

कोल इण्डिया लिमिटेड महारात्न कंपनी 3 तल्ला, कोर-2 प्रेमिसेस-04-एमआर, प्लॉट-ए एफ-III, एक्शन एरिया, न्यूटाउन, रजरहट, कोलकाता-700156 फोन 033-23246526, फैक्स-033-23246510 ई मेल: mviswanathan2@coalindia.in वेबसाइट: www.coalindia.in CIN: L23109WB1973GOI028844		Coal India Limited A Maharatna Company (A Govt. of India Enterprise) 3rd floor, Core-2 Premises no-04-MAR, Plot no-AF-III, Action Area-1A, Newtown, Rajarhat, Kolkata-700156 PHONE; 033-2324-6526, FAX; 033-23246510 E-MAIL: mviswanathan2@coalindia.in WEBSITE: www.coalindia.in CIN: L23109WB1973GOI028844
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Ref. No. CIL:XI(D):04184A:2016: 13674.

दिनांक: 20 जून 2016

To
Shri Vishnu Vyas
National Stock Exchange of India Limited,
Listing Department,
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai – 400051.

Sub: Clarification_COALINDIA

Dear Sir,

Kindly refer to your e-mail dated 15th June'2016 vide which you have requested information on newly incorporated company between CIL and NTPC viz. Hindustan Urvarak & Rasayan Limited.

1. Purpose of entering into the agreement:-

A meeting was held on 7.4.2016 in the office of Prime Minister's Office (PMO) to finalise the modalities for revival of Sindri and Gorakhpur units of Fertiliser Corporation of India Limited (FCIL) and Barauni unit of Hindustan Fertilizer Corporation Limited (HFCL) for setting up of an Ammonia urea plant at each location. In the aforesaid meeting, option was given to Ministries of Coal & Power to take up revival through a single JV/SPV as per the modalities decided by the Ministries for revival of Gorakhpur and Sindri units belonging to FCIL. As per the minutes of the meeting, Ministries of Coal & Power can involve more than one PSU belonging to their Ministries in the Joint Venture. Ministries of Coal & Power directed CIL & NTPC to enter into Joint Venture for revival of these projects and hence JV Agreement was signed between two companies.

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2. Significant terms of the agreement

(a) Main object:

To establish and operate new Fertilizer Complex (Ammonia Urea Complex) at Gorakhpur & Sindri Units of FCIL and to market its products, taking into consideration the assets of existing FCIL Sindri and Gorakhpur units including the land, right of way, right of use, owned by FCIL- Sindri and Gorakhpur units.

(b) Authorized capital:

Initial authorized share capital of the Company shall be Rs.10,00,000/- (Rupees Ten Lac Only) divided into 1,00,000(One Lac) Equity Shares of Rs.10/- each.

(c) Initial Subscription:

NTPC & CIL have proposed to invest Rs. 250, 000 each towards Initial Share Capital.

(d) Shareholding pattern:

The initial shareholding of the Parties in the Company shall be in the following proportion:

I.	NTPC	: 50%
II.	CIL	: 50%

(e) Composition of the Board

The number of Directors at any given point of time shall not be less than 4 (Four) comprising of two directors being nominated each by CIL and NTPC respectively and more than 15 (Fifteen).

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(f) First right to share subscription in case of issuance of shares

- 1 None of the Parties shall sell, transfer or otherwise assign any of its shares or create any charge, or pledge, hypothecate or encumber in any way or manner its respective' shares, whether whole or in part as a result of which the rights and obligations accrued to either of them under this Agreement may be altered, varied or modified in any manner whatsoever, of its shareholdings / voting rights in the Company for an initial period of five (5) years from the date of incorporation of the Company or commercial operation date of any one of the proposed Project at Sindri and Gorakhpur of the Company or date of allotment of shares in JV for the first time whichever is earlier ("Lock in Period").
- 2 The Parties recognize that they are under the obligation of negative lien on all or any of its undertakings, assets present and future (including un-called capital) to its lenders, in the course of its business and, therefore, the equity shareholding of the Parties in the Company pursuant to the provisions herein would necessarily be subject to such negative lien. This obligation of negative lien by the Parties on the Equity Shares to be subscribed pursuant to the provisions of JVA.
- 3 Subject to the provisions of clause herein the Parties agree that after the initial lock-in period of 5 years, there will be a restriction on Transfer of Shares to the extent that none of the Parties will be entitled to directly or indirectly sell, transfer, assign, pledge, convey, create an encumbrance on or otherwise alienate or dispose of in any way (hereinafter collectively called as transfer)of its shareholding, either in whole or part, to any other Person save and except to the extent provided as follows:
 - a. If any Party desires to transfer its Shareholdings in the JV either in whole or in part, the said Party(hereinafter referred to as Transferor) shall first offer, in writing, such Shares to the other Party (hereinafter referred to as Transferee).
 - b. The Transferor shall not sell or otherwise transfer all or any part of the Shares owned by it in the Company to any third Party, not being its Affiliates, unless the said shares have first been offered to the Transferee at the fair value, as certified by an independent and registered valuer as mutually agreed between Transferor & Transferee. The Transferee shall have eight weeks' time, after receipt of the notice, to accept such offer or decline. The Transferee can accept such offer for all or part of such Shares offered for transfer by the Transferor. However, if Transferee does notaccept such offer/ decline in writing to the selling party, within the eight weeks' time, Transferor will be entitled to offer the said Shares to any third Party, within a period of two months from expiration of said eight weeks' time or issue of decline of offer by Transferee, provided that the price and terms & conditions on which such

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offer is made to such third party(ies) shall not be more favourable compared to the offer made to the Transferee to this Agreement.

- c. The third party acquiring the shares shall agree, in writing by the way of signing the Deed of Adherence to abide with the Terms and conditions of this Agreement in place of the Transferor, before transfer of shares by the Transferor.
- d. If Central Government or any State Government, Government Company or Corporation owned or controlled by the Central or any State Government desires to subscribe to the equity capital of the Company, then by mutual consent, such entity may be accommodated as shareholder, either by issue of new Shares or by transferring the shares held by the Promoters in such proportion as may be agreed between themselves. In such a reduction in shareholding, provisions of lock-in-period as aforesaid in Clause 11.1 shall not apply.
- e. In the event of the Transferee or third party expressing their willingness to purchase the Shares at the price offered by the Transferor, the Transferee or third party will be liable to pay to the Transferor the price within the date by which the offer was valid for acceptance and the Transferor will simultaneously, with the payment, sign the share transfer deed and / or any other document/agreement signifying the transfer of the Shares in favour of the Transferee.
- f. All transfer of Shares by one party to another will be subject to restrictions imposed by any law by which the transfer of shares is to be dealt.

3. Whether, the said parties are related to promoter/promoter group/group companies in any manner. If yes, nature of relationship;

Directors are appointed by the Promoter group.

4. Whether the transaction would fall within related party transactions? If yes, whether the same is done at arms length;

The transaction would fall within the scope of Related Party Transactions and the same would be done at Arms length basis.

5. In case of issuance of shares to the parties, details of issue price, class of shares issued;

Initial authorized share capital of the Company shall be Rs.10,00,000/- (Rupees Ten Lac Only) divided into 1,00,000(One Lac) Equity Shares of Rs.10/- each.

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The authorized share capital shall be increased as and when necessary in accordance with the provisions of Memorandum of Association and Articles of Association of the Company and the Act. NTPC & CIL have proposed to invest Rs. 250, 000 each towards Initial Share Capital.

6. Any other disclosures related to such agreements, viz., details of nominee on the board of directors of the listed entity, potential conflict of interest arising out of such agreements, etc.

Nominee Directors

From CIL:-

1. Shri Chander Bhushan Sood
2. Shri Tapas Bandopadhyay

From NTPC:-

1. Shri Arun Kumar Gupta
2. Shri Kalyan Prasad Gupta

Hope we have clarified the matter.

भवदीय,
M. E. 20/10/11
(एम. विस्वनाथन)
कंपनी सचिव