL and merger of Residual NFCL and iKisan. Each part in each Section is interlinked and dependent on the other Sections and is not severable. Further, the Scheme shall be implemented in the same order as it is given in the Scheme. The Scheme shall be effective upon sanction of the High Courts.
- 27.2 The Scheme would be given effect to only if is approved in its entirety and no part shall be implemented in isolation of the other parts of the Scheme.
- 27.3 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of iKisan, KFL, NFCL and NORL as may be directed by the High Courts.
- 27.4 The sanction of the High Courts under Sections 391 and 394 of the said Act in favour of iKisan, KFL, NFCL and NORL under the said provisions and to the necessary Orders under Section 394 of the said Act being obtained;
- 27.5 All other sanctions and orders as are legally necessary or required in respect of the Scheme being obtained.

28 EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in the preceding Clause not being obtained and/ or the Scheme not being sanctioned by the High Courts or such other competent authority and / or the Order not being passed as aforesaid before December 31, 2011 or within such further period or periods as may be

agreed upon between iKisan, KFL, NFCL and NORL by their Boards of Directors (and which the Boards of Directors of the companies are hereby empowered and authorised to agree to and extend the Scheme from time to time without any limitation) this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

29 COSTS, CHARGES, EXPENSES & CONTRIBUTION

Consequent to the merger being approved by the respective High Courts and NORL being listed with the Stock Exchanges and issuing shares to the shareholders of NFCL, KFL shall contribute a sum of Rs.1 crore per year to NORL or such amount that as may be required from time to time for a period of five years or until such time that NORL is able to manage its financial affairs and receive dividend from Nagarjuna Oil Corporation Limited. Such payment to NORL by KFL shall not require any further approval to be obtained under the Companies Act, 1956 and shall be made on a quarterly basis in equal installments. NORL shall return the sum of Rs.1 crore or such other sum to KFL as and when its financial position facilitates repayment.

All costs, charges, taxes including duties, levies and all other expenses, if any arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by NFCL (save as expressly otherwise agreed).

SCHEDULE - 1 KEY TERMS AND CONDITIONS FOR ISSUE OF NORL PREFERENCE SHARES

Issuer	Nagarjuna Oil Refinery Limited
Instrument	Non Convertible Cumulative Redeemable Preference Shares
Face value	Rs. 10 per NORL Preference Share
Coupon Rate	0.01% per annum
Redemption	To be redeemed at par at the end of 20 years from the date of allotment
Option	The NORL Preference Shares shall be redeemable at the option of the preference shareholders.

SCHEDULE - 2 KEY TERMS AND CONDITIONS FOR ISSUE OF KFL PREFERENCE SHARES

Issuer	Kakinada Fertilizers Limited
Instrument	Non Convertible Cumulative Redeemable Preference Shares
Face value	Rs. 90 per KFL Preference Share
Coupon Rate	0.01% per annum
Redemption	To be redeemed at par at the end of 20 years from the date of allotment
Option	The KFL Preference Shares shall be redeemable at the option of the preference shareholders.

HIGH COURT, BOMBAY

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SCHEME PETITION NO. 234 OF 2011

CONNECTED WITH

COMPANY SUMMONS FOR DIRECTION NO. 125 OF 2011

IKISAN LIMITED

...Petitioner / Second Transferor Company

COMPANY SCHEME PETITION NO. 235 OF 2011

CONNECTED WITH

COMPANY SUMMONS FOR DIRECTION NO. 126 OF 2011

KAKINADA FERTILIZERS LIMITED

...Petitioner / Transferee Company

In the matter of Sections 391 to 394 of the Companies Act, 1956

AND

In the matter of Composite Scheme of Arrangement and Amalgamation between iKisan Limited ('the Second Transferor Company')

And

Kakinada Fertilizers Limited ('the Transferee Company')

And

Nagarjuna Fertilizers And Chemicals Limited ('the Demerged / First Transferor Company')

And

Nagarjuna Oil Refinery Limited ('the Resulting Company')

And

their respective shareholders and creditors

Mr. Hemant Sethi i/b M/s. Hemant Sethi & Co., Advocate for the Petitioners in both Petitions.

Dr. T. Pandian, Official Liquidator, present in the Company Scheme Petition. 234 of 2011.

Mr. C. J. Joy, i/b Mr. H.P Chaturvedi for Regional Director in all Petitions.

CORAM: S. J. KATHAWALLA, J.

DATE: 17th June, 2011

PC:

1. Heard counsel for the parties.
2. The sanction of the Court is sought under Sections 391 to 394 of the Companies Act, 1956, to a Composite Scheme of Arrangement and Amalgamation between Ikisan Limited, the Second Transferor Company and Kakinada Fertilizers Limited, the Transferee Company and Nagarjuna Fertilizers and Chemicals Limited, the Demerged/ First Transferor Company and Nagarjuna Oil Refinery Limited, the Resulting Company and their respective shareholders and creditors.
3. Counsel appearing on behalf of the Petitioners has stated that they have complied with all requirements as per directions of this Court and they have filed necessary affidavits of compliance in the Court. Moreover, Petitioner Companies undertake to comply with all statutory requirements, if any, as required under the Companies Act, 1956 and the Rules made thereunder. The said undertaking is accepted.
4. The Regional Director has filed an affidavit stating therein that save and except as stated in paragraphs 6(a), 6(b) and 6(c) of the said Affidavit, it appears that the Scheme is not prejudicial to the interest of shareholders. In paragraph 6 of the said affidavit it is stated that:

// Certified True Copy //

Director / Secretary

"6. That the Deponent further submits that-

- (a) *The Registered Office of the Demerged Company (NFCL) & Resulting Company (NORL) are situated in the State of Andhra Pradesh at Hyderabad. Hence the present composite scheme of arrangement and amalgamation between the Transferor and Transferee Company will be subject to condition of similar approval from Hon'ble High Court of Andhra Pradesh in respect of Demerged Company and Resulting Company.*
 - (b) *The shares of the Demerged Company (NFCL) are listed with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Demerged Company (NFCL) has obtained "No Objection Certificate" from the respective Stock Exchanges. However it is submitted, that the Transferee Company is an unlisted company. Hence subsequent to merger, its shares should be listed at the respective Stock Exchanges.*
 - (c) *As per clause 24 of the scheme the name of the Transferee Company (KFL) is proposed to be changed to "Nagarjuna Fertilizers and Chemicals Limited". In this connection Transferee Company may be directed to comply with the provisions of section 21/23 of the Companies Act 1956 in respect of filing of necessary forms with the Registrar of Companies and the proposed new name will be allowed subject to availability of the same, by the Registrar of Companies since under the computerized MCA 21 System of allotting the names, it is systemically not possible to reserve the names. Therefore, the name if available at the time of filing of such application, shall be made available by the Registrar of Companies, Mumbai"*
5. As far as the first objection in paragraph 6(a) of the Affidavit is concerned, the Counsel for the Petitioner states that the Petitions for the Demerged Company and the Resulting Company have been filed with the High Court of Andhra Pradesh at Hyderabad and the Petitions are still pending for hearing and final disposal.
 6. So far as the second objection in paragraph 6(b) of the Affidavit is concerned, the Petitioner through their Counsel undertakes that the shares of the Transferee Company will be listed on the respective Stock Exchanges. The said Undertaking is accepted.
 7. As far as the contents of paragraph 6(c) of the Affidavit is concerned, the Petitioners through their Counsel undertakes to comply with the provisions of Section 21/23 of the Companies Act 1956 in respect of filing of necessary forms with the Registrar of Companies in respect of change of name of the Transferee Company to "Nagarjuna Fertilizers and Chemicals Limited". The Petitioner agrees that the name will be allowed subject to the availability by the Registrar of Companies at the time of filing of Application. The said undertaking is accepted.
 8. The Official Liquidator has filed his report in Company Scheme Petition No.234 of 2011 stating therein that the affairs of the Second Transferor Company have been conducted in a proper manner and that the Transferor Company may be ordered to be dissolved.
 9. From the material on record, the Scheme appears to be fair and reasonable and is not violative of any provisions of law and is not contrary to public policy. None of the parties concerned have come forward to oppose the Scheme.
 10. Since all the requisite statutory compliances have been fulfilled, Company Scheme Petition No.234 of 2011, filed by the Second Transferor Company, is made absolute in terms of prayer clauses (a) to (d) and Company Scheme Petition No.235 of 2011, filed by the Transferee Company, is made absolute in terms of prayer clauses (a) to (d). The scheme is sanctioned subject to the order to be passed by the Andhra Pradesh High Court in the Petitions filed by the other companies.
 11. The Petitioner Companies to lodge a copy of this order and the Scheme, duly authenticated by the Company Registrar, High Court, Bombay with the concerned Superintendent of Stamps, for the purpose of adjudication of stamp duty payable, if any, on the same within 60 days from the date of the Order.
 12. The Petitioners in both the Company Scheme Petitions to pay costs of Rs.10,000/- each to the Regional Director, Western Region, Mumbai and the Petitioner in the Company Scheme Petition No. 234 of 2011 to pay costs of Rs.10,000/- to the Official Liquidator, High Court, Bombay. Costs to be paid within four weeks from the date of the Order.
 13. Filing and issuance of the drawn up order is dispensed with.
 14. All concerned authorities to act on a copy of this order along with Scheme duly authenticated by the Company Registrar, High Court, Bombay.

(S.J. KATHAWALLA, J.)

**COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION
BETWEEN
IKISAN LIMITED
AND
KAKINADA FERTILIZERS LIMITED
AND
NAGARJUNA FERTILIZERS AND CHEMICALS LIMITED
AND
NAGARJUNA OIL REFINERY LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS & CREDITORS**

PREAMBLE

All the companies are part of the Nagarjuna Group ('the Group'). The above Composite Scheme of Arrangement and Amalgamation comprising of various distinct but integrally connected arrangements under the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 envisaging the following:

- Demerger of Oil Business Undertaking of Nagarjuna Fertilizers and Chemicals Limited into Nagarjuna Oil Refinery Limited;
- Merger of residual Nagarjuna Fertilizers and Chemicals Limited and iKisan Limited into Kakinada Fertilizers Limited

SECTIONS OF THE SCHEME

The Scheme comprises of the following arrangements:

- (a) Section 1 deals with the Definitions, date of taking effect and share capital;
- (b) Section 2 deals with the demerger of Oil Business Undertaking of Nagarjuna Fertilizers and Chemicals Limited into Nagarjuna Oil Refinery Limited;
- (c) Section 3 deals with the merger of residual Nagarjuna Fertilizers and Chemicals Limited and iKisan Limited into Kakinada Fertilizers Limited; and
- (d) Section 4 deals with Other Terms and Conditions which unless the context requires otherwise are applicable to all the arrangements envisaged by the Scheme.

This Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

SECTION 1

1. Definitions

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings:

- 1.1 **"Act" or "the Act"** means the Companies Act, 1956 and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force.
- 1.2 **"Appointed Date"** means the 1st day of April 2011 or such other date as may be approved by the High Courts.
- 1.3 **"Effective Date"** means the later of the date on which the certified copies of the Orders of High Court of Judicature of Bombay at Mumbai and High Court of Judicature of Andhra Pradesh at Hyderabad, sanctioning the Scheme are filed with the Registrar of Companies, Maharashtra, Mumbai and Registrar of Companies, Andhra Pradesh, Hyderabad, respectively.
- 1.4 **"High Courts"** means the High Court of Judicature of Bombay at Mumbai and the High Court of Judicature of Andhra Pradesh at Hyderabad
- 1.5 **"iKisan"** means iKisan Limited, a company incorporated under the Companies Act, 1956 and having its registered office at A/612, Dalamal Towers, 211, Nariman Point, Mumbai 400 021.
- 1.6 **"KFL" or "the Transferee Company"** means Kakinada Fertilizers Limited, a company incorporated under the Companies Act, 1956 and having its registered office at A/612, Dalamal Towers, 211, Nariman Point, Mumbai 400021.
- 1.7 **"NFCL"** means Nagarjuna Fertilizers and Chemicals Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Nagarjuna Hills, Punjagutta, Hyderabad - 500 082.
- 1.8 **"NORL"** means Nagarjuna Oil Refinery Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Nagarjuna Hills, Punjagutta, Hyderabad-500082.

- 1.9 **"Oil Business Undertaking"** means the entire business and undertaking of NFCL relating to oil business related activities as a going concern and shall include (without limitation) the following:
- 1.9.1 All assets (whether movable or immovable, real or personal, corporeal or incorporeal, present, future or contingent, including investment in Nagarjuna Oil Corporation Limited) and liabilities pertaining thereto.
- 1.9.2 Without prejudice to the generality of the provisions of sub-clause 1.9.1 above, the Oil Business Undertaking shall include in particular:
- (i) All property of and required for the above business wherever situated, including all immoveable property, current assets, funds, capital work in progress, furniture, fixtures, office equipment, appliances, accessories, etc whether on lease or not;
- (ii) All permits, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, municipal and other statutory permissions, approvals, consents, licenses, registrations, subsidies, concessions, exemptions, remissions, tax deferrals, tenancies in relation to office, bank accounts, lease rights, licenses, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Oil Business Undertaking;
- (iii) Debts, duties, obligations, and liabilities (including contingent liabilities) directly relatable to the Oil Business Undertaking.
- 1.9.3 For the purpose of this Scheme, it is clarified that liabilities pertaining to the Oil Business Undertaking include:
- (a) The liabilities (excluding internal liabilities), which arise out of the activities or operations of the Oil Business Undertaking.
- (b) Specific loans and borrowings raised, incurred and utilised solely for the activities or operation of the Oil Business Undertaking.
- 1.9.4 All permanent employees of the Oil Business Undertaking, as identified by the Board of Directors of NFCL, as on the Effective Date.
- 1.9.5 Any question that may arise as to whether a specific asset or liability pertains or does not pertain to the Oil Business Undertaking or whether it arises out of the activities or operations of the Oil Business Undertaking shall be decided by mutual agreement between the Board of Directors of NFCL and NORL.
- 1.10 **"Record Date"** means the date to be fixed by the Board of Directors of KFL and NORL and informed to the stock exchanges for the purposes of issue and allotment of equity and preference shares of KFL and NORL to the equity and preference shareholders of NFCL and equity shares to the shareholders of iKisan, eligible to be allotted shares pursuant to the Scheme.
- 1.11 **"Residual NFCL"** means businesses of NFCL other than the Oil Business Undertaking as defined in Clause 1.9.
- 1.12 **"Scheme" or "the Scheme" or "this Scheme"** means this Composite Scheme of Arrangement and Amalgamation in its present form with or without any modification(s), if any made, as approved or imposed by the High Court of Andhra Pradesh and High Court of Bombay as per Clause 26 of the Scheme.
- 1.13 **"Transferor Companies"** means iKisan Limited and Residual NFCL collectively.
- 1.14 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.
- 2 DATE OF TAKING EFFECT AND OPERATIVE DATE**
- The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Courts or made as per Clause 26 of the Scheme, shall be effective from the Appointed Date but shall be operative from the Effective Date.
- 3 SHARE CAPITAL**
- 3.1 The share capital of iKisan as at December 31, 2010 is as under:
- | Particulars | Rupees(₹) |
|--|---------------------|
| Authorised Capital | |
| 2,99,00,000 Equity Shares of Rs.10/- each | 29,90,00,000 |
| 1,00,000 Preference Shares of Rs.10/- each | 10,00,000 |
| Total | 30,00,00,000 |
| Issued, Subscribed & Paid up | |
| 2,95,50,000 Equity Shares of Rs.10/- each | 29,55,00,000 |
| Total | 29,55,00,000 |
- 3.2 The share capital of KFL as at December 31, 2010 is as under:
- | Particulars | Rupees(₹) |
|---|--------------------|
| Authorised Capital | |
| 10,00,000 Equity Shares of Rs.10/- each | 1,00,00,000 |
| Total | 1,00,00,000 |
| Issued, Subscribed & Paid up | |
| 50,000 Equity Shares of Rs.10/- each | 5,00,000 |
| Total | 5,00,000 |

3.3 The share capital of NFCL as at December 31, 2010 is as under:

Particulars	Rupees(₹)
Authorised Capital	
60,00,00,000 Equity Shares of Rs 10 each	600,00,00,000.00
2,00,00,000 Preference Shares of Rs 100 each	200,00,00,000.00
Total	800,00,00,000.00
Issued, Subscribed & Paid up	
42,81,81,821 Equity Shares of Rs 10 each	428,18,18,210.00
37,20,372 Preference Shares of Rs. 100 each	37,20,37,200.00
Total	465,38,55,410.00

3.4 The share capital of NORL as at December 31, 2010 is as under:

Particulars	Rupees(₹)
Authorised Capital	
50,000 Equity Shares of Rs.10/- each	5,00,000
Total	5,00,000
Issued, Subscribed & Paid up	
50,000 Equity Shares of Rs 10/- each	5,00,000
Total	5,00,000

SECTION 2

DEMERGER OF OIL BUSINESS UNDERTAKING OF NFCL INTO NORL

4 TRANSFER AND VESTING

- 4.1 The Oil Business Undertaking (as defined in Clause 1.9) shall stand transferred to and vested in or deemed to be transferred to and vested in NORL, as a going concern in the following manner:
- 4.2 With effect from the Appointed Date, the Oil Business Undertaking shall, under the provisions of Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act or deed, stand transferred to and vested in and/or deemed to be transferred to and vested in NORL, so as to vest in NORL all the rights, title and interest pertaining to the Oil Business Undertaking.
- 4.3 With effect from the Appointed Date, the liabilities relating to the Oil Business Undertaking (excluding internal liabilities) shall, without any further act or deed be and shall stand transferred to NORL so as to become as from the Appointed Date, the liabilities of NORL and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this sub-clause.
- 4.4 With effect from the Appointed Date any Letter of Intent or other letter, document, permission of the Government of India, Government of Tamilnadu, statutory licences, agreements including shareholders agreements and investor agreements, permissions or approvals or consents held by NFCL required to carry on operations of the Oil Business Undertaking shall stand vested in

or transferred to NORL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of NORL. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licences, and consents shall vest in and become available to NORL pursuant to the Scheme. In so far as the various incentives, subsidies, rehabilitation Schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by NFCL relating to the Oil Business Undertaking respectively, are concerned, the same shall vest with and be available to NORL on the same terms and conditions.

- 4.5 The transfer and vesting of Oil Business Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof relating to Oil Business Undertaking.
- 4.6 With effect from the Appointed Date, NORL shall be deemed to carry on, and is authorized to carry on, the Oil Business Undertaking of NFCL. The Articles of Association of NORL shall stand amended with the deletion of the existing clause 94 and insertion of following clauses in the Articles of Association of NORL and NORL shall on the Scheme becoming effective file necessary forms with the appropriate fees with the Registrar of Companies, Andhra Pradesh, Hyderabad and also comply with the other provisions of the Companies Act, 1956.

Article No.94

- i. "Notwithstanding anything to the contrary contained elsewhere in these Articles and so long as Nagarjuna Holdings Private Limited and its associates (referred to for brevity as 'NHL') as Promoters hold or continue to hold fully paid-up Equity Shares in the company, NHL shall have the right to nominate Directors on the Board of Directors of the Company, subject to a minimum of five Directors by NHL who may be referred to as 'Promoter Directors'. Subject to the provisions of Section 255 and 256 of the Companies Act, 1956 and any Statutory Enactment / Order / Notification as may be in force from time to time and Articles 91, 105 and 106 of the Articles of Association of the Company, such Promoter Directors shall not be liable to retirement by rotation nor shall they be required to hold any qualification shares. NHL shall exercise their powers of nomination / reappointment / removal as the case may be by means of letters addressed to the Company which shall take effect forthwith on their receipt by the Company at its Registered Office".
- ii.a. "Subject to Section 255 and other applicable provisions of the Companies Act, 1956 and

notwithstanding anything otherwise contained in these Articles, the Government of Andhra Pradesh shall, so long as the Governor of Andhra Pradesh, holds not less than 10% of the paid-up share capital of the Company, have power to appoint two Directors (referred to as Official Directors) or in the event of the investment falling below 10% but not less than 2.5% of the equity share capital of the company, shall have power to nominate a minimum one Director on the Board of the company, who shall not be liable to retirement by rotation. The Government shall have powers to remove any such Nominee Director at their absolute discretion and to fill any vacancy in the office of such official Directors caused by removal, resignation, death or otherwise. The appointment or termination of the Official Directors shall be effected by means of a letter addressed to the Board of Directors of the Company and such appointment or termination shall have effect forthwith upon the said letter being delivered to the company".

ii.b. If and when the State Government decides to disinvest the whole or any part of its Equity, the same shall be offered to Nagarjuna Holdings Private Limited and the said Nagarjuna Holdings Private Limited who shall be entitled to acquire the shares so offered in its own name or in the name of any other party acceptable to the State Government in terms of the agreement entered into between NHL and the State Government.

iii. "Subject to Section 255 and other applicable provisions of the Companies Act, 1956 and notwithstanding anything otherwise contained in these Articles, so long as Krishak Bharati Co-operative Limited (KRIBHCO), holds share capital of the Company, KRIBHCO shall have power to appoint one Director (referred to as Official Directors), who shall not be liable to retirement by rotation. KRIBHCO shall have powers to remove any such Nominee Director at their absolute discretion and to fill any vacancy in the office of such official Directors caused by removal, resignation, death or otherwise. The appointment or termination of the Official Directors shall be effected by means of a letter addressed to the Board of Directors of the Company and such appointment or termination shall have effect forthwith upon the said letter being delivered to the company".

If and when KRIBHCO decides to disinvest the whole or any part of its Equity, the same shall be offered to Nagarjuna Holdings Private Limited and the said Nagarjuna Holdings Private Limited who shall be entitled to acquire the shares so offered in its own name or in the name of any other party acceptable to KRIBHCO in terms of the agreement entered into between NHL and KRIBHCO.

iv. "Subject to Section 255 and other applicable provisions of the Companies Act, 1956 and notwithstanding anything otherwise contained in

these Articles, so long as Snamprogetti S.p.A (now called Saipem S.p.A), holds share capital of the Company, Saipem shall have power to appoint one Director (referred to as Official Directors), who shall not be liable to retirement by rotation. Saipem shall have powers to remove any such Nominee Director at their absolute discretion and to fill any vacancy in the office of such official Directors caused by removal, resignation, death or otherwise. The appointment or termination of the Official Directors shall be effected by means of a letter addressed to the Board of Directors of the Company and such appointment or termination shall have effect forthwith upon the said letter being delivered to the company".

If and when Saipem decides to disinvest the whole or any part of its Equity, the same shall be offered to Nagarjuna Holdings Private Limited and the said Nagarjuna Holdings Private Limited who shall be entitled to acquire the shares so offered in its own name or in the name of any other party acceptable to Saipem in terms of the agreement entered into between NHL and Saipem .

v.a. Whenever the Company enters into a contract with any Government, Central, State or Local or any Financial Institution or any person or persons (hereinafter referred to as "the appointer") for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enters into any other arrangement whatsoever, the Board shall have, subject to the provisions of Section 255 of the Act, the power to agree that such appointer shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be provided in the agreement and that such Director or Directors may not be liable to retire by rotation nor be required to hold any such share qualification. The Board may also agree that any such Director or Directors may be removed from time to time by the appointed entitled to appoint or nominate them and the appointer may appoint another or others in his or their place and also fill any vacancy which may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatsoever. Unless otherwise agreed to between the Board and the appointer, the Director appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the other Directors of the Company including payment of remuneration and travelling expenses to such Director or Directors as may be agreed by the Company with the appointer.

v.b. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of

- India (IFCI), The Industrial Credit & Investment Corporation of India Limited (ICICI) and Life Insurance Corporation of India (LIC) or to any other Finance Corporation or Credit Corporation or to any other Finance Company or Body or the State Bank of India (SBI) out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC and Unit Trust of India (UTI) or any other Financing Corporation or Credit Corporation or any other Financing Company or Body or SBI (each of which IDBI, IFCI, ICICI, LIC and UTI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body or SBI is hereinafter in this Article referred to as "the Corporation") continue to hold debentures in the Company by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.
- vi. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Directors shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Directors shall not be liable to retire by rotation. Subject as aforesaid, the Nominee Directors shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.
- vii. The Nominee Directors so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds Debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of the Guarantee is outstanding and the Nominee Director's so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold Debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of the Guarantee furnished by the Corporation.
- viii. The nominee Directors appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which the Nominee Directors is/are members as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.
- ix. The Company shall pay to the Nominee Directors sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the Company, the fees, commission, moneys and remuneration in relation to such Nominee Directors shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Directors in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or, as the case may be, to such Nominee Directors.
- Provided that if any such Nominee Directors is an officer of the Corporation the sitting fees, in relation to such Nominee Director's shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.
- x. In the event of the Nominee Directors being appointed as whole time Directors such nominee Directors shall exercise such powers and have such rights as are usually exercised or available to a whole time Director in the management of the affairs of the Company. Such whole time Directors shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation".
- xi. The Chairman and the Managing Director shall be the nominees of NHL or its successors in business.

5 CONSIDERATION

- 5.1 In consideration of the transfer and vesting of the Oil Business Undertaking of NFCL in NORL, NORL shall on or after the Record Date, without any further application or deed, issue and allot to all the equity shareholders of NFCL, whose names appears in the Register of Members of NFCL as on the Record Date or to his/her heirs, executors, administrators or the successors-in-title, as the case may be, fully paid-up equity shares in the following ratio:

1 (one) equity share of Re. 1 each fully paid up of NORL for every 1 (one) equity share of Rs. 10 each fully paid up, held by the equity shareholders in NFCL.

Equity shares issued by NORL pursuant to the above Clause is hereinafter referred to as "NORL Equity Shares".

- 5.2 In consideration of the transfer and vesting of the Oil Business Undertaking of NFCL in NORL, NORL shall on or after the Record Date, without any

further application or deed, issue and allot to all the preference shareholders of NFCL, whose names appears in the Register of Members of NFCL as on the Record Date or to his/her heirs, executors, administrators or the successors-in-title, as the case may be, fully paid-up preference shares in the following ratio:

1 (One) preference share of Rs. 10 each fully paid up of NORL for every 1 (One) preference shares of Rs. 100 each fully paid up, held by the preference shareholders in NFCL.

Preference shares issued by NORL pursuant to the above Clause is hereinafter referred to as "NORL Preference Shares".

The key terms and conditions for the NORL Preference Shares to be issued pursuant to Clause 5.2 above are specified in Schedule 1 hereto.

- 5.3 Further, the NORL Preference Shares to be issued pursuant to Clause 5.2 above shall rank for dividend in priority to the equity shares of NORL, and shall, on winding up of NORL be entitled to rank, as regards repayment of capital upto the commencement of winding up, in priority to the equity shares of NORL. NORL Preference Shares shall be issued in physical form.
- 5.4 In respect of fractional entitlements, if any, by NORL, to the equity shareholders of NFCL at the time of issue and allotment of NORL Equity Shares under Clause 5.1, the Board of Directors of NORL shall consolidate all fractional entitlements, and allot NORL Equity Shares in lieu thereof to a Director or such other authorized representative(s) as the Board of Directors of NORL shall appoint in this behalf, who shall hold the NORL Equity Shares issued in NORL, in trust on behalf of the equity shareholders entitled to fractional entitlements with the express understanding that such director(s) or other authorized representative(s) shall sell the same in the market at such time or times and at such price or prices and to such person or persons, as it/he/they may deem fit, and pay to NORL, the net sale proceeds thereof, whereupon NORL shall distribute such net sale proceeds (after deduction of applicable taxes), to the equity shareholders in proportion to their respective fractional entitlements. The Board of Directors of NORL, if it deems necessary, in the interests of allottees, approve such other method in this behalf as it may, in its absolute discretion, deem fit.
- 5.5 The NORL Equity Shares shall be issued and allotted in dematerialized form to those equity shareholders who hold shares of NFCL in dematerialized form, in to the account in which NFCL shares are held or such other account as is intimated by the equity shareholders to NFCL and / or its Registrar. All those equity shareholders who hold equity shares of NFCL in physical form shall also have the option to receive the NORL Equity Shares, as the case may be, in dematerialized form
- provided the details of their account with the Depository Participant are intimated in writing to NFCL and / or its Registrar. In the event that NORL has received notice from any person that equity shares are to be issued in physical form or if any person has not provided the requisite details relating to his/her /its account with a depository participant or other confirmations as may be required or if the details furnished by any person do not permit electronic credit of the NORL Equity Shares, then NORL shall issue NORL Equity Shares in physical form to such person or persons.
- 5.6 The NORL Equity Shares and NORL Preference Shares to be issued and allotted as above shall be subject to the Memorandum and Articles of Association of NORL and shall rank pari passu with the existing equity shares and preference shares of NORL in all respects including dividends.
- 5.7 The Board of Directors of NORL shall, if and to the extent required, apply for and obtain any approvals from concerned Government / Regulatory authorities for the issue and allotment of NORL Equity Shares and NORL Preference Shares pursuant to Clause 5.1 and Clause 5.2 of the Scheme. Further, NORL shall take all necessary steps for increase of authorised share capital for issue of equity and preference shares pursuant to the Scheme.
- 5.8 NORL Equity Shares to be issued and allotted to the equity shareholders of NFCL pursuant to Clause 5.1 of this Scheme will be listed and/or admitted to trading on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, where the equity shares of NFCL are listed and/or admitted to trading. NORL shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchanges.
- 5.9 In the event of there being any pending share transfers with respect to the application lodged for transfer by any shareholder of NFCL, the Board of Directors or any committee thereof of NFCL if in existence, or failing which the Board of Directors or any committee thereof of NORL shall be empowered in appropriate case, even subsequent to the Record Date to effectuate such a transfer in NFCL as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or the transferee of the share(s) in NFCL and in relation to the NORL Equity Shares and NORL Preference Shares after the Scheme becomes effective.
- 5.10 NORL Equity Shares & NORL Preference Shares to be issued and allotted by NORL to the equity and preference shareholders of NFCL pursuant to Clause 5.1 and Clause 5.2 of this Scheme, in respect of any equity and preference shares in

- NFCL which are held in abeyance under the provisions of Section 206A of the Act or otherwise, pending allotment or settlement of dispute, by order of court or otherwise, be held in abeyance by NORL.
- 5.11 Approval of this Scheme by the equity shareholders of NORL shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by NORL, as provided in this Scheme.
- 5.12 The approval of this Scheme by the equity shareholders of NORL under Sections 391 and 394 of the Act shall be deemed to have the approval under Sections 16, 31 and other applicable provisions of the Act and any other consents and approvals required in this regard.
- 5.13 The NORL Equity Shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.
- 5.14 There shall be no change in the shareholding pattern or control of NORL between the Record Date and the listing of the NORL Equity Shares with the designated stock exchange.
- 6 ACCOUNTING TREATMENT IN THE BOOK OF NFCL**
- 6.1 Upon the Scheme becoming effective, NFCL shall reduce the book value of assets and liabilities pertaining to the Oil Business Undertaking.
- 6.2 The difference, being the excess of the book value of assets transferred over the book value of liabilities transferred, or vice versa, as the case may be, shall be adjusted in the Profit & Loss Account of NFCL.
- 7 ACCOUNTING TREATMENT IN THE BOOK OF NORL**
- 7.1 NORL shall, upon the Scheme becoming effective, record the assets and liabilities of the Oil Business Undertaking vested in it pursuant to this Scheme, at the respective book values, ignoring revaluations, if any, as at the Appointed Date.
- 7.2 NORL shall credit to the Share Capital Account in its books of account, the aggregate face value of the NORL Equity Shares and NORL Preference Shares of NORL issued and allotted by it to the members of NFCL pursuant to this Scheme. The Paid-up Equity Share Capital of NORL shall be Rs.42.82 crores consisting of 42,81,81,821 Equity Shares of Rs.1/- each fully paid-up and the Preference Share Capital of NORL shall be Rs 3,72,03,720 consisting of 37,20,372 preference shares of Rs.10/- each fully paid-up.
- 7.3 The difference between the book value of net assets of Oil Business Undertaking and the face value of NORL Equity Shares and NORL Preference Shares issued and allotted pursuant to Clause 5 of the Scheme shall be accounted as per Accounting Standard 14.
- 7.4 The credit arising on cancellation of equity share capital of NORL pursuant to Clause 8 shall be credited to the Capital Reserve Account.
- 8 CANCELLATION OF EXISTING EQUITY SHARE CAPITAL OF NORL AND CAPITAL REORGANISATION**
- 8.1 Upon the Scheme becoming effective and on issue of shares by NORL to the shareholders of NFCL, 50,000 equity shares of Rs. 10 each currently held by the shareholders of NORL shall stand cancelled and reduced to the extent of face value of shares.
- 8.2 Such reduction of share capital of NORL as provided in Clause 8.1 above shall be effected as a part of the Scheme, upon which the share capital of NORL shall be deemed to be reduced and the orders of the High Courts sanctioning the Scheme shall be deemed to be an order under Section 100 to 103 of the Act confirming such reduction of share capital of NORL.
- 8.3 Further post cancellation the existing authorised share capital of NORL of Rs. 5,00,000/- (Rupees Five Lakhs only) consisting of 50,000 equity shares of Rs. 10 each shall stand sub - divided without any further act, instrument or deed into 5,00,000 equity shares of Re. 1 each.
- 9 CONDUCT OF BUSINESS OF OIL BUSINESS UNDERTAKING TILL EFFECTIVE DATE**
- 9.1 With effect from the date of passing of the board resolution for approving the Scheme and up to and including the Effective Date, NFCL shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets pertaining to the business and undertaking of Oil Business Undertaking for and on account of and in trust for the NORL. NFCL hereby undertakes to hold its said assets with respect to the Oil Business Undertaking with utmost prudence until the Effective Date.
- 9.2 With effect from the date of passing of the board resolution for approving the Scheme and up to and including the Effective Date, NFCL shall carry on its business and activities with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of NORL, alienate, charge, mortgage, encumber or otherwise deal with or dispose of Oil Business Undertaking or part thereof.
- 9.3 With effect from the Appointed Date and up to and including the Effective Date, all the profits or income accruing or arising to NFCL or expenditure or losses arising or incurred or suffered by NFCL pertaining to the business and undertaking of Oil

Business Undertaking shall for all purposes be treated and be deemed to be and accrue as the income or profits or losses or expenditure as the case may be of the NORL.

- 9.4 With effect from the date of passing of the board resolution for approving the Scheme and up to and including the Effective Date, NFCL shall not vary the terms and conditions of employment of any of the employees except in the ordinary course of business or without the prior consent of the NORL or pursuant to any pre-existing obligation undertaken by the Oil Business Undertaking as the case may be, prior to the Appointed Date.
- 9.5 With effect from the date of passing of the board resolution for approving the Scheme and up to and including the Effective Date, NFCL shall be entitled, pending the sanction of the Scheme, to apply to the Central/State Government, and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which NORL, may require pursuant to this Scheme.

10 LEGAL PROCEEDINGS

- 10.1 If any suit, appeal or other proceeding of whatever nature by or against NFCL pertaining to the Oil Business Undertaking is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against NORL, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against NFCL as if this Scheme had not been made.
- 10.2 In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against NFCL pertaining to the Oil Business Undertaking, NORL shall be made party thereto, respectively, and any payment and expenses made thereto shall be the liability of NORL.

11 CONTRACTS, DEEDS AND OTHER INSTRUMENTS

- 11.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, Letters of Intent, undertakings, arrangements, policies, agreements (including shareholders agreements and investor agreements) and other instruments, if any, of whatsoever nature pertaining to the Oil Business Undertaking, to which NFCL is a party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of NORL, as the case may be, and may be enforced by or against NORL as fully and effectually as if, instead of NFCL, NORL had been a party thereto.
- 11.2 NORL shall enter into and/or issue and/or execute

deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which NFCL will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. NORL shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of NFCL and to implement or carry out all formalities required on the part of NFCL to give effect to the provisions of this Scheme.

12 STAFF, WORKMEN & EMPLOYEES

- 12.1 On the Scheme becoming effective all the employees of the Oil Business Undertaking of NFCL shall become the employees of NORL, without any break or interruption in their services, on same terms and conditions on which they are engaged as on the Effective Date. NORL further agrees that for the purpose of payment of any retirement benefit / compensation, such immediate uninterrupted past services with the Oil Business Undertaking of NFCL, shall also be taken into account. NORL undertakes to continue to abide by the terms of agreement / settlement entered into by NFCL, with employees' union / employee or associations of the Oil Business Undertaking.
- 12.2 The accounts / funds of the employees whose services are transferred under Clause 12.1 above, relating to superannuation, provident fund and gratuity fund shall be identified, determined and transferred to the respective Trusts / Funds of NORL and such employees shall be deemed to have become members of such Trusts / Funds of NORL.

SECTION 3

MERGER OF TRANSFEROR COMPANIES INTO KFL

13 TRANSFER AND VESTING

- 13.1 With effect from the Appointed Date, the entire business and whole of the undertaking of Transferor Companies including all its properties and assets (whether fixed assets, current assets, deferred revenue assets, movable or immovable, tangible or intangible), including Trademarks, copyrights, patents, of whatsoever nature such as licenses, permits, quotas, approvals, lease, tenancy rights, permissions, incentives if any, and all other rights, title, interest, contracts, consent, approvals or powers of every kind nature and descriptions whatsoever shall under the provisions of Sections 391 to 394 of the Act and pursuant to the orders of the High Courts or any other appropriate authority sanctioning this Scheme and without any further act, instrument or deed, but subject to the charges affecting the same as on the Effective Date be transferred and/or deemed to be transferred to and vested in KFL so as to become the properties and assets of KFL.
- 13.2 All tangible movable assets of Transferor

Companies, which are capable of being physically transferred including all movable plant and machinery, stock in trade and cash in hand, shall be delivered to KFL to the end and intent that the property therein passes to KFL. The Bank balances as appearing in the books of Transferor Companies shall also be transferred to KFL.

- 13.3 The transfer and vesting as aforesaid shall be subject to the existing charges / hypothecation / mortgages, if any, as may be subsisting and agreed to be created over or in respect of the said assets or any part thereof, provided however, any reference in any security documents or arrangements to which Transferor Companies is a party wherein the assets of Transferor Companies have been or are offered or agreed to be offered as security for any financial assistance or obligations shall be construed as reference only to the assets pertaining to Transferor Companies and vested in KFL by virtue of this Scheme to the end and intent that the charges shall not extend or deemed to extend to any assets of KFL

Provided that the Scheme shall not operate to enlarge the security for the said liabilities of Transferor Companies which shall vest in KFL by virtue of the Scheme and KFL shall not be obliged to create any further, or additional security thereof after the merger has become effective or otherwise. Further, the Scheme shall not operate to enlarge the security for any liabilities of KFL, in as much as the security shall not extend to the assets transferred by Transferor Companies to KFL in terms of Clause 13.1 above.

- 13.4 The liabilities (including all secured loans, unsecured loans, deferred tax liability, provisions, etc) shall also, without any further act, instrument or deed be and transferred to and vested in and assumed by and/or deemed to be transferred to and vested in and assumed by KFL pursuant to the provisions of Sections 391 to 394 of the Act, so as to become the liabilities of KFL and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities have arisen, in order to give effect to the provisions of this clause.
- 13.5 KFL may at any time after the coming into effect of the Scheme in accordance with the provisions of the Scheme, if so required, under any law or otherwise, execute necessary writings, in favour of the secured creditors of Transferor Companies or in favour of any other party to any contract or arrangement to which Transferor Companies is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. KFL shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of Transferor Companies and to implement or carry out all such

formalities or compliance referred to above on the part of Transferor Companies to be carried out or performed.

- 13.6 With effect from the Appointed Date and upon the Scheme becoming effective, all development rights, statutory licences, permissions, approvals or consents to carry on the operations and business of Transferor Companies shall stand vested in or transferred to KFL without any further act or deed and shall be appropriately mutated by the Statutory Authorities concerned in favour of KFL. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registrations or other licences and consents shall vest in and become available to KFL pursuant to this Scheme. In so far as the various incentives, subsidies, rehabilitation Schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by Transferor Companies, are concerned, the same shall vest with and be available to KFL on the same terms and conditions.
- 13.7. With effect from the Appointed Date, KFL shall be deemed to carry on, and is authorized to carry on, the business of the Transferor Companies. The Articles of Association of KFL shall stand amended with the deletion of the existing clause 94 and the insertion of following clauses in the Articles of Association of KFL and KFL shall on the Scheme becoming effective file necessary forms with the appropriate fees with the Registrar of Companies, Maharashtra, Mumbai , and also comply with the other provisions of the Companies Act, 1956.

Article No.94

- i. "Notwithstanding anything to the contrary contained elsewhere in these Articles and so long as Nagarjuna Holdings Private Limited and its associates (referred to for brevity as 'NHL') as Promoters hold or continue to hold fully paid-up Equity Shares in the company, NHL shall have the right to nominate Directors on the Board of Directors of the Company, subject to a minimum of five Directors by NHL who may be referred to as 'Promoter Directors'. Subject to the provisions of Section 255 and 256 of the Companies Act, 1956 and any Statutory Enactment / Order / Notification as may be in force from time to time and Articles 91, 105 and 106 of the Articles of Association of the Company, such Promoter Directors shall not be liable to retirement by rotation nor shall they be required to hold any qualification shares. NHL shall exercise their powers of nomination / reappointment / removal as the case may be by means of letters addressed to the Company which shall take effect forthwith on their receipt by the Company at its Registered Office".

ii.a. "Subject to Section 255 and other applicable provisions of the Companies Act, 1956 and notwithstanding anything otherwise contained in these Articles, the Government of Andhra Pradesh shall, so long as the Governor of Andhra Pradesh, holds not less than 10% of the paid-up share capital of the Company, have power to appoint two Directors (referred to as Official Directors) or in the event of the investment falling below 10% but not less than 2.5% of the equity share capital of the company, shall have power to nominate a minimum one Director on the Board of the company, who shall not be liable to retirement by rotation. The Government shall have powers to remove any such Nominee Director at their absolute discretion and to fill any vacancy in the office of such official Directors caused by removal, resignation, death or otherwise. The appointment or termination of the Official Directors shall be effected by means of a letter addressed to the Board of Directors of the Company and such appointment or termination shall have effect forthwith upon the said letter being delivered to the company".

ii.b. If and when the State Government decides to disinvest the whole or any part of its Equity, the same shall be offered to Nagarjuna Holdings Private Limited and the said Nagarjuna Holdings Private Limited who shall be entitled to acquire the shares so offered in its own name or in the name of any other party acceptable to the State Government in terms of the agreement entered into between NHL and the State Government.

iii. "Subject to Section 255 and other applicable provisions of the Companies Act, 1956 and notwithstanding anything otherwise contained in these Articles, so long as Krishak Bharati Co-operative Limited (KRIBHCO), holds share capital of the Company, KRIBHCO shall have power to appoint one Director (referred to as Official Directors), who shall not be liable to retirement by rotation. KRIBHCO shall have powers to remove any such Nominee Director at their absolute discretion and to fill any vacancy in the office of such official Directors caused by removal, resignation, death or otherwise. The appointment or termination of the Official Directors shall be effected by means of a letter addressed to the Board of Directors of the Company and such appointment or termination shall have effect forthwith upon the said letter being delivered to the company".

If and when KRIBHCO decides to disinvest the whole or any part of its Equity, the same shall be offered to Nagarjuna Holdings Private Limited and the said Nagarjuna Holdings

Private Limited who shall be entitled to acquire the shares so offered in its own name or in the name of any other party acceptable to KRIBHCO in terms of the agreement entered into between NHL and KRIBHCO.

iv. "Subject to Section 255 and other applicable provisions of the Companies Act, 1956 and notwithstanding anything otherwise contained in these Articles, so long as Snamprogetti S.p.A (now called Saipem S.p.A), holds share capital of the Company, Saipem shall have power to appoint one Director (referred to as Official Directors), who shall not be liable to retirement by rotation. Saipem shall have powers to remove any such Nominee Director at their absolute discretion and to fill any vacancy in the office of such official Directors caused by removal, resignation, death or otherwise. The appointment or termination of the Official Directors shall be effected by means of a letter addressed to the Board of Directors of the Company and such appointment or termination shall have effect forthwith upon the said letter being delivered to the company".

If and when Saipem decides to disinvest the whole or any part of its Equity, the same shall be offered to Nagarjuna Holdings Private Limited and the said Nagarjuna Holdings Private Limited who shall be entitled to acquire the shares so offered in its own name or in the name of any other party acceptable to Saipem in terms of the agreement entered into between NHL and Saipem .

v.a. Whenever the Company enters into a contract with any Government, Central, State or Local or any Financial Institution or any person or persons (hereinafter referred to as "the appointer") for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enters into any other arrangement whatsoever, the Board shall have, subject to the provisions of Section 255 of the Act, the power to agree that such appointer shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be provided in the agreement and that such Director or Directors may not be liable to retire by rotation nor be required to hold any such share qualification. The Board may also agree that any such Director or Directors may be removed from time to time by the appointed entitled to appoint or nominate them and the appointer may appoint another or others in his or their place and also fill any vacancy which may occur as a result of any such Director or

Directors ceasing to hold that office for any reason whatsoever. Unless otherwise agreed to between the Board and the appointer, the Director appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the other Directors of the Company including payment of remuneration and travelling expenses to such Director or Directors as may be agreed by the Company with the appointer.

- v.b. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit & Investment Corporation of India Limited (ICICI) and Life Insurance Corporation of India (LIC) or to any other Finance Corporation or Credit Corporation or to any other Finance Company or Body or the State Bank of India (SBI) out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC and Unit Trust of India (UTI) or any other Financing Corporation or Credit Corporation or any other Financing Company or Body or SBI (each of which IDBI, IFCI, ICICI, LIC and UTI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body or SBI is hereinafter in this Article referred to as "the Corporation") continue to hold debentures in the Company by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, whole time or non-whole time (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.
- vi. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Directors shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Directors shall not be liable to retire by rotation. Subject as aforesaid, the Nominee Directors shall be entitled to the same rights and privileges and be subject to the same obligations as any

other Director of the Company.

- vii. The Nominee Directors so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds Debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of the Guarantee is outstanding and the Nominee Director's so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold Debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of the Guarantee furnished by the Corporation.
- viii. The nominee Directors appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which the Nominee Directors is/are members as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.
- ix. The Company shall pay to the Nominee Directors sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the Company, the fees, commission, moneys and remuneration in relation to such Nominee Directors shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Directors in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or, as the case may be, to such Nominee Directors.
- Provided that if any such Nominee Directors is an officer of the Corporation the sitting fees, in relation to such Nominee Director's shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.
- x. In the event of the Nominee Directors being appointed as whole time Directors such nominee Directors shall exercise such powers and have such rights as are usually exercised or available to a whole time Director in the management of the affairs of the Company.

Such whole time Directors shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation".

- xi. The Chairman and the Managing Director shall be the nominees of NHL or its successors in business.

14 CONSIDERATION

14.1 Upon this Scheme becoming effective, KFL shall, without any application or deed, issue and allot equity shares, credited as fully paid up, to the extent indicated below, to the equity shareholders of the Transferor Companies and whose names appear in the Register of Members of the Transferor Companies on the Record Date, or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of KFL / Transferor Companies in the following proportion viz.: 11 (eleven) equity shares of Re. 1 each fully paid up of KFL for every 10 (ten) equity shares of Rs. 10 each fully paid up, held by the equity shareholders in NFCL. 43 (forty three) equity shares of Re. 1 each fully paid up of KFL for every 10 (ten) equity shares of Rs. 10 each fully paid up, held by the shareholders in iKisan.

Equity shares issued by KFL pursuant to the above Clause is hereinafter referred to as "KFL Equity Shares".

14.2 Upon this Scheme becoming effective, KFL shall, without any further application or deed, issue and allot to all the preference shareholders of Transferor Companies, whose names appears in the Register of Members of Transferor Companies as on the Record Date or to his/her heirs, executors, administrators or the successors-in-title, as the case may be, fully paid-up equity shares in the following ratio:

1 (one) preference share of Rs. 90 each fully paid up of KFL for every 1 (one) preference shares of Rs. 100 each fully paid up, held by the preference shareholders in NFCL.

Preference shares issued by KFL pursuant to the above Clause is hereinafter referred to as "KFL Preference Shares".

14.3 The key terms and conditions for the KFL Preference Shares to be issued pursuant to Clause 14.2 above are specified in Schedule 2 hereto.

14.4 Further, the KFL Preference Shares to be issued pursuant to Clause 14.2 above shall rank for dividend in priority to the equity shares of KFL, and shall, on winding up of KFL be entitled to rank, as regards repayment of capital upto the commencement of winding up, in priority to the equity shares of KFL. KFL Preference Shares shall be issued in physical form.

14.5 In respect of fractional entitlements, if any, by KFL, to the equity shareholders of Transferor Companies at the time of issue and allotment of KFL Equity Shares under Clause 14.1, the Board of Directors of KFL shall consolidate all fractional entitlements, and allot KFL Equity Shares in lieu thereof to a Director or such other authorized representative(s) as the Board of Directors of KFL shall appoint in this behalf, who shall hold the KFL Equity Shares issued in KFL, in trust on behalf of the equity shareholders entitled to fractional entitlements with the express understanding that such director(s) or other authorized representative(s) shall sell the same in the market at such time or times and at such price or prices and to such person or persons, as it/he/they may deem fit, and pay to KFL, the net sale proceeds thereof, whereupon KFL shall distribute such net sale proceeds (after deduction of applicable taxes), to the equity shareholders in proportion to their respective fractional entitlements. The Board of Directors of KFL, if it deems necessary, in the interests of allottees, approve such other method in this behalf as it may, in its absolute discretion, deem fit.

14.6 The KFL Equity Shares shall be issued and allotted in dematerialized form to those equity shareholders who hold shares of Transferor Companies in dematerialized form, in to the account in which Transferor Companies shares are held or such other account as is intimated by the equity shareholders to Transferor Companies and / or its Registrar. All those equity shareholders who hold equity shares of Transferor Companies in physical form shall also have the option to receive the KFL Equity Shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to Transferor Companies and / or its Registrar. In the event that KFL has received notice from any person that equity shares are to be issued in physical form or if any person has not provided the requisite details relating to his/her /its account with a depository participant or other confirmations as may be required or if the details furnished by any person do not permit electronic credit of the KFL Equity Shares, then KFL shall issue KFL Equity Shares in physical form to such person or persons.

14.7 The KFL Equity Shares and KFL Preference Shares to be issued and allotted as above shall be subject to the Memorandum and Articles of Association of KFL and shall rank pari passu with the existing equity shares and preference shares of KFL in all respects including dividends.

14.8 The Board of Directors of KFL shall, if and to the extent required, apply for and obtain any approvals from concerned Government / Regulatory authorities for the issue and allotment of KFL Equity Shares and KFL Preference Shares pursuant to Clause 14.1 and Clause 14.2 of the Scheme.

14.9 KFL Equity Shares to be issued and allotted to the equity shareholders of Transferor Companies pursuant to Clause 14.1 of this Scheme will be listed and/or admitted to trading on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, where the equity shares of Transferor Companies are listed and/or admitted to trading. KFL shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchanges.

14.10 In the event of there being any pending share transfers with respect to the application lodged for transfer by any shareholder of Transferor Companies, the Board of Directors or any committee thereof of Transferor Companies if in existence, or failing which the Board of Directors or any committee thereof of KFL shall be empowered in appropriate case, even subsequent to the Record Date to effectuate such a transfer in Transferor Companies as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or the transferee of the share(s) in Transferor Companies and in relation to the KFL Equity Shares and KFL Preference Shares after the Scheme becomes effective.

14.11 KFL Equity Shares & KFL Preference Shares to be issued and allotted by KFL to the equity and preference shareholders of Transferor Companies pursuant to Clause 14.1 and Clause 14.2 of this Scheme, in respect of any equity and preference shares in Transferor Companies which are held in abeyance under the provisions of Section 206A of the Act or otherwise, pending allotment or settlement of dispute, by order of court or otherwise, be held in abeyance by KFL.

14.12 Approval of this Scheme by the equity shareholders of KFL shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by KFL, as provided in this Scheme.

14.13 The approval of this Scheme by the equity shareholders KFL under Sections 391 and 394 of the Act shall be deemed to have the approval under Sections 16, 31 and other applicable provisions of the Act and any other consents and approvals required in this regard.

14.14 The KFL Equity Shares allotted pursuant of the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.

14.15 There shall be no change in the shareholding pattern or control of KFL between the Record Date

and the listing of the KFL Equity Shares with the designated stock exchange.

15 CAPITAL REORGANISATION

15.1 Upon sanction of this Scheme, the existing authorised share capital of KFL of Rs. 1,00,00,000/- (Rupees One crore only) consisting of 10,00,000 equity shares of Rs. 10 each shall stand sub - divided without any further act, instrument or deed into 1,00,00,000 equity shares of Re. 1 each.

15.2 Upon sanction of this Scheme, the authorised share capital of the KFL shall stand increased without any further act, instrument or deed on the part of KFL including payment of stamp duty and fees payable to Registrar of Companies, by the authorised share capital of NFCL amounting to Rs.800,00,00,000 (Rupees Eight Hundred Crores) comprising of 60,00,00,000 (Sixty Crores) equity shares of Rs. 10 each and 2,00,00,000 (Two Crores) preference shares of Rs. 100 each which shall stand sub - divided and reclassified into 620,00,00,000 (Six Hundred and Twenty Crores) equity shares of Re. 1 each and 2,00,00,000 (Two Crores) preference shares of Rs. 90 each and the Memorandum of Association and Articles of Association of KFL (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders of KFL to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Sections 16, 31, 94 and 394 and applicable provisions of the Act would be required to be separately passed, as the case may be and for this purpose the stamp duties and fees paid on the authorized capital of NFCL shall be utilized and applied to the increased authorized share capital of KFL and there would be no requirement for any further payment of stamp duty and/or fee by KFL for increase in the authorised share capital to that extent.

15.3 Consequent upon the Scheme becoming effective, the authorised, share capital of KFL will be as under:

	Rupees
Authorised Capital	
621,00,00,000 Equity Shares of Rs.1/- each	621,00,00,000
2,00,00,000 Preference Shares of Rs.90/- each	180,00,00,000
Total	801,00,00,000

It is clarified that the approval of the members of KFL to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum and Articles of Association of KFL as may be required under the Act, and Clause V of the Memorandum of Association and Article 5(1)

of the Articles of Association of KFL shall respectively stand substituted by virtue of the Scheme to read as follows:

Clause V of the Memorandum of Association of KFL:

The Authorised Share Capital of the Company is Rs.801,00,00,000/- (Rupees Eight Hundred and One Crores only) comprising 621,00,00,000 (Six Hundred and Twenty One Crores only) Equity Shares of Re.1/- each and 2,00,00,000 (Two Crores only) Preference Shares of Rs.90/- each with the rights, privileges and conditions attaching thereto as are provided by the regulations of the company for the time being with power to increase and / or reduce the Capital of the company and to divide the shares in the Capital for the time being in accordance with the provisions of the Companies Act, 1956 or any other statutory enactments in force from time to time into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions including that of redemption and / or conversion (including deemed redemption / conversion) as may be determined by or in accordance with the enactment / order / notification as may be in force from time to time and to vary, modify or abrogate manner as may for the time being be provided by the regulations of the Company or any statutory enactment / order / notification as may be in force from time to time.

Article 5(1) of the Articles of Association:

The Authorised Share Capital of the Company is Rs.801,00,00,000/- (Rupees Eight Hundred and One Crores only) comprising 621,00,00,000 (Six Hundred and Twenty One Crores only) Equity Shares of Re.1/- each and 2,00,00,000 (Two Crores only) Preference Shares of Rs.90/- each with such rights, privileges and conditions provided by any statutory enactment for the time being in force and as may be provided by these Articles or by a Special Resolution passed at a General Meeting duly convened and held for the purpose.

16 ACCOUNTING TREATMENT IN THE BOOKS OF KFL

- 16.1 With effect from the Appointed Date, all the assets and liabilities of Transferor Companies transferred to and vested in KFL, shall be recorded at their respective fair values, as may be determined by the Board of Directors of KFL.
- 16.2 Inter Company balances, if any, will be cancelled.
- 16.3 Inter Company investments, if any, will be cancelled.
- 16.4 KFL shall credit to the Share Capital Account in its books of account on the appointed date, the aggregate face value of the KFL Equity Shares and KFL Preference Shares of KFL issued and allotted under the Scheme by it to the shareholders of Transferor Companies pursuant to this Scheme.

16.5 The difference, between the value of net assets of Transferor Companies transferred to KFL and recorded by KFL pursuant to the High Courts Order in accordance Clause 16.1 over the fair value of KFL Equity Shares and KFL Preference Shares allotted by KFL pursuant to this Scheme shall, in case of there being a deficit, be debited to Goodwill Account. In case of there being a surplus, the same shall be credited to Capital Reserve Account. Further, the credit arising on cancellation of equity share capital of KFL pursuant to Clause 17 shall be credited to the Capital Reserve Account. The paid-up equity share capital of KFL shall be Rs. 59,80,65,003 consisting of 59,80,65,003 equity shares of Rs.1/- each fully paid-up and the preference share capital of KFL shall be Rs 33.48 crores consisting of 37,20,372 preference shares of Rs.90/- each fully paid-up.

16.6 All the statutory reserves shall retain their identity as required by the Accounting Standard 14.

17 CANCELLATION OF EXISTING EQUITY SHARE CAPITAL OF KFL

17.1 The investment held by NFCL in the equity share capital of KFL shall stand cancelled and accordingly, the share capital of KFL shall stand reduced to the extent of face value of shares held by NFCL in KFL as and when the KFL Equity Shares are issued by KFL pursuant to the Scheme.

17.2 Such reduction of share capital of KFL as provided in Clause 17.1 above shall be effected as a part of the Scheme, upon which the share capital of KFL shall be deemed to be reduced and the orders of the High Courts sanctioning the Scheme shall be deemed to be an order under Sections 100 to 103 of the Act confirming such reduction of share capital of KFL.

18 CONDUCT OF BUSINESS OF TRANSFEROR COMPANIES TILL EFFECTIVE DATE

18.1 With effect from the date of passing of the board resolution for approving the Scheme and up to and including the Effective Date, Transferor Companies shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets pertaining to the business and undertaking of Transferor Companies for and on account of and in trust for the KFL. Transferor Companies hereby undertakes to hold its said assets with utmost prudence until the Effective Date.

18.2 With effect from the date of passing of the board resolution for approving the Scheme and up to and including the Effective Date, Transferor Companies shall carry on its business and activities with reasonable diligence, business prudence and shall not, except in the ordinary course of business or without prior written consent of KFL alienate, charge, mortgage, encumber or otherwise deal with or dispose of Transferor Companies or part thereof.

- 18.3 With effect from the Appointed Date and upto and including the Effective Date, all the profits or income accruing or arising to Transferor Companies or expenditure or losses arising or incurred or suffered by Transferor Companies pertaining to the business and undertaking of Transferor Companies shall for all purposes be treated and be deemed to be and accrue as the income or profits or losses or expenditure as the case may be of the KFL.
- 18.4 With effect from the date of passing of the board resolution for approving the Scheme and up to and including the Effective Date, Transferor Companies shall not vary the terms and conditions of employment of any of the employees except in the ordinary course of business or without the prior consent of the KFL or pursuant to any pre-existing obligation undertaken by the Transferor Companies as the case may be, prior to the Appointed Date.
- 18.5 With effect from the date of passing of the board resolution for approving the Scheme and up to and including the Effective Date, Transferor Companies shall be entitled, pending the sanction of the Scheme, to apply to the Central/State Government, and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which the KFL, may require pursuant to this Scheme.

19 STAFF, WORKMEN & EMPLOYEES

- 19.1 On the Scheme becoming effective all the employees of the Transferor Companies shall become the employees of KFL, without any break or interruption in their services, on same terms and conditions on which they are engaged as on the Effective Date. KFL further agrees that for the purpose of payment of any retirement benefit / compensation, such immediate uninterrupted past services with the Transferor Companies, shall also be taken into account. KFL undertakes to continue to abide by the terms of agreement / settlement entered into by the Transferor Companies, with employees' union / employee or associations of the Transferor Companies.
- 19.2 The accounts / funds of the employees whose services are transferred under Clause 19.1 above, relating to superannuation, provident fund and gratuity fund shall be identified, determined and transferred to the respective Trusts / Funds of KFL and such employees shall be deemed to have become members of such Trusts / Funds of KFL.

20 LEGAL PROCEEDINGS

- 20.1 If any suit, appeal or other proceeding of whatever nature by or against the Transferor Companies is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the KFL, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor

Companies as if this Scheme had not been made.

- 20.2 In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against the Transferor Companies, KFL shall be made party thereto, and any payment and expenses made thereto shall be the liability of KFL.
- 20.3 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance Letters of Intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature pertaining to Transferor Companies to which Transferor Companies is party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of KFL, as the case may be, and may be enforced by or against KFL as fully and effectually as if, instead of Transferor Companies, KFL had been a party thereto.

21 CONTRACTS, DEEDS, ETC.

- 21.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, Letters of Intent, or other letters, documents, permission of the Government of India, Government of Andhra Pradesh, statutory licences, agreements including shareholders agreements and investor agreements, of which NFCL is a signatory with Government of Andhra Pradesh, KRIBHCO, Saipem, undertakings, arrangements, policies, and other instruments, if any, of whatsoever nature to which the Transferor Companies are a party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of KFL, as the case may be, and may be enforced by or against the KFL as fully and effectually as if, instead of the Transferor Companies, KFL had been a party thereto.
- 21.2 KFL shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which the Transferor Companies will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. KFL shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of Transferor Companies and to implement or carry out all formalities required on the part of the Transferor Companies to give effect to the provisions of this Scheme.

22 SAVING OF CONCLUDED TRANSACTIONS

The transfer of assets and liabilities under Clause 13 above and the continuance of proceedings by or against Transferor Companies under Clause 20 above shall not affect any transaction or proceedings already concluded by Transferor Companies on or after the Appointed Date till the Effective Date, to the end and intent that KFL accepts and adopts all acts, deeds and things done and executed by Transferor Companies in respect thereto as done and executed on behalf of KFL.

23 DISSOLUTION OF TRANSFEROR COMPANIES

On the Scheme becoming effective, Transferor Companies shall stand dissolved without being wound-up.

SECTION 4

OTHER TERMS AND CONDITIONS

24 CHANGE OF NAME

With effect from the Appointed Date, the name of KFL shall be changed to "Nagarjuna Fertilizers and Chemicals Limited" or such other name as may be approved by the Registrar of Companies. Approval of the shareholders of NFCL and KFL to the Scheme shall be considered as the approval required under the provisions of Companies Act, 1956 for change of name.

25 APPLICATION TO HIGH COURTS

iKisan, KFL, NFCL and NORL shall with all reasonable dispatch make all necessary applications under Sections 391 and 394 of the Act and other applicable provisions of the Act to the High Courts for seeking approval of the Scheme.

26 MODIFICATION OR AMENDMENTS TO THE SCHEME

iKisan, KFL, NFCL and NORL by their respective Boards of Directors ('the Board', which term shall include any duly authorised Committee thereof), may assent to/make and/or consent to any modifications/amendments to the Scheme or to any conditions or limitations that the Courts and/or any other Authority under law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate as a result of subsequent events or otherwise by them (i.e. the Board). iKisan, KFL, NFCL and NORL by their respective Board are authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whatsoever for carrying the Scheme into effect, whether by reason of any directive or Orders of any other authorities or otherwise howsoever, arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

27 CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

27.1 This Scheme comprises of demerger of NFCL and merger of Residual NFCL and iKisan. Each part in each Section is interlinked and dependent on the other Sections and is not severable. Further, the Scheme shall be implemented in the same order as it is given in the Scheme. The Scheme shall be effective upon sanction of the High Courts.

27.2 The Scheme would be given effect to only if is approved in its entirety and no part shall be implemented in isolation of the other parts of the Scheme.

27.3 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of iKisan, KFL, NFCL and NORL as may be directed by the High Courts.

27.4 The sanction of the High Courts under Sections 391 and 394 of the said Act in favour of iKisan, KFL, NFCL and NORL under the said provisions and to the necessary Orders under Section 394 of the said Act being obtained;

27.5 All other sanctions and orders as are legally necessary or required in respect of the Scheme being obtained.

28 EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in the preceding Clause not being obtained and/ or the Scheme not being sanctioned by the High Courts or such other competent authority and / or the Order not being passed as aforesaid before December 31, 2011 or within such further period or periods as may be agreed upon between iKisan, KFL, NFCL and NORL by their Boards of Directors (and which the Boards of Directors of the companies are hereby empowered and authorised to agree to and extend the Scheme from time to time without any limitation) this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

29 COSTS, CHARGES, EXPENSES & CONTRIBUTION

Consequent to the merger being approved by the respective High Courts and NORL being listed with the Stock Exchanges and issuing shares to the shareholders of NFCL, KFL shall contribute a sum of Rs.1 crore per year to NORL or such amount that as may be required from time to time for a period of five years or until such time that NORL is able to manage its financial affairs and receive dividend from Nagarjuna Oil Corporation Limited. Such payment to NORL by KFL shall not require any further approval to be obtained under the Companies Act, 1956 and shall be made on a quarterly basis in equal installments. NORL shall return the sum of Rs.1 crore or such other sum to KFL as and when its financial position facilitates repayment.

All costs, charges, taxes including duties, levies and all other expenses, if any arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by NFCL (save as expressly otherwise agreed).

SCHEDULE - 1**KEY TERMS AND CONDITIONS FOR ISSUE OF NORL PREFERENCE SHARES**

Issuer	Nagarjuna Oil Refinery Limited
Instrument	Non Convertible Cumulative Redeemable Preference Shares
Face value	Rs. 10 per NORL Preference Share
Coupon Rate	0.01% per annum
Redemption	To be redeemed at par at the end of 20 years from the date of allotment
Option	The NORL Preference Shares shall be redeemable at the option of the preference shareholders.

SCHEDULE - 2**KEY TERMS AND CONDITIONS FOR ISSUE OF KFL PREFERENCE SHARES**

Issuer	Kakinada Fertilizers Limited
Instrument	Non Convertible Cumulative Redeemable Preference Shares
Face value	Rs. 90 per KFL Preference Share
Coupon Rate	0.01% per annum
Redemption	To be redeemed at par at the end of 20 years from the date of allotment
Option	The KFL Preference Shares shall be redeemable at the option of the preference shareholders.

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SCHEME PETITION NO.____ OF 2011
CONNECTED WITH
COMPANY SUMMONS FOR DIRECTIONS NO____ OF 2011

In the matter of the Companies Act, 1956 (1 of 1956)

AND

In the matter of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956.

AND

In the matter of Composite Scheme of Arrangement and Amalgamation

Between

Ikisan Limited ('iKisan' or 'the Section Transferor Company')

And

Kakinada Fertilizers Limited ('KFL' of 'the Transferee Company')

And

Nagarjuna Fertilizers and Chemicals Limited ('NFCL' or 'the Company' or 'the Demerged Company' or 'the First Transferor Company')

And

Nagarjuna Oil Refinery Limited ('NORL' or 'the Resulting Company')

And

their respective shareholders and creditors

KAKINADA FERTILIZERS LIMITED, a)
company incorporated under provisions of)
the Companies Act, 1956 and having its)
registered office at A/612, Dalamal)
Towers, 211, Nariman Point, Mumbai –)
400 021.

... Petitioner Company

FORM OF MINUTE FOR REDUCTION OF SHARE CAPITAL

The Authorized Capital of Kakinada Fertilizers Limited is Rs.1,00,00,000/- (Rupees One Crore only) divided into 10,00,000 (Ten Lakhs) Equity Shares of Rs.10/- (Rupees Ten only) each. On the Scheme becoming effective, the issued, subscribed and paid up equity share capital of Kakinada Fertilizers Limited of Rs.5,00,000/- (Rupees Five Lakhs Only) divided into 50,000 (Fifty Thousand only) Equity Shares of Rs.10/- (Rupees Ten only) each shall stand cancelled and reduced by Rs.5,00,000 divided into 50,000 equity shares of Rs.10 each, being the face value of equity shares held by the First Transferor Company in the Petitioner Company.

**Endorsement under section 42 of
Act II of 1899 of I.S.Act**

**File No.2652/II/MV/2011
Dt:29/07/2011**

I hereby certify that the proper Stamp Duty of Rs.1,19,61,300/- (Rupees One Crore Nineteen Lakhs Sixty One Thousand Three Hundred Only) vide challan No.762995, Dated 29/07/2011 at SBH SR Nagar Hyderabad on the value of the instrument of Rs.59,80,65,003/- (Rupees Fifty Nine Crores Eighty Lakhs Sixty Five Thousand And Three Only) paid by M/s.KAKINADA FERTILIZERS LIMITED towards Composite Scheme of Arrangement and Amalgamation as per the Order in C.S.P.No.234 & 235 of 2011, by the Hon'ble High Court of Bombay dated 17-06-2011

Date: 29-07-2011
Place: Hyderabad.

**Section 42 of Act II of 1899 of I.S.Act
District Registrar of Hyderabad
Hyderabad (South)**

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
COMPANY SCHEME PETITION NO. 235 OF 2011
CONNECTED WITH
COMPANY SUMMONS FOR DIRECTIONS NO.126 OF 2011
In the matter of the Companies Act, 1956 (1 of 1956)

AND

In the matter of Sections 391 to 394 of the Companies Act, 1956.

AND

In the matter of Composite Scheme of Arrangement and
Amalgamation between

Ikisan Limited ('iKisan' or 'the Section Transferor Company')

And

Kakinada Fertilizers Limited ('KFL' or 'the Transferee Company')

And

Nagarjuna Fertilizers and Chemicals Limited ('NFCL' or 'the
Company' or 'the Demerged Company' or 'the First Transferor
Company')

And

Nagarjuna Oil Refinery Limited ('NORL' or 'the Resulting
Company')

And

their respective shareholders and creditors

Kakinada Fertilizers Limited Petitioner Company

Authenticated copy of Minutes of Order dated June 17, 2011

along with the Composite Scheme of Arrangement and

Amalgamation and Forum of Minutes

M/s.HEMANT SETHI & CO
Advocates for the Petitioner
302 Satnam Building,
3A Sion west
Mumbai 400022