

NATIONAL FERTILIZERS LIMITED
(Corporate Office : Personnel Department)

Circular No: PA14 093

Ref. NFL/Pers/1(45)/

March 3, 2005

Sub: Scheme for reimbursement of litigation expenses to Chief Managers and above for providing legal and financial support against motivated false complaints.

It has been decided to introduce a **Scheme for reimbursement of litigation expenses to Chief Managers and above in cases arising out of motivated false complaints against them.**

The Scheme provides for payment of litigation expenses to Chief Managers and above, to initiate legal action in India against private parties, who, with a malafide intention lodge motivated false complaints, make baseless allegations, pass derogatory remarks on matters arising out of bonafide execution of Company's work. The Scheme shall, however, not be applicable in case of a complaint/allegation from another employee of NFL

A detailed Scheme in this regard is placed at Annexure-I.

The above Scheme shall come into force with immediate effect.

(H.R. VARMA)
GENERAL MANAGER (HR) I/C

Encl. As above.

Circulation :

- | | | |
|----|---------------------------|---|
| 1. | Manager to C&MD | For kind information of C&MD |
| 2. | SPS to Dir.(Mktg) | For kind information of Dir.(Mktg) |
| 3. | ES to Dir(Tech) | For kind information of Dir(Tech) |
| 4. | SPS to Director (Finance) | For kind information of Dir (Fin) |
| 5. | Secy. to CVO | For kind information of CVO |
| 6. | All HODs at C.O./CMO | For bringing it to the notice of all employees under their control. |
| 7. | President, NFEU / NFOA | CO/CMO |
| 8. | NOTICE BOARDS | |

Units/Division

1. Chief General Manager, Nangal/ Vijaipur / Panipat / Bhatinda
2. Heads HR Department at Units Nangal/Bathinda / Panipat /Vijaipur
3. Zonal Manager, NFL Bhopal / Chandigarh / Lucknow

ANNEXURE – I

SCHEME FOR REIMBURSEMENT OF LITIGATION EXPENSES

**TO EXECUTIVES IN CASES ARISING OUT OF
MOTIVAED FALSE COMPLAINTS**

- 1.0 OBJECTIVE:** To enable executives to initiate legal action in India against private parties who with a malafide intention make baseless allegations, pass derogatory remarks, lodge motivated false complaints on matters arising out of bonafide execution of Company's work. This scheme shall not be applicable in case of a complaint/allegation from another employee of NFL.
- 2.0 APPLICABILITY:** This scheme shall cover all executives on the regular rolls of the Company. It shall also be applicable in case NFL executives are on deputation to other Companies.
- 3.0 DEFINITIONS:** In these rules, unless the context otherwise requires;
- 3.1 Private party** means any outsider other than Government Agency such as CBI, CVC, PSU etc.
- 3.1.1. A motivated false complaint/communication/allegation** shall mean a written complaint/communication/allegation other than anonymous or privileged. For the purpose of this Scheme, a privileged complaint/communication shall mean any written complaint/communication, which is protected under law.
- 3.1.2 A baseless allegation,** a derogatory remark shall mean so only if it is in writing.
- 3.1.3 Litigation expenses** shall mean court fee and other related miscellaneous expenditure, advocate fee, TA, DA, accommodation charges, as per entitlement.
- 3.2** Baseless allegation, derogatory remarks, motivated false complaints against executives of the Company by a private party for the purpose of this scheme shall hereinafter be referred to as the **“Cause of Action.”**
- 4.0 PROCEDURE.**
- 4.1** If an executive (Chief Manager & above) desired to initiate any legal action in respect of any 'Cause of Action', he/she may put up the facts along with the relevant documents, seeking permission to initiate legal action through proper channel.
- 4.2** All such proposals shall be placed before a Committee constituted for the purpose at Corporate Office, consisting of one member of the level of E7 and above from HR, Finance and Company Secretary. The Convener of this Committee shall be the representative from HR Department. The committee shall examine the gravity of the 'Cause of Action', and recommend for grant or rejection of request for permission to pursue legal action to the Competent Authority within a period of 15 days, on receipt of such proposals.

- 4.3 The Competent Authority for executives up to the level of E7 shall be Functional Head of Corporate HR Deptt. in case the court fees in these cases is up to Rs.50,000. For GM/CGM and ED and those cases where the Court fee exceeds Rs.50,000, the Competent Authority shall be the respective Functional Directors.
- 4.4 Once the permission is granted, the Company Sectt. Department will identify a suitable advocate in each case. The fee and other charges payable shall be as per the NFL approved rates for hiring of advocates.
- 4.5 The concerned executive shall execute an Undertaking-cum-Indemnity Bond as per the format enclosed, agreeing to comply with the provisions of this scheme.
- 4.6 Since CMD and Functional Directors are more susceptible to slandering, wild allegations made by persons inside or outside the Organization, they would themselves be competent to decide and file a suit (Criminal / Civil or both) against the individual (s) who has made such allegations / complaints against them.

5.0 OTHER TERMS AND CONDITIONS.

- 5.1 In the event the Court orders for payment of any compensation in favour of the concerned executive, the amount so received shall be retained by the concerned executive after payment to the Company, of the amount spent by the Company in connection with the case.
- 5.2 The concerned executive shall pursue the case with due diligence and in the event concerned Officer retires before the culmination of the case, even then the concerned Officer shall pursue the case till its conclusion at Company's cost, as mentioned above.
- 5.3 In the event the employment of the concerned executive with the Company comes to an end for whatever reason except otherwise than by superannuation or retirement on health grounds, the Company shall not provide aid any further.

6.0 GENERAL

- 6.1 The decision of the Competent Authority for granting permission to initiate legal action shall be final and binding.
- 6.2 Company reserves the right to amend, modify or withdraw this Scheme at any time.

**Undertaking-cum-Indemnity Bond
(on non-judicial stamp paper of appropriate denomination)**

This Undertaking-cum-Indemnity Bond executed on day of By (Name and designation) (hereinunder referred to as the “said executive”) and having permanent residence at

IN FAVOUR OF

National Fertilizers Limited, Government Company under the Companies Act, 1956 and having its Registered Office at National Fertilizers Limited, 7 Institutional Area, SCOPE Complex, Lodhi Road, New Delhi 110 003 (hereinafter referred as to the “Company”)

WHEREAS

- A) The Company has formulated a Scheme under its’ Circular No. PA14093 dated 3.3.2005 (hereinafter referred to as the said Scheme” which expression shall include amendments / modifications thereto, if any) under which an executive of the Company is entitled to be paid or reimbursed expenses incurred in connection with legal action initiated in accordance with the said Scheme. I have read the said Scheme and has made myself aware of the provisions of the said Scheme.
- B) has made a baseless allegation against the undersigned in respect of Since this baseless allegation Affects me and also it is likely that it could harm the image of the Company, I am desirous of initiating legal action against the said and avail assistance from the Company under the said Scheme for this purpose.
- C) Company has agreed to pay or reimburse the expenses in connection with the legal proceedings proposed to be initiated by me as above, in accordance with the provisions of the said scheme.
- D) Under the said Scheme, I am required to execute an undertaking in accordance with the provisions of the said Scheme. Accordingly, I have executed this Deed of Undertaking as hereinafter appearing.

NOW THIS DEED WITNESSETH AS FOLLOWS :

- 1. I have read the above said Scheme and hereby agree to be bound by the provisions of the said Scheme.
- 2. In the event of any damages, compensation and/or costs being awarded by the Court at any time in my favour in the legal action initiated by me, I agree to pay back to the Company, whatever amount has been spent by the Company in connection with the case and balance amount, if any, shall be retained by me.
- 3. I hereby agree and undertake to pursue the above case diligently till the case reaches its finality (including the appeal, if any, so advised by the Company).
- 4. This case is being filed by me in an individual capacity and NFL shall not be held responsible for any claim arising out of this case for which I indemnify NFL.

IN WITNESS WHEREOF the undersigned has executed this Undertaking cum indemnity Bond as on the date mentioned herein above.

Signature of the Executive