**SUMMARY ON LAND AT KAKINADA**

1. The Company was allocated 960 Acres of land at Kakinada by the Government of Andhra Pradesh for the exclusive purpose of setting up of Urea / Ammonia project.
2. The Land Acquisition was done as per the Land Acquisition Act 1894. Pursuant to this Act, Land Awards and agreements were executed between the Government of AP and the Company as per the Act.
3. As per the above said Agreements with the Government (one copy of the Agreement is attached as Annexure-1), following are the realizable values for the lands as per the contractual obligations:

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| **S.No.** | **Reference** | **Circumstance** | **Incidence** | **Eventual Realizable Value by Company** |
| 1 | Clause 3 (a) of Agreement | Utilization of land | Land shall be used only for the purpose of Ammonia / Urea fertilizer plant.  |  |
| 2 | Clause 3 (b) of Agreement | Payment of Ground Rent to Government | The Company has not paid the Ground Rent since the inception of the new Company. |  |
| 3 | Clause 3 (e) of Agreement | Not to use the land for other purposes | The Company shall not use the land for any purpose other than for which it is acquired. |  |
| 4 | Clause 3 (f) of Agreement | Land Mortgage Enforcement | The Company is not entitled to transfer, sell, gift, lease or otherwise without the previous sanction of the Government.There was no approval provided by Government for mortgage since inception.  |  |
| 5 | Clause 3 (i) of Agreement | Company’s breach of any conditions in the Agreement. | Government shall declare transfer of land as null and void and take back by paying the acquisition price after deducting 25% as damages. | Acquisition Cost : Rs. 7.62 Crs.Less : 25% : Rs. 1.90 Crs.Realizable Value : Rs. 5.72 Crs.  |
| 6 | Clause 3 (j) of Agreement | Utilization of only part land by Company and the Govt. is satisfied that Company can operate with part of the land | Government shall declare unutilized land as null and void and take back by paying the acquisition price after deducting 25% of the same towards expenses etc.If the Company is not able to utilize the land, stops production due to any reasons (say financial constraints; or if it is unable to comply with the Supreme Court norms / CFO conditions requiring additional 109 acres of land) the Government can exercise rights under Clause 3(j) and take control of the land.  | Acquisition Cost : Rs. 7.62 Crs.Less : 25% : Rs. 1.90 Crs.Realizable Value : Rs. 5.72 Crs. |
| 7 | Clause 3 (o) of Agreement | If Company is wound up or production is stopped. | Land shall be resumed by the Government and repay either (a) Amount of the Award reduced by 15% or (b) estimated market value of the land; whichever is lesser.Any buildings shall either be acquired by the Government at their option or direct the Company to remove the buildings at Company’s cost. | Acquisition Cost : Rs. 7.62 Crs.Less : 15% : Rs. 1.14 Crs.Realizable Value : Rs. 6.48 Crs. |
| 8 | Clause 3 (p) of Agreement | Voluntary relinquishment of land, not required for the purpose it was acquired  | Land shall be resumed by the Government and pay either (a) Amount of the Award reduced by 15% or (b) estimated market value of the land at its resumption; whichever is lesser. Any buildings / assets shall either be acquired by the Government at their option or direct the Company to remove the buildings / assets at Company’s cost. | Acquisition Cost : Rs. 7.62 Crs.Less : 15% : Rs. 1.14 Crs.Realizable Value : Rs. 6.48 Crs. |

1. In the case of running of both the Ammonia / Urea Plants, for a plant area of 177 acres, 33 % of greenbelt works out to 88 acres of land, as per the PCB norms. Whereas, NFCL lands being close to Koringa Wildlife Sanctuary, Supreme Court specified 10 times the land as greenbelt. NFCL needs additional 109 acres to comply with the Supreme Court norm to continue plant operations.
2. APIIC recently allotted land near plant at Rs. 35 Lakhs per acre. This value can be considered for 177 acres, the value is notional as the land cannot be sold and the remaining land used as greenbelt as per Supreme Court Order can be valued at acquisition cost.

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