

MEMORANDUM
AND
ARTICLES OF ASSOCIATION
OF
CHAMBAL FERTILISERS AND CHEMICALS LIMITED

MEMORANDUM OF ASSOCIATION

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THE COMPANIES ACT, 1956

(COMPANY LIMITED BY SHARES)

MEMORANDUM OF ASSOCIATION

OF

CHAMBAL FERTILISERS AND CHEMICALS LIMITED

- I. The name of the Company is CHAMBAL FERTILISERS AND CHEMICALS LIMITED.
- II. The Registered Office of the Company will be situated in the State of Rajasthan.
- III. The objects for which the Company is established are :

(A) THE MAIN OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE :-

1. To manufacture, produce, refine, process, formulate, mix or prepare, enrich, mine, import or otherwise acquire, own, hold, use, mortgage, pledge, buy, sell, exchange, distribute, assign, transfer or otherwise dispose of, trade, deal in and deal with, import and export any and all classes and kinds of agricultural chemicals, fertilisers, manures, their bye-products, mixtures, formulations, intermediates, derivatives and compounds, heavy chemicals, petrochemicals, fine chemicals and any and all classes and kinds of inorganic and organic chemicals, source materials, intermediates, 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 preparation, formulation, mixtures or production of which any of the foregoing is used or required.
2. To carry on the business of manufacturers, producers, refiners, processors, miners, exporters, importers, buyers and sellers of and dealers in and with all and any fats, dips, sprays, vermifuges, fungicides, insecticides, germicides, disinfecting preparations, fumigators, medicines and remedies of all kinds for agricultural, trees and fruit growing, gardening and other purposes or as remedies for humans and animals and whether produced from vegetable, mineral, gaseous, animal or any other matters of substances by any process whether, chemical, mechanical, electrical or otherwise.
3. ¹To purchase, charter, hire, build, or otherwise acquire, steam and other ships or vessels, with all equipments and furniture, and to employ the same in the conveyance of passengers,

1. Inserted pursuant to the Scheme of Amalgamation.

mails, troops, munitions of war, live-stock, meat, corn and other produce, and of treasure and merchandise of all kinds, between such ports in any part of the world as may seem expedient, and to acquire any postal subsidies.

4. ² To carry on business of merchants, carriers by land, water and air, shipowners, warehousemen, wharfingers, bargeowners, lightermen, forwarding agents, underwriters and insurers of ships, goods and other property.

(B) OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS :-

1. To enter into, make and perform contracts of every kind and description, agreements and arrangements with any person, firm, association, corporation, municipality, country, state, body politic or government or colony or dependency thereof for the business of the Company.
2. To carry on business as importers, exporters, buyers and sellers of and merchants and dealers in and manufacturers of merchandise, goods, materials and machinery of all kinds, spare parts, accessories and equipments, in connection with the business of the Company.
3. To carry on any other business (whether manufacturing or otherwise), which may seem to the Company capable of being conveniently or advantageously carried on in connection with the Company's objects or which it may be advisable to undertake with a view to developing, rendering valuable, prospecting or turning to account, any property, real or personal, belonging to the Company or in which the Company may be interested.
4. To manufacture, buy, sell, exchange, alter, improve, manipulate, prepare for market and otherwise deal in all kinds of plant, machinery, apparatus, tools, utensils, receptacles, substances, materials, articles and things necessary or convenient for carrying on any of the businesses or processes of the Company usually dealt in by persons engaged in the like businesses or processes.
5. To buy, sell, manufacture, refine, manipulate, import, export and deal in substances, apparatus and things capable of being used in any business of the Company or required by any customer or person having dealings with the Company.
6. To repair, alter, remodel, clean, renovate, convert, manipulate and prepare for resale and resell any goods from time to time belonging to the Company.
7. To employ experts to investigate and examine into the conditions, prospects, value, character and circumstances of any business concerns and undertaking and of any assets, property or rights of the Company.

2. Inserted pursuant to the Scheme of Amalgamation.

8. To purchase, take on lease or licence or tenancy or in exchange, hire or otherwise any real and/ or personal property and any rights or privileges, which the Company may think necessary or convenient for the purposes of its business or may enhance the value of any other property of the Company and, in particular, any land (freehold, leasehold or other tenure), building, easement, machinery, plant and stock-in-trade and on any such lands to erect buildings, factories, sheds, godowns or other structures for the works and purposes of the Company and also for the residence and amenity of its employees, staff and other workmen and erect and install machinery and plant and other equipments deemed necessary or convenient or profitable for the purposes of the Company and either to retain any property to be acquired for the purposes of the Company's business or to turn the same to account as may seem expedient.
9. To acquire, alter, build, construct, maintain, enlarge, pull down, remove or replace, improve or develop and to work, manage and control any buildings, offices, factories, mills, foundries, refineries, furnaces, godowns, warehouses, shops, machinery, engines, roadways, railways, tramways, water-ways or other means of transport, sidings, bridges, reservoirs, dams, water-courses, water systems, wharves, electrical works, gas works or works operated by any other kind of power and also such other machinery, equipment, conveyances, works and conveniences which may seem calculated directly or indirectly to advance the interests of the Company and to subsidise, contribute to or otherwise assist or take part in doing any of these things and/or to join with any other person or company or with any Government or Governmental authority in doing any of these things.
10. To carry on the business of a waterworks company in all its branches and to sink wells and shafts and to make, build and construct, lay down and maintain, reservoirs, water works, cisterns, culverts, filter beds, main and other pipes and appliances and to execute and do all other works and things necessary or convenient for obtaining, storing, selling, delivering, measuring and distributing for the purposes of the Company.
11. To let on lease or on hire-purchase system or to lend or otherwise dispose of any property belonging to the Company and to finance the purchase of any article or articles, whether made by the Company or not, by way of loans or by the purchase of any such article or articles and the letting thereof on the hire-purchase system or otherwise howsoever.
12. To sell, lease, mortgage, grant licences, easements and other rights over and in any other manner whatsoever, to transfer, deal with or dispose of, the undertaking, property, assets, rights and effects of the Company or any part thereof, for such consideration as the Company may think fit and, in particular, for shares, stocks, debentures or other securities of any other company whether or not having objects altogether or in part similar to those of the Company.
13. 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 or rights 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, debenture-stock of any such person, firm or company and to conduct, make or to carry into effect any arrangements in regard to the winding up of the business of any such person, firm or company.

14. To amalgamate, enter into partnership or into any arrangement for sharing profits or losses or for any union of interest, joint venture, reciprocal concession or cooperation with any person or persons or company or companies carrying on or engaged in or about to carry on or engage in or being authorised to carry on or engage in any business or transaction which this Company is authorised to carry on or engage in or which can be carried on in conjunction therewith in any business or transaction capable of being conducted so as directly or indirectly to benefit the Company.
15. To establish or promote or concur or be interested in establishing or promoting any company or companies, for the purpose of acquiring all or any of the property, rights and liabilities of the Company or for any other purpose whatsoever and to transfer to any such company any property of this Company and to place or guarantee the placing of, underwrite, subscribe for or otherwise, acquire all or any part of the shares, debentures or other securities of any such other company and to subsidise or otherwise assist any such other company.
16. To underwrite, acquire by purchase, subscription or otherwise and to receive, hold, own, guarantee, sell, assign, exchange, transfer, mortgage, pledge or otherwise dispose of or deal in and with any of the shares, stocks or warrants, rights, bonds, debentures, notes, trust receipts or other securities, obligations, choose in action and evidences of indebtedness or interest issued or created by any corporation, joint stock companies, syndicates, associations, firms, trusts or persons, public or private or by the Government of India or by any foreign government or by any state, territory, province, municipality or other political subdivision or by any governmental agency and as owner thereof to possess and exercise all the rights, powers and privileges of ownership including the right to execute consents and vote thereon, and to do any and all acts and things necessary or advisable for the preservation, protection, improvement and enhancement in value thereof.
17. To purchase, manufacture, produce or otherwise acquire, invest in, own, hold, use, lease, mortgage, pledge, sell, exchange, assign, transfer or otherwise dispose of, trade, deal in and deal with goods, wares and merchandise and personal property of every class and description to attain the objects.
18. To acquire, hold, use, sell, assign, lease, grant licences in respect of, mortgage, pledge or otherwise dispose of in any part of the world any patents of India, patent rights, licences and privileges, inventions, improvements and processes, copyrights, trademarks, tradenames, concessions and formulas, whatsoever and to apply for purchase or otherwise acquire and protect and renew in any part of the world any patents, patent rights, brevets d'invention, trade marks, designs, licences, concessions and the like conferring any exclusive or non-exclusive or limited right to their use or any secret or other information

as to any invention 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 in respect of or otherwise turn to account the property, right or information so acquired and to expend money in experimenting upon, testing or improving any such patents, inventions or rights and without prejudice to the generality of the above any contracts, monopolies or concessions for or in relation to the supply and sale of any minerals, metals, products or other substances, materials, articles or things or equipment for or in relation to the construction, execution, carrying out, improvement, management, administration or control of any works and conveniences required for the purpose of carrying out, any of the businesses which the Company is entitled to carry on and to undertake, execute, carry out, dispose of or otherwise turn to account, such contracts, monopolies or concessions.

19. To enter into any arrangement with any Government or Authority, Central, State Local or Foreign or public body or persons or authority or from any private individual that may seem conducive to the Company's objects or any of them and to obtain from any such Government, Authority, person or company any concessions, grants, decrees, rights, charters, contracts, licences, powers, and privileges whatsoever which may seem to the Company capable of being turned to account or which the Company may think directly or indirectly conducive to any of its objects or capable of being carried on in connection with its business and to work, develop, carry out, exercise and turn to account the same.
20. To apply for, promote and obtain any Act of parliament, charter, privilege, concession, licence of authorisation of any Government, State or Municipality, provisional order or licence of any authority for enabling the Company to carry any of its objects into effect or for extending any of the powers of the Company or for effecting any modification of the constitution of the Company or for any other purpose which may seem expedient and to oppose and resist directly or indirectly any legislation, proceedings or applications which may seem disadvantageous or prejudicial to the interests of the Company.
21. To establish, maintain and conduct training schools, courses and programmes in connection with the sale, installation, use, maintenance, improvement or repair of machines, apparatus, appliances or products and of articles, required in the use thereof or used in connection therewith by the Company and establish, provide, maintain and conduct or otherwise subsidise research, laboratories and experimental workshops for scientific and technical research development and experiments and to undertake and carry on with all scientific and technical researches, developments, experiments and tests of all kinds and to promote studies, investigations, research and invention in scientific, technical, management or commercial fields by providing, subsidising, endowing or assisting universities, research institutes, scientific bodies, associations, laboratories, workshops, libraries, lectures, meetings and conferences and by providing for the remuneration of teachers, professors or other faculties and by providing for the award of exhibitions, scholarships, prizes and grants to students or otherwise and to encourage, promote and reward studies, researches, investigations, experiments, tests

and inventions of any kind that may be considered likely to assist any of the businesses which the Company is authorised to carry on.

22. To acquire from any person, firm or body corporate whether in India or elsewhere, technical information, know-how, processes, engineering, manufacturing and operating data, plans, 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.
23. To pay for any rights, privileges or property acquired or to be acquired by the Company and to remunerate any person or company for services rendered or to be rendered to the company whether by cash payment or by the allotment of shares, debentures or other securities of the Company credited as paid up in full or in part or otherwise.
24. To subscribe, contribute or otherwise assist or guarantee money for any charitable, scientific, religious, benevolent, national or for any public, general or other objects or for any exhibitions.
25. To establish and maintain or procure the establishment and maintenance of any contributory or non-contributory provident, pension or superannuation funds for the benefit of and give or procure the giving of gratuities, pension, 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 a 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 the 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 the benefit of or to advance the interests and well-being of the Company or for any such other company as aforesaid and make payments to or towards the insurance of any such person as aforesaid and to any of the matters aforesaid either alone or in conjunction with any such other company as aforesaid.
26. To give to any officers, servants or employees of the Company any share or interest in the profits of the Company's business or any branch thereof and whether carried on by means or through the agency of any subsidiary company or not and for that purpose to enter into any arrangements the Company may think fit.
27. To train or arrange for the training in India or abroad of any of the Company's employees or any other person, in the interest of or in furtherance of the Company's objects.
28. To provide boarding and/or residential facilities for employees of the Company and others and in connection therewith to afford to such persons facilities and conveniences for washing, bathing, cooking, reading, writing and finding employment and for the purchase, sale and consumption of provisions, both liquid and solid and for the safe custody of goods.

29. To institute and to defend any suit, appeal, petition, application of any nature whatsoever or to take out execution or refer or agree to refer any claim, demand dispute or any other question, by or against the Company or in which the Company is interested or concerned and whether between the Company and the member or members or his or their representatives or between the Company and third parties, to arbitration in India or at any place outside India and to observe and perform and to do all acts, deeds, matters and things to carry out or enforce the awards.
30. To pay out of the funds of the Company all costs, charges and expenses which the Company may lawfully pay with respect to the promotion, formation and registration of the Company and/or the issue of its capital or which the Company shall consider to be preliminary, including therein the cost of advertising, printing and stationery and commission for obtaining application for taking, placing or underwriting or procuring the underwriting of shares, debentures or other securities of the Company and expenses attendant upon the formation of agencies, branches and local boards.
31. Upon any issue of shares, debentures or other securities of the Company or for raising resources and otherwise to employ bankers, managers, brokers, commission agents and underwriters and to provide for the remuneration of such persons for their services by payment in cash or by the issue of shares, debentures or other securities of the Company or by the granting of options to take the same, or in any other manner allowed by law.
32. Subject to the provisions of Section 58 A of the Companies Act, 1956 and the rules made thereunder and the directions issued by Reserve Bank of India from time to time to receive money on deposit or loan and borrow or raise money in such manner as the Company may think fit and in particular by the issue of debentures or debenture-stock (perpetual or otherwise) and convertible into shares of this or any other company or not and to secure the repayment of any such money borrowed, raised or received or owing by mortgage, pledge, charge or lien upon all or any of the property, assets or revenue of the Company (both present and future) including its uncalled capital and to give the lenders or creditors 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 other person, firm or company of any obligation undertaken by the Company or any other person, firm or company as the case may be.
33. To lend and advance money or to give credit to such persons or companies and on such terms as may seem expedient and in particular to customers and others having dealings with the Company and to guarantee the performance of any contract or obligation and the payment of money of or by any such persons or companies and to give guarantees and indemnities.
34. To invest and deal with moneys of the Company not immediately required in any manner.
35. To take or concur in taking all such steps and proceedings as may seem best calculated to

uphold and support the credit of the Company and to obtain and justify public confidence and to avert or minimise financial disturbances which might affect the Company.

36. To issue or guarantee the issue of or the payment of interest on the shares, debentures, debenture-stock or other security or obligations of any company or association and to pay or provide for brokerage, commission and underwriting in respect of any such issue.
37. To draw, make, accept, endorse, discount, execute and issue and negotiate bills of exchange, hundies, bills of lading, promissory notes, warrants, debentures and other negotiable or transferable instruments or securities.
38. To subsidise, assist and guarantee the payment of money by or the performance of any contract, engagement or obligation by any person or companies and in particular, customers of the Company or any person or companies with whom the Company may have or intend to have business relations.
39. To vest any real or personal property, rights or interests 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.
40. To act as agents or brokers and as trustees for any person or company and to undertake and perform sub-contracts and to do all or any of the above things in any part of the world and as principals, agents, contractors or trustees or otherwise and either alone or jointly with others.
41. To procure the incorporation, registration or other recognition of the Company in any country, state or place and to establish and regulate agencies for the purpose of the Company's business.
42. Subject to the provisions of Section 205 of the Companies Act, 1956 or any other law for the time being in force, to distribute in specie or otherwise as may be resolved 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 or 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 shall be made except in accordance with the procedure, if any, laid down by law.
43. To carry on any business or branch of a business which this Company is authorised to carry on by means or through the agency of any subsidiary company or companies and to enter into any arrangement with any such subsidiary company for taking the profits and bearing the losses of any business or branch so carried on, or for financing any such subsidiary company or guaranteeing its liabilities, or to make any other arrangements, which may seem desirable with reference to any business or branch so carried on, including power at any time either temporarily or permanently to close any such business or branch and to appoint Directors or Managers of any such subsidiary company.

44. To undertake, carry out, promote and sponsor rural development including any programme for promoting the social and economic welfare of or the uplift of the public in any rural area and to incur an expenditure on any programme of rural development and to assist execution and promotion thereof either directly or through an independent agency or in any other manner. Without prejudice to the generality of the foregoing, "programme of rural development" shall also include any programme for promoting the social and economic welfare or the uplift of the public in any rural area which the Directors consider it likely to promote and assist rural development and that the words "rural area" shall include such areas as may be regarded as rural areas under Section 35 CC of the Income Tax Act, 1961 or any other law relating to rural development for the time being in force or as may be regarded by the Directors as rural areas and the Directors may at their discretion, in order to implement, any of the above mentioned objects or purposes, transfer without consideration or at such fair or concessional value as the Directors may think fit and divest the ownership of any property of the Company to/or in favour of any public or local body or authority or Central or State Government or any public institutions or trusts or funds as approved by the Central or State Government(s) or any authority specified in that behalf from time to time.
45. To undertake, carry out, promote and sponsor or assist any activity for the promotion and growth of national economy and for discharging what the Directors may consider to be social and moral responsibilities of the Company to the public or any section of the public as also any activity which the Directors consider likely to promote national welfare or social, economic or moral uplift, of the public or any section of the public and in such manner and by such means as the Directors may think fit and the Directors may without prejudice to the generality of the foregoing, undertake, carry out, promote and sponsor any activity of publishing of any books, literature, newspapers, or for organising lectures or seminars likely to advance these objects or for giving merit awards, for giving scholarships, loans or any other assistance, to deserving students or other scholars or persons to enable them to prosecute their studies or academic pursuits or researches and for establishing, conducting or assisting any institutions, funds, trusts, having anyone of the aforesaid objects as one of its objects by giving donations or otherwise in any other manner and the Directors may at their discretion in order to implement any of the above mentioned objects or purposes, transfer without consideration or at such fair or concessional value as the Directors may think fit and divest the ownership of any property of the Company to or in favour of any public or local body or authority or Central or State Government or any public institutions or trusts or funds as approved by the Central or State Government(s) or any authority specified in that behalf from time to time.

(C) OTHER OBJECTS:

1. ^{2(a)} To purchase, breed, raise, produce or otherwise acquire, invest in, own, hold, use, lease, mortgage, pledge, sell, assign, transfer or otherwise dispose of, trade, deal in and deal with any and all kinds of animals and agricultural products and purchase, manufacture,

2 (a). Commencement of Business approved on 5.1.2002

produce or otherwise acquire, invest in, own, hold, use, lease, mortgage, pledge, sell, assign, transfer or otherwise dispose of, deal in and deal with any and all articles or things manufactured, produced, resulting or derived in whole or in part from animals or agricultural products of any kind, whether to be used as food or in commerce, manufacture, the sciences, the arts or otherwise.

2. To produce, manufacture, purchase, refine, prepare, process, import, export, sell and deal in all kinds of cement, portland cement, alumino cement, asbestos cement, lime, lime stones, gypsum and bye-products thereof, cement pipes, sheets and other building materials, refractories, fire bricks, furnace lining bricks, acidic, basic and neutral insulating boards, gypsum boards, wall boards and the like.
3. To purchase, manufacture, construct, erect, fabricate, build, press, stamp, draw, spin, furnish, equip, repair, utilize, procure, refine, mine or otherwise acquire, invest in, own, hold, use, lease, mortgage, pledge, sell, assign, transfer or otherwise dispose of, trade, deal in and with any and all kinds of metals and 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 but not limited to mechanical and electrical machinery, apparatus, equipment, implements, devices, fixtures, supplies and accessories and castings and forgings.
4. To carry on the business of electric, gas and water supply in all its branches and in particular to construct, lay down, establish, fix and carry out all necessary power stations, cables, wires, lines, pipes, accumulators, lamps and works and to generate, develop and accumulate electrical and gas power at places for which licence may be obtained and to transmit, distribute and supply such power throughout the area named therein and without prejudice to the generality of the above to transmit, distribute and supply such power to and for the purpose of feeding to plants of the Company and to generate, develop and accumulate power at any such places and to transmit, distribute and supply such power for all lawful purposes.
5. To engage in the business of engineering, contracting and construction, including the design, manufacture, construction, erection, alteration, repair and installation of plants, buildings, structures, ways, works, systems and mechanical, electrical and electronic machinery, equipment, apparatus and devices.
6. To carry on the business of chemists, druggists, drysalters, oil and colour men, importers and manufacturers of and dealers in, pharmaceutical, medicinal, chemical, industrial and other preparations and articles, compounds, plasters, oils, paints, pigments and varnishes, drugs, dyeware, paint and colour grinders, makers of and dealers in proprietary articles of all kinds and of electrical, chemical, photographic, surgical and scientific apparatus and chemicals, phosphates, nitrates, caustic soda, chlorine products, iodine salts and minerals, chemicals and alkalis and acids of all kinds, soaps, toilet goods, oils, scents, attars, perfumes, scented oils, flavoured essences, floral synthetics, aromatics, mineral waters, liquors, fruit essences, fruit juices, fruit syrups, vaccines, serums, fruits raw and ripe, fruit seeds and bye products of fruits, herbs and other articles.

7. ^{2(b)} To manufacture, brew, distill, process, dehydrate, can, package, buy, sell and deal in confectionery, dry and preserved fruits, juices, vegetables, packing materials, bread, flour, biscuits, baking materials, beer, wines, alcohol and molasses, vanaspati ghee, vegetable oils, processed food products, ice, ice cream, candy, milk and milk products, sweets and all other eatables and bye-products including fish, prawns and other edible produce of the water.
8. ^{2(c)} To cultivate, grow, produce and deal in any vegetable products and to carry on all or any of the businesses of foremen, dairymen, mill contractors, dairy foremen, millers, purveyors and vendors of milk, cream, cheese, butter, poultry and provisions of all kinds, growers of and dealers in corn, hay and straw, seedsmen and to buy, sell and trade in any goods which is usually traded in any of the above businesses or any other business associated with the foregoing or other interests of the Company.
9. To carry on the trade or business of manufacturers of and dealers in, explosives, ammunition, firewells and other explosive products and accessions of all kinds and of whatsoever composition and whether for military spating, mining or industrial purposes or for petrochemical display or for any other purpose.
10. To explore, prospect, take on lease or on royalty basis or otherwise acquire mines, mining rights and lands or any interest therein and to quarry, mine, dress, reduce, draw, extract, caline, smelt, refine, manufacture, process and otherwise acquire, buy, sell or otherwise dispose of and deal in all types, qualities and descriptions of ores metal and mineral substances and to carry on any other metallurgical operations which may seem conducive to any of the Company's objects.
11. To carry on the business of iron founders, civil and mechanical engineers, consulting engineers, project engineers, technical consultants and manufacturers of agricultural, industrial and other machinery, and tool kits, machine tool-makers, brass founders, metalworkers, boiler-makers, makers of locomotive and engines of every description, mill-wrights, machinists, iron and steel converters, smiths, woodworkers, builders, painters, metallurgists, electrical engineers, water supply engineers, gas makers, framers, printers and to buy, sell, design, specify, manufacture, fabricate, export, import, repair, convert, alter, let on hire and deal in machinery, implements, plants, tools, tackles, instruments, rolling stock and hardware of all kinds, general fittings, accessories and appliances of all descriptions made of metal, alloy, glass or any other material and any parts of such accessories or fittings.
12. To carry on the business as timber merchants, sawmill proprietors and timber growers and buy, sell, grow, prepare for market, manipulate, import, export and deal in timber and wood of all kinds and to manufacture and deal in veneers, veneer products, veneer for teachests, packing cases and commercial boards, decorative veneers, lamin boards, block boards, composite boards, compressed boards, pressed boards, hard boards, ship boards, bent wood, moulded wood and articles of all kinds in the manufacture of which timber or wood is used.

2 (b). Commencement of Business approved on 5.1.2002

2 (c). Commencement of Business approved on 5.1.2002

13. To carry on the business as manufacturers, producers, dealers, processors, importers, exporters, stockists, agents, brokers, traders, retailers of all varieties of paper including writing, printing, wrapping and tissues, newsprint, paper for packing including corrugated and craft paper and straw board, all varieties of pulp whether mechanical or chemical including dissolving pulp from conventional and non-conventional raw materials.
14. ^{2(d)}To carry on the business of manufacturers, producers, processors, importers, exporters, buyers, sellers of and dealers in all kinds of textiles, yarns and fabrics, whether synthetic, artificial or natural, nylon, polyester, plastics, plastic materials, acrylics, rayon silk, artificial silk, linen, cotton, wool, jute and any other fibre or fibrous materials, whether synthetic, artificial or natural textile substances, allied products, bye-products and substitutes for all or any of them and to treat and utilize any waste arising from any such manufacture, production or process whether carried on by the Company or otherwise.
15. To manufacture, weave, prepare, process, repair, buy and sell, resell, export, import and market in all kinds of plastics and plastic goods including plastic liners and sacks of high density polyethylene, polyprothelene, low density polyethelene pipes, sheets, toys and wares and other types of plastic goods and products, synthetic resins and compounds, ancillary and auxiliary materials and derivatives, intermediates and compositions, plastic processing and ancillary machinery, tools, moulds, dies and instruments and other engineering goods which can be conveniently combined therewith, all kinds of chemicals, petroleum products and pharmaceutical products, derivatives, compositions, intermediates and auxiliaries and to manufacture, prepare, repair, buy and sell, resell, export and import market machinery, tools, equipments, moulds of all types made from various materials for the purposes of the Company.
16. To manufacture, prepare, alter, improve, manipulate, import, export, buy, sell and otherwise deal in all kinds of glass, glassware, glass goods, mirrors, looking glass, optical glass, toughened glass, scientific glass wares, sheet and plate glass, glass wool, fibre glass, welding glass, glass insulating units, bangles, falsepearls, bottles, phials, acrylic plastic sheets and all other articles, fittings and things prepared or associated with or auxiliary to such glass business.
17. To carry on the business as transporters of goods, passengers, live-stock and materials by road, rail, waterways, sea or air and own purchase, take or give on lease, charter or hire or otherwise run, use or require transport, vehicles, crafts-ships and carriers of all kinds required for the transport business and to act as forwarding agents, warehousemen and booking agents.
18. To carry on the business of manufacturers, assemblers, dealers, exporters, importers, fabricators of engineering, scientific, mechanical, electrical, hydraulic, pneumatic, electronic, thermal, sonic, ultrasonic, optical, surgical and surveying equipments and instruments of all kinds of descriptions including, without limiting the generality of the foregoing, radar equipment, computers, electronic, accounting and business machines,

2 (d). Commencement of Business approved on 4.1.1999

electronic communication equipment, electronic control instruments and basic components.

19. To carry on all or any one or more of the following businesses namely buying, selling, leasing, letting on hire, hire purchase or on easy payment system of manufacturing and contractors of and dealers in all kinds of plant, machinery and equipment, household or office furniture, domestic or business appliances, fittings, vehicles, apparatus and all other things and goods of whatsoever nature or description.
20. ^{2(e)}To undertake the custody and warehousing of merchandise, goods and materials and to provide cold storage and other special storage facilities.
21. To carry on the business as financiers, commercial agents, mortgage brokers, financial agents and advisors.
22. To carry on the business as insurance brokers and agents in respect of all classes of insurance including marine, fire, life, accident, burglary, workmen's compensation, indemnity and motor.
23. To undertake any advisory, secretarial, accountancy, clerical or similar work.
24. To act as stockists, commission agents, manufacturers, representatives or agents, selling and purchasing agents, distributors, brokers, trustees, attorneys and subject to the provisions of the Companies Act, 1956, Managers and transfer agents for any other company, firm, corporation or person.
25. To carry on the business as house, land and estate agents and to arrange or undertake the sale, purchase of, advertise or sale or purchase, assist in selling or purchasing and find or introduce purchasers or vendors of and to manage land, buildings and other property, whether belonging to the Company or not and to let any portion of any premises for residential, trade or business purposes or other private or public purposes and to collect rents and income and to supply to tenants and occupiers and others, refreshments, clubs, public halls, messengers, lights, waiting rooms, reading rooms, meeting rooms, lavatories, laundry conveniences, electrical conveniences, garages and other advantages.
26. To guarantee the payment or performance of any debts, contracts or obligations or become surety for any person, firm or Company, for any purpose whatsoever and to act as agents for the collection, receipt or payment of money and to act as agents for and render services to customers and others and to give guarantees and indemnities.
27. To undertake custody and warehousing of all machinery equipments, merchandise other materials and to provide storage facilities.

2 (e). Commencement of Business approved on 5.1.2002

28. To carry on the business as consultants in civil, electrical, mechanical, metallurgical, automobile, marine, chemical and engineering and to provide consultancy services including the making of surveys and reports thereon and preparing evaluations and economic studies and furnishing of other services required to enable clients to consider the feasibility and execution of all types of works.
29. To undertake and execute any contracts for works involving supply or use of any plant, machinery, articles or things and to carry out any ancillary or other works comprised in such contracts.
30. ³ To carry on the business of developing, improving, designing, selling, subcontracting, importing, exporting and licensing software and program products of any and all description; market and provide to clients in India and abroad a wide range of facilities, management information systems, consulting and software professional services; render technical assistance and services including maintenance in connection with the use, purchase, sale, import, export or distribution; consultancy and data processing; outsourcing services within India and throughout the world; deal in information processing and related state-of-the-art technology in software development methodologies; provide training centres for ERP software, software development tools and telecom softwares.
31. ⁴ To provide consultancy services related to the preparation and maintenance of accounting, statistical, advance process control, process optimisation, scientific or mathematical information and reports, data processing, programming, collecting, storing, processing and transmitting information and data of every kind and description, systems analysis and machine services including appropriate vendor recommendations and integration of multiple vendor product for solving or adding commercial, industrial, scientific and research problems and for all other related businesses.

IV. The liability of the members is limited.

V. ⁵ The Authorised Share Capital of the Company is Rs. 650 crores (Rupees six hundred fifty crores only) divided into 44 crores equity shares of Rs. 10 each and 21 crores Redeemable Preference shares of Rs. 10 each with a right to the Board of Directors to re-classify them into any class of preference shares and / or of any denomination with such preferential, deferred, specified or special rights, privileges or conditions as the Board of Directors may decide.


We the several persons whose names and addresses are subscribed hereto are desirous of being formed into a Company in pursuance of this Memorandum of Association and respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

3. Inserted and Commencement of Business approved on 9.2.1998

4. Inserted and Commencement of Business approved on 9.2.1998

5. Modified on 16.1.1989, 30.4.1992, 31.8.1994, 24.9.1996 and 2.2.2002

Name, address, description, Occupation and signature of each subscriber	Number of equity shares taken by each subscriber	Name, address, description, occupation and signature of witness
1. Zuari Agro Chemicals Limited Sd/- MANJERI ANANTARAMAN SUNDARAM Vice President (Finance) Jai Kisaan Bhawan, Zuarinagar, Goa Company	ONE	Sd/- RAGHUBIR SINGH S/o Gen. Amar Singh Kalyan Kunj, 17, Civil Lines, Jaipur - 302006 Service
2. Sd/- BHARAT BHUSHAN SHARMA S/o Ishwar Dutt Sharma Sahyadri Apartments, Adarsh Nagar Chicalim, Goa Service	ONE	
3. Sd/- SHANKER SWAROOP SAHARIA S/o Late Raghubir Kishore Mathur C-74, Malviya Nagar, New Delhi-110017 Service	ONE	
4. Sd/- TEJINDER SINGH BEDI S/o Amarjit Singh Bedi C-74, Amba Bari, Jaipur Service	ONE	
5. Sd/- HANUT SINGH S/o Harnath Singh B-4/135, Safdarjung Enclave, New Delhi-110029 Service	ONE	
6. Sd/- TRILOCHAN SINGH S/o Tara Singh E-132, Greater Kailash Part - II, New Delhi-110048 Service	ONE	

Name, address, description, Occupation and signature of each subscriber	Number of equity shares taken by each subscriber	Name, address, description, occupation and signature of witness
7. Sd/- VEDANTAM VENKATA PURNA KUTUMBA RAO S/o Ramkrishna Murthy F-375, Nanakpura, New Delhi-110021 Service	ONE	 Sd/- RAGHUBIR SINGH S/o Gen. Amar Singh Kalyan Kunj, 17, Civil Lines, Jaipur - 302006 Service
8. Sd/- HARI CHAND S/o Sham Dass A-181, Hari Nagar, New Delhi - 110064 Service	ONE	
	Total Eight (8)	

New Delhi dated the 30th of April, 1985.

THE COMPANIES ACT, 1956
(COMPANY LIMITED BY SHARES)
ARTICLES OF ASSOCIATION

OF

CHAMBAL FERTILISERS AND CHEMICALS LIMITED

1. No regulations contained in Table A in Schedule I to the Companies Act, 1956 shall apply to this Company, but the regulations for the management of the Company and for the observance of the members thereof and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of or addition to, its resolutions by Special Resolution, as prescribed by the said Companies Act, 1956, be such as are contained in these Articles.

Table A not to apply but company to be governed by these Articles

INTERPRETATION

2. I. In the interpretation of these Articles, unless repugnant to the subject or context :-

Interpretation clause

“The Company” or “this Company” means CHAMBAL FERTILISERS AND CHEMICALS LIMITED.

“The Company” or “this Company”

“The Act” means the Companies Act, 1956, or any statutory modification or re-enactment thereof for the time being in force.

“The Act”

“Auditors” means and include those persons appointed as such for the time being by the Company.

“Auditors”

⁶ “Beneficial Owner” shall mean beneficial owner as defined under section 2(1)(a) of the Depositories Act, 1996.

“Beneficial Owner”

“Board” or “Board of Directors” means a meeting of the Directors duly called and constituted or as the case may be, the Directors assembled at a Board.

“Board” or “Board of Directors”

“Capital” means the share capital for the time being raised or authorized to be raised, for the purpose of the Company.

“Capital”

“Debenture” includes debenture-stock.

“Debenture”

⁷ “Depository” shall mean a Depository as defined under section 2(1)(e) of the Depositories Act, 1996.

“Depository”

⁸ “Depositories Act” shall mean Depositories Act, 1996 and any rules, regulations and bye-laws made thereunder and any statutory modification or re-enactment thereof for the time being in force.

“Depositories Act”

6. Inserted on 24. 8. 1998

7. Inserted on 24. 8. 1998

8. Inserted on 24. 8. 1998

“Directors”	“Directors” means the Directors for the time being of the Company or, as the case may be, the Directors assembled at a Board.
“Dividend”	“Dividend” includes bonus.
“Gender”	Words importing the masculine gender also include the feminine gender.
“In Writing” and “Written”	“In writing” and “Written” include printing, lithography and other modes of representing or reproducing words in visible form.
“Member”	“Member” means the duly registered holder from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company. ⁹ [Every person holding equity shares of the Company and whose name is entered as beneficial owner in the record of a Depository shall be deemed to be a member of the Company].
“Meeting” or “General Meeting”	“Meeting” or “General Meeting” means a meeting of members.
“Annual General Meeting”	“Annual General Meeting” means a general meeting of the members held in accordance with the provisions of Section 166 of the Act and any adjourned holding thereof.
“Extraordinary General Meeting”	“Extraordinary General Meeting” means an extraordinary general meeting of the members duly called and constituted and any adjourned holding thereof.
“Month”	“Month” means a calendar month of the year.
“Office”	“Office” means the Registered Office for the time being of the Company.
“Paid-up”	“Paid-up” includes credited as paid-up.
“Person”	“Person” includes corporations and firms as well as individuals.
“Register of Members”	“Register of Members” means the Register of Members to be kept pursuant to the Act ¹⁰ [and includes the Register of Beneficial Owners maintained by a Depository].
“The Registrar”	“The Registrar” means the Registrar of Companies of the State in which the Registered Office of the Company is for the time being situate.
“Secretary”	¹¹ “Secretary” means as defined in Section 2 (45) of the Act.
“Seal”	“Seal” means the Common Seal for the time being of the Company.
“SEBI”	¹² “SEBI” means Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992).
“Share”	“Share” means share in the share capital of the Company and includes stock except when a distinction between stock and share is expressed or implied.

9. Inserted on 24. 8. 1998

10. Inserted on 24. 8. 1998

11. Substituted on 26. 8. 1989

12. Inserted on 24. 8. 1998

“Words” importing the singular number include, where the context admits or requires, the plural number and vice-versa.

“Singular number”

“Ordinary Resolution” and “Special Resolution” shall have the meanings assigned thereto by Section 189 of the Act.

“Ordinary Resolution” and “Special Resolution”

“Year” means the calendar year and “Financial Year” shall have the meaning assigned thereto by Section 2(17) of the Act.

“Year” and “Financial year”

Words and expressions used and not defined in the Act but defined in the Depositories Act, 1996, shall have the same meaning respectively assigned to them in that Act.

- II. The marginal notes used in these Articles shall not affect the construction hereof. Save as aforesaid any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

3. ¹³ The Authorised Share Capital of the Company is Rs. 650 crores (Rupees six hundred fifty crores only) divided into 44 crores equity shares of Rs. 10 each and 21 crores Redeemable Preference Shares of Rs. 10 each with a right to the Board of Directors to re-classify them into any class of preference shares and/ or of any denomination with such preferential, deferred, specified or special rights, privileges or conditions as the Board of Directors may decide.

Amount of Capital

4. The Company in General Meeting may, from time to time, increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct and if no direction be given, as the Directors 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 and with a right of voting at general meeting of the Company in conformity with Sections 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

Increase of capital by the Company, and how carried into effect

5. 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 as part of the existing capital and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer, transmission, voting and otherwise.

New capital same as existing capital

13. Modified on 16.1.1989, 30.4.1992, 31.8.1994, 24.9.1996 and 2.2.2002

Redeemable Preference Shares

6. ¹⁴ Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference Shares which are liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

Provision to apply on issue of Redeemable Preference Shares

7. On the issue of Redeemable Preference Shares under the provisions of Article 6 hereof the following provisions shall take effect:-

- (a) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption;
- (b) no such shares shall be redeemed unless they are fully paid;
- (c) the premiums, if any, payable on redemption must have been provided for out of the profits of the Company or out of the Company's Share Premium Account, before the shares are redeemed;
- (d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed; and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up shares capital of the Company.

¹⁵7A (i) Subject to the provisions of the Act, the Board of Directors shall be entitled to issue Cumulative Convertible Preference Shares (CCPs) at such time and in such manner as it may deem fit and for that purpose to determine all such terms and conditions, as it may deem fit.

(ii) Any CCPs issued at any time shall be subject to the following conditions:

- a. CCPs shall be converted into equity shares between the end of 3 years and 5 years as may be decided by the Board and ¹⁶ [subject to necessary approvals],
- b. Conversion of CCPs into Equity shares shall be deemed as being one resulting from the process of redemption of Preference shares out of the proceeds of a fresh issue of shares made for the purpose of redemption,
- c. CCPs shall carry a preferential right of dividend of 10 percent per annum from the date of allotment till their conversion into Equity shares,

14. Amended on 26.8.1989

15. Inserted on 16.1.1989

16. Modified on 24.8.1998

- d. CCPs shall until they are converted into Equity share as aforesaid shall have attached to them all the rights of preferential shares including voting rights as provided under and subject to the Memorandum and Articles of Association of the Company and Section 87 and other applicable provisions of the Companies Act, 1956.

(iii) CCPs issued hereunder and the Equity shares issued on conversion of CCPs shall be subject to the provisions of Memorandum and Articles of Association and shall rank pari passu in all respects with the existing Equity shares of the Company or Equity shares at the time of conversion of CCPs, as the case may be, except that they shall not be entitled to dividend, if any, declared or paid on Equity shares for any period prior to the date of issue or date of conversion into Equity shares, as the case may be, and in respect of the financial year in which they are issued or converted they shall have the right only to a proportionate dividend declared for the period commencing from the date of allotment or, as the case may be, the date of conversion till the end of the financial year. Provided that on conversion of the CCPs into Equity shares, the right to receive the arrears of dividend, if any, on the CCPs upto the date of conversion shall devolve on the holder of the Equity shares on such conversion and the holder of the Equity shares shall be entitled to receive the arrears of dividend as and when the Company makes profit and is able to declare such dividend.

8. The Company may, (subject to the provisions of Sections 78, 80 and 100 to 105 inclusive, of the Act) from time to time, by Special Resolution, reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorised by law, and, in particular, capital may be paid off on the footing that it may be called upon again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.

Reduction of Capital.

9. Subject to the provisions of Section 94 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate its shares or any of them and the resolution whereby any share is subdivided may determine that as between the holder of the shares resulting from such sub-division one or more of such shares shall have same preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject as aforesaid, the Company in general meeting may also cancel shares which 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,
consolidation and
cancellation of shares

10. Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights

Modification of rights

and privileges attached to the shares of each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected or abrogated or dealt with by an agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least threefourths in nominal value of the issued shares of the class or is confirmed by a Special Resolution passed at a separate general meeting of the holders of shares of that class.

SHARES AND CERTIFICATES

Register and Index of Members

11. The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act, and Register and Index of Debenture-holders in accordance with Section 152 of the Act. The Company shall be entitled to keep in any State or country outside India a Branch Register of Members resident in that State or Country.¹⁷ [The Register and Index of Beneficial Owners maintained by a Depository under section 11 of the Depositories Act, shall be deemed to be Register and Index of Members for the purpose of the Act].

Declaration by person not holding beneficial interest in any shares.

(a) Notwithstanding anything herein contained a person whose name is at any time entered into the Register of Members of the Company as the holder of a share in the Company, but who does not hold the beneficial interest in such share shall, within the time prescribed, after his becoming such holder, make a declaration in the manner provided in Section 187-C of the Act;

(b) A person who holds a beneficial interest in a share or a class of shares of the Company shall, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in Section 187-C of the Act;

(c) Whenever there is a change in the beneficial interest in a share referred to above, the beneficial owner shall, within the time prescribed from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed as provided in Section 187-C of the Act;

(d) Notwithstanding anything herein contained in Section 153 of the Act and Article 11 hereof, where any declaration referred to above is made to the Company, the Company shall make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.

17. Inserted on 24.8.1998

¹⁸(e) Nothing contained in Article 11(a) to 11(d) above shall apply to any shares of the Company held in a Depository.

12. The shares in the capital shall be numbered progressively according to their several denominations and except in the manner hereinbefore mentioned, no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished. ¹⁹[Provided that the provisions relating to progressive numbering shall not apply to the shares of the Company held in a Depository].

Shares to be numbered progressively

13. (a) Where at any time it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued share capital or out of the increased share capital then 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 nearly as circumstances admit, to the capital paid-up on these shares at the date. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than ²⁰ [thirty days] from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company.

Further issue of capital

(b) Notwithstanding anything contained in the preceding sub-clause, the Company may:-

(i) by a special resolution, or

(ii) 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 that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members so entitled to 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,

offer further shares to any persons and such persons may or may not include the persons who at the date of the offer, are the holders of the equity shares of the Company.

(c) Notwithstanding anything contained in sub-clause (a) above but subject, however, to Section 81(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares, or to subscribe for shares in the Company.

18. Inserted on 24.8.1998

19. Inserted on 24.8.1998

20. Modified on 30.4.1992

Shares under control of Directors

14. Subject to the provisions of these Articles and of the Act, the shares (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors, who may allot or otherwise dispose of the same to such persons in such proportion on such terms and conditions and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting with full power, to give any person the option to call for or be allotted shares of any class of the Company either (subject to the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount and such option being exercisable for such time and for such consideration as the Directors think fit. The Board shall cause to be filed the returns as to allotment provided for in Section 75 of the Act.

Power also to Company in General Meeting to issue shares

15. In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 13 and 14 the Company in general meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such person (whether members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in general meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.

Acceptance of Shares

16. Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register shall, for the purpose of these Articles, be a Member.

Deposit and call etc. to be a debt payable immediately

17. The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Liability of Members

18. Every member or his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may for the time being, remain unpaid thereon, in such amounts, at such time or times and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require or fix for the payment thereof.

19. (a) ²¹[Except where shares of the Company are held in Depository], every member or allottee of shares shall be entitled without payment, to receive one ²²[or more certificates in marketable lots,] certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid-up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of right issues against letters of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the Seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and two Directors or their Attorneys and the Secretary or other person shall sign the 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. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of issue.

(b) Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as a single member and the certificate of any share, which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupee One. The Company shall comply with the provisions of Section 113 of the Act.

(c) A Director may sign a share certificate by affixing the signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

20. (a) No certificate or any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or ²³[rematerialised or] in replacement of those which are defaced, torn or old, decrepit, worn out or where the columns on the reverse for recording transfers have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company. ²⁴[However, surrender of certificates will not be applicable in the case of rematerialisation].

Renewal of share certificate

(b) When a new share certificate has been issued in pursuance of clause (a) of this Article, it shall state on the face of it and against the stub or counter-foil to the effect that it is “issued in lieu of share certificate No. ... sub-divided/ replaced/ on consolidation of shares ²⁵[or rematerialised]” as the case may be.

21. Inserted on 24.8.1998

22. Inserted on 30.4.1992

23. Inserted on 24.8.1998

24. Inserted on 24.8.1998

25. Inserted on 24.8.1998

²⁶(c) The consolidation of Share Certificates in whatever lot shall not be refused.

(d) If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only with the prior consent of the Board and on such terms, if any, as to evidence and indemnity and as to the payment of out-of-pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit.

(e) When a new share certificate has been issued in pursuance of clause (d) of this Article, it shall state on the face of it and against the stub or counter-foil to the effect that it is "Duplicate issued in lieu of share certificate No. lost".

(f) Where a new share certificate has been issued in pursuance of clause (a) or clause (d) of this Article, particulars of every such share certificate shall be entered in a Register of Renewal and Duplicate Certificate indicating against the names of the persons to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of members by suitable cross reference in the "Remarks" column.

(g) All blank forms to be issued for issue of share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine numbered and the forms and the blocks, engraving, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or of such other person as the Board may appoint for the purpose and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.

(h) The Managing Director of the Company for the time being or, if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates except the blank forms of share certificates referred to in sub-Article(g).

(i) All books referred to in sub-Article (h) shall be preserved in good order permanently.

Dematerialisation and
Rematerialisation of
securities

²⁷20A. Notwithstanding anything to the contrary herein, the Company shall be entitled to dematerialise its shares, debentures and other securities (hereinafter referred to as "securities") pursuant to the Depositories Act and to offer its securities for subscription in a dematerialised form and to rematerialise its securities.

26. Modified on 30.4.1992

27. Inserted on 24.8.1998

21. If any share stands in the names of two or more persons, the person first named in the Register of Members shall as regards receipt of dividends or bonus or service of notices and all or any other matter connected with the Company, except voting at meetings and the transfer of the share, be deemed the sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.

The first named of joint-holders deemed sole holder

22. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable contingent, future or partial interest in any share or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof ²⁸[or whose name appear as beneficial owner in the records of a Depository], but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

Company not bound to recognise any interest in share other than that of registered holder.

23. None of the funds of the Company shall be applied in the purchase of any shares of the Company and it shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its holding company save as provided by Section 77 of the Act.

Funds of Company may not be applied in purchase of shares of the Company

UNDERWRITING AND BROKERAGE

24. Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares or debentures in the Company, but so that the commission shall not exceed in the case of shares five percent of the price at which the shares are issued and in the case of debentures two and a half percent of the price at which the debentures are issued and if such rate of commission is enhanced by statute, then at such enhanced rates. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.

Commission may be paid

25. The Company may pay a reasonable sum for brokerage ²⁹[which may be lawful].

28. Inserted on 24.8.1998

29. Inserted on 30.4.1992

INTEREST OUT OF CAPITAL

Interest may be paid out of capital

26. Where any shares are issued for the purpose of raising money to defray the expenses of construction of any work or building or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant.

CALLS

Directors may make calls

27. The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such call as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively and each member shall pay the amount of every call so made on him to the person or persons and at the time and place appointed by the Board. A call may be made payable by instalments.³⁰ [Provided that option or right to call on shares shall not be given to any person except with the sanction of the Company in the General Meeting].

Notice of call

28. Not less than³¹[Thirty days'] notice in writing of and any call shall be given by the Company specifying the time and place of payment, and the person or persons by whom such call shall be paid.

Call to date from resolution

29. A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board.

Call may be revoked or postponed

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

Liability of joint- holder

31. The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

Directors may extend time

32. The Board may, from time to time at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members whom, the Board may deem fairly entitled to such extension but no member shall be entitled to such extension save as a matter of grace and favour.

Calls to carry interest

33. If any member fails to pay any call due from him on the date appointed for payment thereof or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time

30. Inserted on 30.4.1992

31. Modified on 30.4.1992

be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

34. Any sum, which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Sums deemed to be calls

35. On the trial or hearing of any action or suit brought by the Company against any member or his representative for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove (a) that the name of the member in respect of whose shares the money is sought to be recovered appears entered on the Register of Members as the holder, at or subsequent to the date at which the money is sought to be recovered is alleged to have become due on the shares in respect of which such money is sought to be recovered; (b) that the resolution making the call is duly recorded in the Minutes Book; and (c) that notice of such call was duly given to the member or his representatives issued in pursuance of these Articles; and that it shall not be necessary to prove that appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made duly convened or constituted nor any other matters whatsoever, but the proof of the matters designated as (a), (b) and (c), above shall be conclusive evidence of the debt.

Proof on trial of suit for money due on shares

36. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

Partial payment not to preclude forfeiture

37. (a) The Board may, if it thinks fit, agree to and receive from any members willing to advance the same, all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the money so paid in advance or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon ³²[but not less than 15%]. The Board may

Payment in anticipation of calls may carry interest

32. Inserted on 30.4.1992

agree to repay at any time the amount so advanced or may at any time repay the same upon giving to the member three months' notice in writing. Provided that money paid in advance of calls on any shares may carry interest but shall not confer a right to dividend or to participate in profits.

(b) No member paying any such sum in advance, shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.

LIEN

Company to have lien on shares

38. The Company shall have a first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof, ³³[which should be restricted to] all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares, and no equitable interest in any shares shall be created except upon the footing and upon the condition that Article 22 hereof is to have full effect. Any such lien shall extend to all dividends ³⁴[and bonuses] from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien if any, on such shares.

As to enforcing lien by sale

39. For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as they shall think fit and for that purpose may cause to be issued a duplicate certificate in respect of such share and may authorise one of their member to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or his representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debt, liabilities or engagements for fourteen days after such notice.

Application of proceeds of sale

40. The net proceeds of any such sale shall be received by the 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 a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares at the date of sale.

FORFEITURE OF SHARES

Money payable on shares not paid, notice to be given to member

^{34(a)} 41. If any member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as the call or instalment remains unpaid, give notice to him requiring him to

33. Modified on 30.4.1992

34. Inserted on 30.4.1992

34(a). Modified on 30.4.1992

pay the same together with any interest that may have accrued by reason of such non-payment.

^{34(b)}42. 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 instalment and such interest thereon at such rate as the Directors shall determine from the day on which such call or instalment ought to have been paid or are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment is payable, will be liable to be forfeited.

Form of notice

43. If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter be forfeited by a resolution of the Board to that effect.

On default of payment, shares to be forfeited

44. When any share shall have been so forfeited, notice of the forfeiture 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 of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

Notice of forfeiture to member

45. Any share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.

Forfeited share to be property of the Company and may be sold

46. Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of forfeiture, together with interest thereon from the time of the forfeiture until payment at such rate as the Board may determine and the Board may enforce the payment thereof if it thinks fit.

Member still liable to pay money owing at time of forfeiture and interest

47. The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

Effect of forfeiture

48. A declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles 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.

Evidence of forfeiture

^{34(b)}. Modified on 30.4.1992

Validity of sale under Articles 39 and 45

49. 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 shares sold and may cause the purchaser's name to be entered in the Register in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, 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 damages only and against the Company exclusively.

Cancellation of shares certificates in respect of forfeited shares

50. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.

Power to annul forfeiture

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

TRANSFER AND TRANSMISSION OF SHARES

Register of Transfers

52. The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share ³⁵[except those held in a Depository].

Form of transfer

53. ³⁶[Except in the case of transfer of shares in Depository mode,] ³⁷[a common] instrument of transfer ^{37(a)}[shall be used which] shall be in writing and all the provisions of Section 108 of the Companies Act and of any statutory modification thereof for the time being, shall be duly complied with in respect of all transfer of shares and the registration thereof. ³⁸[The transfer of shares held in a Depository shall be effected as per the provision of the Depositories Act].

Transfer form to be completed and presented to the Company

54. The Instrument of Transfer duly stamped and executed by the Transferor and the Transferee shall be delivered to the Company in accordance with the provisions of the Act. The Instrument of Transfer shall be accompanied by such evidence as the Board may require to prove the title of the Transferor and his right to transfer the shares and every registered Instrument of Transfer shall remain in the custody of the Company until destroyed by an order of the Board. The Transferor shall be deemed to be the holder of such shares

35. Inserted on 24.8.1998

36. Inserted on 24.8.1998

37. Substituted on 30.4.1992

37(a). Inserted on 30.4.1992

38. Inserted on 24.8.1998

until the name of the Transferee shall have been entered in the Register of Members, in respect thereof. Before the registration of transfer, the certificate or certificates of the shares must be delivered to the Company.³⁹[The Company shall effect the transfer, transmission, sub-division or consolidation within a period of one month from the date of lodgment thereof].

55. The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situated to close the Transfer Books, Register of Members, the Register of Debenture-holders at such time or times and for such period or periods not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year.

Transfer Books and Register of Members when closed

⁴⁰56. Subject to the provisions of section 111A and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse, whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of or the transmission by operation of law of the right to any shares or interest of a member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal.

Transfer of shares

Provided that the registration of a transfer 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 where the Company has a lien on shares.

57. Where, in the case of partly paid shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

Notice of application when to be given

58. In the case of the death of any one or more of the persons named in the Register of Members as the joint-holders of any share, the survivor or survivors shall be the only persons 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 a deceased joint-holder from any liability on shares held by him jointly with any other person.

Death of one or more joint-holders of shares

59. The Executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased member (not being one or two or

Title to shares of deceased member

39. Inserted on 30.4.1992

40. Substituted on 26.8.1989, 30.4.1992 and 24.8.1998

more joint-holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such member and the Company shall not be bound to recognise such Executors or Administrators or Holders of a Succession Certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India; provided that in any case where the Board in its absolute discretion thinks fit the Board may dispense with the production of Probate or Letter of Administration or Succession Certificate upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and under Article 62 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member.

Compliance with the Estate Duty Act, 1953

60. If any member of the Company dies and the Company through any of its principal officers within the meaning of the Estate Duty Act, 1953, has knowledge of the death, it shall not be lawful for the Company to register the transfer of any shares standing in the name of the deceased member unless the Company is satisfied that the transferee has acquired such shares for valuable consideration or there is produced to it a certificate from the Controller, Deputy Controller, or Assistant Controller of Estate Duty that either the Estate Duty in respect thereof has been paid or will be paid or none is due as the case may be. Where the Company has come to know through any of its principal officers of the death of any member, the Company shall, within three months of such knowledge, furnish to the Assistant Controller or the Deputy Controller of the Estate Duty who is exercising the functions of the Income-tax Officer under the Income-tax Act in relation to the Company, such particulars as may be prescribed by the Estate Duty Rules, 1953.

Registration of persons entitled to shares otherwise than by transfer

61. Subject to the provisions of the Act and Articles 58 and 59 any person becoming entitled to shares in consequences of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board registered as such holder, provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be free from any liability in respect of the shares.

62. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receive, and may give a discharge for, any dividends or other moneys payable in respect of the share.

Persons entitled may receive dividend without being registered as member

⁴¹63. No fee shall be charged for transfer or transmission of Shares/ Debentures, for registering any letter of probate, letters of administration and similar other documents and for effecting splitting, consolidation, replacement of Shares/Debenture Certificates in respect of those which are old, defaced or worn out etc.

Fee on transfer or transmission

64. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

Company not liable for disregard of a notice prohibiting registration of a transfer

COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS

65. A copy of the Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Company to every member at his request within seven days of the request on payment of the sum of Rupee one for each copy.

A copy of Memorandum and Articles of Association to be sent by the Company

BORROWING POWERS

66. Subject to the provisions of Section 58A, 292 and 293 of the Act, the Board may, from time to time at its discretion by a resolution passed at a meeting of the Board, accept deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. Provided, however where the moneys to be borrowed together with moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the

Power to borrow

41. Substituted on 30.4.1992

ordinary course of business) exceed the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board shall not borrow such moneys without the consent of the Company in general meeting.

Payment or repayment of moneys borrowed 67. Subject to the provision of Article 66 hereof, the payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Special Resolution shall prescribe including by the issue of debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company, (both present and future) including its uncalled capital for the time being; and debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Terms of issue of debentures 68. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at general meetings, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in general meeting accorded by a Special Resolution.

Register of mortgages to be kept 69. The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company; and shall cause the requirements of Section 118, 125 and 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with, so far as they fall to be complied with by the Board.

Register and Index of Debenture-holders 70. The Company shall, if at any time it issues debentures, keep a Register and Index of Debenture-holders in accordance with Section 152 of the Act⁴²[and the Depositories Act. The Register and Index of beneficial owners maintained by a Depository under section 11 of the Depositories Act shall be deemed to be the Register and Index of Debentureholders for the purpose of this Act]. The Company shall have the power to keep in any State or country outside India a branch Register of Debenture-holders resident in that State or country.

SHARE WARRANTS

Power to issue share warrants 71. The Company may issue share warrants subject to and in accordance with the provisions of Section 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any share which is fully paid,

42. Inserted on 24.8.1998

upon application in writing, signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may from time to time, require as to identity of the person signing the application, and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require for the issue of a share warrant.

72. (1) The bearer of a share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending, and voting and exercising the other privileges of a member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the share included in the deposited warrant.

Deposit of share warrant

(2) Not more than one person shall be recognised as depositor of the share warrant.

(3) The Company shall, on two days' written notice, return the deposited share warrant to the depositor.

73. (1) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges of a member at a meeting of the Company, or be entitled to receive any notices from the Company.

Privileges and disabilities of the holders of share warrants

(2) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he was named in the Register of Members as the holder of the share included in the warrant, and he shall be a member of the Company.

74. The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

Issue of new share warrant or coupon

CONVERSION OF SHARES INTO STOCK AND RE-CONVERSION

75. The Company in general meeting may convert any paid-up shares into stock; and when any shares shall have been converted into stock, the several holders of such stock may henceforth transfer their respective interest, therein, or any part of such interest, in the same manner and subject to the same regulations as, and subject to which shares from which the stock arose might have been transferred if no such conversion had taken place or as near thereto

Shares may be converted into stock

as circumstances will admit. The Company may at any time convert any stock into paid-up shares of any denomination.

Right of stockholders 76. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding-up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

MEETING OF MEMBERS

Annual Meeting, Summary General Annual 77. The Company shall in each year hold a general meeting as its Annual General Meeting in addition to any other meetings in that year. All general meetings other than Annual General Meeting shall be called Extraordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Register under the provisions of Section 166(1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called at a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the office of the Company is situated as the Board may determine and the Notices calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and Audited Statement of Accounts, Auditors' Report (if not already incorporated in the Audited Statement of Accounts), the Proxy Register with proxies and the Register of Directors' shareholding which Register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the Annual List of Members, summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.

Extraordinary General Meeting 78. The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any member or members holding in the aggregate not less than one-tenth of such of the

paid-up capital as at that date carries the right of voting in regard to the matter in respect of which the requisition has been made.

79. Any valid requisition so made by members must state the object or objects of the meeting proposed to be called and must be signed by the requisitionists and be deposited at the office provided that such requisition may consist of several documents in like form each signed by one or more requisitionists.

Requisition of Members to state object of meeting

80. Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting and if they do not proceed within twenty-one days from the date of the requisition being deposited at the office to cause a meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitionists or such of their number as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Company as is referred to in Section 169(4) of the Act, whichever is less, may themselves call the meeting but in either case any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

On receipt of requisition, Directors to call meeting and in default requisitionists may do so

81. Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as early as possible as that in which meetings are to be called by the Board.

Meeting called by requisitionists

82. At least twenty-one days' notice of every General Meeting, Annual or Extraordinary specifying the day, place and hour of meeting and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the consent in writing of all the members entitled to vote thereat and in case of any other meeting, with the consent of members holding not less than 95 percent of such part of the paid-up share capital of the Company as gives a right to vote at the meeting, a meeting may be convened by a shorter notice. In the case of an Annual General Meeting, if any business other than (i) the consideration of the Accounts, Balance Sheet and Report of the Board of Directors and Auditors, (ii) the declaration of dividend, (iii) the appointment of Directors in place of those retiring, (iv) the appointment of, and fixing of the remuneration of the Auditors, is to be transacted and in the case of any other meeting in any event there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the concern or interest, if any, therein of every Director, and the Manager (if any). Where any such item of special business relates to or affects any other company, the extent of shareholding interest in other Company of every

Twenty-one days notice of meeting to be given

Director and the Manager, if any, of the Company shall also be set out in the statement if the extent of such shareholding interest is not less than two percent of the paid-up share capital of that other company. Where any items of business consists of the according of approval to any documents by the meeting, the time and place where the documents can be inspected shall be specified in the statement aforesaid.

Omission to give notice not to invalidate a resolution passed

83. The accidental omission to give any such notice as aforesaid to any of the members or the non-receipt thereof, shall not invalidate any resolution passed at any such meeting.

Meeting not to transact business not mentioned in notice

84. No General Meeting, Annual or Extraordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.

Quorum at General Meeting

85. Five members present in person shall be a quorum for a General Meeting.

Body corporate deemed to be personally present

86. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

If quorum not present, meeting to be dissolved or adjourned

87. If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, the meeting, if convened by or upon the requisition of members shall stand dissolved, but in any other case the meeting shall stand adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday at the same time and place or to such other day and at such other time and place in the city or town in which the office of the Company is for the time being situate, as the Board may determine and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be a quorum and may transact the business for which the meeting was called.

Chairman of General Meeting

88. The Chairman (if any) of the Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there be no such Chairman of the Directors or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting or if he shall be unable or unwilling to take the chair then the Directors present shall elect one of their member to be Chairman, and if no Director be present or if all the Directors present decline to take the chair, then the members present, shall elect one of their member to be Chairman.

Business confined to election of Chairman whilst chair vacant.

89. No business shall be discussed at any General Meeting except the election of a Chairman, whilst the chair is vacant.

90. The Chairman with the consent of the members adjourn any meeting 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 from which the adjournment took place.

Chairman with consent
may adjourn meeting

⁴³91. At any General Meeting, a resolution put to vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result on a show of hands) ordered to be taken 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 fifty thousand rupees has been paid up and unless a poll is so ordered to be taken or demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.

Questions at General
Meeting how decided

92. In the case of an equality of votes, the Chairman shall both on a show of hands and at a poll (if any) has a casting vote in addition to the vote or votes to which he may be entitled as a member.

Chairman's casting
vote

93. If a poll is demanded as aforesaid the same shall subject to Article 95 be taken as such time (not later than forty eight hours from the time when the demand was made) and in the city or town in which the office of the Company is for the time being situate and either by open voting or by ballot, as the Chairman shall direct and either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Poll to be taken if
demanded

94. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall always 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. The Chairman shall have power at anytime before the result of the poll is declared to remove a scrutineer from office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.

Scrutineers at poll

43. Substituted on 26.8.1989

In what case poll taken without adjournment

95. Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting forthwith.

Demand for poll not to prevent, transaction of other business

96. The demand for a poll except on the questions of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTE OF MEMBERS

Member in arrears not to vote

97. No member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in name on which any calls or other sums presently payable by him have not been paid on in regard to which the Company has, and has exercised, any right or lien.

Number of votes to which member entitled

98. Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every member not disqualified by the last preceding Article shall be entitled to be present and to speak and vote at such meeting and on a show of hands every member present in person shall have one vote and upon a poll to voting right of every member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company. Provided, however, if any preference shareholder be present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares.

Casting of votes by a member entitled to more than one vote

99. On a poll taken at a meeting of the Company 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, use all his votes or cast in the same way all the votes he uses.

How members non-composment is and minor may vote

100. A member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on poll vote by proxy, if any member be a minor the vote in respect of his shares shall be by his guardian, or any one of his guardian, if more than one, to be selected in case of dispute by the Chairman of the meeting.

Votes of joint-members

101. If there be joint members of any shares, any one of such persons may vote at any meeting or may appoint another person (whether a member or

not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting, and, if more than one of such joint-holders be present whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint-holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these Articles be deemed joint-holders thereof.

102. Subject to the provisions of these Articles votes may be given either personally or by proxy. A body corporate being a member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act and such representative shall be entitled to exercise if it were an individual member.

Voting in person or by proxy

103. Any person entitled under Article 62 to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

Votes in respect of share of deceased and insolvent member

104. Every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney or if such appointer is a corporation under the common seal of such corporation or be signed by an officer or any attorney duly authorised by it and any committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meetings.

Appointment of proxy

105. An instrument of proxy may appoint a proxy either for the purpose of a particular meeting specified in the instrument and any adjournment thereof or it may appoint for the purpose of every meeting of the Company or of every meeting to be held before a date specified in the instrument and any adjournment thereof or it may appoint for the purpose of every meeting of the Company, or of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.

Proxy either for specified meeting or for a period

106. A member present by proxy shall be entitled to vote only on a poll.

Proxy to vote only on a poll

107. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarily certified copy of that power or authority, shall be deposited at the office not later than forty eight hours before the time for holding the meeting at which the person named in

the instrument proposed to vote and in default the instrument or proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

Form of Proxy

108. Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances admit, will be in any of the forms set out in Schedule IX of the Act.

109. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting.

Time for objection to vote

110. No objection shall be made as to the validity of any vote, except at any meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

Chairman of the meeting to be the judge of validity of any vote

111. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

MINUTES OF MEETING

Minutes of General Meeting and inspection thereof by members

112. (1) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.

(2) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed 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.

(3) In no case the minutes of proceedings of meeting shall be attached to any such book as aforesaid by pasting or otherwise.

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

(5) All appointments of officers made at any meeting aforesaid shall be included in the minutes of the meeting.

(6) Nothing herein contained shall require or to be deemed to require

the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting (a) is or could reasonably be regarded as defamatory of any person or (b) is irrelevant or immaterial to the proceedings or (c) is detrimental to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.

(7) Any such minutes shall be evidence of the proceedings recorded therein.

(8) The book containing the minutes of proceedings of General Meetings shall be kept at the office of the Company and shall be open during business hours, for such period not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any member without charge.

DIRECTORS

113. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of directors shall not be less than three or more than ⁴⁴ [fifteen]. The first Directors of the Company shall be:

Number of Directors

1. Mr. Krishna Kumar Birla
2. Mr. Charles M. Henderson
3. Mr. William Walter La Roche
4. Mr. Harbachan Singh Bawa

114. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit and Investment Corporation of India (ICICI), The Industrial Reconstruction Corporation of India (IRCI), Life Insurance Corporation of India (LIC), Unit Trust of India (UTI), General Insurance Corporation of India (GIC), National Insurance Company Limited (NIC), The Oriental Insurance Company Limited (OIC), The New India Assurance Company Limited (NIA), United India Assurance Company Limited (UII) or a State Financial Corporation or any financial institution owned or controlled by the Central Government or a State Government or the Reserve Bank of India or by two or more of them or by Central Government or State Government by themselves (each of the above is hereinafter in this Article referred to as “the Corporation”) out of any loans/debenture assistance granted by them to the Company or so long as the Corporation holds or continues to

Power to appoint
ex-officio Directors

44. Modified on 31.8.1994

hold debentures/shares in the Company as a result of underwriting or by private placement 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). The Board of Directors of the Company shall have no power to remove the Nominee Director(s) from the office. Also at the option of the Corporation such Nominee Director(s) shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director(s) shall be entitled to the same rights and privileges and be subject to the same obligations as of any other Director of the Company. The Nominee Director(s) 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 or continues to hold Debentures/shares in the Company as a result of underwriting or by private placement 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. The Nominee Director(s) 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 Director(s) is/are member(s) as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes. The Company shall pay to the Nominee Director(s) sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission, moneys and remuneration in any form is payable to Directors of the Company, the fees, commission, moneys and remuneration in relation to such Nominee Director(s) 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 Director(s) 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 Director(s). Provided that if any such Nominee Director(s) 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. Provided also that in the event of the Nominee Director(s) being appointed as whole-time Director(s), such Nominee Director(s) shall exercise such powers and duties as may be approved by the Corporation 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 Director(s) shall be entitled to receive such remuneration, fees, commission, and moneys as may be approved by the Corporation.

115. If it is provided by the Trust Deed, securing or otherwise, in connection with any issue of debentures of the Company, that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every such issue of debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as “Debenture Director”. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place.

Debenture Directors

116. ⁴⁵[Zuari Industries Limited] shall have a right to appoint from time to time one director whether whole time or non-whole-time (which director is hereinafter referred to as Promoter’s Director) on the Board of the Company. A Promoter Director may be removed from the office at any time by the Promoter and another Director may be appointed in his place.

Promoter’s Director

117. The Board may appoint an Alternate Director to act for a Director (hereinafter called “the original Director”) during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the original Director in whose place he has been appointed and shall vacate office if and when the original Director returns to that State. If the term of office of the provisions in the Act or in these Articles for the automatic reappointment of retiring Director in default of another appointment shall apply to the original Director and not to the Alternate Director.

Appointment of Alternate Directors

118. Subject to the provisions of Sections 260 and 264 of the Act the Board shall have power at any time and from time to time to appoint any other qualified person to be an additional Director, but so that the total number of Directors shall not at any time exceed the maximum fixed under Article 113. Any such additional Director shall hold office only upto the date of the next Annual General Meeting.

Director’s power to add to the Board

119. Subject to the provisions of Sections 264 and 284 (6) of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only upto the date which the Director in whose place he is appointed would have held office if it had not been vacated by him.

Director’s power to fill casual vacancies

45. Modified on 24.8.1998

Qualification of Directors

120. A Director shall not be required to hold any share qualification.

Remuneration of Directors

121. (1) Subject to the provisions of the Act, a Managing Director or Director who is in the whole time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by the other.

(2) Subject to the provisions of the Act, a Director who is neither in the whole time employment nor a Managing Director may be paid remuneration either :-

- (i) By way of monthly, quarterly or annual payment with the approval of the Central Government; or
- (ii) By way of commission if the Company by a special resolution authorised such payment.

⁴⁶(3) The fee payable to a Director (including a whole-time Director if any) for attending a meeting of the Board or a Committee thereof shall be Rs.250/- or such higher sum that is to say the maximum sum as may be prescribed by law or by the Central Government from time to time.

Travelling expenses incurred by Director

122. The Board may allow and pay to any Director attending a meeting of the Board or any committee thereof such sum as the Board may consider fair compensation for travelling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified; and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed any travelling or other expenses incurred in connection with the business of the Company.

Directors may act notwithstanding any vacancy

123. The continuing Directors may act notwithstanding any vacancy in their body but if, and so long as their number is reduced below the minimum number fixed by Article 113 hereof the continuing Directors not being less than two may act for the purpose of increasing the number of Directors to that number or of summoning a General Meeting, but for no other purpose.

When office of Director to become vacant

124. Subject to 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 fails to pay any call made on him in respect of shares of the company held by him, whether alone or jointly with others within six months

46. Substituted on 26.8.1989

from the date for the payment of such call unless the Central Government has by notification in the Official Gazette removed the disqualification incurred by such failure; or

(e) he absents himself from three consecutive meetings of the Directors or from all meetings of the Directors for a continuous period of three months; whichever is longer without leave of absence from the Board; or

(f) he becomes disqualified by an order of the Court under Section 203 of the Act; or

(g) he is removed in pursuance of Section 284; or

(h) he (whether by himself or by any person for the benefit of his account) or any firm of which he is a partner or any private company of which he is a Director, accepts a loan or any guarantee or security for a loan from the Company in contravention of Section 295 of the Act; or

(i) he acts in contravention of Section 299 of the Act; or

(j) he is convicted by a Court of an offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; 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) he resigns his office by a notice in writing addressed to the Company.

125. (1) A Director or his relative, firm in which such Director or relative is a partner or any other partner in such firm or a private company of which the Director is a member or Director, may enter into any contract with the Company for the sale, purchase or supply of any goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company, the sanction of the Board and the previous approval of the Central Government as may be required shall be obtained in accordance with Section 297 of the Act.

Director may contract with company

(2) No sanction shall, however be necessary for -

(a) any purchase of goods and materials from the Company or the sale of goods or materials to the Company by any such Director, relative, firm, partner or private company as aforesaid for cash at prevailing market price; or

(b) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other for sale, purchase or supply of any goods, materials and services in which either the Company or the Director, relative, firm, partner or private company as the case may be regularly trades or does business, where the value of the goods and materials or the cost of such services does not exceed Rs. 5000/- in the aggregate in any year comprised in the period of the contract or contracts. Provided that in circumstances of urgent necessity, a Director, relative, firm, partner or private company as aforesaid may without obtaining the consent of the Board enter into any such contract with the Company for the sale, purchase or supply of goods, materials or services even if the value of such goods or the cost of such services exceeds Rs. 5000/- in the aggregate in any year comprised in the period of the contract if the consent of the Board shall be obtained to such contract or contracts at a meeting within three months of the date on which the contract was entered into.

Disclosure of interest

126. A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered or interested at a meeting of the Board in the manner provided in Section 299(2) of the Act; provided that it shall not be necessary for a Director to disclose his concern or interest in any contract or arrangement entered into or to be entered into between two companies where any of the Directors of the Company or two or more of them together holds or hold not more than two per cent of the paid up share capital in any such other company.

127. A general notice given to the Board by the Director, to the effect that he is a Director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice be entered into with the body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired. No such general notice and no renewal thereof shall be of effect unless, either it 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.

Interested Directors not to participate or vote in Board's proceedings

128. No director shall as a Director, take any part in the discussion of or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly concerned or interested in such contract or arrangement; nor shall he presence

count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void; provided however, that nothing herein contained shall apply to -

(a) any contract of indemnity against any loss which the Directors or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company.

(b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely;

(i) in his being —

(a) a Director of such company and

(b) the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof he having been nominated as such Director by the Company, or

(ii) in his being a member holding not more than 2% of its paid-up share capital.

129. The Company shall keep a Register in accordance with Section 301(1) and shall within the time specified in Section 301(2) enter therein such of the particulars as may be relevant having regard to the application thereto of Section 297 or Section 299 of the Act, as the case may be. The Register aforesaid shall also specify, in relation to each Director of the Company the names of the bodies corporate and firms of which notice has been given by him under Article 127. The Register shall be kept at the office of the company and shall be open to inspection at such office, and extracts may be taken therefrom and copies thereof as may be required by any member of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 163 of the Act shall apply accordingly.

Register of contracts in which Directors are interested

130. A Director may be or become a director of any company promoted by the Company or in which he may be interested as vendor, shareholder or otherwise and no such Director shall be accountable for any benefits received as director or shareholder of such company except in so far as Section 309(6) or Section 314 of the Act may be applicable.

Director may be director of companies promoted by the Company

131. At every 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

Retirement and rotation of Directors

there number is not three or a multiple of three, the number nearest to one-third shall retire from office. The Debenture Directors, if any, shall not be subject to retirement under this article and shall not be taken into account in determining the rotation of retirement or the number of Directors to retire.

Ascertainment of Directors retiring by rotation and filling of vacancies

132. Subject to provisions of the Act, the Directors to retire by rotation under Article 131 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 who are to retire, shall, in default of and subject to any agreement among themselves, be determined by lot.

Eligibility for re-election

133. A retiring Director shall be eligible for re-election.

Company to appoint successors

134. Subject to Sections 258 and 262 of the Act the Company at the General Meeting at which a Director retires in manner aforesaid may fill up the vacated office by electing a person thereto.

Provision in default of appointment

135. (a) 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 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.

(b) If at the adjourned meeting also, the place of 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 reappointed at the adjourned meeting, unless -

- (i) at the meeting or at the previous meeting resolution for the reappointment of such Director has been put to the meeting and lost;
- (ii) the retiring Director has, by a notice in writing addressed to the Company or its Board, expressed his unwillingness to be so re-appointed;
- (iii) he is not qualified or is disqualified for appointment;
- (iv) a resolution, whether special or ordinary, is required for the appointment or re-appointment by virtue of any provisions of the Act; or
- (v) the provision to sub-section (2) of Section 263 of the Act, is applicable to the case.

136. Subject to Section 259 of the Act the Company may, by Ordinary Resolution from time to time, increase or reduce the number of Directors and may alter their qualifications and the Company may (subject to the provisions of Section 284 of the Act) remove any Director before the expiration of his period of office and appoint another qualified person in his stead. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed.

Company may increase or reduce the number of Directors

137. (1) Any person not being a retiring Director, shall not 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 of the Company 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 alongwith a deposit of Rs.500/- 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.

Notice of candidate for office of Director or except in certain cases.

(2) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under section 257 of the Act signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director shall sign and file with the Company, the consent in writing to act as a Director, if appointed.

(3) A person other than a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office, or an Additional or Alternate Director, or a person filling a casual vacancy in the office of a Director under Section 262 of the Act, appointed as a Director or re-appointed as an Additional or Alternate Director, immediately on the expiry of his term of office, shall not act as a Director of the Company, unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.

138. (a) The Company shall keep at its office a Register containing the particulars of its Directors, Manager, Secretary and other persons mentioned in Section 303 of the Act, and shall otherwise duly comply with the provisions of the said Section in all respects.

Register of Directors and notification of change in Register

(b) The Company shall in respect of each of its Director also keep at its office a Register (as required by sub section (1) of Section 307 of the Act), and shall otherwise duly comply with the provisions of the said Section.

Register of shares or debentures held by Directors

139. Every Director (including a person deemed to be a Director by virtue of the explanation to sub-section (1) of Section 303 of the Act), Managing Director, Manager or Secretary of the Company shall within twenty days of

Disclosure by a Director of appointment to any other body corporate

his appointment to any of the above offices to any other body corporate, disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under sub section (1) of Section 303 of the Act.

Disclosure by a Director of his holdings of shares and debentures of the Company

140. Every Director and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section.

Board may appoint Managing Director

141. (a) The Company may appoint from the Directors, Managing Director(s).

(b) Subject to the provisions of Article 142 and the superintendence of the Board, the Managing Director shall have the management of the affairs of the Company. Subject to the provisions of law and requisite permission/approvals of the Shareholders and Central Government, the remuneration of the Managing Director shall be such as may be determined by the Board from time to time and may be by way of monthly payment, fee for each meeting or participation in profits of by any or all these modes or any other mode not expressly prohibited by the Act.

(c) Any Managing Director so appointed shall not be liable to retire at any general meeting of the Company.

Restriction on management

142. The Managing Director or Managing Directors shall not exercise the powers to :-

(a) make call on shareholders in respect of money unpaid on the shares in the Company;

(b) issue debentures; and except to the extent mentioned in the resolution passed at the Board meeting, under Section 292 of the Act;

(c) borrow moneys, other than on debentures;

(d) invest the funds of the Company; and

(e) make loans.

Certain persons not to be appointed Managing Director

143. The Company shall not appoint or employ, or continue the appointment or employment of a person as its Managing Director or Whole-time Director who:-

(a) is an undischarged insolvent, or has any time been adjudged an insolvent;

(b) suspends, or has at any time suspended, payment to his creditors, or makes, or has at any time made, a composition with them; or

(c) is or has at any time been, convicted by a Court of an offence involving moral turpitude.

PROCEEDINGS OF MEETINGS OF THE BOARD OF DIRECTORS

144. The Directors may meet together as Board for the despatch of business from time to time and shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit.

Meeting of Directors

145. Notice of every meeting of the Board shall be given in writing to every Director for the time being in India and at his usual address in India, to every other Director.

Notice of meetings

146. Subject to Section 287 of the Act, the quorum for a meeting of the Board shall be one third of its total strength (excluding directors, if any whose places may be vacant at the time and any fraction contained in that, one third being rounded off as one), or two directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two thirds of the total strength the number of the remaining Directors, that is to say, the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time.

Quorum

147. If a meeting of the Board could not be held for want of a quorum, then the meeting shall stand adjourned to such other date and time (if any) as may be fixed by the Chairman.

Adjournment of meeting for want of quorum

148. The Managing Director /Whole time Director /Secretary shall as and when directed by any Director to do so, convene a meeting of the Board by giving a notice in writing to every other Director.

When meeting to be convened

149. The Directors may from time to time elect from among their member a Chairman of the Board and determine the period for which he is to hold office. If at any meeting of the board, the Chairman is not present within fifteen minutes after the time appointed for holding the same, the Directors present may choose any of their number to be Chairman of the meeting.

Chairman

Questions at Board meetings, how decided	150. Questions arising at the meeting of the Board of Directors or a committee thereof shall be decided by a majority of votes.
Powers of Board Meeting	151. A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board generally.
Directors may appoint Committee	152. Subject to the restrictions contained in Section 292 of the Act, the Board may delegate any of their powers to Committees of the Board consisting of such Member or Members of its Board as it thinks fit and it may from time to time revoke and discharge any such Committee of the Board either wholly or in part and either as to persons or purposes, but every Committee of the Board so formed shall in the exercise of the powers to delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by such Committee of the Board in conformity with such regulations and in fulfillment of the purpose of their appointment but not otherwise, shall have the like force and effect as if done by the Board.
Meeting of Committee, how to be governed	153. The meeting and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Articles.
Resolution by Circulation	154. No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless such resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors or to all the members of the Committee at their respective addresses registered with the Company and has been approved by majority of Directors or members of the Committee or by a majority of such of them, as are entitled to vote on the resolution.
Acts of Board or Committee valid notwithstanding in formal appointment	155. All acts done by any meeting of the Board or by a Committee of the Board or any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated his office or his appointment had not been terminated, 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.

156. (1) The Company shall cause minutes of all proceedings of every meeting of the Board and Committee thereof to be kept by making within thirty days of the conclusion of every such meeting entries thereof in books kept for that purpose with their pages consecutively numbered.

(2) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the next succeeding meeting.

(3) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

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

(5) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.

(6) Nothing contained in sub-clauses (1) to (5) above shall be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the Chairman of the meeting -

- (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.

(7) The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds, specified in this sub-clause.

(8) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.

157. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed 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. Provided that the Board shall not, except with the consent of the Company in General Meeting :

(a) Sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company, owns more than one undertaking of the whole, or substantially the whole of any such undertaking;

(b) Remit or give time for the repayment of, any debt due by a Director;

(c) Invest otherwise than in trust securities the amount of compensation received by the Company in respect of any such undertaking as is referred to in Clause (a), or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;

(d) Borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose. Provided further that the powers specified in Section 292 of that Act shall subject to these Articles be exercised only at meetings of the Board, unless the same be delegated to the extent therein stated; or

(e) contribute to charitable and other funds directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.

158. Without prejudice to the general powers conferred by the last preceding Articles and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power :-

(1) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.

(2) To pay and charge to the capital growth account of the Company commission or interest lawfully payable thereout under the provisions of Sections 76 and 208 of the Act.

(3) Subject to Sections 292 and 297 of the Act to purchase or otherwise acquire for the Company any property, rights or privileges which

the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they think fit; and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.

(4) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, mortgages or other securities of the Company, and any such shares, may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon; and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

(5) To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.

(6) To accept from any member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.

(7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purposes; and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees.

(8) To institute, conduct, defend, compound or abandon any legal proceeding by or against the Company or its officers, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon.

(9) To act on behalf of the Company in all matters relating to bankrupts and insolvents.

(10) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.

(11) Subject to the provisions of Sections 292, 295, 370 and 372 of the Act, to invest and deal with any moneys of the Company not immediately

required for the purposes thereof upon such security (not being shares of this Company) or without security and in such manner as they may think fit, and from time to time to vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.

(12) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.

(13) To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.

(14) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company, and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expenses of the Company.

(15) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such person, by building or contributing to the building of houses, dwellings or chawls, or by grants of money pension, gratuities, allowances, bonus or other payments, or by creating, and from time to time subscribing or contributing to provident and other associations, institutions, funds or trust and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit; and to subscribe or contribute or otherwise to assist or to guarantee any charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise.

(16) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund, or to an Insurance Fund, or as Reserve Fund or Sinking Fund or any special Fund to meet contingencies or to repay debentures or debenture-stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the

Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may, in its absolute discretion, think conducive to the interest of the Company, and subject to Section 292 of the Act, to invest the Several sums so set aside or so much thereof as required to be invested, upon such investments (other than shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company, notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof, may be matters to or upon which the moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into special funds as the Board may think fit, with full power to transfer the whole or any portion of a Reserve Fund or division of a Reserve Fund to another Reserve Fund or Division of a Reserve Fund and with full power to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of debentures or debenture-stock and without being bound to pay interest on the same with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.

(17) To appoint, and at their discretion remove or suspend such managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their power and duties and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit; and the provisions contained in the four next following sub-clauses shall be without prejudice to the general powers conferred by this sub- clause.

(18) To comply with the requirements of any local law which in their opinion it shall in the interests of the Company be necessary or expedient to comply with.

(19) From time to time and at any time to establish any Local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such Local Boards, and to fix their remuneration.

(20) Subject to Section 292 of the Act, 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 other than their power to

make calls or to make loans or borrow moneys, and to authorise the members for the time being of any such Local Board, 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 annul or vary any such delegation.

(21) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of the members or any of the members of any Local Board established as aforesaid nominees or managers of any company or firms or otherwise 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 powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to subdelegate all or any of the powers, authorities and discretion for the time being vested in them.

(22) Subject to Sections 294 and 297 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

(23) From time to time to make, vary and repeal bylaws for the regulations of the business of the Company, its officers and servants.

MANAGEMENT

Prohibition of simultaneous appointment of different categories of managerial personnel

159. The Company shall not appoint or employ at the same time more than one of the following categories of managerial personnel, namely :-

- (a) Managing Director
- (b) Manager

Secretary

160. The Directors shall from time to time appoint a Secretary and, at their discretion, remove any such Secretary, to perform any functions, which by the Act are to be performed by the Secretary and to execute any other ministerial or administrative duties, which may from time to time be assigned to the Secretary by the Directors. The Directors may also appoint at any time any person or persons (who need not be the Secretary) to keep the Registers required to be kept by the Company.

SEAL

161. (a) The Board shall provide a Common Seal for the purposes of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and the Board shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.

The Seal, its custody and use

(b) The Company shall also be at liberty to have an official Seal in accordance with section 50 of the Act for use in any territory, district or place outside India.

162. Every Deed or other instrument, to which the Seal of the Company is required to be affixed shall, unless the same is executed by a duly constituted attorney, be signed by two Directors or one Director and Secretary or some other person appointed by the Board or the purpose provided that in respect of the share Certificate the Seal shall be affixed in accordance with Rule 6 of the Companies (Issue of Share Certificates) Rule, 1960.

Deeds how executed

DIVIDENDS

163. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles, shall be divisible among the members in proportion to the amount of capital paid-up or credited as paid-up and to the period during the year for which the capital is paid-up on the shares held by them respectively.

Division of profits

164. The Company in General Meeting may declare dividends to be paid to its members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in general meeting may declare a smaller dividend.

The Company in General Meeting may declare a dividend

165. No dividends shall be declared or paid otherwise by the Company for any financial year except out of the profits for that year arrived at after providing for depreciation in accordance with provisions of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both provided that -

Dividend only to be paid out of profits

(a) If the Company has not provided for depreciation for any previous financial year or years it shall before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;

(b) If the Company has incurred any loss in any previous financial year or years, the amount of loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less shall be set-off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of Sub-section (2) of Section 205 of the Act or against both. Provided further that, no dividend shall be declared or paid for any financial year out of the profits of the Company for that year arrived at after providing for depreciation as above, except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed in accordance with Section 205 of the Act or such higher percentage of its profits as may be allowed in accordance with that Section.

Interim dividend	166. The Board may, from time to time pay to the Members such interim dividend as in their judgement the position of the Company justifies.
Capital paid up in advance at interest not to earn dividend	167. Where Capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participate in profits.
Dividends in proportion to amount paid up	168. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.
Retention of dividends until completion of transfer under Article 61	169. The Board may retain the dividend payable upon shares in respect of which any person is, under Article 61 entitled to become a Member, or which any person under that Article is entitled to transfer, until such person shall become a member, in respect of such shares or shall duly transfer the same.
Dividend to joint-holders	170. Any one of several persons who are registered as the joint-holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other moneys payable in respect of such shares.
No member to receive dividend whilst indebted to the Company and Company's right of reimbursement thereof	171. No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever either alone or jointly with any other person or persons; and the Board may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.

⁴⁷172. Subject to the provisions of Article 173 a transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Transfer of share must be registered

⁴⁸173. Where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered by the Company, it shall :

Dividends how remitted

⁴⁹[(a) transfer the dividend in relation to such shares to the Special Account referred to in Section 205A of the Act unless the Company is authorised by the registered holder of such shares in writing to pay such dividend to the transferee specified in such instrument of transfer; and]

(b) keep in abeyance in relation to such shares any offer of rights shares under clause (a) of sub-section (1) of Section 81 of the Act and any issue of fully paid-up bonus shares in pursuance of sub section (3) of Section 205 of the Act.

174. ⁵⁰[Subject to the provisions of the Depositaries Act and] unless otherwise directed any dividend may be paid by cheque or warrant or by a pay slip or receipt having the force of cheque or warrant sent through the post to the registered address of the member or person entitled or in case of jointholders to that one of them first named in the Register in respect of the joint holdings. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission, or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

⁵¹175. ⁵²[No unclaimed dividend shall be forfeited by the Board] where a dividend has been declared by the Company but which has not been paid or claimed within 42 days from the date of the declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of the expiry of the said period of 42 days open a Special Account in that behalf in any Scheduled Bank called “the unpaid dividend account of Chambal Fertilisers and Chemicals Limited” and transfer therein the total amount of dividend that has remained unpaid or unclaimed as aforesaid. Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money

Unclaimed dividend

47. Modified on 26.8.1989

48. Inserted on 26.8.1989

49. Inserted on 26.8.1989

50. Inserted on 24.8.1998

51. Substituted on 26.8.1989

52. Inserted on 30.4.1992

so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.

In this Article the expression, “dividend which remains unpaid” shall mean any dividend the warrant in respect thereof has not been encashed or which has otherwise not been paid or claimed.

No interest on dividend

176. No unpaid dividend shall bear interest as against the Company.

Dividend and call together

177. Any General Meeting declaring a dividend may on the recommendation of the Directors 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, if so arranged between the Company and the member, be set off against the calls.

Capitalisation

178. (a) The Company in General Meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund or any Capital Redemption Reserve Account, or in the hands of the Company and available for dividend (or representing premium received on the issue of shares and standing to the credit of the Share Premium Account) be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or 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 or debentures or debenture-stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum, provided that a Share Premium Account and a Capital Redemption Reserve Account may for the purposes of this Article only be applied in the paying of any unissued shares to be issued to members of the Company as fully paid bonus shares.

(b) A general Meeting may resolve that any surplus moneys arising from the realisation 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.

(c) For the purpose of giving effect to any resolution under the preceding paragraphs of this article 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 fix the value for distribution of any specific assets, and may determine that such cash payment shall be made to any members upon the footing of the value so fixed or that fraction of less value than Rs. 10/- may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the person entitled to the dividend or capitalised fund as may seem expedient to the Board. Where requisite a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Companies Act, 1956, 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 appointment shall be effective.

ACCOUNTS

179. (i) The company shall keep at the office or at such other place in India as the Board thinks fit proper Books of Account in accordance with Section 209 of the Act with respect to -

Directors to keep true accounts

- (a) all sums of money received and expended by the Company and the matters in respect of which the receipts and expenditure take place;
- (b) all sales and purchases of goods by the Company;
- (c) the assets and liabilities of the Company

(ii) Where the Board decides to keep all or any of the Books of Account at any place other than the office of the Company, 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.

(iii) The Company shall preserve in good order the books of Account relating to a period of not less than eight years preceding the current year together with the vouchers relevant to any entry of such books of account.

(iv) Where the Company has a branch office, whether in or outside India, the company shall be deemed to have complied with this Article if proper Books of Account relating to the transactions effected at the branch office are kept at the branch office and proper summarised returns, made up to date at intervals of not more than three months, are sent by the branch office to the Company at its office or other place in India, at which the Company's Books of Account are kept as aforesaid.

(v) The Books of Account shall give a true and fair view of the state of the affairs of the Company or branch office, as the case may be, and explain

its transactions. The Books of Account and other books and papers shall be open to inspection by any Director during business hours.

As to inspection of accounts or books by members

180. The Board shall from time to time determine whether and to what extent and at what times and place and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors, and no members (not being a Director) shall have any right of inspection of any account or books or documents of the Company except as conferred by law or authorised by the Board.

Statement of Accounts to be furnished to General Meeting

181. The Directors shall from time to time, in accordance with Sections 210, 211, 212, 215, 216 and 217 of the Act cause to be prepared and to be laid before the Company in General Meeting, such Balance Sheets, Profit and Loss Accounts and Reports as are required by these Sections.

Copies shall be sent to each member

⁵³182. A copy of every such Profit and Loss Account and Balance Sheet (including Auditors' report and every other document required by law to be annexed or attached to the Balance Sheet) shall at least twenty one days before the meeting at which the same are to be laid before the members be sent to be members 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 persons other than such members or trustees being the persons so entitled. Provided that if the shares of the Company are listed on a recognised Stock Exchange the Board may if it deems fit instead of sending the said documents as aforesaid, make copies of the said documents available for inspection at the office of the Company during working hours for a period of twenty one days before the date of the meeting and send a statement containing the salient features of such documents in the form prescribed under Section 219 of the Act to every member of the Company and to every trustee for the holders of any debentures issued by the Company not less than twenty one days before the date of the meeting. If the copies of the documents aforesaid are sent less than twenty-one days before the date of the meeting, they shall, notwithstanding that fact, be deemed to have been duly sent if it is so agreed by all the members entitled to vote at the meeting and any member or holder of debentures of a Company and any person from whom the Company has accepted a sum of money by way of deposit shall, on demand be furnished free of cost, with a copy of the last Balance Sheet of the Company and of every document required by law to be annexed or attached thereto, including the Profit and Loss Account and the Auditors' Report.

53. Substituted on 26.8.1989

AUDIT

183. Auditors shall be appointed and their rights and duties regulated in accordance with Sections 224 to 233 of the Act.

Accounts to be audited

DOCUMENTS AND NOTICE

184. A document or notice may be served or given by the Company on 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, in India supplied by him to the Company for serving documents or notices on him.

Service of documents or notices on Members by Company

185. Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, preparing and posting a letter containing the document or notice provided that where a member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray his expenses of doing so; service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and, such service shall be deemed to have been effected in the case of a Notice of a meeting, at the expiration of forty-eight hours after the letter containing the document or notice is posted and in any other case, at the time at which the letter would be delivered in the ordinary course of post.

186. A document or notice advertised in a newspaper circulating in the neighborhood of the Office shall be deemed to be duly served or sent on the day on which the advertisement appears on or to every member who has no registered address in India and has not supplied to the Company an address within India for the serving of documents on or the sending of notices to him.

By advertisement

187. A document or notice may be served or given by the Company on or to the joint-holders of a share by serving or giving the document or notice on or to the joint-holder named first in the Register of Members in respect of the share.

On joint-holder

188. A document or notice may be served or given by the Company on or to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in 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 (if any) in India supplied for the purpose by the persons claiming to be entitled, or (until such an address

On personal representatives

has been so supplied by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.

To whom documents or notices must be served or given

189. Documents or notices of any General Meeting shall be served or given in same manner hereinbefore authorised or to (a) every member, (b) every person entitled to a share in consequence of the death or insolvency of a member, and (c) the Auditor or Auditors for the time being of the Company.

Members bound by documents or notices served on or given to previous holders

190. Every person who, by operation of law, transfer or other means whatsoever, shall become entitled to any share, shall be bound by every document or notice in respect of such share, which previously to his name and address being entered on the Register of members, shall have been duly served on or given to the person from whom he derives his title to such shares.

Document or notice by Company and signature thereto

191. Any document or notice to be served or given by the Company may be signed by a director or some person duly authorised by the Board of Directors for such purposes and the signature thereto may written, printed or lithographed.

Service of document or notice by member

192. All document or notices to be served or given by members on or to the Company or any officer thereof shall be served or given by sending it to the Company or officer at the Office by post under a certificate of posting or by registered post, or by leaving it at the office.

WINDING - UP

Liquidator may divide assets in specie

193. The liquidator on any winding-up (whether voluntary, under supervision or compulsory) may, with the sanction of a Special Resolution, but subject to the rights attached to any preference share capital, divide among the contributories in specie and part of the assets of the Company and may with like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction shall think fit.

INDEMNITY AND RESPONSIBILITY

Directors' and others' right of indemnity

194. Every Director, Officer or Agent for the time being of the Company shall be indemnified out of the funds of the Company against all liabilities incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

SECURITY CLAUSE

195. (a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the 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 Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

Secrecy Clause

(b) No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any details of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, would be inexpedient in the interest of the Company to disclose.

Name, address, description, occupation and signature of each subscriber	Name, address, description, occupation and signature of witness
<p>1. Zuari Agro Chemicals Limited Sd/- MANJERI ANANTARAMAN SUNDARAM Vice President (Finance) Jai Kisaan Bhawan, Zuarinagar Goa Company</p> <p>2. Sd/- BHARAT BHUSHAN SHARMA S/o Ishwar Dutt Sharma Sahyadri Apartments, Adarsh Nagar, Chicalim, Goa Service</p> <p>3. Sd/- SHANKER SWAROOP SAHARIA S/o Late Raghubir Kishore Mathur C-74, Malviya Nagar, New Delhi-110017 Service</p> <p>4. Sd/- TEJINDER SINGH BEDI S/o Amarjit Singh Bedi C-74, Amba Bari, Jaipur Service</p> <p>5. Sd/- HANUT SINGH S/o Harnath Singh B-4/135, Safdarjung Enclave, New Delhi-110029 Service</p> <p>6. Sd/- TRILOCHAN SINGH S/o Tara Singh E-132, Greater Kailash Part - II, New Delhi-110048 Service</p> <p>7. Sd/- VEDANTAM VENKATA PURNA KUTUMBA RAO S/o Ramkrishna Murthy F-375, Nanakpura, New Delhi-110021 Service</p> <p>8. Sd/- HARI CHAND S/o Sham Dass A-181, Hari Nagar, New Delhi - 110064 Service</p>	<p>Sd/- RAGHUBIR SINGH S/o Gen. Amar Singh Kalyan Kunj, 17, Civil Lines Jaipur - 302006 Service</p>

New Delhi, dated the 30th of April, 1985

IN THE HIGH COURT OF RAJASTHAN AT JAIPUR

ORIGINAL COMPANY JURISDICTION

COMPANY PETITION NO. 4 OF 2005

CONNECTED WITH

S.B. COMPANY APPLICATION NO. 2 OF 2005

IN THE MATTER OF:

The Companies Act, 1956

AND

IN THE MATTER OF:

Section 391-394 of the Companies Act, 1956

AND

IN THE MATTER OF:

Scheme of Arrangement and Amalgamation among Chambal Fertilisers and Chemicals Limited and India Steamship Company Limited and their respective shareholders and creditors.

AND

IN THE MATTER OF:

Chambal Fertilisers and Chemicals Limited, a public Limited Company incorporated under the Companies Act, 1956 and having its registered office at Gadepan, District Kota, Rajasthan – 325208.

**...Petitioner/Transferee/
Amalgamated Company**

IN THE HIGH COURT OF JUDICATURE FOR RAJASTHAN BENCH AT JAIPUR

ORDER

IN

S.B. Company Petition No. 4/2005

In the matter of

The Companies Act, 1956

And

In the matter of

Section 391-394 of the Companies Act, 1956

And

In the matter of

Scheme of Arrangement and Amalgamation
Among Chambal Fertilisers and Chemicals Limited
and India Steamship Company Limited
and their respective shareholders and creditors

And

In the matter of

Chambal Fertilisers and Chemicals Limited

.... Petitioner Transferee Company

DATE OF ORDER – 13.7.2005

PRESENT

HON'BLE MR. JUSTICE S.K. KESHOTE

Shri Arun Khosla with
Shri Anuroop Singhi for the petitioner Transferee Company
Shri V. K. Khubchandani, Official Liquidator for the Regional
Director

BY THE COURT,

This is a petition under Section 391-394 of the Companies Act, 1956; therein the petitioner Chambal Fertilisers and Chemicals Limited (hereinafter shall be referred to as 'the Petitioner Transferee Company') has prayed for sanction of the Scheme of Arrangement and Amalgamation, being Annexure "A" to the petition, between it and the India Steamship Company Limited (hereinafter shall be referred to as the 'the Transferor Company') so as to binding on the Petitioner Transferee Company and the Transferor Company and all the shareholders and creditors of the Petitioner Transferee Company and also those of the Transferor Company.

The next prayer has been made for the transfer of and vesting of all the properties of the Transferor Company in the Petitioner Transferee Company in the manner provided for in the Scheme of Arrangement and Amalgamation with effect from the appointed date.

Third prayer made is for transfer to the Petitioner Transferee Company with effect from the appointed date of all the debts, liabilities, duties and obligations of the transferor Company without further acts or deeds so as to become the debts, liabilities and obligation of the Petitioner Transferee Company.

On notice of this petition the Regional Director, Company Law Board, Ministry of Company Affairs, (Northern Region), Kanpur, filed the objection against the said Scheme of Arrangement and Amalgamation.

Heard learned counsel for the petitioner Transferee Company and the Official Liquidator on the objections filed by the Regional Director.

The first objection raised by the Regional Director is that out of 155 shareholders of the Petitioner Transferee Company, three shareholders, holding 400 shares, voted against the Scheme of the Arrangement and Amalgamation.

In the meeting of the equity shareholders of the following resolution was put to poll,

“RESOLVED that subject to the approval of Hon’ble High Court of Rajasthan at Jaipur, the Scheme of Arrangement and Amalgamation among Chambal Fertilisers and Chemicals Limited and India Steamship Company Limited, and their respective shareholders and creditors, being Annexure “A” in S.B. Company Application No. 2 of 2005 (a copy whereof initialed by Chairman for the purpose of identification is placed before this meeting), be and is hereby approved.”

The results of the voting at the meeting of the equity shareholders upon the aforesaid Resolution was as follows,

- a. 138 (one thirty eight) Equity Shareholders, representing 93.24% of the Equity shareholders in number and 99.98% in value, present and voting at the said Meeting, voted in favour of the Resolution and the Scheme.
- b. 3 (three) Equity Shareholders, representing 2.03% of the Equity Shareholders in number and 0.01% in value, present and voting at the said Meeting, voted against the Resolution and the Scheme.
- c. In relation to the Resolution, Votes of 7 (seven) Equity Shareholders representing 4.73% of the Equity Shareholders in number and 0.01% in value, present and voting at the said Meeting, were declared invalid.
- d. In relation to the Resolution, 7 (seven) Equity Shareholders abstained from voting.”

The equity shareholders representing 93.24% in number and 99.98% in value have voted in favour of the Scheme of Arrangement and Amalgamation.

The equity shareholders representing 2.03% in number and 0.01% in value have voted against the Scheme of Arrangement and Amalgamation.

Looking to the ratio of the equity shareholders, in number and in value, voted in favour and against the Scheme of Arrangement and Amalgamation, the objection raised is of no substance and value. The majority of equity shareholders representing 93.24% in number and 99.98% in value, have voted in favour of the Scheme of Arrangement and Amalgamation and only on the objection of three shareholders, who are having meager percentage of equity shareholding in number and value, the Scheme of Arrangement and Amalgamation cannot be disapproved.

The equity shareholder has no veto power in the matter of approval of the Scheme of Arrangement and Amalgamation. Had the veto power been there with the equity shareholder irrespective of fact what is his percentage in the equity shareholding in number and value, I would have appreciated this objection raised by three equity shareholders against the Scheme of Arrangement and Amalgamation, but that is not the case here.

A notice of hearing of the petition was published in the daily newspapers of Hindi and English languages, namely, ‘Rajasthan Patrika’ (Jaipur Edition) and ‘Hindustan Times’ (Jaipur Edition), respectively, for 15th of July; 2005. Despite of the notice of hearing published, those three equity shareholders voted against the Scheme of Arrangement and Amalgamation, in the meeting, have not come forward to make any objection. This conduct of these three

equity shareholders voted against the Scheme of Arrangement and Amalgamation in meeting goes to show that they have no real and substantial objection against the Scheme of Arrangement and Amalgamation.

That apart it is a matter of raising objections by the few equity shareholders of the petitioner Transferee Company in the meeting and where they have not come forward before the court to raise the same; in such facts and circumstances I fail to see any justification or fairness on the part of the Regional Director to raise an objection on this ground. The Regional Director may not be ignorant of the provisions of the Companies Act, 1956 as well as the purpose and object of the Scheme of Arrangement and Amalgamation; he is also known of the fact that the equity shareholders, who have objected the Scheme of Arrangement and Amalgamation, are representing very very meager percentage in number and value and their objections may not be bona fide one and still he raised this objection, which goes not show that he has not applied his own mind to the matter and appears to have left the same to some Clerk who prepared there objections and presented in the Court.

As a result of the aforesaid discussion I am satisfied that the first objection raised by the Regional Direction has no force and substance.

The second objection raised is that in the meeting of the unsecured creditors of the Petitioner Transferee Company held on 19.3.2005, out of 31 unsecured creditors entitled together to their debts of Rs.2,78,05,19,749/- who participated in the voting, one unsecured creditor, having debts of Rs. 10,000/-, voted against the Scheme of Arrangement and Amalgamation, and thus the same may not be sanctioned.

In the meeting of the Unsecured Creditors, the following Resolution has been passed,

“RESOLVED that subject to the approval of Hon’ble High Court of Rajasthan at Jaipur, the Scheme of Arrangement and Amalgamation among Chamba1 Fertilisers and Chemicals Limited and India Steamship Company Limited and their respective shareholders and creditors, being Annexure “A” in S.B. Company Application No.2 of 2005 (a copy whereof initialed by the Chairman for the purpose of identification is placed before this meeting), be and is hereby approved.”

The result of voting of the meeting of the Unsecured Creditors upon the aforesaid Resolution was as follows,

- a. 29 (twenty nine) Unsecured Creditors, representing 96.67% of the Unsecured Creditors in number and 99.99% in value, present and voting at the said Meeting, voted in favour of the Resolution and the Scheme.
- b. 1 (one) Unsecured Creditor, representing 3.33% of the Unsecured Creditors in number and 0.01% in value, present and voting at the said Meeting, voted against the Resolution and the Scheme.
- c. In relation to the Resolution, 1 (one) Unsecured Creditor abstained from voting.”

Looking to the debts of the unsecured creditors of Rs. 2,78,05,19,749/-, even if one unsecured creditor, having debts of Rs. 10,000/-, voted against the Scheme of Arrangement and Amalgamation, the petitioner Transferee Company cannot be non suited. It is an objection raised by an unsecured creditor, who has debt at a nominal sum. Twenty nine unsecured creditors, representing 96.67% of the unsecured creditors in number and 99.99% in value, present and voting at the meeting held on 19.3.2005, voted in favour of the resolution and the Scheme of Arrangement and Amalgamation. Thus the objection raised by the unsecured creditor, having the debts of Rs 10,000/-, may not be bona fide one.

A notice of hearing of the petition was published in the daily Newspapers of Hindi and English languages, namely, ‘Rajasthan Patrika’ (Jaipur Edition) and ‘Hindustan Times’ (Jaipur Edition), respectively, but that unsecured creditor has not chosen to file the objection. This conduct of that unsecured creditor also makes it clear that he is not serious in opposing the Scheme of Arrangement and Amalgamation. The objector is not before this Court but the Regional Director has raised the objection, which, otherwise also, is of no value and substance.

Be that as it may be, rather to go on this objection, at the most he ought to have claimed the debt owe by the petitioner Transferee Company. It is unfortunate that the petitioner Transferee Company or its counsel till date and

even after this objection is raised by the Regional Director, its own or has been advised to repay this amount of Rs. 10,000/- to that unsecured creditor. The petitioner Transferee Company is directed to make the payment of Rs.10,000/- together with interest thereon, as agreed upon between them, within a period of one month, to the unsecured creditor, who objected the Scheme of Arrangement and Amalgamation among the petitioner Transferee Company and the Transferor Company.

The third objection raised is that in the Scheme of Arrangement and Amalgamation it is provided that the memorandum of association of the petitioner Transferee Company shall stand amended and following two clauses shall be inserted as Clause 3 & 4,

“3. To purchase, charter, hire, build, or otherwise acquire, steam and other ships or Vessels, with all equipments and furniture, and to employ the same in the conveyance of passengers, mails, troops, munitions of war, live stock, meat, corn and other produce, and of treasure and merchandise of all kinds, between such ports in any part of the world as may seem expedient, and to acquire and postal subsidies.

4. To carry on the business of merchants, carries by land, water and air, ship-owners, warehousemen, wharfingers, barge-owners, lighter-men, forwarding agents, underwriters and insurers of ships, goods and other property.”

In the submission of the Regional Director the object clause of the memorandum of association of a Company can be changed only after following the procedures prescribed under the relevant provisions of the Companies Act, 1956 and on filing of requisite form with the office of the Registrar of Companies.

The objection raised by the Regional Director is without any substance and merits.

Having gone through the Scheme of the Companies Act, 1956 I am satisfied that Sections 391 to 394 thereof constitute a complete Code, the object of which is to eliminate frequent applications being made to the court in order to effectively implement a Scheme of Amalgamation which the court sanctions in exercise of its powers under Section 394 of the Companies act, 1956. A mere reading of Section 394 of the Companies Act, 1956 nowhere requires that there should be identity of objects of the Transferor and petitioner Transferee Companies before an Amalgamation could be sanctioned. The primary object of the amalgamating Companies is to facilitate reconstruction thereof and this is a matter which is entirely left to the body of shareholders of the Company which offers or intends to amalgamate with another. As a consequence of Amalgamation there is an absorption by the Company with which it is amalgamated. Further, it is essentially an affair relating to the Transferor Company. Though the decision of the body of shareholders ought not to be lightly interfered with by the court, public interest should not be totally ignored.

As a result of Amalgamation of the Transferor Company in the petitioner Transferee Company, the memorandum of association of the Petitioner Transferee Company may stand amended or some clauses are to be incorporated for the benefits of the companies and beneficiaries thereof, it may not be a ground not to sanction the Scheme of Amalgamation. If Section 391 of the Companies Act, 1956 is made subject to the other provisions of the Companies Act, 1956, though it is not made as such by the Parliament, every time the Scheme of Arrangement and Amalgamation is put forth for the sanction of the Court, if it includes things for which specific provisions are made and that will have to be gone through before the Scheme is sanctioned, it would result in unnecessary duplication of procedure and would be cumbersome. On reading of the Provisions of Section 391 of the Companies Act, 1956, it appears that if the creditors and members of the Company arrive at a certain compromise, which the court considers fair, it can be sanctioned under Section 391 of the Companies Act, 1956 despite the fact that for some of those things included in the compromise another procedure is prescribed in the Companies Act and which has not been carried out. Section 391 of the Companies Act, 1956 is a complete Code in itself.

In *Vasant Investment Corporation Limited v. Official Liquidator, Colaba Land and Mill Company Limited (1981) 51 Comp Cas 20*, The Bombay High Court observed as under,

“Basically, the court is given wide powers section 391 of the Companies Act to frame a Scheme for the reviva1 of the Company. Section 391 of the Companies Act is a complete code under which the court can sanction

containing all the alterations required in the structure of the Company for the purpose of carrying out the Scheme, except reduction of share capital which requires a special procedure to be followed by virtue of rule 85 of the Companies (Court) Rules. In the absence of rule 85, procedure for alterations in the memorandum and articles of association of a Company prescribed under other provisions of the Companies Act is not required to be followed before sanctioning a Scheme involving such alterations. The whole purpose of section 391 is to reconstitute the Company without the Company being required to make a number of applications under the Companies Act for various alterations which may be required in its memorandum and articles of association for functioning as a reconstituted Company under the Scheme.”

The position in law appears to be clear. Section 391 of the Companies Act, 1956 invests the court with powers to approve or sanction a Scheme of Arrangement and Amalgamation, which is for the benefit of the Company. The reference here may have to the decision of the Bombay High Court in *PMP AUTO INDUSTRIES LTD. IN RE. (C.P. NO. 428 OF 1991), (1991-(CC2) – GJX – 0203- BOM)*; therein the court held as under,

“Thus the position in law appears to be clear. Section 391 invests the court with powers to approve or sanction a Scheme of Amalgamation/ Arrangement, which is for the benefit of the Company. In doing so, if there are any other things which, for effectuation, require a special procedure to be followed - except reduction of capital - then the court has powers to sanction the while sanctioning the Scheme itself. It would not be necessary for the Company to resort to other provisions of the Companies Act or to follow other procedures prescribed for bringing about the changes requisite for effectively implementing the Scheme which is sanctioned by the court. Not only is Section 391 a complete code as held by the courts, but, in my view, it is intended to be in the nature of a “Single window clearance” system to ensure that the parties are not put to avoidable, unnecessary and cumbersome procedure of making repeated applications to the court for various other alterations or changes which might be needed effectively to implement the sanctioned Scheme whose overall fairness and feasibility has been judged by the court under section 394 of the Act.”

Considering the matter from any angle and aspect I am of the view that it is permissible to the court to sanction the Scheme under Section 394 of the Companies Act, 1956, even where the Scheme contemplates a consequential alteration in the objects clause of the memorandum of association of the Company. The objection raised by the Regional Director has no substance and is, therefore, rejected.

The last objection raised by the Regional Director is that as per the provisions of Section 78 of the Companies Act, 1956, Goodwill cannot be written off against the balance lying in the share premium account. Making reference to the letter, dated 21.4.2005 of the Petitioner Transferee Company, the Regional Director has urged that indirectly this means that the liabilities to be transferred to the Petitioner Transferee Company from the Transferor Company would be in excess of the assets to be transferred, by the amount of Rs.42.83 crores; the amount of goodwill is not stated in the Scheme.

Having heard learned counsel for the petitioner Transferee Company and the Official Liquidator, this objection raised also deserves no acceptance. I find sufficient merits in the contention of the learned counsel for the petitioner Transferee Company that the goodwill mentioned in the Scheme of Arrangement and Amalgamation is a misnomer. In his submission it is urged that in the share market share of a Company has its own value and the book/face value of the share of the Company may be much less than the market value of the share. The difference of the book/face value and the market value of the share is to be taken care of and that what precisely has been done in the Scheme but it is mentioned in the terms of reference of the goodwill. The Scheme of Arrangement and Amalgamation has not been happily drafted, vetted and presented and that has created little bit confusion, which has given rise a cause to the Regional Director to raise objection. But the substance and not the form is to be looked into.

From the petition it transpires that all requisite procedure contemplated by the Companies act, 1956 for the Scheme of Arrangement and Amalgamation has been duly complied with. I do not find anything on the record that the proposed scheme is violating any provision of any law or it is contrary to the public policy. There is no material on the record to show that the creditors or any class thereof have not been acting bona fide or in good faith. Material is also not there on the record therefrom to infer that there is any coercion caused to any shareholders with the object or promoting any interest adverse to the shareholders. The Scheme of Arrangement and Amalgamation has been approved by the majority of the shareholders, secured and unsecured creditors and there also appears to be substance in the contention of the learned counsel for the petitioner Transferee Company that in any event the ratio of the value of the equity shareholders is in the realm of any decision thereof.

In the case of *Miheer H. Mafatlal v. Mafatlal Industries Limited*, (1997) 1 SCC 579, their Lordships of the Hon'ble Supreme Court observed the following broad contours of such jurisdiction of the Company Court in grant/sanction of the Scheme of Arrangement and Amalgamation, have emerged,

- “1. The sanctioning court has to see to it that all the requisite statutory procedure for supporting such a scheme has been complied with and that the requisite meetings as contemplated by Section 391 (1) (a) have been held.
2. That the scheme put up for sanction of the Court is backed up by the requisite majority vote as required by Section 391 sub-section (2).
3. That the meetings concerned of the creditors or members or any class of them had the relevant material to enable the voters to arrive at an informed decision for approving the scheme in question. That the majority decision of the concerned class of voters is just and fair to the class as a whole so as to legitimately bind even the dissenting members of that class.
4. That all necessary material indicated by Section 393 (1) (a) is placed before the voters at the meetings concerned as contemplated by Section 391 sub-section (1).
5. That all the requisite material contemplated by the proviso of sub-section (2) of Section 391 of the Act is placed before the Court by the applicant concerned seeking sanction for such a scheme and the Court gets satisfied about the same.
6. That the proposed scheme of compromise and arrangement is not found to be violative of any provision of law and is not contrary to public policy. For ascertaining the real purpose underlying the scheme with a view to be satisfied on this aspect, the Court, if necessary, can pierce the veil of apparent corporate purpose underlying the scheme and can judiciously X-ray the same.
7. That the Company Court has also to satisfy itself that members or class of members or creditors or class of creditors, as the case may be, were acting bona fide and in good faith and were not coercing the minority in order to promote any interest adverse to that of the latter comprising the same class whom they purported to represent.
8. That the scheme as a whole is also found to be just, fair and reasonable from the point of view of prudent men of business taking a commercial decision beneficial to the class represented by them for whom the scheme is meant.
9. Once the aforesaid broad parameters about the requirements of a scheme for getting sanction of the Court are found to have been met, the Court will have no further jurisdiction to sit in appeal over the commercial wisdom of the majority of the class of persons who with their open eyes have given their approval to the scheme even if in the view of the Court there would be a better scheme for the company and its members or creditors for whom the scheme is framed. The Court cannot refuse to sanction such a scheme on

that ground as it would otherwise amount to the Court exercising appellate jurisdiction over the scheme rather than its supervisory jurisdiction.”

The court neither has expertise nor the jurisdiction to delve deep into the commercial wisdom exercised by the creditors and members of the company who have approved the scheme by the requisite majority. The Company Court’s jurisdiction to that extent is peripheral and supervisory and not appellate. The Court acts like an umpire in the game of cricket who has to see that both the teams play the game according to the rules and do not overstep the limits. But subject to that how best the game is to be played is left to the players and not to the umpire. The Supervisor cannot ever be treated as the author or the policy maker. The propriety and merits of the compromise and arrangement have to be judged by the parties who as sue juris with their open eyes and fully informed about the pros and cons of the scheme arrive at their own reasoned judgment and agree to be bound by such compromise/arrangement.

In view of this position of law and the facts of this case where equity shareholders have not raised any objection in this regard, the objection raised by the Regional Director is not of any merit and substance. Objector shareholder has not put appearance also in response to the notice of hearing of the petition.

The Scheme of Arrangement and Amalgamation among the petitioner Transferee Company and the Transferor Company has

The Scheme of Arrangement and Amalgamation among the petitioner Transferee Company and the Transferor Company has been adopted by the equity shareholders except three in number out of 121, secured creditors and unsecured creditors except one unsecured creditor having debts of Rs.10,000/-, in the very meeting convened and held on 19.3.2005, under the Chairmanship of Advocate Manoj Pareek, in pursuance of the order, dated 4.2.2005, in Company Application No.2/2005. The report of the Chairman of the aforesaid meetings has been filed along with this petition.

The reasons, grounds and the circumstances that have necessitated and justified the said Scheme of Arrangement and Amalgamation, have been set out in detail in para no.9 of the petition.

The Board of Directors of both, the petitioner Transferee Company and the Transferor Company, have found it advisable and in their best interest as also in the interest of their shareholders that the Transferor Company be amalgamated with the petitioner Transferee Company.

The Board of Directors of the petitioner Transferee Company and also the Board of Directors of the Transferor Company have at their respective Board meetings held on 16.9.2004 approved the Scheme of Arrangement and Amalgamation.

It is also taken that undertaking of the Transferor Company in the petitioner Transferee Company is in the interest of shareholders and creditors of the two Companies. Amalgamation of the Transferor Company in the petitioner Transferee Company in accordance with the Scheme is stated to enable the petitioner Transferee Company to explore the market opportunities available for the benefits of the shareholders.

Having carefully gone through the entire petition and the enclosed documents I am satisfied that no one will be prejudiced on sanction of the proposed Scheme of Arrangement and Amalgamation of the Transferor Company in the petitioner Transferee Company; further the sanction of the said Scheme will be beneficial and also in the interest of petitioner Transferee Company and the Transferor Company, their shareholders, creditors and all concerned.

For the reasons stated above I hereby sanction the Scheme of Arrangement and Amalgamation of the Transferor Company in the petitioner Transferee Company and it shall be binding with effect from the 16th of August, 2005 on Transferor Company, Petitioner Transferee Company, their shareholders and Creditors and all Concerned.

The applications accordingly stand disposed of.

Sd/-

(S. K. Keshote) J.

//Jaiman//

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SCHEME OF ARRANGEMENT AND AMALGAMATION

1. CHAMBAL FERTILISERS AND CHEMICALS LIMITED
 2. INDIA STEAMSHIP COMPANY LIMITED
- AND THEIR RESPECTIVE SHAREHOLDERS & CREDITORS

PART-1 GENERAL

WHEREAS

- A. India Steamship Company Limited ("ISCL" or the "Amalgamating Company") is an existing company under the Companies Act, 1956, incorporated on March 13, 1928 vide Certificate of Incorporation No. 5514 of 1927-28 and has its registered office at 44 Park Street, Kolkata, West Bengal - 700 016.
- B. The Amalgamating Company is engaged in the shipping business.
- C. Chambal Fertilisers and Chemicals Limited ("CFCL" or the "Amalgamated Company") is a company originally incorporated under the Companies Act, 1956 on May 7, 1985 vide Certificate of Incorporation No. 3293 of 1985-86 as Aravali Fertilisers Limited. The name of the Amalgamated Company was changed to its present name pursuant to the Fresh Certificate of Incorporation Consequent upon Change of Name dated January 12, 1989. The registered office of the Amalgamated Company is at Gadepan, District Kota, Rajasthan - 325 208.
- D. The Amalgamated Company is primarily engaged in the urea business.
- E. The Amalgamated Company and the Amalgamating Company now propose by this Scheme of Arrangement and Amalgamation (the "Scheme") to amalgamate the Amalgamating Company with the Amalgamated Company, in accordance with the terms of this Scheme.
- F. The Amalgamating Company is engaged in the shipping business, which is international in character and is regarded as being in a growth phase. In order to tap the potential of the market, the Amalgamating Company would be required over the next few years to make significant capital investments for acquisition of ships. The Amalgamating Company may not be in a position to meet the funding requirements for its expansion plans. In contrast, the Amalgamated Company, with its strong balance sheet position and market standing, is ideally positioned to make the necessary capital investments in Amalgamating Company in order to enable the latter company to pursue its expansion plans and capitalize on the attractive opportunities for growth in the shipping industry. The Amalgamated Company is engaged in the urea business which is highly regulated and the amalgamation of the Amalgamating Company with the Amalgamated Company would assist the Amalgamated Company in not only diversifying its risks but also in minimizing earnings volatility. Further, the amalgamation of the Amalgamating Company with the Amalgamated Company in accordance with the Scheme would make available to the Amalgamating Company the financial as well as the managerial, technical, and marketing resources of the Amalgamated Company whilst enabling the Amalgamated Company to diversify its existing lines of business.
- G. The amalgamation of the Amalgamating Company with the Amalgamated Company, with effect from the Appointed Date and in accordance with this Scheme, is in the interests of the shareholders, creditors and employees of both companies.
- H. The amalgamation of the Amalgamating Company with the Amalgamated Company shall be in accordance with Section 2 (1B) of the Income Tax Act, 1961.

1. Definitions

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning as mentioned hereinbelow: -

- (a) "Act" means the Companies Act, 1956, including any statutory modifications, re-enactments or amendments thereof.

- (b) "Amalgamating Company" means India Steamship Company Limited, a company having its registered office at 44 Park Street, Kolkata, West Bengal - 700 016 and includes:
- (i) all assets, whether movable or immovable, whether present or future, whether tangible or intangible, including the ships and vessels the details of which are more fully set out in Schedule II hereto, all rights, title, interest, covenant, undertakings, liabilities including continuing rights, title and interest in connection with the land and the buildings thereon, whether leasehold or otherwise, plant and machinery, whether leased or otherwise, together with all present and future liabilities including contingent liabilities and debts appertaining thereto, of the Amalgamating Company, including those as are more fully set out in Schedule III hereof. The details of the immovable properties are set out in Schedule I hereof; and
 - (ii) all investments, loans and advances, including accrued interest thereon, of the Amalgamating Company, as are more fully set out in Schedule III; and
 - (iii) all approvals, consents, exemptions, registrations, no objection certificates, permits, quotas, rights, entitlements, licenses, certificates, tenancies, offices and depots, trademarks, copyrights, domain names, sales tax credits, income tax credits, applications for copyrights, trade names and trade marks, privileges and benefits of all contracts, agreements and all other rights including lease rights, licenses and registrations under the Merchant Shipping Act, 1958, powers and facilities of every kind and description whatsoever appertaining to the Amalgamating Company; and
 - (iv) all debts, borrowings and liabilities, present or future, whether secured or unsecured, of the Amalgamating Company, as are more fully specified in Schedule III; and
 - (v) all employees of the Amalgamating Company including those engaged at their respective offices, branches, depots, ships at their current terms and conditions; and
 - (vi) all advance monies, earnest monies and/or security deposits, payment against warrants or other entitlements in connection with or relating to the Amalgamating Company.
- (c) "Amalgamated Company" means Chambal Fertilisers and Chemicals Limited.
- (d) "Appointed Date" means September 1, 2004, the date with effect from which the Scheme shall be applicable.
- (e) "Effective Date" means the date on which the last of the approvals/events specified in clause 6.6 of Part V of the Scheme are obtained/have occurred and upon which the Scheme becomes applicable with effect from the Appointed Date.
- (f) "Scheme" means this Scheme of Arrangement and Amalgamation in its present form or with any modifications approved or imposed or directed by the shareholders, creditors or the Hon'ble High Court of Rajasthan at Jaipur or the High Court of Judicature at Kolkata.
- (g) "Scheme of Demerger" means the Scheme of Arrangement and Demerger among the Amalgamated Company, Zuari Investments Limited, a company registered under the Companies Act, 1956 and having its registered office at Jai Kisaan Bhawan, Zuari Nagar, Goa-403 736, and their respective shareholders and creditors, as sanctioned by the Hon'ble High Court of Rajasthan at Jaipur and the High Court of Judicature, Bombay at Panaji, Goa.

2. Share Capital

2.1 The share capital of the Amalgamating Company and the Amalgamated Company as on August 31, 2004 is as under: -

A. Amalgamating Company

A.	Authorized Share Capital	Amount (Rs.)
	10,00,00,000 equity shares of Rs. 10/- each	1,00,00,00,000/-
	75,000 redeemable preference shares of Rs. 100/- each	75,00,000/-
	25,00,000 non-cumulative redeemable preference shares of Rs. 100/- each	25,00,00,000/-

B.	Issued Share Capital 4,82,09,719 equity shares of Rs. 10/- each 25,000 5% free of tax cumulative redeemable preference shares of Rs. 100/- each 21,00,000 non-cumulative redeemable preference shares of Rs. 100/- each	Amount (Rs.) 48,20,97,190/- 25,00,000/- 21,00,00,000/-
C.	Subscribed & paid up capital 4,75,33,102 equity shares of Rs. 10/- each 25,000 5% free of tax cumulative redeemable preference shares of Rs. 100/- each 21,00,000 non-cumulative redeemable preference shares of Rs. 100/- each	Amount (Rs.) 47,53,31,020/- 25,00,000/- 21,00,00,000/-
B.	Amalgamated Company	
A.	Authorized Share Capital 44,00,00,000 equity shares of the face value of Rs. 10/- each 21,00,00,000 redeemable preference shares of the face value of Rs. 10/-each	Amount (Rs.) 4,40,00,00,000/- 2,10,00,00,000/-
B.	Issued Share Capital 40,60,00,000 equity shares of the face value of Rs. 10/- each	Amount (Rs.) 4,06,00,00,000/-
C.	Subscribed & paid up capital 40,60,00,000 equity shares of the face value of Rs. 10/- each	Amount (Rs.) 4,06,00,00,000/-
2.2	The consideration of the provisions of this Scheme among the Amalgamating Company, the Amalgamated Company and their respective shareholders and creditors (both secured and unsecured), as set out herein below, is being proposed as the scheme of arrangement and amalgamation:	

PART - II
VESTING OF THE AMALGAMATING COMPANY

- 3.1 With effect from the Appointed Date, the Amalgamating Company shall amalgamate with the Amalgamated Company without any further deed or act, together with all its properties, assets, rights, benefits and interest therein, subject to any existing charges thereon in favour of banks, financial institutions and other secured lenders, to which extent the charges shall be deemed to be modified subject to the provisions of this Scheme,
- 3.2 With effect from the Appointed Date, all the assets of the Amalgamating Company including those listed out in Schedules II and III shall stand vested in the Amalgamated Company, and shall become the property and an integral part of the Amalgamated Company.
- 3.3 With effect from the Appointed Date, in respect of such of the assets of the Amalgamating Company as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery or transfer by vesting and recordal pursuant to this Scheme, the same shall stand vested in the Amalgamated Company, and shall become the property and an integral part of the Amalgamated Company.
- 3.4 With effect from the Appointed Date, the immovable properties of the Amalgamating Company including those listed out in Schedule I together with the buildings standing thereon and any documents of title/ rights and easements in relation thereto shall stand vested in the Amalgamated Company and shall belong to the Amalgamated Company. With effect from the Appointed Date, the Amalgamated Company shall in relation to such properties, be liable for all liabilities including, inter alia, ground rent and municipal taxes. The mutation of the title to such immovable properties in favour of the Amalgamated Company shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and it becoming effective in accordance with the terms hereof.

- 3.5 With effect from the Appointed Date, all debts, liabilities, duties and obligations of the Amalgamating Company, whether secured or unsecured, including those listed out in Schedule III, and whether or not provided for in the books of accounts of the Amalgamating Company, whether disclosed or undisclosed in the balance sheet, shall be the debts, liabilities, duties and obligations of the Amalgamated Company and the Amalgamated Company undertakes to meet, discharge and satisfy the same.
- 3.6 All loans raised and indebtedness or liabilities incurred after the Appointed Date but before the Effective Date by the Amalgamating Company for operations of the Amalgamating Company shall be discharged by the Amalgamated Company.
- 3.7 Upon the Scheme becoming effective, the secured creditors of the Amalgamating Company shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of the Amalgamating Company, as existing immediately prior to the amalgamation of the Amalgamating Company with the Amalgamated Company. It is hereby clarified that pursuant to the amalgamation of the Amalgamating Company with the Amalgamated Company the secured creditors of the Amalgamating Company shall not be entitled to any further security over the properties, assets, rights, benefits and interest of the Amalgamated Company.
- 3.8 With effect from the Appointed Date, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Amalgamating Company to which the Amalgamating Company is a party or to the benefit of which the Amalgamating Company may be eligible, and all charges or security interests over the Amalgamating Company or part thereof, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour of the Amalgamated Company and may be enforced as fully and effectually as if, instead of the Amalgamating Company, the Amalgamated Company had been a party or beneficiary or obligee thereto.
- 3.9 With effect from the Appointed Date, all permits, quotas, rights, certificates, entitlements, licenses including those relating to trademarks, tenancies, patents, copyrights, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Amalgamating Company to which the Amalgamating Company is a party or to the benefit of which the Amalgamating Company may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be and remain in full force and effect in favour of or against the Amalgamated Company, as the case may be, and may be enforced as fully and effectually as if, instead of the Amalgamating Company, the Amalgamated Company had been a party or beneficiary or obligee thereto.
- 3.10 With effect from the Appointed Date, any statutory licenses, no objection certificates, permissions or approvals or consents required to carry on operations in the Amalgamating Company including all licences and registrations under the Merchant Shipping Act, 1958 shall stand vested in the Amalgamated Company without further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Amalgamated Company upon the vesting in the Amalgamated Company pursuant to this Scheme. The benefit of all statutory and regulatory permissions, and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of the Amalgamating Company shall vest in and become available to the Amalgamated Company pursuant to the Scheme.
- 3.11 The Amalgamated Company, at any time after the coming into effect of this Scheme, as required under the Merchant Shipping Act, 1958, may execute deeds of confirmation or other writings or applications in order to register the vesting of all the ships of the Amalgamating Company in the Amalgamated Company with the concerned authorities. The Amalgamated Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Amalgamating Company and to carry out or perform all such formalities or compliances referred to above on part of the Amalgamating Company.
- 3.12 The Amalgamated Company, at any time after the coming into effect of this Scheme, as required under the Merchant Shipping Act, 1958, may execute writings or applications in order to endorse the change of ownership on the certificate of registry of all the ships owned by the Amalgamating Company. The Amalgamated Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Amalgamating Company and to carry out or perform all such formalities or compliances referred to above on part of the Amalgamating Company.
- 3.13 The Amalgamated Company, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, will execute deeds of confirmation or other

writings or arrangements with any party to any contract or arrangement in relation to the Amalgamating Company to which the Amalgamating Company is a party in order to give formal effect to the above provisions. The Amalgamated Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Amalgamating Company and to carry out or perform all such formalities or compliances referred to above on part of the Amalgamating Company.

- 3.14 Upon the Scheme becoming effective, the Amalgamated Company undertakes to have such legal or other proceeding relating to or in connection with the Amalgamating Company, initiated by or against the Amalgamating Company, transferred in its name and to have the same continued, prosecuted and enforced by or against the Amalgamated Company to the exclusion of the Amalgamating Company. The Amalgamated Company also undertakes to pay all amounts including interest, penalties, damages, etc. which the Amalgamating Company may be called upon to pay or secure in respect of any liability or obligation relating to the Amalgamating Company for the period from the Appointed Date up to the Effective Date, and any reasonable costs incurred by the Amalgamating Company in respect of such proceedings started by or against it relating to the period from the Appointed Date up to the Effective Date upon submission of necessary evidence by the Amalgamating Company to the Amalgamated Company for making such payment.
- 3.15 With effect from the Appointed Date, all employees of the Amalgamating Company engaged in or in relation to the Amalgamating Company as on the Effective Date, shall become employees of the Amalgamated Company with the benefit of continuity of service on the same terms and conditions being not unfavourable with the terms and conditions applicable to such employees of the Amalgamating Company and without any breach or interruption of service. With regard to Provident Fund, Gratuity Fund or any other special fund or any other special scheme created or existing for the benefit of such employees of the Amalgamating Company, upon the Scheme becoming effective, the Amalgamated Company shall stand substituted for the Amalgamating Company for all-purposes whatsoever relating to the obligation to make contributions to the said funds in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents. The existing Provident Fund and Gratuity Fund trusts as well as any scheme created by the Amalgamating Company for its employees shall either be continued by the Amalgamated Company for the benefit of such employees on the same terms and conditions or be transferred to the existing Provident Fund and Gratuity Fund trusts/ schemes being maintained by the Amalgamated Company, With effect from the Effective Date, the Amalgamated Company shall make the necessary contributions for such transferred employees of the Amalgamating Company in relation to the Provident Fund or Gratuity Fund. It is the aim and intent of the Scheme that from the Appointed Date all the rights, duties, powers and obligations of the Amalgamating Company in relation to such schemes or funds shall become those of Amalgamated Company. It is clarified that the services of all transferred employees of the Amalgamating Company will be treated as having been continuous for the purpose of the aforesaid schemes or funds.
- 3.16 The Amalgamated Company undertakes to continue to abide by any agreement(s)/ settlement(s) entered into with any labour unions and/ or employees by the Amalgamating Company. The Amalgamated Company agrees that for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits, the past services of such employees with the Amalgamating Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.
- 3.17 With effect from the Appointed Date, all contracts, business/asset purchase agreements, memoranda of undertakings, memoranda of agreement, memoranda of agreed points, letters of agreed points, arrangements, undertakings whether written or otherwise, lease rights, deeds, bonds, other agreements and instruments of whatsoever nature relating to the Amalgamating Company, to which Amalgamating Company is a party or having effect immediately before the Effective Date, shall remain in full force and effect against and in favour of the Amalgamated Company and may be enforced fully and effectually as if, instead of the Amalgamating Company, the Amalgamated Company had been a party thereto.
- 3.18 The Amalgamating Company is entitled to various benefits under incentive schemes and policies in relation to the Amalgamating Company and pursuant to this Scheme it is declared that the benefits under all of such schemes and policies shall vest in the Amalgamated Company and all benefits, entitlements and incentives of any nature whatsoever shall be claimed and/or be claimed by the Amalgamated Company and these shall relate back to the Appointed Date as if the Amalgamated Company was originally entitled to all benefits under such incentive schemes and/or policies.

- 3.19 With effect from the Appointed Date, each of the permissions, approvals, consents, sanctions, remissions, special reservations, holidays, incentives, concessions and other authorizations appertaining to the Amalgamating Company, shall stand vested in the Amalgamated Company, which shall file the relevant intimations for record of the same with the concerned statutory or other authorities.
- 3.20 It is expressly clarified that with effect from the Appointed Date, all taxes, duties, cess etc. payable by the Amalgamating Company relating to the Amalgamating Company and all or any refunds/ credit/ claims relating thereto shall be treated as the liability or refund/ credit/ claims, as the case may be, of the Amalgamated Company.
- 3.21 The Amalgamating Company is a 'qualifying company' as defined under Section 115VC of the Income Tax Act, 1961 (the "IT Act"). The Amalgamating Company shall opt for the 'tonnage tax scheme' as prescribed by Chapter XII-G of the IT Act, within the time and in the manner specified by Section 115VP of the IT Act.
- 3.22 As the Amalgamating Company shall stand dissolved without winding-up upon the Scheme becoming effective, the provisions of the 'tonnage tax scheme' shall not apply to the Amalgamating Company notwithstanding the fact that the Amalgamating Company has elected for the same prior to its amalgamation with the Amalgamated Company.
- 3.23 Pursuant to the amalgamation of the Amalgamating Company with the Amalgamated Company and upon the Scheme becoming effective, the Amalgamated Company shall be a 'qualifying company' as defined under Section 115VC of the IT Act. Accordingly, the Amalgamated Company shall make an application opting for the tonnage tax scheme in the manner prescribed under Section 115 VY, read with Section 115VP, of the IT Act.
- 3.24 For the purpose of giving effect to the vesting order passed under Sections 391 and 394 of the Act in respect of this Scheme, the Amalgamated Company shall, at any time pursuant to the orders on this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the vesting of such assets of the Amalgamating Company in accordance with the provisions of Sections 391 and 394 of the Act. The Amalgamated Company shall be authorised to execute any writings as are required to remove any difficulties and carry out any formalities or compliance for the implementation of this Scheme, on its own behalf and on behalf of the Amalgamating Company.
- 3.25 With effect from the Appointed Date and up to and including the Effective Date:
- (a) The Amalgamating Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Amalgamating Company for and on behalf of Amalgamated Company. The Amalgamating Company shall carry on all such business and activities relating to the Amalgamating Company with due care and diligence.
 - (b) All profits accruing to the Amalgamating Company and all taxes thereof or losses arising or incurred by it relating to the Amalgamating Company shall, for all purposes, be treated as the profits, taxes or losses, as the case may be, of the Amalgamated Company.

PART III

REORGANISATION OF SHARE CAPITAL; MATTERS RELATING TO ACCOUNTS ETC.

4. Reorganisation of Share Capital

Upon the Scheme coming into effect and upon amalgamation of the Amalgamating Company with the Amalgamated Company:

- 4.1 For every 20 (Twenty) equity shares held in ISCL, as on the Record Date (as defined herein below), an equity shareholder of ISCL shall be issued 11 (Eleven) equity shares of face value of Rs.10/- each (the "Equity Shares"), credited as fully paid-up, by CFCL at par. No Equity Shares shall be issued by CFCL to any equity shareholder of ISCL in respect of fractional entitlements, if any, of such equity shareholder, at the time of issue and allotment of Equity Shares by CFCL.

The board of directors of CFCL shall instead consolidate all such fractional entitlements, ignoring any fraction remaining after such consolidation, and thereupon shall issue and allot Equity Shares in lieu thereof to a director or officer of CFCL or such other person as the board of directors of CFCL shall appoint in this behalf who shall hold such Equity Shares in trust for all such equity shareholders of ISCL who are entitled to such fractional balances, with the express understanding that such director or officer of CFCL or such other person, who is allotted such consolidated shares, be bound by the express understanding to cause the sale of such shares by a committee of directors, acting in trust on behalf of the equity shareholders of ISCL entitled to the fractional balances. Such sale of shares in the market shall be by the committee of directors at such time(s), at such price(s) and to such person(s) as the committee of directors may deem fit and the net sale proceeds thereof, deposited with CFCL (i.e., after deduction therefrom of expenses incurred in connection with the sale), shall be distributed by CFCL to the equity shareholders of ISCL (as on the Record Date) in proportion to their respective fractional entitlements.

- 4.2 Pursuant to the Scheme of Demerger, CFCL shall hold 2,89,73,371 (Two Crores Eighty Nine Lakhs Seventy Three Thousand Three Hundred and Seventy One) equity shares in ISCL and in accordance with clause 4.1 above, CFCL shall be entitled as an equity shareholder in ISCL, to be issued the appropriate number of Equity Shares in respect of its shareholding in ISCL. However, CFCL shall not issue or allot to itself any Equity Shares pursuant to clause 4.1 above. Accordingly, upon the amalgamation of ISCL with CFCL 2,89,73,371 equity shares held by CFCL in ISCL shall automatically stand extinguished.
- 4.3 CFCL shall, in consultation with the relevant recognised stock exchanges, determine a record date ("Record Date"), being a date subsequent to the Effective Date, for ascertaining the equity shareholders of ISCL to whom Equity Shares of CFCL are to be issued in accordance with clause 4.1 above.
- 4.4 All equity shareholders of ISCL holding their equity shares in ISCL in de-materialized form, as on the Record Date, shall be issued the fresh Equity Shares in CFCL in dematerialized form.

Each of the remaining equity shareholders of ISCL holding their equity shares in ISCL in physical form as on the Record Date, shall have the option, to be exercised by way of giving a notice to CFCL, on or before such date as may be determined by the board of directors of CFCL, to receive the Equity Shares of CFCL either in certificate form or in dematerialized form. In the event that such notice has not been received by CFCL in respect of any equity shareholder of ISCL by the specified date, the Equity Shares shall be issued to such shareholder in certificate form.

All fresh share certificates for the Equity Shares issued by CFCL shall be sent to the erstwhile equity shareholders of ISCL at their respective registered addresses as appearing in the said Register (or in the case of joint holders to the address of that one of the joint holders whose name stands first in such Register in respect of such joint holding) and CFCL shall not be responsible for any loss in transmission.

In respect of those equity shareholders of ISCL exercising the option to receive the Equity Shares in dematerialized form, such persons shall have opened and be maintaining an account with a depository participant, and shall provide such other confirmation, information and details as may be required, to CFCL. Such equity shareholders shall be issued the Equity Shares in CFCL in dematerialized form.

- 4.5 CFCL shall be liable to issue and allot to the preference shareholders of ISCL whose names shall appear on the Register of Members of ISCL as on the Record Date, preference shares, credited as fully paid-up, in CFCL in lieu of the preference shares held by such shareholders in ISCL.
- 4.6 Pursuant to the Scheme of Demerger, CFCL shall hold 21,00,000 preference shares of Rs. 100 each in ISCL and in accordance with clause 4.5 above, CFCL shall be entitled as a preference shareholder in ISCL, to be issued the appropriate number of preference shares in respect of its shareholding in ISCL. However, CFCL shall not allot or issue to itself any preference shares pursuant to clause 4.5 above. Accordingly, upon the amalgamation of ISCL with CFCL, 21,00,000 preference shares held by CFCL in ISCL shall automatically stand extinguished.
- 4.7 The holders of the 25,000 (Twenty Five Thousand), 5% tax free cumulative preference shares of the face value of Rs. 100/- each (the "5% Preference Shares"), being preference shareholders in ISCL, shall be issued, in accordance with clause 4.5 above, for each 5% Preference Share, 10 preference shares by CFCL

of the face value of Rs. 10/- each credited as fully paid up, on the same terms and conditions as the 5% Preference Shares. The rights of the holders of the 5% Preference Shares to the accumulated benefits in respect of such Preference Shares prior to the Effective Date, shall remain unaffected pursuant to the amalgamation of ISCL with CFCL. The holders of the 5% Preference Shares are presently entitled to a redemption premium of Rs. 10/- for each preference share. Upon the issue of preference shares by CFCL the holders of such preference shares shall be entitled to a redemption premium of Rs. 1/- for every preference share of the face value of Rs. 10/- of CFCL.

- 4.8 Each of the holders of the 5% Preference Shares of ISCL whose names appear on the register of members of ISCL as on the Record Date, shall on such date as may be determined by the board of directors of CFCL, be issued fresh preference shares in CFCL in certificate form.

All fresh share certificates for the preference shares issued by CFCL shall be sent to the erstwhile preference shareholders of ISCL at their respective registered addresses as appearing in the said Register (or in the case of joint holders to the address of that one of the joint holders whose name stands first in such Register in respect of such joint holding) and CFCL shall not be responsible for any loss in transmission.

- 4.9 On the approval of the Scheme by the members of CFCL pursuant to Section 391 of the Act, it shall be deemed that CFCL has also accorded its consent under Section 81(1A) of the Act or other provisions of the Act as may be applicable, for the issue of the equity shares and preference shares to the shareholders of ISCL in accordance with the provisions of this Scheme.

- 4.10 The fresh equity shares issued by CFCL in terms of the Scheme shall be subject to all applicable regulations and shall be admitted to trading on the recognized stock exchanges where the equity shares of CFCL are admitted to trading as on the Effective Date.

- 4.11 The ratio stated in clause 4.1 above has been determined by the board of directors of ISCL and CFCL based on their independent judgment and taking into consideration the valuation provided by independent valuer M/s. N. M .Raiji & Co. and a fairness opinion provided by M/s. Ernst and Young Private Limited on the valuation done by M/s. N.M. Raiji & Co.

- 4.12 With effect from the Appointed Date, and subject to any corrections and adjustments as may be required, all the assets and liabilities of ISCL shall be recorded at book value or such other value as the board of directors of CFCL may deem fit, in the books of CFCL.

- 4.13 Pursuant to the amalgamation of ISCL with CFCL, the difference, if any, arising between:

- (A) the aggregate value of (i) the equity shares allotted pursuant to clause 4.1 above; (ii) the preference shares allotted pursuant to clause 4.7 above and (iii) equity share capital and preference share capital extinguished pursuant to clauses 4.2 and 4.6 above, respectively; and
- (B) the net value of assets and liabilities of ISCL as recorded in the books of CFCL pursuant to clause 4.12 above;

shall be recorded as goodwill/ capital reserve, as the case may be, in CFCL's books of account.

- 4.14 In case any goodwill arises pursuant to clause 4.13 above, the same may be written off against share premium account, capital redemption reserves, general reserves of CFCL or dealt with in any other manner, as may be deemed fit by the board of directors of CFCL.

- 4.15 In case any capital reserve arises pursuant to clause 4.13 above, the same shall be treated as free reserves of CFCL.

PART-IV

AMENDMENT OF MAIN OBJECTS

- 5.1 Upon the Scheme coming into effect, with effect from the Appointed Date, Clause III (A) of the Memorandum of Association of CFCL stands amended and to include the following as clause 3 and 4 in the main objects:

- "3. To purchase, charter, hire, build, or otherwise acquire, steam and other ships or vessels, with all equipments and furniture, and to employ the same in the conveyance of passengers, mails, troops,

munitions of war, live-stock, meat, corn and other produce, and of treasure and merchandise of all kinds, between such ports in any part of the world as may seem expedient, and to acquire any postal subsidies.

4. To carry on business of merchants, carriers by land, water and air, shipowners, warehousemen, wharfingers, bargeowners, lightermen, forwarding agents, underwriters and insurers of ships, goods and other property."
- 5.2 It is hereby clarified that for the purposes of this Clause, the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution under Section 16 or any other applicable provisions of the Act, would required to be separately passed by CFCL.

PART-V

GENERAL TERMS AND CONDITIONS

6. General Terms and Conditions

- 6.1 The revised balance sheet of the Amalgamated Company as on the Appointed Date shall be reconstructed in accordance with the terms of this Scheme.
- 6.2 The Amalgamated Company is expressly permitted to revise its income tax returns and related TDS certificates and shall be entitled to claim refund, advance tax credits etc. upon this Scheme becoming effective and has expressly reserved the right to make such revisions in the income tax returns and related TDS certificates and to claim refund, advance tax credits etc. pursuant to the sanction of this Scheme.
- 6.3 The Amalgamating Company and the Amalgamated Company shall make necessary applications before the Hon'ble High Court of Rajasthan at Jaipur and the High Court of Judicature at Kolkata for sanction of this Scheme.
- 6.4 All costs, charges, taxes, including duties, levies and fees and all other expenses, if any, arising out of or incurred in carrying out and implementing the terms and conditions or provisions of this Scheme and incidental thereto shall be borne by the Amalgamated Company.
- 6.5 The Amalgamating Company and the Amalgamated Company, each through its directors or authorised persons may in their full and absolute discretion, assent to any alteration or modification which the Hon'ble High Court of Rajasthan at Jaipur or the High Court of Judicature at Kolkata and/or any other entity may deem fit to approve or impose and may consider necessary to settle any question or difficulty arising under the Scheme or in regard to its implementation or in any matter connected therewith. The Amalgamating Company and/or the Amalgamated Company, each through its directors or authorised persons may also in their full and absolute discretion, withdraw or abandon this Scheme at any stage prior to filing the orders sanctioning this Scheme with the concerned Registrar of Companies.
- 6.6 The Scheme is conditional upon and is subject to:-
 - a) The Scheme being agreed to by the respective requisite majorities of the members and the creditors (either by way of a poll at a meeting or a letter of consent) of the Amalgamating Company and the Amalgamated Company under Section 391 of the Act and the requisite orders of the Court by virtue of the powers vested in it by the Act;
 - b) All necessary certified copies of the orders sanctioning this Scheme being filed by the Amalgamating Company and the Amalgamated Company with the concerned Registrar of Companies; and
 - c) The Scheme of Demerger having becoming effective in accordance with the terms and conditions thereof.
- 6.7 Upon the sanction of the Scheme and after the Scheme has become effective, with effect from the Appointed Date, the amalgamation of the Amalgamating Company with the Amalgamated Company in compliance with Section 2 (1B) of the Income Tax Act, 1961, in accordance with the Scheme, shall be deemed to have occurred.

- 6.8 In the event of this Scheme failing to take effect finally, this Scheme shall become null and void and in that case no rights and liabilities whatsoever shall accrue to or be incurred inter-se by the parties or their shareholders or creditors or employees or any other person.
- 6.9 In case any doubt or difference or issue shall arise between the parties hereto or any of their shareholders, creditors, employees and/or persons entitled to or claiming any right to any shares in the Amalgamating Company or the Amalgamated Company as to the construction thereof or as to any account, valuation or apportionment to be taken or made of any asset or liability transferred to the Amalgamated Company or as to anything else contained in or relating to or arising out of this Scheme, the same shall be referred to the arbitration of Mr. Shardul S. Shroff, Managing Partner, M/s. Amarchand & Mangaldas & Suresh A. Shroff & Company under the Arbitration and Conciliation Act, 1996, whose decision shall be final and binding on all concerned.
- 6.10 No Stamp duty shall be payable in connection with the Scheme in the State of West Bengal as a scheme of amalgamation is not chargeable to stamp duty in the State of West Bengal.

SCHEDULE - I

List of Immovable Properties of the Amalgamating Company

An undivided portion of office space containing an area of 419 square feet on the 6th floor (Eastern portion) at Birla Building, 9/1, R.N. Mukherjee Road, Kolkata 700 001.

SCHEDULE - II

List of the Ships and Vessels of the Amalgamating Company

- 1) Aframax m.t. Ratna Shalini
- 2) Panamax m.t. Ratna Abha

SCHEDULE - III

List of the Assets and Liabilities of the Amalgamating Company as on August 31, 2004

Amounts in Rs. Lakhs			
ASSETS			
Fixed Assets			
Gross Block		12,006.26	
Less : Depreciation		6,395.27	
Net Block			5,610.99
Investments			0.57
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	323.14		
Sundry Debtors	661.00		
Cash and Bank Balances	1,357.12		
Other Current Assets	72.42		
Loans and Advances	1,106.57		
	-----	3,520.25	
Less : Current Liabilities and Provisions			
Liabilities	1,167.02		
Provisions	144.58		
	-----	1311.60	
NET CURRENT ASSETS			2,208.65
LIABILITIES			
Secured Loans			4,209.00
Unsecured Loans			1,850.00

IN THE HIGH COURT OF RAJASTHAN AT JAIPUR

ORIGINAL COMPANY JURISDICTION

COMPANY PETITION NO. 5 OF 2005

CONNECTED WITH

S.B. COMPANY APPLICATION NO. 1 OF 2005

IN THE MATTER OF:

The Companies Act, 1956

AND

IN THE MATTER OF:

Section 391-394 of the Companies Act, 1956

AND

IN THE MATTER OF:

Scheme of Arrangement and Demerger among Chambal Fertilisers and Chemicals Limited and Zuari Investments Limited and their respective shareholders and creditors.

AND

IN THE MATTER OF:

Chambal Fertilisers and Chemicals Limited, a public Limited Company incorporated under the Companies Act, 1956 and having its registered office at Gadepan, District Kota, Rajasthan – 325208.

...Petitioner/Transferee/Company

ORDER

IN

S.B. Company Petition No. 5/2005

In the matter of

The Companies Act, 1956

And

In the matter of

Sections 391 – 394 of the Companies Act, 1956

And

In the matter of

Scheme of Arrangement and Demerger
Among Chambal Fertilisers and Chemicals Limited
and Zuari Investments Limited
and their respective shareholders and creditors

And

In the matter of

Chambal Fertilisers and Chemicals Limited

.... Petitioner Transferee Company

DATE OF ORDER – 13.7.2005

PRESENT

HON'BLE MR. JUSTICE S.K. KESHOTE

Shri Arun Khosla with
Shri Anuroop Singhi for the petitioner Transferee Company
Shri V. K. Khubchandani, Official Liquidator for the Regional
Director

BY THE COURT,

This is a petition for confirming the Scheme of Arrangement and Demerger among Chambal Fertilisers and Chemicals Limited (hereinafter shall be referred to as 'the petitioner Transferee Company') and Zuari Investments Limited (hereinafter shall be referred to as the 'the Transferor Company') filed under Sections 391-394 of the Companies Act, 1956; therein the petitioner Transferee Company has prayed for sanction of the Scheme of Arrangement and Demerger, being Annexure "A" to the petition, between it and the Transferor Company so as to binding on the petitioner Transferee Company and the Transferor Company and all the shareholders and creditors of the petitioner Transferee Company and also those of the Transferor Company.

The next prayer has been made for transfer of and vesting of all the properties of the Transferor Company in respect of the Transferred Undertaking in the petitioner Transferee Company in the manner provided for in the Scheme of Arrangement and Demerger with effect from the appointed date.

Third prayer made is for transfer to the Petitioner Transferee Company with effect from the appointed date of all the debts, liabilities, duties and obligations of the Transferred Undertaking of the Transferor Company without further acts or deeds so as to become the debts, liabilities and obligation of the Petitioner Transferee Company.

On notice of this petition the Regional Director, Company Law Board, Ministry of Company Affairs, (Northern Region), Kanpur, filed the objections against the said Scheme of Arrangement and Demerger.

Heard learned counsel for the petitioner Transferee Company and the Official Liquidator on the objections filed by the Regional Director.

The first objection raised by the Regional Director is that out of 121 shareholders of the petitioner Transferee Company, three shareholders, holding 1550 shares, voted against the Scheme of Arrangement and Demerger.

In the meeting of the equity shareholders the following resolution was put to poll,

“RESOLVED that subject to the approval of Hon’ble High Court of Rajasthan at Jaipur, the Scheme of Arrangement and Demerger among Chambal Fertilisers and Chemicals Limited and Zuari Investments Limited, and their respective shareholders and creditors, being Annexure “A” in S.B. Company Application No.1 of 2005 (a copy whereof initialed by Chairman for the purpose of identification is placed before this meeting), be and is hereby approved.”

The result of the voting at the meeting of the equity shareholders upon the aforesaid Resolution was as follows,

a. 112 (one hundred and twelve) Equity Shareholders, representing 94.12% of the Equity Shareholders in number and 99.98% in value, present and voting at the said Meeting, voted in favour of the Resolution and the Scheme.

b. 3 (three) Equity Shareholders, representing 2.52% of the Equity Shareholders in number and 0.01% in value, present and voting at the said Meeting, voted against the Resolution and the Scheme.

c. In relation to the Resolution, Votes of 4 (four) Equity Shareholders representing 3.36% of the Equity Shareholders in number and 0.01% in value, present and voting at the said Meeting, were declared invalid.

d. In relation to the Resolution, 2 (two) Equity Shareholders abstained from voting.”

The equity shareholders representing 94.12% in number and 99.98% in value have voted in favour of the Scheme of Arrangement and Demerger.

The equity shareholders representing 2.52% in number and 0.01% in value have voted against the Scheme of Arrangement and Demerger.

Looking to the ratio of the equity shareholders, in number and in value, voted in favour and against the Scheme of Arrangement and Demerger, the objection raised is of no substance and value. The majority of equity shareholders representing 94.12% in number and 99.98% in value, have voted in favour of the Scheme of Arrangement and Demerger and only on the objection of three shareholders, who are having meager percentage of equity shareholding in number and value, the Scheme of Arrangement and Demerger cannot be disapproved.

The equity shareholder has no veto power in the matter of approval of the Scheme of Arrangement and Demerger. Had the veto power been there with the equity shareholder irrespective of fact what is his percentage in the equity shareholding in number and value, I would have appreciated this objection raised by three equity shareholders against the Scheme of Arrangement and Demerger, but that is not the case here.

A notice of hearing of the petition was published in the daily newspapers of Hindi and English languages, namely, ‘Rajasthan Patrika’ (Jaipur Edition) and ‘Hindustan Times’ (Jaipur Edition), respectively, for 15th of July, 2005. Despite of the notice of hearing published, those three equity shareholders voted against the Scheme of Arrangement and Demerger, in the meeting, have not come forward to make any objection. This conduct of these three equity shareholders voted against the Scheme of Arrangement and Demerger in meeting goes to show that they have no real and substantial objection against the Scheme of Arrangement and Demerger.

That apart it is a matter of raising objections by the few equity shareholders of the petitioner Transferee Company in the meeting and where they have not come forward before the court to raise the same; in such facts and

circumstances I fail to see any justification or fairness on the part of the Regional Director to raise an objection on this ground. The Regional Director may not be ignorant of the provisions of the Companies Act, 1956 as well as the purpose and object of the Scheme of Arrangement and Demerger; he is also known of the fact that the equity shareholders, who have objected the Scheme of Arrangement and Demerger, are representing very very meager percentage in number and value and their objections may not be bona fide one and still he raised this objection, which goes not show that he has not applied his own mind to the matter and appears to have left the same to some Clerk who prepared these objections and presented in the Court.

As a result of the aforesaid discussion I am satisfied that the first objection raised by the Regional Director has no force and substance.

The second objection raised is that in the meeting of the unsecured creditors of the Petitioner Transferee Company held on 19.3.2005, out of 30 unsecured creditors entitled together to their debts of Rs.2,78,04,94,749/-, who participated in the voting, one unsecured creditor, having debts of Rs. 10,000/-, voted against the Scheme of Arrangement and Demerger, and thus the same may not be sanctioned.

In the meeting of the Unsecured Creditors, the following Resolution has been passed,

“RESOLVED that subject to the approval of Hon’ble High Court of Rajasthan at Jaipur, the Scheme of Arrangement and Demerger among Chambal Fertilisers and Chemicals Limited and Zuari Investments Limited and their respective shareholders and creditors, being Annexure “A” in S.B. Company Application No.1 of 2005 (a copy whereof initialed by the Chairman for the purpose of identification is placed before this meeting), be and is hereby approved.”

The result of voting of the meeting of the Unsecured Creditors upon the aforesaid Resolution was as follows,

“a. 29 (twenty nine) Unsecured Creditors, representing 96.67% of the Unsecured Creditors in number and 99.99% in value, present and voting at the said Meeting, voted in favour of the Resolution and the Scheme.

b. 1 (one) Unsecured Creditor, representing 3.33% of the Unsecured Creditors in number and 0.01% in value, present and voting at the said Meeting, voted against the Resolution and the Scheme.

Looking to the debts of the unsecured creditors of Rs. 2,78,04,94,749/-, even if one unsecured creditor, having debts of Rs.10,000/-, voted against the Scheme of Arrangement and Demerger, the petitioner Transferee Company cannot be non-suited. It is an objection, raised by an unsecured creditor, who has debt of a nominal sum. Twenty nine unsecured creditors, representing 96.67% of the unsecured creditors in number and 99.99% in value, present and voting at the meeting held on 19.3.2005, voted in favour of the resolution and the Scheme of Arrangement and Demerger. Thus the objection raised by the unsecured creditor, having the debts of Rs.10,000/- may not be bona fide one.

A notice of hearing of the petition was published in the daily Newspapers of Hindi and English languages, namely, ‘Rajasthan Patrika’ (Jaipur Edition) and ‘Hindustan Times’ (Jaipur Edition), respectively, but that unsecured creditor has not chosen to file the objection. This conduct of that unsecured creditor also makes it clear that he is not serious in opposing the Scheme of Arrangement and Demerger. The objector is not before this Court but the Regional Director has raised the objection, which, otherwise also, is of no value and substance.

Be that as it may be, rather to go on this objection, at the most he ought to have claimed the debt owe by the petitioner Transferee Company. It is unfortunate that the petitioner Transferee Company or its counsel till date and even after this objection is raised by the Regional Director, its own or has been advised to repay this amount of Rs. 10,000/- to that unsecured creditor. The petitioner Transferee Company is directed to make the payment of Rs.10,000/- together with interest thereon, as agreed upon between them, within a period of one month, to the unsecured creditor, who objected the Scheme of Arrangement and Demerger among the petitioner Transferee Company and the Transferor Company.

The last objection raised by the Regional Director is that as per the provision of Section 78 of the Companies Act,

1956, Goodwill cannot be written off against the balance lying in the share premium account. Making reference to the letter, dated 21.4.2005 of the Petitioner Transferee Company, the Regional Director has urged that indirectly this means that the liabilities to be transferred to the Petitioner Transferee Company from the Transferor Company would be in excess of the assets to be transferred, by the amount of Rs.3.29 crores; the amount of goodwill is not stated in the Scheme.

Having heard learned counsel for the petitioner Transferee Company and the Official Liquidator, this objection raised also deserves no acceptance. I find sufficient merits in the contention of the learned counsel for the petitioner Transferee Company that the goodwill mentioned in the Scheme of Arrangement and Demerger is a misnomer. In his submission it is urged that in the share market share of a Company has its own value and the book/face value of the share of the Company may be much less than the market value of the share. The difference of the book/face value and the market value of the share is to be taken care of and that what precisely has been done in the Scheme but it is mentioned in the terms of reference of the goodwill. The Scheme of Arrangement and Demerger has not been happily drafted, vetted and presented and that has created little bit confusion, which has given rise a cause to the Regional Director to raise objection. But the substance and not the form is to be look into.

From the petition it transpires that all requisite procedure contemplated by the Companies Act, 1956 for the Scheme of Arrangement and Demerger has been duly complied with. I do not find anything on the record that the proposed scheme is violating any provision of any law or it is contrary to the public policy. There is no material on the record to show that the creditors or any class thereof have not been acting bona fide or in good faith. Material is also not there on the record therefrom to infer that there is any coercion caused to any shareholders with the object or promoting any interest adverse to the shareholders. The Scheme of Arrangement and Demerger has been approved by the majority of the shareholders, secured and unsecured creditors and there also appears to be substance in the contention of the learned counsel for the petitioner Transferee Company that in any event the ratio of the value of equity shareholders is in the realm of any decision thereof.

In the case of *Miheer H. Mafatlal v. Mafatlal Industries Limited*, (1997) 1 SCC 579, their Lordships of the Hon'ble Supreme Court observed the following broad contours of such jurisdiction of the Company Court in grant/sanction of the Scheme of Arrangement and Demerger, have emerged,

- “1. The sanctioning court has to see to it that all the requisite statutory procedure for supporting such a scheme has been complied with and that the requisite meetings as contemplated by Section 391 (1) (a) have been held.
2. That the scheme put up for sanction of the Court is backed up by the requisite majority vote as required by Section 391 sub-section (2).
3. That the meetings concerned of the creditors or members or any class of them had the relevant material to enable the voters to arrive at an informed decision for approving the scheme in question. That the majority decision of the concerned class of voters is just and fair to the class as a whole so as to legitimately bind even the dissenting members of that class.
4. That all necessary material indicated by Section 393 (1) (a) is placed before the voters at the meetings concerned as contemplated by Section 391 sub-section (1).
5. That all the requisite material contemplated by the proviso of sub-section (2) of Section 391 of the Act is placed before the Court by the applicant concerned seeking sanction for such a scheme and the Court gets satisfied about the same.
6. That the proposed scheme of compromise and arrangement is not found to be violative of any provision of law and is not contrary to public policy. For ascertaining the real purpose underlying the scheme with a view to be satisfied on this aspect, the Court, if necessary, can

pierce the veil of apparent corporate purpose underlying the scheme and can judiciously X-ray the same.

7. That the Company Court has also to satisfy itself that members or class of members or creditors or class of creditors, as the case may be, were acting bona fide and in good faith and were not coercing the minority in order to promote any interest adverse to that of the latter comprising the same class whom they purported to represent.

8. That the scheme as a whole is also found to be just, fair and reasonable from the point of view of prudent men of business taking a commercial decision beneficial to the class represented by them for whom the scheme is meant.

9. Once the aforesaid broad parameters about the requirements of a scheme for getting sanction of the Court are found to have been met, the Court will have no further jurisdiction to sit in appeal over the commercial wisdom of the majority of the class of persons who with their open eyes have given their approval to the scheme even if in the view of the Court there would be a better scheme for the company and its members or creditors for whom the scheme is framed. The Court cannot refuse to sanction such a scheme on that ground as it would otherwise amount to the Court exercising appellate jurisdiction over the scheme rather than its supervisory jurisdiction.”

The court neither has expertise nor the jurisdiction to delve deep into the commercial wisdom exercised by the creditors and members of the company who have approved the scheme by the requisite majority. The Company Court's jurisdiction to that extent is peripheral and supervisory and not appellate. The Court acts like an umpire in the game of cricket who has to see that both the teams play the game according to the rules and do not overstep the limits. But subject to that how best the game is to be played is left to the players and not to the umpire. The Supervisor cannot ever be treated as the author or the policy maker. The propriety and merits of the Arrangement and Demerger have to be judged by the parties who as sue juris with their open eyes and fully informed about the pros and cons of the scheme arrive at their own reasoned judgment and agree to be bound by such compromise/arrangement.

In view of this position of law and the facts of this case where equity shareholders have not raised any objection in this regard, the objection raised in this regard by the Regional Director is not of any merit and substance. Objector shareholder has not put appearance also in response to the notice of hearing of the petition.

The Scheme of Arrangement and Demerger among the petitioner Transferee Company and the Transferor Company has been adopted by the equity shareholders except three in number out of 121, secured creditors and unsecured creditors except one unsecured creditor having debts of Rs. 10,000/-, in the very meeting convened and held on 19.3.2005, under the Chairmanship of Advocate Manoj Pareek, in pursuance of the order, dated 4.2.2005, in Company Application No.2/2005. The report of the Chairman of the aforesaid meetings has been filed along with this petition.

The reasons, grounds and the circumstances that have necessitated and justified the said Scheme of Arrangement and Demerger, have been set out in detail in para no.9 of the petition.

The Board of Directors of both, the petitioner Transferee Company and the Transferor Company, have found it advisable and in their best interest as also in the interest of their shareholders that the Transferor Company be amalgamated with, the petitioner Transferee Company.

The Board of Directors of the petitioner Transferee Company and also the Board of Directors of the Transferor Company have at their respective Board meetings held on 16.9.2004 approved the Scheme of Arrangement and Demerger.

It is also taken that undertaking of the Transferor Company in the petitioner Transferee Company is in the interest

of shareholders and creditors of the two Companies. Demerger of the Transferor Company in the petitioner Transferee Company in accordance with the Scheme is stated to enable the petitioner Transferee Company to explore the market opportunities available for the benefits of the shareholders.

No investigation/ proceedings have been instituted or are pending in relation to the petitioner Transferee Company under Sections 235 to 251 of the Companies Act, 1956 and/ or under any other provisions of the Act against it and the Transferor Company.

Having carefully gone through the entire petition and the enclosed documents I am satisfied that no one will be prejudiced on sanction of the proposed Scheme of Arrangement and Demerger of the Transferor Company in the petitioner Transferee Company; further the sanction of the said Scheme will be beneficial and also in the interest of petitioner Transferee Company and the Transferor Company, their shareholders, creditors and all concerned.

For the reasons stated above I hereby sanction the Scheme of Arrangement and Demerger of the Transferor Company in the petitioner Transferee Company and it shall be binding with effect from the 16th of August, 2005 on Transferor Company, Petitioner Transferee Company, their shareholders and Creditors and all concerned.

The applications accordingly stand disposed of.

Sd/-

(S. K. Keshote) J.

//Jaiman//

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SCHEME OF ARRANGEMENT & DEMERGER

1. CHAMBAL FERTILISERS AND CHEMICALS LIMITED
 2. ZUARI INVESTMENTS LIMITED
- AND THEIR RESPECTIVE SHAREHOLDERS & CREDITORS

PART-1

WHEREAS

- A. Zuari Investments Limited ("ZIL" or the "Transferor Company") is a company incorporated under the Companies Act, 1956 vide Certificate of Registration No. 24-01942 of 1995 dated October 9, 1995, having its registered office at Jai Kisaan Bhawan, Zuari Nagar, Goa - 403 736.
- B. ZIL is a company formerly registered as a non-banking financial company with the Reserve Bank of India pursuant to certificate of registration bearing no. 13.00236 dated March 4, 1998 and is presently engaged in the business of, inter alia, depository participant services, distribution of financial products, share transfer agency, and investments. ZIL presently has two distinct investment divisions, namely;
 - a) Investments in India Steamship Company Limited, a subsidiary company of ZIL; and
 - b) Investments in Texmaco Limited and Others.
- C. It is now proposed by this Scheme of Arrangement & Demerger (the "Scheme") to separate the Transferred Undertaking (as defined herein below) of ZIL and vest the same in Chambal Fertilisers and Chemicals Limited ("CFCL" or the "Transferee Company"), a company incorporated under the Companies Act, 1956 vide Certificate of Registration No. 3293 of 1985-86 dated May 7, 1985 as Aravali Fertilisers Limited. The name of the Transferee Company was changed to its present name pursuant to the fresh Certificate of Incorporation Consequent upon Change of Name dated January 12, 1989. The registered office of the Transferee Company is at Gadepan, District Kota, Rajasthan - 325 208. The Transferee Company is primarily engaged in the urea business and presently holds forty nine point nine nine nine per cent. (49.999%) of the issued and paid-up equity share capital of ZIL.
- D. India Steamship Company Limited ("ISCL") is an existing company under the Companies Act, 1956, incorporated on March 13, 1928 vide Certificate of Incorporation No. 5514 of 1927-28, having its registered office at 44 Park Street, Kolkata, West Bengal - 700 016. ISCL is engaged in the shipping business, which is regarded as being in a growth phase. In order to tap the potential of the market, ISCL would be required over the next few years to make significant capital investments for acquisition of ships. ZIL may not be in a position as a holding company to meet the funding requirements of ISCL. In contrast, the Transferee Company, with its strong balance sheet position and market standing, would be ideally positioned to make the necessary capital investments in ISCL in order to enable the latter company to pursue its expansion plans and capitalize on the attractive opportunities for growth in the shipping industry.
- E. The restructuring of ZIL and vesting of the Transferred Undertaking in CFCL, with effect from the Appointed Date and in accordance with this Scheme, is thus in the interests of the shareholders, creditors and employees of both CFCL and ZIL.

1. DEFINITIONS

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning as mentioned hereinbelow:-

- (a) "Act" means the Companies Act, 1956.
- (b) "Appointed Date" means September 1, 2004, the date with effect from which the Scheme shall be applicable.
- (c) "CFCL" or the "Transferee Company" means Chambal Fertilisers and Chemicals Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Gadepan, District Kota, Rajasthan-325 208.

- (d) "Effective Date" means the date on which the last of the approvals specified in clause 5.8 of Part IV of the Scheme are obtained and the Scheme made applicable with effect from the Appointed Date.
- (e) "Residual Undertaking" means all of the undertakings of ZIL other than the Transferred Undertaking of ZIL.
- (f) "Scheme" means this Scheme of Arrangement & Demerger.
- (g) "Transferred Undertaking" means the shipping investment division of ZIL and shall include:
- (i) all assets, whether movable or immovable, whether tangible or intangible, including all rights, title, interest, covenant, undertakings, liabilities relating thereto, and all investments, loans and advances, including accrued interest thereon, appertaining to the shipping investment division of the Transferor Company, as are more fully set out in Schedule I hereof.
 - (ii) all debts, borrowings and liabilities, present or future, whether secured or unsecured, pertaining to the shipping investment division of the Transferor Company, as are more fully set out in Schedule I.
 - (iii) all rights, entitlements, permissions, licenses, registrations, tenancies, offices, privileges and benefits of all contracts, agreements and all other rights including lease rights, powers and facilities of every kind and description whatsoever appertaining to the shipping investment division of the Transferor Company; and
 - (iv) all employees of the Transferor Company engaged in or in relation to the shipping investment division of the Transferor Company at their respective offices, at their current terms and conditions.
- (h) "ZIL" or the "Transferor Company" means Zuari Investments Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Jai Kisaan Bhawan, Zuari Nagar, Goa - 403 736.

2 SHARE CAPITAL

2.1 The share capital of ZIL and CFCL as on August 31, 2004 is as under:-

ZUARI INVESTMENTS LIMITED

A.	Authorized Share Capital	Amount (Rs.)
	6,00,00,000 equity shares of the face value of Rs. 10/- each	60,00,00,000/-
	3,20,00,000 redeemable preference, shares of the face value of Rs.10/-each	32,00,00,000/-
B.	Issued Share Capital	Amount
	5,85,69,161 equity shares of the face value of Rs. 10/- each	58,56,91,610/-
	2,88,50,000 10% non-cumulative non-convertible redeemable preference shares of the face value of Rs.10/- each	28,85,00,000/-
C.	Subscribed & paid up capital	Amount
	5,85,69,161 equity shares of the face value of Rs. 10/- each	58,56,91,610/-
	2,88,50,000 10% non-cumulative non-convertible redeemable preference shares of the face value of Rs. 10/- each	28,85,00,000/-

CHAMBAL FERTILISERS AND CHEMICALS LIMITED

A.	Authorized Share Capital	Amount (Rs.)
	44.00,00,000 equity shares of the face value of Rs. 10/- each	4,40,00,00,000/-
	21,00,00,000 redeemable preference shares of the face value of Rs. 10/- each	2,10,00,00,000/-

B.	Issued Share Capital 40,60,00,000 equity shares of the face value of Rs. 10/- each	Amount 4,06,00,00,000/-
C.	Subscribed & paid up Share Capital 40,60,00,000 equity shares of the face value of Rs. 10/- each	Amount 4,06,00,00,000/-

- 2.2 The consideration of the provisions of this scheme among ZIL, CFCL and their respective shareholders and creditors (both secured and unsecured), as set out herein below, is being proposed as the scheme of arrangement and demerger:

PART-II

3. DEMERGER OF THE TRANSFERRED UNDERTAKING OF ZIL & ITS VESTING IN CFCL

- 3.1 With effect from the Appointed Date, the Transferred Undertaking of ZIL shall vest in and be managed by CFCL without any further deed or act, together with all its properties, assets, rights, benefits and interest therein, subject to existing charges or encumbrances thereon in favour of banks and financial institutions, to which extent the charges or encumbrances shall be deemed to be modified subject to the provisions of clause 5.6 of this Scheme.
- 3.2 With effect from the Appointed Date, all the assets of the Transferred Undertaking of ZIL listed out in Schedule I shall stand vested in CFCL, and shall become the property and an integral part of CFCL.
- 3.3 With effect from the Appointed Date, in respect of such of the assets of the Transferred Undertaking of ZIL as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery or transfer by vesting and recordal pursuant to this Scheme, the same shall stand vested in CFCL, and shall become the property and an integral part of CFCL.
- 3.4 With effect from the Appointed Date, all debts, liabilities, duties and obligations, secured or unsecured, pertaining to the Transferred Undertaking, including those as more particularly listed out in Schedule I, whether provided for in the books of accounts of ZIL or not, whether disclosed or undisclosed in its balance sheet, shall be the debts, liabilities, duties and obligations of CFCL and CFCL undertakes to meet, discharge and satisfy the same.
- 3.5 All loans borrowed and other indebtedness incurred after the Appointed Date but before the Effective Date and liabilities incurred by ZIL after the Appointed Date but before the Effective Date for purposes of the Transferred Undertaking shall be discharged by CFCL.
- 3.6 With effect from the Appointed Date, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Transferred Undertaking of ZIL to which ZIL is a party or to the benefit of which ZIL may be eligible, and all charges or security interests over the Transferred Undertaking or part thereof, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour of CFCL and may be enforced as fully and effectually as if, instead of ZIL, CFCL had been a party or beneficiary or obligee thereto.
- 3.7 Upon this Scheme becoming effective and the demerger of the Transferred Undertaking of ZIL and its vesting in CFCL, the Transferee Company shall be deemed to have become the holder of all the investments which comprise a part of the Transferred Undertaking being in the form of securities, in pursuance of this Scheme under Sections 391-394 of the Act.
- 3.8 With effect from the Appointed Date, all rights, entitlements, permissions, licenses, registrations including those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Transferred Undertaking of ZIL to which ZIL is a party or to the benefit of which ZIL may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be and remain in full force and effect in favour of or against CFCL as the case may be, and may be enforced as fully and effectually as if, instead of ZIL, CFCL had been a party or beneficiary or obligee thereto.
- 3.9 With effect from the Appointed Date, any statutory licenses, permissions or approvals or consents required to carry on the business activities of the Transferred Undertaking of ZIL shall stand vested in CFCL without further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in

favour of CFCL upon the vesting of the Transferred Undertaking of ZIL pursuant to this Scheme. The benefit of all statutory and regulatory permissions and consents including the statutory licenses, permissions or approvals or consents required to carry on the business activities of the Transferred Undertaking shall vest in and become available to CFCL pursuant to the Scheme.

- 3.10 CFCL, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, will execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Transferred Undertaking of ZIL to which ZIL is a party in order to give formal effect to the above provisions. ZIL will, if necessary, also be party to the above. CFCL shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of ZIL and to carry out or perform all such formalities or compliances referred to above on part of ZIL.
- 3.11 Upon this Scheme becoming effective, CFCL undertakes to have such legal or other proceedings relating to or in connection with the Transferred Undertaking of ZIL, initiated by or against ZIL, transferred in its name and to have the same continued, prosecuted and enforced by or against CFCL to the exclusion of ZIL. CFCL also undertakes to deal with all legal or other proceedings which may be initiated by or against ZIL or CFCL after the Effective Date relating to the Transferred Undertaking in respect of the period commencing from the Appointed Date up to the Effective Date, in its own name and account and to the exclusion of ZIL, and further undertakes to pay all amounts including interest, penalties, damages, etc. which ZIL may be called upon to pay or secure in respect of any liability or obligation relating to the Transferred Undertaking of ZIL for the period up to the Effective Date, and any reasonable costs incurred by ZIL in respect of such proceedings started by or against it relating to the period up to the Effective Date upon submission of necessary evidence by ZIL to CFCL for making such payment.
- 3.12 With effect from the Appointed Date, all employees of ZIL engaged in or in relation to the Transferred Undertaking as on the Effective Date, shall become employees of CFCL with the benefit of continuity of service on same terms and conditions being not unfavourable with the terms and conditions applicable to such employees of ZIL and without any breach or interruption of service. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company in relation to the employees engaged in connection with the Transferred Undertaking of ZIL shall become those of CFCL.
- 3.13 Subject to the other provisions contained in this Scheme, all contracts, agreements, memoranda of undertakings, memoranda of agreement, memoranda of agreed points, letters of agreed points, arrangements, undertakings whether written or otherwise, lease rights, deeds, bonds, other agreements and instruments of whatsoever nature relating to the Transferred Undertaking to which ZIL is a party or having effect immediately before the Effective Date, shall remain in full force and effect against and in favour of CFCL and may be enforced fully and effectually as if, instead of ZIL, CFCL had been a party thereto.
- 3.14 It is expressly clarified that with effect from the Appointed Date, all taxes, duties, cess etc. payable by ZIL relating to the Transferred Undertaking and all or any refunds, credit, claims etc. relating thereto shall be treated as the liability or refund, credit, or claims, as the case may be, of CFCL.
- 3.15 For the purpose of giving effect to the vesting order passed under Sections 391 and 394 of the Act in respect of this Scheme, CFCL shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the legal right(s) upon the vesting of such assets of the Transferred Undertaking of ZIL in accordance with the provisions of Sections 391 and 394 of the Act. ZIL and CFCL shall jointly and severally be authorised to execute any writings as are required to remove any difficulties and carry out any formalities or compliance for the implementation of this Scheme.
- 3.16 With effect from the Appointed Date and until (and including) the Effective Date:
 - (a) ZIL shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Transferred Undertaking of ZIL for and on behalf of CFCL. ZIL shall carry on all such business and activities relating to the Transferred Undertaking of ZIL with due care and diligence.
 - (b) All profits accruing to ZIL and all taxes thereon or losses arising or incurred by it relating to the Transferred Undertaking of ZIL shall, for all purposes, be treated as the profits, taxes or losses as the case may be of CFCL.

PART-III

4. REORGANISATION OF SHARE CAPITAL; MATTERS RELATING TO ACCOUNTS ETC.

Upon the Scheme coming into effect and upon vesting of the Transferred Undertaking in CFCL:

- 4.1 The existing subscribed, issued and paid-up equity share capital of ZIL of Rs. 58,56,91,610/ (Rupees Fifty Eight Crores Fifty Six Lakhs Ninety One Thousand Six Hundred and Ten only) shall be allocated between the Transferred Undertaking and Residual Undertaking of ZIL as follows:
 - (a) Transferred Undertaking - Rs. 21,12,33,710/- (Rupees Twenty One Crore Twelve Lakh Thirty Three Thousand Seven Hundred and Ten only). The total subscribed, issued and paid-up equity share capital of ZIL relating to the Transferred Undertaking shall be extinguished in the books of ZIL pursuant to the demerger of the Transferred Undertaking and its vesting in the Transferee Company,
 - (b) Residual Undertaking - Rs. 37,44,57,900/- (Rupees Thirty Seven Crore Forty four Lakh Fifty Seven Thousand and Nine Hundred only). The total subscribed, issued and paid-up equity share capital of ZIL pursuant to the demerger of the Transferred Undertaking and its vesting in the Transferee Company shall be Rs. 37,44,57,900/- (Rupees Thirty Seven Crore Forty four Lakh Fifty Seven Thousand and Nine Hundred only).
- 4.2 For every 10,000 (Ten Thousand) equity shares held in ZIL, as on the Record Date, an equity shareholder of ZIL shall be issued 473 (Four Hundred Seventy Three) 5% (five per cent.) non-convertible debentures of face value of Rs. 100/- each ("NCDs") credited as fully paid-up by CFCL and shall retain 6393.43 (Six Thousand Three Hundred Ninety Three point Four Three) equity shares in ZIL. The remaining 3606.57 (Three Thousand Six Hundred Six point Five Seven) equity shares held by the equity shareholder in ZIL shall stand extinguished. It is hereby clarified that for the purpose of such issue and allotment of the NCDs by CFCL, fractional entitlements, if any, of the equity shareholders in ZIL as on the Record Date, shall be rounded off to the nearest whole. In case the entitlement of any of the Shareholder of ZIL is less than one NCD, such shareholder shall be issued one NCD.
- 4.3 Presently, CFCL holds 2,92,84,565 (Two Crore Ninety Two Lakh Eighty Four Thousand Five Hundred Sixty Five) equity shares in ZIL and in accordance with clause 4.2 above, CFCL shall be entitled as an equity shareholder in ZIL, to be issued the appropriate number of NCDs in respect of its shareholding in ZIL. However, CFCL shall not allot or issue to itself any NCDs pursuant to clause 4.2 above. Thus, in accordance with the ratio set out in clause 4.2 above, 1,05,61,679 (One Crore Five Lakh Sixty One Thousand Six Hundred Seventy Nine) equity shares held by CFCL in ZIL shall automatically stand extinguished.
- 4.4 The equity shareholders of ZIL whose names shall appear on the Register of Members of ZIL as on the Record Date, shall surrender their share certificates for cancellation thereof to ZIL. ZIL shall, on receipt of share certificates from the shareholders, cancel the submitted share certificates and issue fresh share certificates to the shareholders for the shares in ZIL retained by the equity shareholders. All such fresh share certificates for the equity shares retained in ZIL shall be sent by ZIL to the shareholders at their respective registered addresses as appearing in the said Register (or in the case of joint holders to the address of that one of the joint holders whose name stands first in such Register in respect of such joint holding) and ZIL shall not be responsible for any loss in transmission. In the event any shareholder of ZIL fails to submit the share certificate(s) held by him to ZIL, upon the issue and allotment of the NCDs by CFCL to such shareholder of ZIL, the share certificates in relation to the shares held by him in ZIL shall be deemed to have been cancelled to the extent set out in clause 4.2 above. Fresh share certificates for the shares retained in ZIL shall be sent by ZIL to such shareholders at their respective registered addresses as appearing in the said Register (or in the case of joint holders to the address of that one of the joint holders whose name stands first in such Register in respect of such joint holding) and ZIL shall not be responsible for any loss in transmission.
- 4.5 CFCL shall determine a record date ("Record Date") being a date subsequent to the Effective Date, for ascertaining the equity shareholders of ZIL to whom NCDs are to be issued pursuant to clause 4.2 above. CFCL shall, issue and allot to the equity shareholders of ZIL as on the Record Date, 13,85,164 (Thirteen Lakh Eighty Five Thousand One Hundred Sixty Four) NCDs credited as fully paid up.

The principal terms and conditions of the NCDs to be issued by CFCL are set out in Schedule II hereto.

- 4.6 The NCDs issued by CFCL in accordance with the terms of the Scheme shall be in dematerialized form and in light of clause 4.1 (iii) of the circular dated December 22, 2003 bearing No. SEBI / MRD / SE/AT/46/2003 issued by the Securities and Exchange Board of India, shall not be listed on any recognized stock exchange.
- 4.7 The exchange ratio stated in clause 4.2 herein has been determined by the Board of Directors of CFCL and ZIL based on their independent judgement and taking into consideration the valuation provided by the independent valuer M/s. N.M. Raiji & Co. and a fairness opinion provided by M/s. Ernst and Young Private Limited on the valuation done by M/s. N.M. Raiji & Co.
- 4.8 The entire existing subscribed, issued and paid-up preference share capital of ZIL of Rs. 28,85,00,000/- (Rupees Twenty Eight Crores Eighty Five Lakhs Only) shall be allocated to the Transferred Undertaking of ZIL. A preference shareholder in ZIL would be entitled to be issued preference shares in CFCL pursuant to the demerger of the Transferred Undertaking and its vesting in CFCL. However, CFCL is holding the entire preference share capital of ZIL and it can not allot or issue to itself any preference shares. Accordingly, the entire preference share capital of ZIL amounting to Rs. 28,85,00,000/- (Rupees Twenty Eight Crores Eighty Five Lakhs Only) shall automatically stand extinguished.
- 4.9 With effect from the Appointed Date, and subject to any corrections and adjustments as may, in the opinion of the Board of Directors of CFCL be required, all the assets and liabilities of the Transferred Undertaking shall be recorded at book value or in any other manner as may be deemed fit by the Board of Directors of CFCL.
- 4.10 Pursuant to the demerger of the Transferred Undertaking of ZIL and its vesting in CFCL, the difference, if any, arising between:
 - (A) the aggregate of (i) the NCDs allotted pursuant to clause 4.2 above; and (ii) extinguishment of equity share capital and preference share capital pursuant to clauses 4.3 and 4.8; and
 - (B) the net book value of the assets and liabilities of the Transferred Undertaking; shall be recorded as goodwill/ capital reserve, as the case may be, in CFCL's books of account.
- 4.11 In case any goodwill arises pursuant to clause 4.10 above, the same may be written off against share premium account, capital redemption reserves, general reserves of CFCL or in any other manner, as may be determined by the board of directors of CFCL.
- 4.12 In case any capital reserve arises pursuant to clause 4.10 above, the same shall be treated as free reserves of CFCL.

PART-IV

5. GENERAL TERMS AND CONDITIONS

- 5.1 The revised accounts of ZIL as on the Appointed Date subject to reorganization of capital as provided in Part III hereof, shall be constructed in accordance with the terms of the Scheme. The revised accounts of CFCL as on the Appointed Date shall also be constructed in accordance with the terms of this Scheme.
- 5.2 ZIL and CFCL are expressly permitted to revise their income tax returns and related TDS certificates and shall be entitled to claim refund, advance tax credits etc. upon this Scheme becoming effective and have expressly reserved the right to make such revisions in their respective income tax returns and related TDS certificates and to claim refund, advance tax credits etc. pursuant to the sanction of this Scheme.
- 5.3 No stamp duty shall be payable for the vesting of the Transferred Undertaking pursuant to this Scheme as no stamp duty is payable on a scheme of demerger within the States of Rajasthan and Goa.
- 5.4 ZIL and CFCL shall make necessary applications before the Hon'ble High Court of Judicature, Bombay at Panaji, Goa and the Hon'ble High Court of Rajasthan at Jaipur, respectively, for sanction of this Scheme and any disputes arising out of this Scheme shall be subject to the jurisdiction of the aforesaid Hon'ble High Courts.

- 5.5 All costs, charges, taxes, including duties, levies and fees and all other expenses, if any, arising out of or incurred in carrying out and implementing the terms and conditions or provisions of this Scheme and incidental thereto shall be borne by CFCL.
- 5.6 ZIL and CFCL each through its directors or authorised persons may in their full and absolute discretion, assent to any alteration or modification which the Hon'ble High Courts and/or any other authority may deem fit to approve or impose and may consider necessary to settle any question or difficulty arising under the Scheme or in regard to its implementation or in any matter connected therewith. ZIL and CFCL each through its directors or authorised persons may also in their full and absolute discretion, withdraw or abandon this Scheme at any stage prior to filing the orders sanctioning this Scheme with the respective Registrar of Companies.
- 5.7 Upon the Scheme becoming effective and subject to the above provisions, CFCL shall be eligible to issue to shareholders of ZIL as on the Record Date, letters of allotment for the debentures pending issue of the debenture certificates.
- 5.8 The Scheme is conditional and is subject to -
- a) The Scheme being agreed to by the respective requisite majorities of the members and the creditors of ZIL and CFCL (either by way of a meeting or a letter of consent) under Section 391 of the Act and the requisite orders of the Court by virtue of the powers vested in them by the Act as referred to hereinbefore.
 - b) All necessary certified copies of the orders sanctioning this Scheme being filed by the Transferor Company and the Transferee Company with the concerned Registrar of Companies.
- 5.9 Upon the sanction of the Scheme and upon the Scheme having become effective, with effect from the Appointed Date, the following shall be deemed to have occurred: (i) the demerger of the Transferred Undertaking of ZIL and its vesting in CFCL, and (ii) re-organisation of the share capital of ZIL, pursuant to and in accordance with this Scheme.
- 5.10 In the event of this Scheme failing to take effect finally, this Scheme shall become null and void and in that case no rights and liabilities whatsoever shall accrue to or be incurred inter-se by the parties or their shareholders or creditors or employees or any other person.
- 5.11 In case any doubt or difference or issue shall arise between the parties hereto or any of their shareholders, creditors, debenture holders, employees and/or persons entitled to or claiming any right to any shares or debentures in the Transferor or Transferee Company as to the construction thereof or as to any account, valuation or apportionment to be taken or made of any asset or liability transferred to the Transferee Company or as to anything else contained in or relating to or arising out of this Scheme, the same shall be referred to the arbitration of Mr. Shardul S. Shroff, Managing Partner, M/s. Amarchand & Mangaldas & Suresh A. Shroff & Company under the Arbitration and Conciliation Act 1996, whose decision shall be final and binding on all concerned.

SCHEDULE - I

List of the Assets and Liabilities of the Transferred Undertaking of ZIL as on August 31, 2004

		Amounts in Rs.
ASSETS		
Investments		
India Steamship Company Limited Equity shares of Rs. 10 each, fully paid up	2,89,73,371	28,97,33,710
10.5% Non Cumulative Redeemable Preference shares of Rs. 100/- each, fully paid up	21,00,000	21,00,00,000
Total		49,97,33,710
LIABILITIES		NIL

SCHEDULE - II

Terms and Conditions of the Non-Convertible Debentures to be issued by CFCL

Face Value : Rs. 100/- per Debenture

Tenure : 89 days (Redeemable on the 89th day from the Date of Allotment)

Security : Unsecured

Interest : 5% per annum payable at the time of redemption.