

**Indiabulls**

R E A L E S T A T E

**INDIABULLS REAL ESTATE LIMITED**

Registered Office : F-60, Malhotra Building, 2nd Floor,  
Connaught Place, New Delhi – 110 001

**COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS**

**Day** : **Thursday**  
**Date** : **30th day of June, 2011**  
**Time** : **10:00 A.M.**  
**Venue** : **Centaur Hotel, Indira Gandhi International Airport,  
Delhi-Gurgaon Road, New Delhi – 110037**

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**IN THE HIGH COURT OF DELHI AT NEW DELHI  
COMPANY JURISDICTION  
COMPANY APPLICATION (M) NO. 84 OF 2011**

**IN THE MATTER OF:**

The Companies Act, 1956;

**AND**

**IN THE MATTER OF:**

Application Under Sections 391-394 of the Companies Act, 1956;

**AND**

**IN THE MATTER OF:**

Scheme of Arrangement among **Indiabulls Real Estate Limited, Indiabulls Infrastructure and Power Limited, Indiabulls Builders Limited, Indiabulls Power Limited., Poena Power Supply Limited** and their respective shareholders and creditors

**AND**

**IN THE MATTER OF:**

<b>Indiabulls Real Estate Limited</b> , an existing company incorporated under the provisions of the Companies Act, 1956 and having its registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001.	<b>APPLICANT COMPANY NO.1</b>
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**NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS OF  
INDIABULLS REAL ESTATE LIMITED, THE COMPANY**

To

**The Equity Shareholders of Indiabulls Real Estate Limited, the Company.**

Take notice that by an order made on the **2nd day of May, 2011**, the Hon'ble High Court of Delhi at New Delhi, has directed that meeting of the Equity Shareholders of the Company, be held at the **Centaur Hotel, Indira Gandhi International Airport, Delhi-Gurgaon Road, New Delhi-110037** on **Thursday the 30th day of June, 2011 at 10:00 A.M.**, for the purpose of considering, and if thought fit, approving with or without modification(s), the proposed Scheme of Arrangement among **Indiabulls Real Estate Limited, Indiabulls Infrastructure and Power Limited, Indiabulls Builders Limited, Indiabulls Power Limited. and Poena Power Supply Limited** and their respective shareholders and creditors ("the Scheme").

In pursuance of the said order and the directions contained therein, further notice is hereby given that a meeting of Equity Shareholders of the Company will be held at the **Centaur Hotel, Indira Gandhi International Airport, Delhi Gurgaon Road, New Delhi - 110037** on **Thursday the 30th day of June, 2011 at 10:00 A.M.**, which you are requested to attend.

Persons entitled to attend and vote at the said meeting may vote in person or by proxy, provided that a proxy in the prescribed form is deposited at the Registered Office of the Company at **F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi - 110001**, not later than 48 hours before the time fixed for the meeting.

The Hon'ble High Court of Delhi at New Delhi has appointed **Sanjeev Ralli, Advocate**, and failing him, **Chetan Lokur, Advocate**, to be the Chairperson of the said meeting.

A copy of the Scheme, the statement under Section 393 of the Companies Act, 1956 and a form of Proxy are enclosed.

Dated this 26th day of May, 2011

Sd/-  
Sanjeev Ralli  
Advocate  
(Chairperson appointed for the meeting)

**IN THE HIGH COURT OF DELHI AT NEW DELHI  
COMPANY JURISDICTION  
COMPANY APPLICATION (M) NO. 84 OF 2011**

**IN THE MATTER OF:**

The Companies Act, 1956;

**AND**

**IN THE MATTER OF:**

Application Under Sections 391-394 of the Companies Act, 1956;

**AND**

**IN THE MATTER OF:**

Scheme of Arrangement among **Indiabulls Real Estate Limited**, **Indiabulls Infrastructure and Power Limited**, **Indiabulls Builders Limited**, **Indiabulls Power Limited**., **Poena Power Supply Limited** and their respective shareholders and creditors

**AND**

**IN THE MATTER OF:**

<b>Indiabulls Real Estate Limited</b> , an existing company incorporated under the provisions of the Companies Act, 1956 and having its registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001.	<b>APPLICANT COMPANY NO.1/THE COMPANY/DEMERGED COMPANY/FIRST AMALGAMATED COMPANY</b>
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**EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956**

The accompanying Notice has been sent convening a meeting of the equity shareholders of the Company for the purpose of considering and, if thought fit, approving with or without modification(s), the proposed Scheme of Arrangement among the Company, **Indiabulls Infrastructure and Power Limited**, a company incorporated under the provisions of the Companies Act, 1956 (the "**Act**") and having its registered office at 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi-110001 ("**Resulting Company**"), **Indiabulls Builders Limited**, a company incorporated under the provisions of the Act and having its registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001 ("**First Amalgamating Company**"), **Indiabulls Power Limited**., a company incorporated under the provisions of the Act and having its registered office at 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi-110001 ("**Second Amalgamated Company**"), **Poena Power Supply Limited**, a company incorporated under the provisions of the Act and having its registered office at 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi-110001 ("**Second Amalgamating Company**") and their respective shareholders and creditors (the "**Scheme**").

1. Pursuant to the Order dated May 2, 2011 passed by the Hon'ble High Court of Delhi, at New Delhi, on the Company Application referred to above, a meeting of the equity shareholders of the Company is being convened and held on Thursday, 30th Day of June, 2011 at the Centaur Hotel, IGI Airport, Delhi-Gurgaon Road, New Delhi - 110037 at 10.00 A.M., for the purpose of considering and, if thought fit, approving with or without modifications, the Scheme, as approved by the Board of Directors of each of the Company, the Resulting Company, the First Amalgamating Company, the Second Amalgamated Company and the Second Amalgamating Company, at their respective meetings held on January 17, 2011. A copy of the Scheme is attached to the notice of the meeting.
2. The meetings of the secured and unsecured creditors of the Company and the equity shareholders, secured and unsecured creditors of Second Amalgamated Company are separately being convened. The Hon'ble High Court of Delhi at New Delhi, has vide its aforesaid order dated May 2, 2011, dispensed with the requirement of convening the meetings of the equity shareholders, secured and unsecured creditors of the Resulting Company, First Amalgamating Company and Second Amalgamating Company, to consider the Scheme.
3. **Indiabulls Real Estate Limited**, the Company was incorporated on April 4, 2006 in New Delhi under the provisions of the Act and has its registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi - 110001.

The objects for which the Company has been established are set out in its Memorandum of Association. The main objects of the Company are as follows:

- i. To purchase, sell, develop, construct, take in exchange or on lease, hire or otherwise acquire and deal in all real or personal estate/properties and to enter into joint venture, foreign collaboration in real estate as per permissible government guidelines.
- ii. To construct, acquire, hold/sell properties, buildings, farms, lands tenements and such other moveable and immovable properties and to rent, let on hire and manage them and to act as real estate agent and immovable property dealers.
- iii. To carry on the business of Builders, General and Government Contractor and Engineers (mechanical, electrical, canal, civil, irrigation) and in all its branches.
- iv. To acquire by purchase, lease, exchange or otherwise land, buildings, structures of any description in India or abroad and any estate or interest therein and any rights over or connected with land, building and structures and turn the same to accounts as may seem expedient and in particular by preparing building sites and by constructing, developing, reconstructing, altering, improving, decorating, furnishing and maintaining, townships, markets, offices, flats, apartments, houses, shops, factories, ware-house, or other buildings residential and commercial of all kinds and/or conveniences thereon, to equip the same or part thereof with all or any amenities or conveniences, drainage facility, electric, telephonic, installations and to deal with the same in any manner whatsoever, and by advancing money to and entering into contracts and arrangements of all kinds with builders, tenants and others, to manage land, building and other properties situated as aforesaid, whether belonging to company or not to collect rents and income and supply tenants and occupiers.
- v. To layout, develop, construct, build, erect, demolish, re-erect, alter, repair, remodel, improve, grades, cures, pave, macadamize, cement, maintain or do any other work in connection with any building or building scheme, structures, houses, apartments, places of worship, paths, streets, sideways, courts, alleys, pavements, roads, highway, docks, sewers, bridges, canal, wells, springs, dams, power plants bours, wharves, ports, reservoirs, embarkments, tramway, railways, irrigations, reclamations, improvements, sanitary, water, gas or any other structural or architectural work of any kind whatsoever and for such purpose, to prepare estimates, deigns, plans, specification or models.
- vi. To provide personnel recruitment services and provide personnel and personal services as supervisors of works and consultants in industries of every kind or description including real estate, development and infrastructure projects.
- vii. To form, settle, acquire, set up, incorporate, establish, promote, subsidise, organise and assist or aid in forming, promoting, subsidising, organising or aiding, companies, trusts, funds, entities or partnerships of all kinds for any purpose including for the purpose of accepting and undertaking any properties, businesses, assets, liabilities of this Company, or with objects similar in whole or part with that of Company and invest therein.
- viii. To carry on the profession of consultants on management, employment, engineering, industrial and technical matters, including in relation to architecture, design management and interior design to industry and business of every kind and description including acting as consultants to companies engaged in real estate development and infrastructure projects.
- ix. To act as consultants and to advise and assist on all aspects of corporate, commercial and industrial management or activity including production, manufacturing, personnel, financial, marketing, taxation, audit, technology, insurance, purchasing, sales, quality, control, productivity, planning, research and development, site and project management, construction supervision, schedule, safety and quality control, organization, import and export business, industrial relations and management and to make evaluations feasibility studies, project reports forecasts and surveys and to give export advice and advice on acquisition and commercial exploitation of real estate and suggest ways and means for improving efficiency in real estate development, infrastructure projects, mines trades, plantations, business organizations registered or cooperate

societies, partnership or proprietary concerns and industries of all kinds in India and elsewhere in the world and improvement of business management, office organization and export management, to supply to and provide, maintain and operate services, facilities, conveniences, bureau and the like for the benefit of the company including assistance in acquiring governmental, regulatory and any other required approvals, to recruit and/or advice on the recruitment of staff for any company, to publish and sell books, bulletins periodicals and any other form of printed matters, to acquire, sell and deal in patents designs and any other rights to industrial property, and generally to conduct market research, product planning, classes, seminars and conferences in connection with any of the foregoing."

5. The share capital structure of the Company as on April 29, 2011 was as under:

<b>Authorized Share Capital</b>	<b>Rupees</b>
Comprising of 500,000,000 equity shares of face value Rs. 2/- (Rupees Two Only) each aggregating to Rs. 1,000,000,000/- (Rupees One Billion Only) and 30,000,000 preference shares of face value Rs. 138/- (Rupees One Hundred and Thirty Eight Only) each aggregating to Rs. 4,140,000,000 (Rupees Four Billion One Hundred and Forty Million Only).	5,140,000,000/-
<b>Total</b>	<b>5,140,000,000/-</b>
<b>Issued, Subscribed and Paid-up share capital*</b>	<b>Rupees</b>
402,280,739** equity shares of Rs. 2/- (Rupees Two Only) each	804,561,478/-**
<b>Total</b>	<b>804,561,478/-**</b>

- \* includes 11,048,711 equity shares represented by IBREL GDRs (as defined in the Scheme).
- \* the Company has issued 28,700,000 (Twenty Eight Million Seven Hundred Thousand) warrants ("**Demerged Company Warrants**"), convertible into an equivalent number of equity shares of the Company of face value Rs. 2 (Rupees Two Only) each. The conversion of such warrants would result in an increase in the issued, subscribed and paid-up equity share capital of the Company.
- \* the exercise of employee stock options issued pursuant to the Indiabulls Real Estate Limited Employees Stock Option Scheme 2006 and Indiabulls Real Estate Limited Employees Stock Option Scheme-2008 (II) ("**ESOS Schemes**") would result in an increase in the issued, subscribed and paid-up equity share capital of the Company.
- \*\* includes 38,500 equity shares of face value Rs. 2/- (Rupees Two Only) each issued and allotted on April 8, 2011 consequent to the exercise of employee stock options issued pursuant to the ESOS Schemes.

The equity shares of the Company are listed on the Bombay Stock Exchange Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**"). The global depository receipts representing underlying equity shares of the Company are listed on the Luxembourg Stock Exchange.

6. Indiabulls Infrastructure and Power Limited, the Resulting Company, was incorporated under the Act on November 9, 2010 with its registered office at E-29, 1st Floor, Connaught Place, New Delhi-110001. Subsequently with effect from March 15, 2011, the registered office of the Resulting Company was shifted to 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi-110001.
7. The objects for which the Resulting Company has been established are set out in its Memorandum of Association. The main objects of the Resulting Company are as follows:-
- "i. To promote, undertake, carry on either on its own or through any other entity or to enter into agreements, contracts, partnership, alliance or any other arrangement for technical, financial and operational assistance or sharing of profits / losses with any Person / Body / Bodies Corporate

incorporated in India or abroad either under a Strategic Alliance or Joint Venture or any other arrangement, in India or any part of the world, the business of generating, developing, transmitting, distributing, trading and supplying all forms of electrical power/energy from any source whatsoever and to construct, lay down, establish, fix and carry out necessary power stations, cables, wires, lines, accumulators, lamps and works and to carry on the business of electrical and mechanical engineers, traders, suppliers of electricity for the purposes of light, heat, motive power or otherwise, and manufacturers of and dealers in apparatus and things required for or capable of being used in connection with the generation, distribution, trading, supply, accumulation and employment of electricity, galvanism, magnetism or otherwise and business of establishing, commissioning, setting up, operating and maintaining electric power generating stations based on conventional/non-conventional resources, tie-lines, sub-stations and transmission lines on Build, Own and Operate (BOO) and/or Build, Own and Transfer (BOT), and/or Build, Own, Lease and Transfer (BOLT) and/or Build, Own, Operate and Transfer (BOOT) basis and/or otherwise, and to carry on the business of acquiring, operating, managing and maintaining existing power generation stations, tie-lines, sub-stations and transmission lines, either owned by the private sector or public sector or the Government or Governments or other public authorities and for any or all of the aforesaid purposes, to do all the necessary or ancillary activities as may be considered necessary or beneficial or desirable and in any manner deal with or dispose of undertaking, property, assets, rights and all other effects which in the opinion of the Company is conducive to the attainment of any or all of its business objectives or to acquire and dispose of shares, securities and interest in such Businesses.

- ii. To carry on the business of design, engineering, construction and development of power projects including hydro-electric projects, renewable energy, nuclear, gas and coal and fuel oil based projects, power transmission and distribution, real or personal estate/properties, airports, oil and gas, highways, pipelines, telecom, IT Parks, industrial infrastructure, warehouses, transportation systems, water resources, tunnels, dams, seaports, Special Economic Zones (SEZ) and other infrastructure projects.
- iii. To act as consultants and to advise and assist on all aspects of corporate, commercial and industrial management or activity including production, manufacturing, personnel, financial, marketing, taxation, audit, technology, insurance, purchasing, sales, quality, control, productivity, planning, research and development, project management, supervision, schedule, safety and quality control, organization, import and export business, industrial relations and management and to make evaluations feasibility studies, project reports forecasts and surveys and to give advice on acquisition and commercial exploitation of power and suggest ways and means for improving efficiency in power projects, business organizations of registered or co-operate societies, partnership or proprietary concerns and industries of all kinds in India and elsewhere in the world and improvement of business management, office organization and export management, to supply to and provide, maintain and operate services, facilities, conveniences, bureau and the like for the benefit of the company including assistance in acquiring governmental, regulatory and any other required approvals, to recruit and/or advice on the recruitment of staff for any company, to publish and sell books, bulletins periodicals and any other form of printed matters, to acquire, sell and deal in patents designs and any other rights to industrial property, and generally to conduct market research, product planning, classes, seminars and conferences in connection with any of the foregoing.
- iv. To carry on the profession of consultants on management, employment, engineering, industrial and technical matters, including in relation to architecture, design management and interior design to industry and business of every kind and description including acting as consultants to companies engaged in real estate development and infrastructure projects.
- v. To form, settle, acquire, set up, incorporate, establish, promote, subsidize, organize and assist or aid in forming, promoting, subsidizing, organizing or aiding, companies, trusts, funds, entities or partnerships of all kinds for any purpose including for the purpose of accepting and undertaking any properties, businesses, assets, liabilities of this Company, or with objects similar in whole or part with that of Company and invest therein."

8. The share capital structure of the Resulting Company as on April 29, 2011 was as under:-

<b>Authorized Share Capital</b>	<b>Rupees</b>
500,000 equity shares of face value Rs. 10/- (Rupees Ten Only) each	5,000,000/-
<b>Total</b>	<b>5,000,000/-</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	<b>Rupees</b>
50,000 equity shares of face value Rs. 10/- (Rupees Ten Only) each	500,000/-
<b>Total</b>	<b>500,000/-</b>

The Resulting Company is a wholly owned subsidiary of the Company and the equity shares of the Resulting Company are, at present, not listed on any stock exchange.

9. Indiabulls Builders Limited, the First Amalgamating Company, was incorporated under the Act on May 17, 2006. The First Amalgamating Company has its registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001.
10. The objects for which the First Amalgamating Company has been established are set out in its Memorandum of Association. The main objects of the First Amalgamating Company are as follows:-
- i. To carry on the business of development of Infrastructure and to undertake infrastructure projects and to purchase, sell, develop, construct, hire or otherwise acquire and deal in all real or personal estate/properties.
  - ii. To construct, acquire, hold/sell properties, buildings, tenements and such other moveable and immovable properties and to rent, let on hire and manage them and to act as real estate agent and immovable property dealers.
  - iii. To carry on the business of Builders, General and Government Contractor and Engineers (mechanical, electrical, canal, civil, irrigation) and in all its branches.
  - iv. To acquire by purchase, lease, exchange or otherwise land including agricultural lands, buildings, structures of any description in India or abroad and any estate or interest therein and any rights over or connected with land, building and structures and turn the same to accounts as may seem expedient and in particular by preparing building sites and by constructing, developing, reconstructing, altering, improving, decorating, furnishing and maintaining, townships, markets, offices, flats, apartments, houses, shops, factories, ware-house, or other buildings residential and commercial of all kinds and/or conveniences thereon, to equip the same or part thereof.
  - v. To layout, develop, construct, build, erect, demolish, re-erect, alter, repair, re-model, improve, grades, curves, pave, macadamize, cement, maintain or do any other work in connection with any building or building scheme, structures, houses, apartments, places of worship, paths, streets, sideways, courts, alleys, pavements, roads, highway, docks, sewers, bridges, canal, wells, springs, dams, power plants, boors, wharves, ports, reservoirs, embankments, tramway, railways, irrigations, reclamations, improvements, sanitary, water, gas or any other structural or architectural work of any kind whatsoever and for such purpose, to prepare estimates, designs, plans, specification or models.
  - vi. To enter into joint venture, foreign collaboration in real estate as per permissible government guidelines."

- 11 The share capital structure of the First Amalgamating Company as on April 29, 2011 was as under :-

<b>Authorized Share Capital</b>	<b>Rupees</b>
42,500,000 equity shares of face value Rs. 2/- (Rupees Two Only) each	85,000,000/-
<b>Total</b>	<b>85,000,000/-</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	<b>Rupees</b>
42,500,000 equity shares of face value Rs. 2/- (Rupees Two Only) each	85,000,000/-
<b>Total</b>	<b>85,000,000/-</b>

The First Amalgamating Company is a wholly owned subsidiary of the Company and the equity shares of the First Amalgamating Company are, at present, not listed on any stock exchanges.

12. Indiabulls Power Limited., the Second Amalgamated Company, was incorporated under the Act on October 8, 2007 with its registered office at E-29, 1st Floor, Connaught Place, New Delhi-110001. Subsequently with effect from March 15, 2011, the registered office of the Second Amalgamated Company was shifted to 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi-110001.
13. The objects for which the Second Amalgamated Company has been established are set out in its Memorandum of Association. The main objects of the Second Amalgamated Company are as follows:-
- To promote, undertake, carry on either on its own or through any other entity or to enter into agreements, contracts, partnership, alliance or any other arrangement for technical, financial and operational assistance or sharing of profits / losses with any Person / Body / Bodies Corporate incorporated in India or abroad either under a Strategic Alliance or Joint Venture or any other arrangement, in India or any part of the world, the business of generating, developing, transmitting, distributing, trading and supplying all forms of electrical power/energy from any source whatsoever and to construct, lay down, establish, fix and carry out necessary power stations, cables, wires, lines, accumulators, lamps and works and to carry on the business of electrical and mechanical engineers, traders, suppliers of electricity for the purposes of light, heat, motive power or otherwise, and manufacturers of and dealers in apparatus and things required for or capable of being used in connection with the generation, distribution, trading, supply, accumulation and employment of electricity, galvanism, magnetism or otherwise and business of establishing, commissioning, setting up, operating and maintaining electric power generating stations based on conventional/non-conventional resources, tie-lines, sub-stations and transmission lines on Build, Own and Operate (BOO) and/or Build, Own and Transfer (BOT), and/or Build, Own, Lease and Transfer (BOLT) and/or Build, Own, Operate and Transfer (BOOT) basis and/or otherwise, and to carry on the business of acquiring, operating, managing and maintaining existing power generation stations, tie-lines, sub-stations and transmission lines, either owned by the private sector or public sector or the Government or Governments or other public authorities and for any or all of the aforesaid purposes, to do all the necessary or ancillary activities as may be considered necessary or beneficial or desirable and in any manner deal with or dispose of undertaking, property, assets, rights and all other effects which in the opinion of the Company is conducive to the attainment of any or all of its business objectives or to acquire and dispose of shares, securities and interest in such Businesses.
  - To carry on in India or elsewhere in the world, either alone or jointly with one or more persons, government, local or other bodies, the business to search, prospect, explore, win, mine including captive mining, quarry, dispose of, purchase, trade, take on lease or otherwise acquire freehold and other lands, properties, mines and mineral properties exploration rights, concessions, leases, claims, licences of or other interest in mines, mining and offshore rights, mineral properties and water rights to prospect, explore, develop and work claims or mines, drill and sink shafts or wells and raise, pump, dig and quarry for all sorts of major and minor minerals working deposits thereof and sub soil minerals and to crush, win, set, quarry, smelt, calcine, refine, dress,



preserve, amalgamate, process, harden, temper, polish, wash, manufacture, manipulate and prepare for market, sale, resale, export, trade or deal in metals, substances, catalysts or mineral substances, all types of stones, lime, chalk, clay, refractories, ceramics, stonewares, porcelain wares, proppants, oil, coke, coal, precious stones, coal, coke, slag, slag granules, bauxite, lignites, rock-phosphate, brimstone, quartz, granite, marble, silica, silica sand, brine, rare earths, gypsum deposits, iron ore, aluminium, titanium, vanadium, mica, apalite, chrome, copper, gypsum, zircon, tungsten, oil, petroleum, natural gas, coal, earth and other natural substances, organic or inorganic, and the alloys, products or byproducts thereof or products and to do all such other processes necessary in connection with the same.

- iii. To act as consultants and to advise and assist on all aspects of corporate, commercial and industrial management or activity including production, manufacturing, personnel, financial, marketing, taxation, audit, technology, insurance, purchasing, sales, quality, control, productivity, planning, research and development, project management, supervision, schedule, safety and quality control, organization, import and export business, industrial relations and management and to make evaluations feasibility studies, project reports forecasts and surveys and to give advice on acquisition and commercial exploitation of power and suggest ways and means for improving efficiency in power projects, business organizations of registered or co-operate societies, partnership or proprietary concerns and industries of all kinds in India and elsewhere in the world and improvement of business management, office organization and export management, to supply to and provide, maintain and operate services, facilities, conveniences, bureau and the like for the benefit of the company including assistance in acquiring governmental, regulatory and any other required approvals, to recruit and/or advice on the recruitment of staff for any company, to publish and sell books, bulletins periodicals and any other form of printed matters, to acquire, sell and deal in patents designs and any other rights to industrial property, and generally to conduct market research, product planning, classes, seminars and conferences in connection with any of the foregoing.
- iv. To carry on the business of design, engineering, construction and development of power projects including hydro-electric projects, renewable energy, nuclear, gas and coal and fuel oil based projects, power transmission and distribution, real or personal estate/properties, airports, oil and gas, highways, pipelines, telecom, IT Parks, industrial infrastructure, warehouses, transportation systems, water resources, tunnels, dams, seaports, Special Economic Zones (SEZ) and other infrastructure projects.
- v. To carry on in India or elsewhere the business to search manufacture, produce, process, refine, mix, formulate, purify, disinfect, convert, commercialize, control, compound, develop, distribute, derive, discover, release, manipulate, prepare, acquire, store, supply, import, export, buy, sell, turn to account and to act as agent, broker, trader, bottler, refiner, concessionaire, stockiest, transporter, collaborator, consignor, consultant, job worker or otherwise to establish and manage the fuel systems, oils, gases, coals, coal rejects, naphtha, liquefied natural gas, raw petroleum stock or any other fuel in solid, liquid or gas form, whether found in natural state or obtained by processing from other substances including transformation of coal into liquid and Underground Coal Gasification and deal in all sorts of Liquid coal and coal gas, which may be required for the generation, transmission, distribution, trading and supply of electrical power or as may be required or used in industries, agriculture, laboratories, clinics, hospitals, refrigeration, aviation, transport vehicles, space rockets, aircrafts, communication, power plants, domestic or public lighting, cooling, or cooking purposes, water works, defense or welfare establishments, horticulture, forest or plant protection and for other allied purposes.
- vi. To form, settle, acquire, set up, incorporate, establish, promote, subsidize, organize and assist or aid in forming, promoting, subsidizing, organizing or aiding, companies, trusts, funds, entities or partnerships of all kinds for any purpose including for the purpose of accepting and undertaking any properties, businesses, assets, liabilities of this Company, or with objects similar in whole or part with that of Company and invest therein".

14. The share capital structure of the Second Amalgamated Company as on April 29, 2011 was as under :-

<b>Authorized Share Capital</b>	<b>Rupees</b>
5,000,000,000 equity shares of face value Rs. 10/- (Rupees Ten Only) each	50,000,000,000/-
<b>Total</b>	<b>50,000,000,000/-</b>
<b>Issued, Subscribed and Paid-up Share Capital*</b>	<b>Rupees</b>
2,022,932,746 equity shares of face value Rs. 10/- (Rupees Ten Only) each**	20,229,327,460/-**
<b>Total</b>	<b>20,229,327,460/-**</b>

\* the Second Amalgamated Company has issued 420,000,000 (Four Hundred Twenty Million) warrants ("Second Amalgamated Company Warrants"), convertible into an equivalent number of equity shares of the Second Amalgamated Company of face value Rs. 10 (Rupees Ten Only) each. The conversion of such warrants would result in an increase in the issued, subscribed and paid-up equity share capital of the Second Amalgamated Company.

\* the exercise of employee stock options issued pursuant to the SPCL - IPL Employees Stock Option Plan 2008 and the Indiabulls Power Limited Employees Stock Option Scheme - 2009 ("IPLESOS Schemes") would result in an increase in the issued, subscribed and paid-up equity share capital of the Second Amalgamated Company.

\*\* Includes 222,000 equity shares of face value Rs. 10/- (Rupees Ten Only) each issued and allotted on March 31, 2011 consequent to the exercise of employee stock options issued pursuant to the IPLESOS Schemes.

Presently, the Second Amalgamated Company is a subsidiary of the Company and the equity shares of the Second Amalgamated Company are listed on the NSE and the BSE.

15. Poena Power Supply Limited, the Second Amalgamating Company, was incorporated under the Act on July 9, 2008 with its registered office at E-29, 1st Floor, Connaught Place, New Delhi-110001. Subsequently with effect from March 15, 2011, the registered office of the Second Amalgamating Company was shifted to 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi-110001.

16. The objects for which the Second Amalgamating Company has been established are set out in its Memorandum of Association. The main objects of the Second Amalgamating Company are as follows:-

"i. To promote, undertake, carry on either on its own or through any other entity or to enter into agreements, contracts, partnership, alliance or any other arrangement for technical, financial and operational assistance or sharing of profits / losses with any Person / Body / Bodies Corporate incorporated in India or abroad either under a Strategic Alliance or Joint Venture or any other arrangement, in India or any part of the world, the business of generating, developing, transmitting, distributing, trading and supplying all forms of electrical power/ energy from any source whatsoever and to construct, lay down, establish, fix and carry out necessary power stations, cables, wires, lines, accumulators, lamps and works and to carry on the business of electrician, electrical and mechanical engineers, traders, suppliers of electricity for the purposes of light, heat, motive power or otherwise, and manufacturers of and dealers in apparatus and things required for or capable of being used in connection with the generation, distribution, trading, supply, accumulation and employment of electricity, galvanism, magnetism or otherwise and business of establishing, commissioning, setting up, operating and maintaining electric power generating stations based on conventional/non-conventional resources, tie-lines, sub-stations and transmission lines on Build, Own and Operate (BOO) and/or Build, Own and Transfer (BOT), and/or Build, Own, Lease and Transfer (BOLT) and/or Build, Own, Operate and Transfer (BOOT) basis and/or otherwise, and to carry on the business of acquiring, operating, managing and maintaining existing power generation stations, tie-lines, sub-stations and transmission lines, either owned by the private sector or public sector or the Government or Governments or other

public authorities and for any or all of the aforesaid purposes, to do all the necessary or ancillary activities as may be considered necessary or beneficial or desirable and in any manner deal with or dispose of undertaking, property, assets, rights and all other effects which in the opinion of the Company is conducive to the attainment of any or all of its business objectives or to acquire and dispose of shares, securities and interest in such Businesses.

- ii. To carry on in India or elsewhere in the world, either alone or jointly with one or more persons, government, local or other bodies, the business to search, prospect, explore, win, mine including captive mining, quarry, dispose of, purchase, trade, take on lease or otherwise acquire freehold and other lands, properties, mines and mineral properties exploration rights, concessions, leases, claims, licences of or other interest in mines, mining and offshore rights, mineral properties and water rights to prospect, explore, develop and work claims or mines, drill and sink shafts or wells and raise, pump, dig and quarry for all sorts of major and minor minerals working deposits thereof and sub soil minerals and to crush, win, set, quarry, smelt, calcine, refine, dress, preserve, amalgamate, process, harden, temper, polish, wash, manufacture, manipulate and prepare for market, sale, resale, export, trade or deal in metals, substances, catalysts or mineral substances, all types of stones, lime, chalk, clay, refractories, ceramics, stonewares, porcelain wares, proppants, oil, coke, coal, precious stones, coal, coke, slag, slag granules, bauxite, lignites, rock-phosphate, brimstone, quartz, granite, marble, silica, silica sand, brine, rare earths, gypsum deposits, iron ore, aluminium, titanium, vanadium, mica, apalite, chrome, copper, gypsum, zircon, tungsten, oil, petroleum, natural gas, coal, earth and other natural substances, organic or inorganic, and the alloys, products or byproducts thereof or products and to do all such other processes necessary in connection with the same.
- iii. To form, settle, acquire, set up, incorporate, establish, promote, subsidize, organize and assist or aid in forming, promoting, subsidizing, organizing or aiding, companies, trusts, funds, entities or partnerships of all kinds for any purpose including for the purpose of accepting and undertaking any properties, businesses, assets, liabilities of this Company, or with objects similar in whole or part with that of Company and invest therein.
- iv. To act as consultants and to advise and assist on all aspects of corporate, commercial and industrial management or activity including production, manufacturing, personnel, financial, marketing, taxation, audit, technology, insurance, purchasing, sales, quality, control, productivity, planning, research and development, project management, supervision, schedule, safety and quality control, organization, import and export business, industrial relations and management and to make evaluations feasibility studies, project reports forecasts and surveys and to give advice on acquisition and commercial exploitation of power and suggest ways and means for improving efficiency in power projects, business organizations of registered or co-operate societies, partnership or proprietary concerns and industries of all kinds in India and elsewhere in the world and improvement of business management, office organization and export management, to supply to and provide, maintain and operate services, facilities, conveniences, bureau and the like for the benefit of the company including assistance in acquiring governmental, regulatory and any other required approvals, to recruit and/or advice on the recruitment of staff for any company, to publish and sell books, bulletins periodicals and any other form of printed matters, to acquire, sell and deal in patents designs and any other rights to industrial property, and generally to conduct market research, product planning, classes, seminars and conferences in connection with any of the foregoing.
- v. To carry on the business of design, engineering, construction and development of power projects including hydro-electric projects, renewable energy, nuclear, gas and coal and fuel oil based projects, power transmission and distribution, real or personal estate/properties, airports, oil and gas, highways, pipelines, telecom, IT Parks, industrial infrastructure, warehouses, transportation systems, water resources, tunnels, dams, seaports, Special Economic Zones (SEZ) and other infrastructure projects.
- vi. To carry on in India or elsewhere the business to search manufacture, produce, process, refine, mix, formulate, purify, disinfect, convert, commercialize, control, compound, develop, distribute, derive, discover, release, manipulate, prepare, acquire, store, supply, import, export, buy, sell, turn to account and to act as agent, broker, trader, bottler, refiner, concessionaire, stockiest, transporter, collaborator, consignor, consultant, job worker or otherwise to establish and manage

the fuel systems, oils, gases, coals, coal rejects, naphtha, liquefied natural gas, raw petroleum stock or any other fuel in solid, liquid or gas form, whether found in natural state or obtained by processing from other substances including transformation of coal into liquid and Underground Coal Gasification and deal in all sorts of Liquid coal and coal gas, which may be required for the generation, transmission, distribution, trading and supply of electrical power or as may be required or used in industries, agriculture, laboratories, clinics, hospitals, refrigeration, aviation, transport vehicles, space rockets, aircrafts, communication, power plants, domestic or public lighting, cooling, or cooking purposes, water works, defense or welfare establishments, horticulture, forest or plant protection and for other allied purposes."

17. The share capital structure of the Second Amalgamating Company as on April 29, 2011 was as under:-

Authorized Share Capital	Rupees
202,500,000 equity shares of face value Re. 1/- each	202,500,000/-
<b>Total</b>	<b>202,500,000/-</b>
Issued, Subscribed and Paid-up Share Capital	Rupees
202,500,000 equity shares of face value Re. 1/- each	202,500,000/-
<b>Total</b>	<b>202,500,000/-</b>

The Second Amalgamating Company is a wholly owned subsidiary of the Second Amalgamated Company and the equity shares of the Second Amalgamating Company are, at present, not listed on any stock exchange.

#### BACKGROUND AND RATIONALE TO THE SCHEME

18. (i) The Company is *inter alia* engaged in the businesses of construction and development of properties, project management, power project advisory, investment advisory and construction services, real estate development, provision of consultancy services on engineering, industrial and technical matters to various industries including companies engaged in construction-development of real estate, power and infrastructure projects. The Company is also engaged in the business of generation, transmission and distribution of power through its subsidiaries engaged in the business of power generation, transmission and distribution of power and power advisory (collectively, the "**Power Business**"). The Power Business of the Company has different risks/rewards and requires a distinct gestation period, funding requirements and is subject to distinct technical and regulatory requirements from the other businesses conducted by the Company.
- (ii) Accordingly it is proposed to segregate the Power Business of the Company from its other businesses and consolidate such business in the Resulting Company, thereby allowing investors to diversify their portfolio into separate entities, focused on the distinct businesses of real estate and power / infrastructure, respectively, which would unlock shareholder value.
- (iii) The First Amalgamating Company is a subsidiary of the First Amalgamated Company. The Second Amalgamating Company is a subsidiary of the Second Amalgamated Company. The businesses conducted by each of the First Amalgamating Company and the Second Amalgamating Company (as more particularly set out in Clause 1.4 and Clause 1.5 of the Scheme) are not conducted by the other subsidiaries of the First Amalgamated Company and the Second Amalgamated Company respectively.
- (iv) The amalgamation of the First Amalgamating Company with the First Amalgamated Company will enable the First Amalgamated Company to directly provide, as part of its services offering, the businesses currently conducted by the First Amalgamating Company. Similarly, the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company will enable the Second Amalgamated Company to directly provide, as part of its services offering, the businesses currently conducted by the Second Amalgamating Company.

- (v) Each of the First Amalgamating Company and the Second Amalgamating Company have assembled experienced teams that have strong capabilities in various aspects of project execution and strong relationships with corporate, regulators and financial institutions as well as in-depth knowledge of the business. The amalgamation of the First Amalgamating Company with the First Amalgamated Company and the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company will result in consolidation of the respective businesses of the First Amalgamated Company and Second Amalgamated Company. The synergies that exist between the First Amalgamating Company and the First Amalgamated Company in terms of similar processes and resources can be put to the best advantage of the First Amalgamated Company and its stakeholders by amalgamation of the First Amalgamating Company with the First Amalgamated Company. Similarly, the synergies that exist between the Second Amalgamating Company and the Second Amalgamated Company in terms of similar processes and resources can be put to the best advantage of the Second Amalgamated Company and its stakeholders by amalgamation of the Second Amalgamating Company with the Second Amalgamated Company.
19. The amalgamations contemplated in the Scheme will help avoid duplication of resources, systems, skills and process, reduce overall cost, improve synergies, enable the achievement of economies of scale, reduce administrative costs entailed by the conduct of businesses through separate entities, provide enhanced flexibility in funding of expansion plans, promote management efficiency and optimize the resources of the First Amalgamated Company and Second Amalgamated Company in relation to the business of the First Amalgamating Company and the Second Amalgamating Company.
20. The Scheme provides for conversion of the Demerged Company Warrants and the Second Amalgamated Company Warrants into partly paid-up shares of the Company and the Second Amalgamated Company respectively. The partly paid-up shares issued pursuant to the Scheme are required to be made fully paid-up in accordance with a schedule set out as a part of the Scheme. The holders of the Demerged Company Warrants and the Second Amalgamated Company Warrants have consented to the conversion of the warrants into partly paid-up shares as aforesaid and have consented to comply with the schedule for payments in respect of these shares as set out as a part of the Scheme.
21. The Scheme was placed before the Board of Directors of the Company on January 17, 2011, at which time the reports on the recommendation of the share entitlement ratio for the demerger of the Demerged Undertaking of the Company to the Resulting Company and the share exchange ratio for the amalgamation of the First Amalgamating Company with the Company, prepared by Dewan P. N. Chopra & Co., Chartered Accountants dated January 15, 2011 ("**Share Reports**") were tabled before the Board of Directors of the Company. M/s D & A Financial Services (P) Limited, a merchant banker registered with the Securities and Exchange Board of India, was engaged by the Company to provide a fairness opinion in relation to the Share Reports. Pursuant to such engagement, M/s D & A Financial Services (P) Limited has issued an opinion dated January 15, 2011 ("**Fairness Opinion**") which states that, and based upon the Share Reports and subject to various assumptions, limitations and considerations set forth in such written opinion, the share entitlement ratio for the demerger of the Demerged Undertaking of the Company to the Resulting Company and the share exchange ratio for the amalgamation of the First Amalgamating Company with the Company is fair and reasonable. The Share Reports and the Fairness Opinion are available for inspection and shareholders should read the aforesaid reports and opinion in their entirety for information regarding the assumptions made and factors considered in rendering the same.
22. The Board of Directors of the Company has, based on and relying upon the Share Reports and the Fairness Opinion, and on the basis of its independent evaluation and judgment, come to the conclusion that the proposed share entitlement ratio for the demerger of the Demerged Undertaking of the Company to the Resulting Company and the proposed share exchange ratio for the amalgamation of the First Amalgamating Company with the Company are fair and reasonable and has decided to incorporate the same in the Scheme, and approved the Scheme at its meeting held on January 17, 2011. Similarly, the Board of Directors of the Resulting Company and First Amalgamating Company have on the basis of their respective independent evaluation and judgment, come to the conclusion that the share entitlement ratio for the demerger of the Demerged Undertaking of the Company to the Resulting Company and the proposed share exchange ratio for the amalgamation of the First Amalgamating Company with the Company are fair and reasonable and have decided to incorporate the same in the Scheme, and approved the Scheme at their respective meetings held on January 17, 2011.

## **SALIENT FEATURES OF THE SCHEME**

23. The salient features of the Scheme in relation to the Company are set out below.

A. The Scheme envisages:

- (i) the transfer by way of a demerger of the Demerged Undertaking of the Company to the Resulting Company, and the consequent issue of equity shares and GDRs (as defined under the Scheme) by the Resulting Company to the shareholders and GDR holders of the Company, respectively;
- (ii) the amalgamation of the First Amalgamating Company with the Company;
- (iii) the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company;
- (iv) the reorganisation of the share capital, including conversion of warrants, of the First Amalgamated Company and the Second Amalgamated Company; and
- (v) various other matters consequential to or otherwise integrally connected therewith;

pursuant to section 391 to section 394 and other relevant provisions of the Act (as defined hereunder) in the manner provided for in the Scheme and in compliance with the provisions of the Income Tax Act, 1961, including section 2(19AA) and section 2(1B) thereof.

B. The "Appointed Date" under the Scheme is April 1, 2011. The "Effective Date" under the Scheme has been defined to mean the last of the dates on which all the orders, approvals, consents, conditions, matters or filings referred to in Clause 85 of the Scheme have been obtained or fulfilled. The Scheme provides that though it shall become effective from the Effective Date, the provisions of the Scheme shall be applicable and come into operation from the Appointed Date.

C. "Demerged Undertaking" has been defined to mean the undertakings, business, activities and operations pertaining to the Power Business of the Company, on a going concern basis and is more particularly defined in Clause 2.1 (N) of Part I of the Scheme.

D. Part II of the Scheme provides that upon the Scheme coming into effect and with effect from the Appointed Date, the Demerged Undertaking shall be demerged and be transferred and vested in the Resulting Company. Part II of the Scheme further provides, upon effectiveness of the Scheme:-

- (i) for the transfer of the movable assets of the Company relating to the Demerged Undertaking in the Resulting Company and for the transfer of all assets, rights, title, interests and investments of the Company in relation to the Demerged Undertaking, in the Resulting Company;
- (ii) for the transfer of all contracts, deeds, agreements etc. of the Company in relation to the Demerged Undertaking in the Resulting Company and for the transfer of all liabilities, debts, obligations etc. of the Company in relation to the Demerged Undertaking, to the Resulting Company;
- (iii) for the transfer of all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Undertaking from the Company to the Resulting Company;
- (iv) that all legal and other proceedings by or against the Company in relation to the Demerged Undertaking shall be continued and enforced by or against the Resulting Company;
- (v) the manner in which the Company shall be deemed to have been carrying on all business and activities relating to the Demerged Undertaking for and on account of, and in trust for, the Resulting Company;
- (vi) that all employees of the Company engaged in the Demerged Undertaking shall become the permanent employees of the Resulting Company on terms and conditions not less favourable than those on which they are engaged by the Company;
- (vii) provisions for the Remaining Undertaking to continue in the Company;

- (viii) the reorganisation of the share capital of the Company and the Resulting Company including conversion of warrants of the Company into its Partly Paid-up shares. The partly paid-up shares issued pursuant to the Scheme are required to be made fully paid-up in accordance with the schedule set out as a part of the Scheme.
  - (ix) that in consideration for the demerger of the Demerged Undertaking to the Resulting Company, the Resulting Company shall issue and allot to each member of the Company as on the Demerger Record Date (as defined under Clause 2.1(Q) of Part I of the Scheme), 2.95 equity shares of the Resulting Company of face value of Rs. 2/- (Rupees Two Only) each for every one equity share of face value of Rs. 2/- (Rupees Two Only) each held by a shareholder in the Company. In terms of the Scheme, the holders of the partly paid-up shares of the Company, if any, recorded in the register of members as a member of the Company as on the said date shall be issued partly paid-up shares in the Resulting Company in the Share Entitlement Ratio specified in the Scheme;
  - (x) provisions relating to the IBREL GDRs, as defined in the Scheme;
  - (xi) provisions for the sale of any fractional shares, entitlements or credits on the issue and allotment of equity shares by the Resulting Company in accordance with the Scheme;
  - (xii) provisions in respect of the stock options granted under the ESOS Schemes in the hands of the employees of the Demerged Undertaking;
  - (xiii) provisions for cancellation of the existing shareholding of the Company in the Resulting Company upon the allotment of shares by the Resulting Company pursuant to the demerger of the Demerged Undertaking in accordance with the Scheme;
  - (xiv) provisions for the increase and alteration to the authorized share capital of the Resulting Company; and
  - (xv) the accounting treatment for the demerger in the books of the Company.
- E. "First Amalgamating Undertaking" has been defined to mean all the undertakings and entire business of the First Amalgamating Company as a going concern and is more particularly defined under Clause 2.1 (BB) of the Scheme.
- F. In terms of Part III of the Scheme, upon the Scheme coming into effect and with effect from the Appointed Date but following effectiveness of the demerger, the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances comprised in the First Amalgamating Undertaking of the First Amalgamating Company shall stand transferred to and vested in the Company.
- G. Part III of the Scheme provides, upon effectiveness of the Scheme and following the demerger:-
- (i) for the transfer of all assets and properties of the First Amalgamating Company to the Company;
  - (ii) for the transfer of all licenses, permits, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits (including sales tax and service tax), subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the First Amalgamating Company to the Company;
  - (iii) for the transfer of all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature of the First Amalgamating Company to the Company;
  - (iv) that all liabilities, debts, obligations etc. loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities) whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations along with any charge, encumbrance, lien or security thereon of the First Amalgamating Company shall be transferred to the Company;

- (v) that all legal proceedings with respect to the First Amalgamating Company shall be continued and/or enforced by or against the Company;
- (vi) for the transfer of all employees of the First Amalgamating Company to the Company on terms and conditions not less favourable than those on which they are currently employed; and
- (vii) for the transfer of shares of the First Amalgamating Company and upon giving effect to the transfer of shares in accordance with the Scheme and in consideration for the amalgamation of the First Amalgamating Company with the Company, the Scheme provides that the equity shareholders of the First Amalgamating Company shall be issued and allotted one equity share of the Company of face value Rs. 2/- (Rupees Two Only) each for every one equity share held by them in the First Amalgamating Company on the Effective Date.

H. Part IV of the Scheme provides:-

- (i) for the transfer of all assets and properties of the Second Amalgamating Company to the Second Amalgamated Company;
- (ii) for the transfer of all licenses, permits, approvals, permissions etc. of the Second Amalgamating Company to the Second Amalgamated Company;
- (iii) for the transfer of all contracts, deeds, bonds, agreements etc. of the Second Amalgamating Company to the Second Amalgamated Company;
- (iv) that all liabilities, debts, obligations etc. of the Second Amalgamating Company shall be transferred to the Second Amalgamated Company;
- (v) that all legal proceedings with respect to the Second Amalgamating Company shall be continued and/or enforced by or against the Second Amalgamated Company;
- (vi) for the transfer of all employees of the Second Amalgamating Company to the Second Amalgamated Company on terms and conditions not less favourable than those on which they are currently employed;
- (vii) for the reorganisation of the share capital, including conversion of warrants, of the Second Amalgamated Company into partly paid-up shares, which are required to be made fully paid-up in accordance with a schedule set out as part of the Scheme; and
- (viii) for the transfer of shares of the Second Amalgamating Company and upon giving effect to the transfer of shares in accordance with the Scheme and in consideration for the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company, the Scheme provides that the equity shareholders of the Second Amalgamating Company shall be issued and allotted one equity share of the Second Amalgamated Company of face value Rs. 10/- (Rupees Ten Only) each for every one equity share held by them in the Second Amalgamating Company on the Effective Date.

I. Part III and Part IV of the Scheme also provide for the accounting treatment in the books of accounts of the Company and the Second Amalgamated Company pursuant to the amalgamation as provided for in the Scheme.

J. The Scheme further provides that upon the Scheme coming into effect, the First Amalgamating Company and the Second Amalgamating Company shall stand dissolved without the process of winding up.

**The aforesaid are only the salient features of the Scheme. You are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof.**



24. Holders of the global depositary receipts issued by the Company should note that they may be subject to short term capital gains tax and withholding tax in India in the event of a sale of shares of the Resulting Company contemplated pursuant to Clause 31 of Part II of the Scheme. The rate of short term capital gains tax would depend upon whether the shares are sold on the stock exchange or prior to listing. This may be subject to any relief/tax credit available under the provisions of any double taxation avoidance agreements entered into between India and the country of residence of the holder of the global depositary receipt. This is for information purposes only and holders of the global depositary receipts should obtain specific tax advice in relation to the cash out of the global depositary receipts.
25. The rights and interests of the members and the creditors of the Company will not be prejudicially affected by the Scheme.
26. The Company has received no objection letters from the BSE and the NSE for filing the Scheme with the High Court of Delhi at New Delhi. The stock exchanges have imposed the following conditions while granting their consent to the Scheme:
  - (a) Resulting Company to submit an information memorandum containing all information relating to the Resulting Company and its group companies required in terms of the disclosure requirements applicable for public issues with NSE in order that the same may be made available to the public through the website of the company.
  - (b) Resulting Company to publish an advertisement in the newspapers containing all the information about the Resulting Company, in line with the details required as per SEBI circular no. SEBI/CFD/SCRR/01/2009/03/09 dated September 3, 2009. Such advertisement should specifically state that the aforesaid information memorandum is available on the website of the company as well as the NSE.
  - (c) the Company to disclose all the material information about the Resulting Company to the stock exchanges on a continuous basis so as to make the same public, in addition to the requirements, if any, specified in Listing Agreement for disclosures relating to its subsidiaries.
27. The stock exchanges had directed that the following provisions be incorporated in the Scheme:
  - (a) The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.
  - (b) There shall be no change in the shareholding pattern or control in Indiabulls Infrastructure and Power Limited between the record date and the listing which may affect the status of this approval.These provisions already form part of the Scheme.
28. As directed by the BSE, the Company has undertaken to lock-in 25% of the equity shares to be issued to the shareholders of the First Amalgamating Company pursuant to the amalgamation of the First Amalgamating Company with the Company, for a period of three years from the date of listing of such shares with the BSE.
29. No investigation proceedings have been instituted or are pending in relation to the Company under Sections 235 and 250A of the Act.
30. The directors of each of the Company, Resulting Company, First Amalgamating Company, Second Amalgamated Company and Second Amalgamating Company (together, the "Companies") may be deemed to be concerned and/or interested in the Scheme only to the extent of their shareholding in the Companies, or to the extent the said directors are common directors in the Companies, or to the extent the said directors are the partners, directors, members of the companies, firms, association of persons, bodies corporate and/or beneficiary of trust that hold shares in any of the companies or to the extent they or the entities owned/controlled by them may be allotted shares in the Companies as a result of the Scheme.
31. The details of the present directors of the Company, and their shareholding in each of the Company ("A"), Resulting Company ("B"), First Amalgamating Company ("C"), Second Amalgamated Company ("D") and Second Amalgamating Company ("E") either singly or jointly as on April 29, 2011 are as set out below:

S. No.	Name of Director	Age (Yrs.)	Position	Equity Shares Held				
				(A)	(B)	(C)	(D)	(E)
1.	Mr. Sameer Gehlaut	37 yrs	Chairman & Non-Executive Promoter Director	1,200,000	Nil	Nil	Nil	Nil
2.	Mr. Rajiv Rattan	38 yrs	Vice Chairman & Non-Executive Promoter Director	600,000	Nil	Nil	Nil	Nil
3.	Mr. Saurabh K Mittal	38 yrs	Vice Chairman & Non-Executive Promoter Director	600,000	Nil	Nil	Nil	Nil
4.	Mr. Narendra Gehlaut	38 yrs	Jt. Managing Director	Nil	Nil	Nil	Nil	Nil
5.	Mr. Vipul Bansal	39 yrs	Jt. Managing Director	119,300	Nil	Nil	Nil	Nil
6.	Mr. Karan Singh	65 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil
7.	Mr. Aishwarya Katoch	41 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil
8.	Mr. Shamsher Singh Ahlawat	62 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil
9.	Brig. Labh Singh Sitara	72 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil
10.	Mr. Prem Prakash Mirdha	56 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil

32. The details of the present directors of the Resulting Company, and their shareholding in each of the Company ("A"), Resulting Company ("B"), First Amalgamating Company ("C"), Second Amalgamated Company ("D") and Second Amalgamating Company ("E") either singly or jointly as on April 29, 2011 are as follows:

S. No.	Name of Director	Age (Yrs.)	Position	Equity Shares Held				
				(A)	(B)	(C)	(D)	(E)
1.	Mr. Mukul Bansal	42 yrs	Non-Executive Director	Nil	Nil	Nil	Nil	Nil
2.	Mr. Abhimanyu Mehlawat	35 yrs	Non-Executive Director	1900	Nil	Nil	Nil	Nil
3.	Mr. Rajinder Nagpal	45 yrs	Non-Executive Director	Nil	Nil	Nil	Nil	Nil

33. The details of the present directors of the First Amalgamating Company and their shareholding in each of the Company ("A"), Resulting Company ("B"), First Amalgamating Company ("C"), Second Amalgamated Company ("D") and Second Amalgamating Company ("E") either singly or jointly as on April 29, 2011 are as follows:

S. No.	Name of Director	Age (Yrs.)	Position	Equity Shares Held				
				(A)	(B)	(C)	(D)	(E)
1.	Mr. Mehul C C Johnson	39 yrs	Non-Executive Director	1,95,000	Nil	Nil	Nil	Nil
2.	Mr. Shiv Rattan	43 yrs	Non-Executive Director	3	Nil	Nil	Nil	Nil
3.	Mr. Murtuza Zoeb Munim	32 yrs	Executive Director	Nil	Nil	Nil	Nil	Nil

34. The details of the present directors of the Second Amalgamated Company and their shareholding in each of the Company ("A"), Resulting Company ("B"), First Amalgamating Company ("C"), Second Amalgamated Company ("D") and Second Amalgamating Company ("E") either singly or jointly as on April 29, 2011 are as follows:

S. No.	Name of Director	Age (Yrs.)	Position	Equity Shares Held				
				(A)	(B)	(C)	(D)	(E)
1.	Mr. Sameer Gehlaut	37 yrs	Chairman & Non-Executive Promoter Director	1,200,000	Nil	Nil	Nil	Nil
2.	Mr. Rajiv Rattan	38 yrs	Vice Chairman & Executive Promoter Director	600,000	Nil	Nil	Nil	Nil
3.	Mr. Saurabh K Mittal	38 yrs	Vice Chairman & Non-Executive Promoter Director	600,000	Nil	Nil	Nil	Nil
4.	Mr. Shamsher Singh Ahlawat	62 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil
5.	Brig. Labh Singh Sitara	72 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil
6.	Mr. Prem Prakash Mirdha	56 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil

35. The details of the present directors of the Second Amalgamating Company, and their shareholding in each of the Company ("A"), Resulting Company ("B"), First Amalgamating Company ("C"), Second Amalgamated Company ("D") and Second Amalgamating Company ("E") either singly or jointly as on April 29, 2011 are as follows:

S. No.	Name of Director	Age (Yrs.)	Position	Equity Shares Held				
				(A)	(B)	(C)	(D)	(E)
1.	Mr. L. N. Agrawal	50 yrs	Non-Executive Director	Nil	Nil	Nil	Nil	Nil
2.	Mr. Himanshu Mathur	43 yrs	Executive Director	Nil	Nil	Nil	10,000	Nil
3.	Mr. Nafees Ahmed	39 yrs	Non-Executive Director	3,100	Nil	Nil	Nil	Nil

36. The shareholding pattern of the Company, Resulting Company, First Amalgamating Company, Second Amalgamated Company and Second Amalgamating Company as on April 29, 2011, as well as the shareholding pattern of the Company, Resulting Company and Second Amalgamated Company expected after the implementation of the Scheme are as set out in this Clause:

- (i) The shareholding pattern of the Company as on April 29, 2011 was as follows:

Category	No. of equity shares of Rs. 2 each	% holding
Promoters	110,901,376	27.57
Non Promoters	291,379,363	72.43
<b>Total</b>	<b>402,280,739</b>	<b>100.00</b>

- (ii) The expected shareholding pattern of the Company post effectiveness of the Scheme is as follows:

Category	No. of equity shares of Rs. 2 each*	% holding
Promoters	138,301,376	29.21
Non Promoters	335,179,363	70.79
<b>Total</b>	<b>473,480,739</b>	<b>100.00</b>

\* post-conversion of warrants in terms of the Scheme.

- (iii) The shareholding pattern of the Resulting Company as on April 29, 2011 was as follows:

Category	No. of equity shares of Rs. 10 each	% holding
Promoter (Indiabulls Real Estate Limited)*	50,000	100
Non Promoters	Nil	Nil
<b>Total</b>	<b>50,000</b>	<b>100</b>

\* includes 6 shares of the Resulting Company held through nominees of the Company.

- (iv) The expected shareholding pattern of the Resulting Company post effectiveness of the Scheme is as follows:

Category	No. of equity shares of Rs. 2 each	% holding
Promoters	407,989,059	32.09
Non Promoters	863,404,121	67.91
<b>Total</b>	<b>1,271,393,180</b>	<b>100.00</b>

- (v) The shareholding pattern of the First Amalgamating Company as on April 29, 2011 was as follows:

Category	No. of equity shares of Rs. 2 each	% holding
Promoter (Indiabulls Real Estate Limited)*	42,500,000	100
Non Promoters	Nil	Nil
<b>Total</b>	<b>42,500,000</b>	<b>100</b>

\* includes 30 shares of the First Amalgamating Company held through nominees of the Company

- (vi) The shareholding pattern of the Second Amalgamated Company as on April 29, 2011, was as follows:

Category	No. of equity shares of Rs. 10 each	% holding
Promoters	1,185,000,000	58.58
Non Promoters	837,932,746	41.42
<b>Total</b>	<b>2,022,932,746</b>	<b>100.00</b>

- (vii) The expected shareholding pattern of the Second Amalgamated Company post effectiveness of the Scheme is as follows:

Category	No. of equity shares of Rs. 10 each*	% holding
Promoters	1,605,000,000	60.67
Non Promoters	1,040,432,746	39.33
<b>Total</b>	<b>2,645,432,746</b>	<b>100.00</b>

\* post-conversion of warrants in terms of the Scheme.

- (viii) The shareholding pattern of the Second Amalgamating Company as on April 29, 2011 was as follows:

Category	No. of equity shares of Re. 1 each	% holding
Promoter (Indiabulls Power Limited.)*	202,500,000	100
Non Promoters	Nil	Nil
<b>Total</b>	<b>202,500,000</b>	<b>100</b>

\* includes 60 shares of the Second Amalgamating Company held through nominees of the Second Amalgamated Company.

- (ix) The First Amalgamating Company and Second Amalgamating Company shall cease to exist following effectiveness of the Scheme and accordingly, the shareholding pattern of the First Amalgamating Company and Second Amalgamating Company following effectiveness of the Scheme have not been provided.

37. An equity shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. The instrument appointing the proxy should however be deposited at the registered office of the Company not later than 48 (forty eight) hours prior to the commencement of the meeting.
38. Corporate equity shareholders intending to send their authorised representatives to attend the meeting are requested to lodge a certified true copy of the resolution of their board of directors or other governing body of the body corporate not later than 48 (forty eight) hours before commencement of the meeting, authorising such person to attend and vote on its behalf at the meeting.
39. The following documents will be open for inspection by the shareholders of the Company upto one day prior to the date of the Meeting at its registered office between 10:00 a.m. and 1:00 p.m. on all working days (Monday to Friday).
  - (a) Certified copy of the Order of the Hon'ble High Court of Delhi at New Delhi dated May 2, 2011 in the above Company Application directing the convening of the meeting of the equity shareholders of the Company;
  - (b) Copy of the Company Application (M) No. 84 of 2011;
  - (c) Copies of the Memorandum and Articles of Association of the Companies;
  - (d) Audited Balance sheet / Annual Report of the Companies for the financial year ended 31st March, 2010, except for Resulting Company;
  - (e) Copies of the no objection letters dated April 21, 2011 and February 21, 2011 from the BSE and the NSE, respectively;
  - (f) A copy of the Share Entitlement Report for the demerger of the Demerged Undertaking of the Company to the Resulting Company, issued by Dewan P. N. Chopra & Co., Chartered Accountants dated January 15, 2011;

- (g) A copy of the Share Entitlement Report for the amalgamation of the First Amalgamating Company with the Company, issued by Dewan P. N. Chopra & Co., Chartered Accountants dated January 15, 2011;
  - (h) A copy of the Fairness Opinion dated January 15, 2011 issued by M/s D & A Financial Services (P) Limited; and
  - (i) The Scheme of Arrangement.
40. This statement may be treated as the statement under Section 393 of the Act. A copy of the Scheme and this statement may also be obtained by the equity shareholders of the Company up to one day prior to the date of the meeting at its registered office between 10:00 A.M. and 1:00 P.M. on all working days (Monday to Friday).

**For Indiabulls Real Estate Limited**

Sd/-  
Authorised Signatory

Dated this 25th day of May, 2011.

Registered Office:  
F-60, Malhotra Building,  
2nd Floor, Connaught Place,  
New Delhi - 110001

## SCHEME OF ARRANGEMENT

### AMONG

INDIABULLS REAL ESTATE LIMITED	....	
INDIABULLS INFRASTRUCTURE AND POWER LIMITED	....	
	AND	
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS		
	AND	
INDIABULLS BUILDERS LIMITED	....	
INDIABULLS POWER LIMITED.	....	
POENA POWER SUPPLY LIMITED	....	
	AND	
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS		

### PART I – GENERAL

1. **Introduction**
  - 1.1. Indiabulls Real Estate Limited (the “**Demerged Company**” as more particularly defined hereunder) is a public company incorporated under the Act (as defined hereunder). As on the date hereof, the Demerged Company is engaged in the businesses *inter alia* of construction and development of properties, project management, power project advisory, investment advisory and construction services, real estate development, provision of consultancy services on engineering, industrial and technical matters to various industries including companies engaged in construction-development of real estate, power and infrastructure projects, wholesale cash and carry and wholesale trading of various industrial / consumer products and commodities in select Indian cities, and the generation, transmission and distribution of power through its subsidiaries. The equity shares of the Demerged Company are listed on the Stock Exchanges (as defined hereunder) and GDRs (as defined hereunder) are listed on the Luxembourg Stock Exchange.
  - 1.2. In terms of a separate scheme of arrangement between the Demerged Company, Indiabulls Wholesale Services Limited and their respective shareholders and creditors under the provisions of sections 391-394 and other relevant provisions of the Act (the “**Wholesale Demerger Scheme**”), the undertaking of the Demerged Company which is engaged in wholesale cash and carry and wholesale trading of various industrial / consumer products and commodities in select Indian cities (the “**Wholesale Trading Business**”) is proposed to be and stand transferred to and vested in Indiabulls Wholesale Services Limited as a going concern by way of a demerger. The Wholesale Demerger Scheme has been approved by the requisite majority of the shareholders and creditors of the Demerged Company and is pending the sanction of the Delhi High Court. Accordingly, upon the effectiveness of the Wholesale Demerger Scheme, the Wholesale Trading Business will stand transferred to and vested in Indiabulls Wholesale Services Limited and the Demerged Company will no longer conduct such business.
  - 1.3. Indiabulls Infrastructure and Power Limited (the “**Resulting Company**” as more particularly defined hereunder) is a public company incorporated under the Act as a wholly owned subsidiary of the Demerged Company. The Resulting Company is engaged in the business *inter alia* of power generation, transmission and distribution of power and power advisory.
  - 1.4. Indiabulls Builders Limited (the “**First Amalgamating Company**” as more particularly defined hereunder) is a public company incorporated under the provisions of the Act and is a wholly owned subsidiary of the Demerged Company. The First Amalgamating Company is engaged in the business *inter*

*alia* of real estate project management, management of facilities, maintenance services and project advisory/consultancy and other services, with operations spanning all aspects of project development, from planning to execution of real estate projects, as well as providing consultancy services on engineering, industrial and technical matters to various industries including companies engaged in construction-development of real estate and infrastructure projects.

- 1.5. Poena Power Supply Limited (the "**Second Amalgamating Company**" as more particularly defined hereunder) is a public company incorporated under the provisions of the Act and is a wholly owned subsidiary of Indiabulls Power Limited.. The Second Amalgamating Company is engaged in the business of *inter alia* power project management, design and management of facilities and services on-site and off-site, maintenance and operation of support services, project advisory/consultancy and other services, with operations spanning all aspects of project development, from planning to commissioning of power projects.
- 1.6. Indiabulls Power Limited. (the "**Second Amalgamated Company**" as more particularly defined hereunder) is a public company incorporated under the provisions of the Act and is a subsidiary of the Demerged Company. The equity shares of the Second Amalgamated Company are listed on the Stock Exchanges. The Second Amalgamated Company is *inter alia* engaged in the business of power generation, transmission and distribution of power and power advisory directly and/or through its subsidiaries.
- 1.7. (i) As set out in paragraph 1.1 above, the Demerged Company is *inter alia* engaged in the business of power generation, transmission and distribution of power and power advisory, directly and/or through its subsidiaries (collectively, the "**Power Business**"). The Power Business of the Demerged Company has different risk/ rewards and requires a distinct gestation period, funding requirements and is subject to distinct technical and regulatory requirements from the other businesses conducted by the Demerged Company.
- (ii) Accordingly it is proposed to segregate the Power Business of the Demerged Company from its other businesses and consolidate such business in the Resulting Company, thereby allowing investors to diversify their portfolio into separate entities, focused on the distinct businesses of real estate and power / infrastructure, respectively, which would unlock shareholder value.
- (iii) The First Amalgamating Company is a subsidiary of the First Amalgamated Company (as more particularly defined hereunder). The Second Amalgamating Company is a subsidiary of the Second Amalgamated Company. The businesses conducted by each of the First Amalgamating Company and the Second Amalgamating Company (as more particularly set out in Clause 1.4 and Clause 1.5 above) are not conducted by the other subsidiaries of the First Amalgamated Company and the Second Amalgamated Company respectively.
- (iv) The amalgamation of the First Amalgamating Company with the First Amalgamated Company will enable the First Amalgamated Company to directly provide, as part of its services offering, the businesses currently conducted by the First Amalgamating Company. Similarly, the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company will enable the Second Amalgamated Company to directly provide, as part of its services offering, the businesses currently conducted by the Second Amalgamating Company.
- (v) Each of the First Amalgamating Company and the Second Amalgamating Company have assembled experienced teams that have strong capabilities in various aspects of project execution and strong relationships with corporate, regulators and financial institutions as well as in-depth knowledge of the business. The amalgamation of the First Amalgamating Company with the First Amalgamated Company and the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company will result in consolidation of the respective businesses of the First Amalgamated Company and Second Amalgamated Company. The synergies that exist between the First Amalgamating Company and the First Amalgamated Company in terms of similar processes and resources can be put to the best advantage of the First Amalgamated Company and its stakeholders by amalgamation of the First Amalgamating Company with the First Amalgamated Company. Similarly, the synergies that exist between the Second Amalgamating Company and the Second Amalgamated Company in terms of similar processes



and resources can be put to the best advantage of the Second Amalgamated Company and its stakeholders by amalgamation of the Second Amalgamating Company with the Second Amalgamated Company.

- (vi) The amalgamations contemplated in this Scheme will help avoid duplication of resources, systems, skills and process, reduce overall cost, improve synergies, enable the achievement of economies of scale, reduce administrative costs entailed by the conduct of businesses through separate entities, provide enhanced flexibility in funding of expansion plans, promote management efficiency and optimize the resources of the First Amalgamated Company and Second Amalgamated Company in relation to the business of the First Amalgamating Company and the Second Amalgamating Company.

1.8. In furtherance of the aforesaid, this Scheme (as defined hereunder) provides for:

- (i) the transfer by way of a demerger of the Demerged Undertaking (as defined hereunder) of the Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the Demerged Company and issue of GDRs by the Resulting Company through the Resulting Company Depositary (as defined hereunder) to the GDR holders of the Demerged Company, respectively;
- (ii) the amalgamation of the First Amalgamating Company with the First Amalgamated Company;
- (iii) the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company;
- (iv) the reorganisation of the share capital of the First Amalgamated Company and the Second Amalgamated Company; and
- (v) various other matters consequential or otherwise integrally connected therewith;

pursuant to section 391 to section 394 and other relevant provisions of the Act (as defined hereunder) in the manner provided for in this Scheme and in compliance with the provisions of the Income Tax Act, 1961, including section 2(19AA) and section 2(1B) thereof.

1.9. The Demerger (as defined hereunder) of the Demerged Undertaking from the Demerged Company to the Resulting Company shall comply with the provisions of section 2(19AA) of the Income Tax Act, 1961, such that:

- (a) all the properties of the Demerged Undertaking (as defined hereunder), being transferred by the Demerged Company, immediately before the Demerger (as defined hereunder) shall become the properties of the Resulting Company by virtue of such Demerger;
- (b) all the liabilities relatable to the Demerged Undertaking, being transferred by the Demerged Company, immediately before the Demerger shall become the liabilities of the Resulting Company by virtue of such Demerger;
- (c) the properties and the liabilities relatable to the Demerged Undertaking being transferred by the Demerged Company shall be transferred to the Resulting Company at the values appearing in the books of account of the Demerged Company immediately before the Demerger;
- (d) the Resulting Company shall issue, in consideration of the Demerger, shares to the shareholders of the Demerged Company on a proportionate basis;
- (e) all shareholders of the Demerged Company shall become the shareholders of the Resulting Company by virtue of the Demerger; and
- (f) the transfer of the Demerged Undertaking shall be on a going concern basis.

1.10. This Scheme is divided into the following parts:

- (i) **Part I, which deals with the introduction and definitions;**
- (ii) **Part II, which deals with the Demerger;**

- (iii) Part III, which deals with the amalgamation of the First Amalgamating Company with the First Amalgamated Company;
- (iv) Part IV, which deals with the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company; and
- (v) Part V, which deals with general terms and conditions applicable to the Scheme.

1.11. The Scheme also provides for various other matters consequential or otherwise internally connected herewith.

## 2. Definitions and Interpretation

2.1. In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:

- (A) "Act" shall mean the Companies Act, 1956 and includes any statutory re-enactment or modification thereof from time to time;
- (B) "Amravati Project" shall mean the thermal power project in Nandgaonpet, District Amravati in the State of Maharashtra being undertaken by Indiabulls Power Limited.;
- (C) "Appointed Date" shall mean April 1, 2011;
- (D) "BSE" shall mean The Bombay Stock Exchange Limited;
- (E) "Court" or "High Court" shall mean the Hon'ble High Court of Delhi and shall include the National Company Law Tribunal as may be applicable or such other forum or authority as may be vested with the powers of a High Court under section 391 to section 394 of the Act;
- (F) "Companies" shall mean the Demerged Company, the Resulting Company, the First Amalgamating Company, the Second Amalgamating Company, the Second Amalgamated Company or any two or more of them as the context may admit;
- (G) "Demerged Company" or "IBREL" shall mean Indiabulls Real Estate Limited having its registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi - 110001;
- (H) "Demerged Company Employees" shall mean all the permanent employees of the Demerged Company employed in the Demerged Undertaking as on the Effective Date;
- (I) "Demerged Company ESOS Schemes" shall mean the Indiabulls Real Estate Limited Employees Stock Option Scheme 2006, Indiabulls Real Estate Limited Employees Stock Option Scheme 2008 (II) and the Employee Stock Option Scheme - 2010;
- (J) "Demerged Company Funds" shall have the meaning set forth in Clause 9.2;
- (K) "Demerged Company Warrants" shall have the meaning set forth in Clause 3.1;
- (L) "Demerged Liabilities" shall have the meaning set forth in Clause 6.1;
- (M) "Demerged Company Outstanding Amount" shall mean the Total Outstanding Amount less the Resulting Company Outstanding Amount;
- (N) "Demerged Undertaking" shall mean the undertakings, business, activities and operations pertaining to the Power Business of the Demerged Company, on a going concern basis, and shall mean and include, without limitation:
  - (a) all assets and properties of and required for the Power Business wherever situated, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, including all funds, buildings, plants, machinery, equipment, buildings and structures, offices, all lands (whether leasehold or freehold), benefits of any rental agreements for use of premises, marketing offices, capital works in progress, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), computers, vehicles, D.G. sets, furniture, fixtures, office equipment, appliances, accessories, power lines, share of any joint assets, any finished goods and any facilities,

cash and bank accounts (including bank balances), benefit of any deposits, financial assets, investments in IPL (as defined hereunder) and any other investment in any entity engaged in the Power Business, benefit of any bank guarantees, performance guarantees and letters of credit in relation to the Power Business, and all cash or cash equivalents appertaining or relating to the Power Business;

- (b) all permits, quotas, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, municipal permissions, approvals, consents, subsidies, tenancies in relation to the office and/or residential properties for the employees, benefit of any deposits, privileges, all other rights including sales tax deferrals and exemptions and other benefits, lease rights, receivables, and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Power Business including distribution contracts and premises relating to the Power Business;
  - (c) all earnest moneys and/or security deposits paid by the Demerged Company in connection with or relating to the Power Business;
  - (d) all permanent employees engaged by the Demerged Company at various locations who perform functions related to the Power Business;
  - (e) all records, files, papers, engineering and process information, any computer programs, licenses for software, and any other software licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to the Power Business;
  - (f) advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to the Power Business, including such trade names, service names and brands containing the "Indiabulls" mark, whether registered or unregistered, but excluding any other trade marks, service names or brands and excluding any patents, copyrights, designs, and other intellectual property rights; and
  - (g) all debts, borrowings, obligations and liabilities, both present and future, (including deferred tax liabilities, contingent liabilities and the Demerged Liabilities, as hereinafter defined, and obligations under any licenses or permits or schemes), whether secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheet of the Demerged Company, appertaining or relating to the Power Business.
- (O) **"Demerged Company Partly Paid-up Shares"** shall have the meaning set forth in Clause 21;
  - (P) **"Demerger"** shall mean the transfer by way of demerger of the Demerged Undertaking of the Demerged Company to the Resulting Company pursuant to this Scheme and the consequent issue of equity shares and GDRs by the Resulting Company to the shareholders and GDR holders, respectively, of the Demerged Company and the cancellation of the existing shareholding of the Demerged Company in the Resulting Company, as set out in this Scheme;
  - (Q) **"Demerger Record Date"** means the date to be fixed by the board of directors of the Demerged Company for the purpose of determining the equity shareholders of the Demerged Company to whom shares of the Resulting Company shall be allotted pursuant to the Demerger under this Scheme;
  - (R) **"Deposit Agreement"** shall have the meaning ascribed to it in Clause 28 hereof;
  - (S) **"Depositary"** shall mean Deutsche Bank Trust Company Americas, being the depositary for the IBREL GDRs;

- (T) **"Effective Date"** shall mean the last of the dates on which the conditions and matters referred to in Clause 85 hereof occur or have been fulfilled or waived;

References in this Scheme to the date of **"coming into effect of this Scheme"** or

**"effectiveness of this Scheme"** shall mean the Effective Date;

- (U) **"Encumbrance"** shall mean any options, pledge, mortgage, hypothecation, lien, security, interest, claim, charge, pre-emptive right, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever;
- (V) **"First Amalgamated Company"** shall mean the Demerged Company, as it would exist following and consequent to the effectiveness of the Demerger in terms of Part II of this Scheme;
- (W) **"First Amalgamated Company Trust"** shall have the meaning set forth in Clause 47;
- (X) **"First Amalgamated Company Trust Deed"** shall have the meaning set forth in Clause 47;
- (Y) **"First Amalgamated Company Trustee"** shall have the meaning set forth in Clause 47;
- (Z) **"First Amalgamating Company"** shall mean Indiabulls Builders Limited having its registered office at F-60, Malhotra Building, Second Floor, Connaught Place, New Delhi 110 001;
- (AA) **"First Amalgamation Share Exchange Ratio"** shall have the meaning ascribed to it in Clause 48;
- (BB) **"First Amalgamating Undertaking"** shall mean all the undertakings and entire business of the First Amalgamating Company as a going concern, including:
- (a) all assets and properties of the First Amalgamating Company wherever situated, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, including all funds, buildings, offices, all lands (whether leasehold or freehold), plants, machinery, equipment, buildings and structures, offices, benefits of any rental agreements for use of premises, marketing offices, capital works in progress, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), computers, vehicles, D.G. sets, furniture, fixtures, office equipment, appliances, accessories, power lines, share of any joint assets, any finished goods and any facilities, cash and bank accounts (including bank balances), benefit of any deposits, financial assets, investments, including investments in any form and in any entity, benefit of any bank guarantees, performance guarantees and letters of credit, and all cash or cash equivalents;
  - (b) all permits, quotas, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, municipal permissions, approvals, consents, subsidies, tenancies in relation to the office and/or residential properties for employees, benefit of any deposits, privileges, all other rights including sales tax deferrals and exemptions and other benefits, lease rights, receivables, and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions and benefits of all agreements, contracts and arrangements and all other interests;
  - (c) all earnest moneys and/or security deposits paid by the First Amalgamating Company;
  - (d) all permanent employees engaged by the First Amalgamating Company;
  - (e) all records, files, papers, engineering and process information, any computer programs, licenses for software, and any other software licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form;
  - (f) advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of

or enjoyed by the First Amalgamating Company; and

- (g) all the present and future debts (whether secured or unsecured), liabilities (including contingent liabilities), duties and obligations of the First Amalgamating Company of every kind, nature and description whatsoever and howsoever accruing or arising out of, and all loans and borrowings raised or incurred and utilized for its businesses, activities and operations, obligations under any licenses or permits and shall include the IBL Liabilities.
- (CC) **"Fractional Share Trustee"** shall have the meaning set forth in Clause 20;
- (DD) **"GDRs"** means global depositary receipts issued pursuant to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depositary Receipt Mechanism) Scheme, 1993 and other applicable laws and where relevant shall include the underlying equity shares related thereto;
- (EE) **"IBL Employees"** shall mean all the permanent employees of the First Amalgamating Company employed as on the Effective Date;
- (FF) **"IBREL GDRs"** shall mean the GDRs issued by the Demerged Company pursuant to the deposit agreements executed by it with the Depositary (as amended from time to time) and as are outstanding as of the Demerger Record Date;
- (GG) **"NSE"** shall mean the National Stock Exchange of India Limited;
- (HH) **"Partly Paid-up Shares"** shall mean the Demerged Company Partly Paid-up Shares and/or the Resulting Company Partly Paid-up Shares, as the context may admit;
- (II) **"Power Business"** shall have the meaning set forth in Clause 1.7;
- (JJ) **"PPSL Employees"** shall mean all the permanent employees of the Second Amalgamating Company employed as on the Effective Date;
- (KK) **"Projects"** shall mean the: (a) Amravati Project; and (b) thermal power project in Sinnar village, Nasik District in the State of Maharashtra being undertaken by Indiabulls Power Limited, and its subsidiary, Indiabulls Realtech Limited;
- (LL) **"Remaining Business"** shall mean all the undertakings, businesses, activities, operations, assets and liabilities (including investments in listed and unlisted shares and securities and identified assets and bank balances) of the Demerged Company, other than those comprised in the Demerged Undertaking;
- (MM) **"Resulting Company"** shall mean Indiabulls Infrastructure and Power Limited having its registered office at E-29, First Floor, Connaught Place, New Delhi 110 001;
- (NN) **"Resulting Company Depositary"** shall have the meaning set forth in Clause 28;
- (OO) **"Resulting Company Deposit Agreement"** shall have the meaning set forth in Clause 28;
- (PP) **"Resulting Company GDRs"** shall have the meaning set forth in Clause 28;
- (QQ) **"Resulting Company Partly Paid-up Shares"** shall have the meaning set forth in Clause 20;
- (RR) **"Resulting Company Outstanding Amount"** shall mean such amount as bears the same ratio to the Total Outstanding Amount as the net worth of the Demerged Undertaking bears to the total net worth of the Demerged Company immediately before the Appointed Date hereunder;
- (SS) **"Scheme"** shall mean this scheme of arrangement including any modification or amendment hereto, made in accordance with the terms hereof;
- (TT) **"Second Amalgamated Company ESOS Schemes"** shall mean the SPCL-IPSL Employees Stock Option Plan 2008 and the Indiabulls Power Limited Employees Stock Option Scheme - 2009;
- (UU) **"Second Amalgamated Company"** or **"IPL"** shall mean Indiabulls Power Limited, having its registered office at E-29, First Floor, Connaught Place, New Delhi 110 001;

- (VV) **"Second Amalgamated Company Partly Paid-up Shares"** shall have the meaning set forth in Clause 75;
- (WW) **"Second Amalgamated Company Trust"** shall have the meaning set forth in Clause 68;
- (XX) **"Second Amalgamated Company Trust Deed"** shall have the meaning set forth in Clause 68;
- (YY) **"Second Amalgamated Company Trustee"** shall have the meaning set forth in Clause 68;
- (ZZ) **"Second Amalgamated Company Warrants"** shall have the meaning set forth in Clause 3.5;
- (AAA) **"Second Amalgamating Undertaking"** shall mean all the undertakings and entire business of the Second Amalgamating Company as a going concern, including:
- (a) all assets and properties of the Second Amalgamating Company wherever situated, whether movable or immovable, ~~tangible or intangible~~, real or personal, in possession or reversion, including all funds, buildings, offices, all lands (whether leasehold or freehold), plants, machinery, equipment, buildings and structures, offices, benefits of any rental agreements for use of premises, marketing offices, capital works in progress, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), computers, vehicles, D.G. sets, furniture, fixtures, office equipment, appliances, accessories, power lines, share of any joint assets, any finished goods and any facilities, cash and bank accounts (including bank balances), benefit of any deposits, financial assets, investments, including investments in any form and in any entity, benefit of any bank guarantees, performance guarantees and letters of credit, and all cash or cash equivalents;
  - (b) all permits, quotas, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, municipal permissions, approvals, consents, subsidies, tenancies in relation to the office and/or residential properties for employees, benefit of any deposits, privileges, all other rights including sales tax deferrals and exemptions and other benefits, lease rights, receivables, and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions and benefits of all agreements, contracts and arrangements and all other interests;
  - (c) all earnest moneys and/or security deposits paid by the Second Amalgamating Company;
  - (d) all permanent employees engaged by the Second Amalgamating Company;
  - (e) all records, files, papers, engineering and process information, any computer programs, licenses for software, and any other software licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form;
  - (f) advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Second Amalgamating Company, including such trade names, service names and brands containing the "Indiabulls" mark, whether registered or unregistered, but excluding any other trade marks, service names or brands and excluding any patents, copyrights, designs, and other intellectual property rights; and
  - (g) all the present and future debts (whether secured or unsecured), liabilities (including contingent liabilities), duties and obligations of the Second Amalgamating Company of every kind, nature and description whatsoever and howsoever accruing or arising out of, and all loans and borrowings raised or incurred and utilized for its businesses, activities and operations, obligations under any licenses or permits and shall include the PPSL Liabilities.

- (BBB) **"Second Amalgamating Company"** or **"PPSL"** shall mean Poena Power Supply Limited having its registered office at E-29, First Floor, Connaught Place, New Delhi - 110 001;
- (CCC) **"Second Amalgamation Share Exchange Ratio"** shall have the meaning ascribed to it in Clause 69;
- (DDD) **"Second Amalgamated Company Outstanding Amount"** shall have the meaning ascribed to it in Clause 75;
- (EEE) **"Share Entitlement Ratio"** shall have the meaning ascribed to it in Clause 20 hereof;
- (FFF) **"Stock Exchanges"** means the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited;
- (GGG) **"Total Consideration"** shall have the meaning ascribed to it in Clause 21 hereof;
- (HHH) **"Total Outstanding Amount"** shall mean the amount payable for conversion of the Demerged Company Warrants which are outstanding and have not been exercised by the holders thereof into equity shares of the Demerged Company on the date immediately preceding issuance of the Demerged Company Partly Paid-up Shares;
- (III) **"Wholesale Demerger Scheme"** shall have the meaning ascribed to it in Clause 1.2; and
- (JJJ) **"Wholesale Trading Business"** shall have the meaning ascribed to it in Clause 1.2.

- 2.2. All terms and words used but not defined in this Scheme shall, unless repugnant or contrary to the context or meaning, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable law, rules, regulations, bye-laws, as the case may be, and any statutory modification or re-enactment thereof for the time being in force.
- 2.3. References to "Schedules", "Clauses", "Sections" and "Parts", unless otherwise stated, are references to schedules, clauses, sections and parts of this Scheme.
- 2.4. The headings herein shall not affect the construction of this Scheme.
- 2.5. The singular shall include the plural and vice versa; and references to one gender include all genders.
- 2.6. Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed without limitation.
- 2.7. References to a person shall include any individual, firm, body corporate (whether incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives body (whether or not having separate legal personality).

### 3. Share Capital

#### 3.1. Demerged Company

- (i) The share capital structure of the Demerged Company as on January 14, 2011 was as follows:

Authorized Share Capital	Rupees
500,000,000 equity shares of Rs. 2/- each	1,000,000,000/-
30,000,000 preference shares of Rs. 138/- each	4,140,000,000/-
<b>Total</b>	<b>5,140,000,000/-</b>
Issued, Subscribed and Paid-up Share Capital	Rupees
402,242,239 equity shares of face value Rs. 2/- (Rupees Two Only) each*	804,484,478/-
<b>Total</b>	<b>804,484,478/-</b>

\* includes 11,447,586 equity shares represented by IBREL GDRs.

- (ii) The Demerged Company has issued 28,700,000 warrants ("Demerged Company Warrants") which, upon exercise, would entitle the holders thereof to 28,700,000 equity shares of the Demerged Company. The exercise of such warrants would result in an increase in the issued, subscribed and paid-up equity share capital of the Demerged Company.
- (iii) The exercise of stock options, under the Demerged Company ESOS Schemes, would result in an increase in the issued, subscribed and paid-up equity share capital of the Demerged Company.
- (iv) The equity shares of the Demerged Company are listed on the Stock Exchanges. The IBREL GDRs representing the underlying equity shares of the Demerged Company are listed on Luxembourg Stock Exchange.

### 3.2. Resulting Company

- (i) The share capital structure of the Resulting Company as on January 14, 2011 was as follows:

<b>Authorized Share Capital</b>	<b>Rupees</b>
500,000 equity shares of face value Rs. 10/- each	5,000,000/-
<b>Total</b>	<b>5,000,000/-</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	<b>Rupees</b>
50,000 equity shares of face value Rs. 10/- each	500,000/-
<b>Total</b>	<b>500,000/-</b>

- (ii) The equity shares of the Resulting Company are, at present, not listed on any stock exchanges.

### 3.3 First Amalgamating Company

- (i) The share capital structure of the First Amalgamating Company as on January 14, 2011 was as follows:

<b>Authorized Share Capital</b>	<b>Rupees</b>
42,500,000 equity shares of face value Rs. 2/- each	85,000,000/-
<b>Total</b>	<b>85,000,000/-</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	<b>Rupees</b>
42,500,000 equity shares of face value Rs. 2/- each	85,000,000/-
<b>Total</b>	<b>85,000,000/-</b>

- (ii) The equity shares of the First Amalgamating Company are, at present, not listed on any stock exchange

### 3.4 Second Amalgamating Company

- (i) The share capital structure of the Second Amalgamating Company as on January 14, 2011 was as follows:

<b>Authorized Share Capital</b>	<b>Rupees</b>
202,500,000 equity shares of face value Re. 1/- each	202,500,000/-
<b>Total</b>	<b>202,500,000/-</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	<b>Rupees</b>
202,500,000 equity shares of face value Re. 1/- each	202,500,000/-
<b>Total</b>	<b>202,500,000/-</b>



- (ii) The equity shares of the Second Amalgamating Company are, at present, not listed on any stock exchanges

### 3.5 Second Amalgamated Company

- (i) The share capital structure of the Second Amalgamated Company as on January 14, 2011 was as follows:

<b>Authorized Share Capital</b>	<b>Rupees</b>
5,000,000,000 equity shares of face value Rs. 10/- each	50,000,000,000/-
<b>Total</b>	<b>50,000,000,000/-</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	<b>Rupees</b>
2,022,710,746 equity shares of face value Rs. 10/- each	20,227,107,460/-
<b>Total</b>	<b>20,227,107,460/-</b>

- (ii) The Second Amalgamated Company has issued 420,000,000 warrants which, upon exercise, would entitle the holders thereof to 420,000,000 equity shares of the Second Amalgamated Company ("**Second Amalgamated Company Warrants**"). The exercise of such warrants may result in an increase in the issued, subscribed and paid-up equity share capital of the Second Amalgamated Company.
- (iii) The Second Amalgamated Company has outstanding stock options under the Second Amalgamated Company ESOS Schemes. The exercise of such options may result in an increase in the issued, subscribed and paid-up equity share capital of the Second Amalgamated Company.
- (iv) The equity shares of the Second Amalgamated Company are listed on the Stock Exchanges.

## **PART II DEMERGER**

### **Section 1 - Transfer and Vesting of the Demerged Undertaking**

#### **4. Transfer of Assets**

- 4.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Demerged Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Demerged Undertaking) shall, subject to the provisions of this Clause 4 in relation to the mode of transfer and vesting and pursuant to section 394 (2) of the Act and without any further act or deed, be demerged from the Demerged Company and be transferred to and vested in and be deemed to have been demerged from the Demerged Company and transferred to and vested in the Resulting Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Resulting Company, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.
- 4.2. In respect of such of the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by delivery of possession or by endorsement and delivery, the same shall be so transferred by the Demerged Company upon the coming into effect of the Scheme, and shall become the property of the Resulting Company as an integral part of the Demerged Undertaking with effect from the Appointed Date pursuant to the provisions of section 394 of the Act without requiring any deed or instrument of conveyance for transfer of the same, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.
- 4.3. In respect of such of the assets belonging to the Demerged Undertaking other than those referred to in Clause 4.2 above, the same shall, as more particularly provided in Clause 4.1 above, without any further act, instrument or deed, be demerged from the Demerged Company and transferred to and vested in and/or be deemed to be demerged from the Demerged Company and transferred to and vested in the Resulting Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act.

4.4. All assets, rights, title, interest and investments of the Demerged Company in relation to the Demerged Undertaking shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act.

5. **Transfer of contracts, deeds, etc.**

5.1. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme including Clause 7, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.

5.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme itself, the Resulting Company may, 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, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Resulting Company shall, under the provisions of Part II of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

5.3. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company. The Resulting Company shall make applications to any governmental authority as may be necessary in this behalf.

5.4. Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such asset or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, insofar as it is permissible so to do, till such time as the transfer is effected.

6. **Transfer of Liabilities**

6.1. It is clarified that, upon the coming into effect of this Scheme, subject to Clause 7, all debts, liabilities, loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities which arise out of the activities or operations of the Demerged Undertaking) of the Demerged Company as on the Appointed Date and relating to the Demerged Undertaking ("**Demerged Liabilities**") shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Effective Date and shall become the debts, liabilities, loans, obligations and duties of the Resulting Company which shall meet, discharge and satisfy the same.

6.2. Where any of the loans raised and used, debts, liabilities, duties and obligations of the Demerged Company as on the Appointed Date deemed to be transferred to the Resulting Company have been discharged by the Demerged Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.

- 6.3. Upon the coming into effect of the Scheme, subject to Clause 7, all loans raised and used and all debts, liabilities, duties and obligations incurred by the Demerged Company for the operations of the Demerged Undertaking with effect from the Appointed Date and prior to the Effective Date, subject to the terms of this Scheme, shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Resulting Company and shall become the loans, debts, liabilities, duties and obligations of the Resulting Company.
- 6.4. In so far as the existing Encumbrances in respect of the Demerged Liabilities are concerned, such Encumbrances shall, subject to Clause 7, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking which have been Encumbered in respect of the Demerged Liabilities as transferred to the Resulting Company pursuant to this Scheme. Provided that if any of the assets comprised in the Demerged Undertaking which are being transferred to the Resulting Company pursuant to this Scheme have not been Encumbered in respect of the Demerged Liabilities, such assets shall remain unencumbered and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.
- 6.5. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, subject to Clause 7, the Encumbrances over such assets relating to the Demerged Liabilities shall, as and from the Effective Date without any further act, instrument or deed be released and discharged from the obligations and Encumbrances relating to the same. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the Encumbrances over such assets relating to any loans, borrowings or debentures or other debts or debt securities which are not transferred pursuant to this Scheme (and which shall continue with the Demerged Company), shall without any further act or deed be released from such Encumbrances and shall no longer be available as security in relation to such liabilities.
- 6.6. Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the Demerged Company and the Resulting Company shall execute any instrument/s and/or document/s and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the respective Registrar of Companies to give formal effect to the above provisions, if required.
- 6.7. Upon the coming into effect of this Scheme, subject to Clause 7, the Resulting Company alone shall be liable to perform all obligations in respect of the Demerged Liabilities, which have been transferred to it in terms of this Scheme, and the Demerged Company shall not have any obligations in respect of such Demerged Liabilities.
- 6.8. It is expressly provided that, save as mentioned in this Clause 6, no other term or condition of the liabilities transferred to the Resulting Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- 6.9. Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause 6 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.
- 6.10. For the purposes of this Clause 6, the liabilities of the Demerged Company relating to the Demerged Undertaking shall include:
- (i) the liabilities which arise out of the activities or operations of the Demerged Undertaking;
  - (ii) the specific loans or borrowings (including debentures raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking); and
  - (iii) in cases other than those referred to in Clause 6.10 (i) or Clause 6.10 (ii) above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the Demerger bears to

the total value of the assets of the Demerged Company immediately prior to the Effective Date.

7. In relation to existing obligations of the Demerged Company under the loan agreements for the Projects to contribute project equity, finance cost overruns in relation to the implementation phase of the Projects and meet debt service obligations, if any, the Demerged Company shall, unless otherwise agreed with the lenders in relation to such Projects, be responsible for fulfilling such obligations in the event that the Resulting Company (which shall be the primary obligor to the lenders in relation to such obligations) fails to fulfill the same. For the avoidance of doubt it is clarified that save as expressly contemplated herein, no obligations in relation to the Demerged Undertaking shall be retained with or assumed by the Demerged Company following the Demerger and further that the obligations of the Demerged Company under this Clause 7 shall be only to the extent that the aforesaid obligations are existing obligations of the Demerged Company as on the Effective Date which are transferred to the Resulting Company pursuant to this Scheme.

8. **Legal, taxation and other proceedings**

- 8.1. Upon the coming into effect of this Scheme, all legal, taxation or other proceedings, whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), by or against the Demerged Company and relating to the Demerged Undertaking, under any statute, whether pending on the Appointed Date or which may be instituted any time thereafter, shall be continued and enforced by or against the Resulting Company after the Effective Date. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings against the Resulting Company. The Resulting Company shall be added as party to such proceedings and shall prosecute or defend such proceedings in co-operation with the Demerged Company.
- 8.2. If proceedings are taken against the Demerged Company in respect of the matters referred to in Clause 8.1 above, it shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the latter shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.
- 8.3. The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company referred to in Clause 8.1 above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. Both companies shall make relevant applications in that behalf.

9. **Employees**

- 9.1. Upon the coming into effect of this Scheme, the Demerged Company Employees shall become the permanent employees of the Resulting Company with effect from the Appointed Date, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the Demerged Company in the Demerged Undertaking and without any interruption of, or break in, service as a result of the transfer of the Demerged Undertaking. The Resulting Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of the Demerged Company Employees with the Demerged Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.
- 9.2. In so far as the existing benefits including provident fund, gratuity fund and superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by the Demerged Company inter alia for its employees (including employees of the Demerged Undertaking) are concerned (collectively referred to as the "**Demerged Company Funds**"), such proportion of the investments made in the Demerged Company Funds and liabilities which are referable to the Demerged Company Employees shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Demerged Company Funds shall, subject to the necessary approvals and permissions and at the discretion of the Resulting Company, either be continued as separate funds of the Resulting Company for the benefit of the employees of the Demerged Undertaking or be transferred to and merged with other similar funds of the Resulting Company. In the event that the Resulting Company does not have its own fund in respect of any of the aforesaid matters, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute in respect of the Demerged Company Employees to the Demerged Company Funds or discharge such liabilities of the Demerged Company, until such time that the Resulting Company creates its own fund, at which time the Demerged Company Funds, investments, contributions and

liabilities pertaining to the Demerged Company Employees shall be transferred to the funds created by the Resulting Company.

- 9.3. In relation to any other fund created or existing for the benefit of the employees being transferred to the Resulting Company, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such Demerged Company Employees.
- 9.4. In so far as the existing benefits or funds created by the Demerged Company for the employees of the Remaining Business are concerned, the same shall continue and the Demerged Company shall continue to contribute to such benefits or funds in accordance with the provisions thereof, and such benefits or funds, if any, shall be held inter alia for the benefit of the employees of the Remaining Business.
- 9.5. In respect of the stock options granted under the Demerged Company ESOS Schemes, if any, in the hands of the employees of the Demerged Undertaking as on the Effective Date, it is hereby clarified that the options, if any, which have been granted but have not vested in such employees of the Demerged Undertaking as of the Effective Date would lapse. In such a case, the Resulting Company shall put in place suitable stock option schemes on terms and conditions not less favourable to such employees than those of the Demerged Company ESOS Schemes which shall be offered to such employees, if any, of the Demerged Undertaking whose options under the Demerged Company ESOS Schemes have lapsed pursuant to this Clause 9.5. The options under the Demerged Company ESOS Schemes which, as of the Effective Date, have been vested in employees of the Demerged Undertaking but have not been exercised, shall lapse within 90 (ninety) days after the Effective Date.
- 9.6. For the avoidance of doubt it is hereby clarified that upon the coming into effect of this Scheme, the options granted, under and pursuant to the Demerged Company ESOS Schemes to the employees of the Remaining Business as of the Effective Date would continue and the exercise price of such options would be suitably re-priced in order to compensate the employees for reduction in the intrinsic value of the Demerged Company pursuant to the demerger of the Demerged Undertaking.
- 9.7. The consent of the shareholders of the Demerged Company to this Scheme shall be deemed to be their consent in relation to all matters pertaining to the Demerged Company ESOS Schemes as described in this Scheme, including without limitation, for the purposes of effecting necessary modifications to the Demerged Company ESOS Schemes, creating and/or modifying the employee stock option scheme and all related matters. No further approval of the shareholders of the Demerged Company or any other person would be required in this connection.

## **SECTION 2 - CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE**

10. The Demerged Company, with effect from the Appointed Date and up to and including the Effective Date:
  - (i) shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Demerged Undertaking and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the Demerged Undertaking for and on account of, and in trust for, the Resulting Company;
  - (ii) all profits and income accruing to the Demerged Company from the Demerged Undertaking, and losses and expenditure or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income), relating to the Demerged Undertaking for the period from the Appointed Date based on the accounts of the Demerged Company shall, for all purposes, be treated as the profits, income, losses or expenditure, as the case may be, of the Resulting Company; and
  - (iii) any of the rights, powers, authorities, privileges, attached, related or pertaining to the Demerged Undertaking exercised by the Demerged Company shall be deemed to have been exercised by the Demerged Company for and on behalf of, and in trust for and as an agent of the Resulting Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Demerged Undertaking that have been undertaken or discharged by the Demerged Company shall be deemed to have been undertaken for and on behalf of and as an agent for the Resulting Company.
11. The Demerged Company undertakes that it shall preserve and carry on the business of the Demerged

Undertaking with reasonable diligence and business prudence and shall not, upto and including the Effective Date, undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber the Demerged Undertaking or any part thereof unless:

- (i) the prior written consent of the board of directors of the Resulting Company has been obtained in relation to any of the above;
- (ii) the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court; or
- (iii) the same is expressly permitted by this Scheme.

12. From the date of filing of this Scheme with the High Court and upto and including the Effective Date, the Demerged Company and Resulting Company shall not, except in respect of outstanding options that may be exercised in terms of the Demerged Company ESOS Schemes, exercise of the Demerged Company Warrants or as provided herein, make any change in their respective capital structure in any manner either by any increase (including by way of issue of equity and/or preference shares on a rights basis or by way of a public issue, bonus shares and/or convertible debentures or otherwise), decrease, reduction, reclassification, sub-division, consolidation, re-organization, or in any other manner which may, in any way, affect the Share Entitlement Ratio (as defined hereunder), except with the prior approval of the board of directors of the Resulting Company or the Demerged Company respectively.
13. The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertaking and the continuance of the proceedings by or against the Resulting Company under this Scheme shall not affect any transaction or proceedings already completed by the Demerged Company on or before the Appointed Date to the end and intent that, subject to the provisions of this Section 2, the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company as acts, deeds and things done and executed by and on behalf of the Resulting Company.

### SECTION 3 - REMAINING BUSINESS

14. The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company subject to the provisions of this Scheme in relation to Encumbrances in favour of banks, lenders and/or financial institutions.
15. All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company after the Effective Date, which shall keep the Resulting Company fully indemnified in that behalf. Subject to the foregoing, the Demerged Company shall in no event be responsible or liable in relation to any other legal or other proceeding against the Resulting Company.
16. If proceedings are taken against the Resulting Company in respect of the matters referred to in Clause 15 above, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof.
17. With effect from the Appointed Date and up to and including the Effective Date:
- (i) the Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
  - (ii) all profits accruing to the Demerged Company or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company;
  - (iii) all assets and properties acquired by the Demerged Company in relation to the Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company; and
  - (iv) all assets acquired and all liabilities incurred by the Demerged Company after the Appointed Date

but prior to the Effective Date for operation of and in relation to the Demerged Undertaking shall also without any further act, instrument or deed stand transferred to and vested in or to be deemed to have been transferred to or vested in the Resulting Company upon the coming into effect of the Scheme, subject to the provisions of this Scheme in relation to Encumbrances in favour of lenders, banks and/or financial institutions.

#### **SECTION 4 - REORGANISATION OF CAPITAL**

18. The provisions of this Section 4 shall operate notwithstanding anything to the contrary in this Scheme.
19. In consideration of the transfer and vesting of the Demerged Undertaking in the Resulting Company in accordance with the provisions of this Scheme and as an integral part of this Scheme, the share capital of the Demerged Company and the Resulting Company shall be restructured and reorganised in the manner set out in Clause 20 to Clause 33 below.
20.
  - (i) In consideration of the Demerger, including the transfer and vesting of the Demerged Undertaking in the Resulting Company pursuant to Section 1 of Part II of this Scheme, the Resulting Company shall, without any further act or deed, issue and allot to each member of the Demerged Company whose name is recorded in the register of members as a member of the Demerged Company on the Demerger Record Date, equity shares in the Resulting Company in the ratio of 2.95 (Two point Nine Five) equity shares in the Resulting Company of face value Rs. 2/- (Rupees Two Only) each credited as fully paid-up for every 1 (One) equity share of face value Rs. 2/- (Rupees Two Only) each fully paid up held by such member in the Demerged Company (the **"Share Entitlement Ratio"**) as on the Demerger Record Date. It is clarified that the holders of the partly paid-up shares of the Demerged Company, if any, recorded in the register of members as a member of the Demerged Company on the Demerger Record Date shall also be issued partly paid-up shares in the Resulting Company in the Share Entitlement Ratio pursuant to this clause in accordance with this Scheme (such partly paid-up shares, the **"Resulting Company Partly Paid-up Shares"**).
  - (ii) If any shareholder of the Demerged Company becomes entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the Resulting Company in accordance with Clause 20 (i) of this Scheme, the board of directors of the Resulting Company shall consolidate all such fractional entitlements and shall, without any further application, act, instrument or deed, issue and allot such consolidated equity shares directly to an individual trust or a board of trustees or a corporate trustee nominated by the Resulting Company (the **"Fractional Share Trustee"**), who shall hold such equity shares with all additions or accretions thereto in trust for the benefit of the respective shareholders, to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such equity shares in the market at such price or prices and on such time or times, as the Fractional Share Trustee may in its sole discretion decide and on such sale pay to the Resulting Company, the net sale proceeds thereof and any additions and accretions, whereupon the Resulting Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Demerged Company in proportion to their respective fractional entitlements.
  - (iii) As an integral part of the Scheme, upon the allotment of shares by the Resulting Company pursuant to the Scheme, the existing shareholding of the Demerged Company in the Resulting Company shall be cancelled. The reduction of share capital shall be undertaken in accordance with provisions of sections 100 to 103 of the Act and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of section 101 of the Act shall not be applicable. Notwithstanding the reduction in the equity share capital of the Resulting Company, the Resulting Company shall not be required to add **"And Reduced"** as a suffix to its name.
21.
  - (i) Upon the Effective Date, as an integral part of this Scheme, the Demerged Company Warrants which are outstanding and have not been exercised by the holders thereof shall, without any further act or deed, stand converted into partly paid-up equity shares in the Demerged Company, treated as paid up to the extent of the payment which has been made by the holders thereof on the Demerged Company Warrants. The partly paid-up equity shares issued by the Demerged

Company shall entitle the holders thereof to exercise all rights available under the Act and applicable laws to a holder of partly paid-up shares, including rights as to dividend and voting rights proportional to the amount paid-up on such shares from time to time. Upon being made fully-paid up, such shares shall rank pari passu with the equity shares of the Demerged Company in all respects.

- (ii) Within 2 (two) days of the Effective Date, the Demerged Company shall issue and allot, to each holder of the Demerged Company Warrant which is outstanding and which has not been exercised by the holders thereof as on that date, partly paid-up equity shares in the Demerged Company in the ratio of 1 (one) partly paid-up equity share in the Demerged Company for every 1 (one) Demerged Company Warrant which is outstanding and which has not been exercised by the holders thereof as on that date (the partly paid-up equity shares issued pursuant to this sub-clause, the "**Demerged Company Partly Paid-up Shares**"). Upon issuance of the Demerged Company Partly Paid-up Shares, the Demerged Company Warrants shall stand converted and shall not be exercisable.
- (iii) Simultaneously with the issuance of shares by the Resulting Company under Clause 42 (i) above, the Total Outstanding Amount payable for the Demerged Company Partly Paid-up Shares by the holders thereof shall stand reduced by an amount which bears the same proportion to the Total Outstanding Amount as the net worth of the Demerged Undertaking bears to the net worth of the Demerged Company immediately preceding the Appointed Date. The total amount payable for the Resulting Company Partly Paid-up Shares shall correspondingly be equivalent to the amount reduced from the Total Outstanding Amount pursuant to this Clause.
- (iv) The Demerged Company and the Resulting Company shall make capital calls on the holders of the Partly Paid-up Shares in accordance with applicable law and as specified in Schedules I and II. The Partly Paid-up Shares shall become presently payable on the dates of such calls being made pursuant to Schedules I and II. The first call on the Partly Paid-up Shares shall be made on the same date as their allotment as set out in Schedules I and II.
- (v) The Partly Paid-up Shares may be made fully paid up pursuant to, and as an integral part of, this Scheme by the payment of calls thereon by the holders thereof on or prior to the dates specified for such calls in Schedules I and II. For the avoidance of doubt it is clarified that the amount payable on the Demerged Company Partly Paid-up Shares shall be the Demerged Company Outstanding Amount and the amount payable on the Resulting Company Partly Paid-up Shares shall be the Resulting Company Outstanding Amount.

- 22. The shares issued to the members of the Demerged Company pursuant to Clause 20 above shall be issued in dematerialized form by the Resulting Company, unless otherwise notified in writing by the shareholders of the Demerged Company to the Resulting Company on or before such date as may be determined by the board of directors of the Resulting Company or a committee thereof. In the event that such notice has not been received by the Resulting Company in respect of any of the members of the Demerged Company, the shares shall be issued to such members in dematerialized form provided that the members of the Demerged Company shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required. It is only thereupon that the Resulting Company shall issue and directly credit the dematerialized securities to the account of such member with the shares of the Resulting Company. In the event that the Resulting Company has received notice from any member that shares are to be issued in certificate form or if any member has not provided the requisite details relating to the account with a depository participant or other confirmations as may be required, then the Resulting Company shall issue shares in certificate form to such member.
- 23. Equity shares to be issued by the Resulting Company pursuant to Clause 20 in respect of such of the equity shares of the Demerged Company which are held in abeyance under the provisions of section 206A of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be kept in abeyance by the Resulting Company.
- 24. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the board of directors or any committee thereof of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Demerger Record



Date, to effectuate such a transfer in the Demerged Company as if such changes in registered holder were operative as on the Demerger Record Date, in order to remove any difficulties arising to the transferor of the share in the Resulting Company and in relation to the shares issued by the Resulting Company after the effectiveness of this Scheme. The board of directors of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in the Resulting Company on account of difficulties faced in the transaction period.

25. The equity shares to be issued and allotted by the Resulting Company in terms of Clause 20 above shall inter-se rank pari passu in all respects.
26.
  - (i) Equity shares of the Resulting Company issued in terms of Clause 20 above shall, subject to receipt of necessary approvals, be listed and/or admitted to trading on the Stock Exchanges. The shares allotted pursuant to Part II of this Scheme shall remain frozen in the depositaries system until listing/trading permission is given by the designated stock exchange.
  - (ii) Until the listing of the equity shares of the Resulting Company with the Stock Exchanges, except as provided in this Scheme, including Part III hereof, there shall be no change in the shareholding pattern or control or pre-arrangement capital structure of the Resulting Company.
27. Unless otherwise determined by the board of directors or any committee thereof of the Demerged Company and the board of directors or any committee thereof of the Resulting Company, issuance of shares in terms of Clause 20 of this Scheme shall be done within 90 (ninety) days from the Effective Date, provided that the Demerged Company Partly Paid-up Shares shall be issued within 2 (two) days from the Effective Date.
28.
  - (i) Upon the coming into effect of this Scheme and the issuance of shares in the Share Entitlement Ratio by the Resulting Company pursuant to the provisions of Clause 20 above, the Resulting Company shall issue an appropriate number of underlying shares, in accordance with the Share Entitlement Ratio, to the Depositary. The Resulting Company and/or the Depositary shall enter into appropriate arrangements with a depositary (the "**Resulting Company Depositary**") appointed by the Resulting Company pursuant to a deposit agreement entered into between the Resulting Company and the Resulting Company Depositary (the "**Resulting Company Deposit Agreement**"), for the issuance, subject to the cash-out procedure described in Clause 31 being utilized, of GDRs representing such shares (the "**Resulting Company GDRs**") on a pro-rata basis to holders of the IBREL GDRs, in accordance with the deposit agreement entered into between the Demerged Company and the Depositary (the "**Deposit Agreement**").
  - (ii) The Resulting Company, the Resulting Company Depositary, the Demerged Company and/or the Depositary shall enter into such further documents and take such further actions as may be deemed necessary or appropriate by the Resulting Company and/or the Demerged Company and the Resulting Company Depositary, including, but not limited to, amending the Deposit Agreement, disseminating to existing IBREL GDR holders certain notices, certifications and information containing details of the Scheme, the issuance of the Resulting Company GDRs and/or certain information relating to the Resulting Company and obtaining from the existing IBREL GDR holders, and providing to the Resulting Company and the Resulting Company Depositary, certain information relating to the existing IBREL GDR holders.
29. If required by any regulations or laws, the Resulting Company GDRs issued pursuant to Clause 28 above shall be listed, in which event the same may be listed on the Luxembourg Stock Exchange and the Resulting Company shall take such additional steps and do all such acts, deeds and things as may be necessary for purposes of listing the Resulting Company GDRs.
30. The Resulting Company GDRs and the shares underlying the Resulting Company GDRs issued pursuant to this Scheme may not be registered under the Securities Act of 1933, as amended, of the United States of America ("**Securities Act**") as the distribution of the Resulting Company GDRs and the shares underlying the Resulting Company GDRs may not constitute an "offer to sell", "sale" or other disposition for value within the meaning of Section 2(3) of the Securities Act. The Resulting Company may elect, in its sole discretion, to also rely upon any applicable exemption from the registration requirements of the Securities Act or register the Resulting Company GDRs and the equity shares underlying the Resulting Company GDRs under the Securities Act.

31. If it is determined that it would be reasonably impracticable (including due to the fractions of Resulting Company GDRs or underlying shares which would arise, any requirement that the Company, the Depository and/or the Resulting Company Depository withhold any amount on taxes or other governmental charges or any requirement to register the Resulting Company GDRs or the underlying shares under the Securities Act) and/or unlawful for the Depository or the Resulting Company Depository, as applicable, to distribute Resulting Company GDRs or underlying shares to all or any holders of the IBREL GDRs, in accordance with Condition 6 of the terms and conditions of the IBREL GDRs as set out in the Deposit Agreement, the Depository shall sell the underlying shares received from the Resulting Company by public or private sale or otherwise at its discretion and the net sales proceeds (after the deduction of all taxes, fees and expenses incurred) shall be distributed to holders of IBREL GDRs entitled thereto in accordance with Condition 4, Condition 9 and Condition 11 of the terms and conditions of the IBREL GDRs as set out in the Deposit Agreement. The Resulting Company, the Resulting Company Depository, the Demerged Company and/or the Depository shall enter into such further documents and take such further actions as may be necessary or appropriate and to enable the actions contemplated herein. The Depository shall carry out the sale of shares in accordance with its normal practices and procedures and shall have no liability for: (i) any delays in the sale of the shares; or (ii) any fluctuations in the price of the shares between the issuance and sale of the shares.
32. It is clarified that the provisions of Clauses 28 to 31 above shall also be applicable to any further GDRs that the Demerged Company may issue prior to the Demerger Record Date.
33. **Authorised share capital of the Resulting Company**
- 33.1. Pursuant to the Scheme and upon its effectiveness, without any further act or deed, the authorised share capital of the Resulting Company shall stand sub-divided into 1,500,000,000 (One Billion Five Hundred Million) equity shares of face value Rs. 2/- (Rupees Two Only) each. The existing capital clause contained in the Memorandum of Association of the Resulting Company shall, upon the coming into effect of this Scheme without any further act or deed be replaced in the following manner:
- "V. The Authorised Capital of the Company is Rs. 3,000,000,000/- (Rupees Three Hundred Crore only) divided into 1500,000,000 (One Hundred Fifty Crore) Equity Shares of Rs.2/- (Rupees Two) each."*
- 33.2. It is hereby clarified that for the purposes of this Clause 33, the consent of the shareholders of the Resulting Company to the Scheme shall be deemed to be sufficient for amendment of the memorandum of association of the Resulting Company and no further resolutions under section 16, section 31, section 94 or any applicable provisions of the Act would be required to be separately passed.

## **SECTION 5 - GENERAL TERMS AND CONDITIONS**

34. (i) **Accounting treatment in the books of the Demerged Company**
- (a) The Demerged Company shall transfer the Demerged Undertaking along with all its assets and liabilities transferred pursuant to this Scheme to the Resulting Company at their respective values as appearing in the books of the Demerged Company at the close of business of the day immediately preceding the Appointed Date.
  - (b) The investment in the Resulting Company shall stand cancelled.
  - (c) The Share Capital Account shall be credited with the amount to the extent computed as paid up in respect of the Demerged Company Partly Paid-up Shares issued pursuant to Clause 21 and corresponding amount shall be debited to the Share Warrant Account.
  - (d) After giving effect to Clause 34 (i) (c) above, the amount remaining in the Share Warrant Account shall be credited to the Securities Premium Account.
  - (e) The net impact, of the assets and liabilities transferred, by the Demerged Company pursuant to sub-clause (a), (b) and (c) above, respectively, along with all cost, charges, levies and expenses (including stamp duty) in relation to or in connection with or incidental to this Scheme or the implementation thereof shall be adjusted to the securities premium account of the Demerged Company.

(ii) **Reduction in share premium account**

The reduction, if any, of the securities premium account pursuant to sub-clause 34 (i) (e) above, if any, shall be effected as an integral part of the Scheme itself in accordance with the provisions of section 78, sections 100 to 103 and any other applicable provisions of the Act. The same does not involve either diminution of liability in respect of unpaid capital or payment to any shareholder of any amount paid in respect of shares issued and the provisions of section 101 shall not be applicable. The order of the High Court sanctioning the Scheme shall be deemed to be an order under section 102 of the Act for the purposes of confirming the reduction.

35. **Accounting treatment in the books of the Resulting Company**

- (i) Upon the effectiveness of the Scheme and allotment of shares by the Resulting Company pursuant to the Scheme and pursuant to Clause 20 (i), the paid up share capital of Resulting Company shall be cancelled and reduced under section 100 of the Act to the extent of the shares held by the Demerged Company in the Resulting Company simultaneous with the issue of equity shares to the shareholders of the Demerged Company.
- (ii) On effectiveness of the Scheme and with effect from the Appointed Date:
  - (a) the Resulting Company shall record the assets and liabilities of the Demerged Undertaking of the Demerged Company vested in it pursuant to this Scheme, at their respective book values as appearing in the books of the Demerged Company, at the close of business of the day immediately preceding the Appointed Date.
  - (b) the Resulting Company shall credit the aggregate face value of the new equity shares issued by it to the shareholders of the Demerged Company pursuant to Clause 20 of this Scheme to the share capital account in its books of accounts.
  - (c) the amount to the extent computed as paid-up in respect of the Resulting Company Partly Paid-up Shares issued by the Resulting Company pursuant to Clause 20 shall be credited to the Share Capital Account.
  - (d) the difference, between the amounts credited to the share capital account and the book value of net assets as per sub-clause (a) above shall, after making an adjustment on account of cancellation of share capital pursuant to sub-clause (i) above, be debited by Resulting Company to its goodwill or credited to its capital reserves account, as the case may be.

**PART III - AMALGAMATION OF THE FIRST AMALGAMATING COMPANY WITH THE FIRST AMALGAMATED COMPANY**

*Upon the occurrence of the Demerger pursuant to Part II of this Scheme, the Demerged Company shall be referred to as the "First Amalgamated Company", comprising the Remaining Business, for the purposes of this Part III.*

**SECTION 1 - TRANSFER AND VESTING OF THE FIRST AMALGAMATING UNDERTAKING**

36. **Transfer of Assets**

- 36.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances comprised in the First Amalgamating Undertaking of whatsoever nature and wheresoever situate shall, under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the First Amalgamated Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the First Amalgamated Company.
- 36.2. In respect of such of the assets and properties of the First Amalgamating Undertaking as are movable in nature or are otherwise capable of transfer by delivery of possession or by endorsement and delivery, the

same may be so transferred by the First Amalgamating Company upon the coming into effect of the Scheme, and shall become the assets and property of the First Amalgamated Company with effect from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without requiring any deed or instrument of conveyance for transfer of the same.

- 36.3. In respect of such of the assets and properties belonging to the First Amalgamating Undertaking including sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any governmental authority, quasi government, local or other authority or body or with any company or other person, other than those referred to in Clause 36.2 above, the same shall, as more particularly provided in Clause 36.1 above, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party, be transferred to and vested in and/or be deemed to be transferred to and vested in the First Amalgamated Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any.
- 36.4. All assets, rights, title, interest, investments and properties of the First Amalgamating Company in relation to the First Amalgamating Undertaking and any assets, rights, title, interest, investments and properties acquired by the First Amalgamating Company after the Appointed Date but prior to the Effective Date in relation to the First Amalgamating Undertaking shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the First Amalgamated Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any.
- 36.5. All the licenses, permits, entitlements, quotas, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits (including sales tax and service tax), subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the First Amalgamating Company and all rights and benefits that have accrued or which may accrue to either of the First Amalgamating Company, whether on, before or after the Appointed Date, including income tax benefits and exemptions shall, under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in and/or be deemed to be transferred to and vested in and be available to the First Amalgamated Company so as to become licenses, permits, entitlements, quotas, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the First Amalgamated Company and shall remain valid, effective and enforceable on the same terms and conditions.
37. **Transfer of contracts, deeds, etc.**
- 37.1. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature, to which the First Amalgamating Company is a party or to the benefit of which the First Amalgamating Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect against or in favour, as the case may be, of the First Amalgamated Company and may be enforced as fully and effectually as if, instead of the First Amalgamating Company, the First Amalgamated Company had been a party or beneficiary or obligee thereto.
- 37.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the First Amalgamating Undertaking occurs by virtue of this Scheme itself, the First Amalgamated Company may, 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, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the First Amalgamating Company is a party or any writings as may be necessary in order to give formal effect to the above provisions. The First Amalgamated Company shall, under the provisions of Part III of this Scheme, be deemed to be authorised to execute any such writings on behalf of the First Amalgamating Company and to carry out or perform all such formalities or compliances referred to above on the part of the First Amalgamating Company to be carried out or performed.

- 37.3. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the First Amalgamating Company in relation to the First Amalgamating Undertaking shall stand transferred to the First Amalgamated Company as if the same were originally given by, issued to or executed in favour of the First Amalgamated Company, and the First Amalgamated Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the First Amalgamated Company. The First Amalgamated Company shall make applications to any governmental authority as may be necessary in this behalf.
- 38. Transfer of Liabilities**
- 38.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, all debts, liabilities, loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities) whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations along with any charge, encumbrance, lien or security thereon of the First Amalgamating Company ("IBL Liabilities") shall, pursuant to the sanction of this Scheme by the High Court and under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act or deed, be and stand transferred to and be deemed to be transferred to the First Amalgamated Company to the extent that they are outstanding as on the Effective Date and shall become the debts, liabilities, loans, obligations and duties of on the same terms and conditions as were applicable to the First Amalgamating Company, and the First Amalgamated Company shall meet, discharge and satisfy the same. Further, it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such IBL Liabilities have arisen in order to give effect to the provisions of this Clause.
- 38.2. All debts, liabilities, duties and obligations of the First Amalgamating Company shall, as on the Appointed Date, whether or not provided in the books of the First Amalgamating Company, and all debts and loans raised and used, and duties, liabilities and obligations incurred or which arise or accrue to the First Amalgamating Company on or after the Appointed Date until the Effective Date shall be deemed to be and shall become the debts, loans raised and used, duties, liabilities and obligations incurred by the First Amalgamated Company by virtue of this Scheme.
- 38.3. Where any of the loans raised and used, debts, liabilities, duties and obligations of the First Amalgamating Company as on the Appointed Date deemed to be transferred to the First Amalgamated Company have been discharged by the First Amalgamating Company prior to the Effective Date, such discharge shall be deemed to have been for and on account of the First Amalgamated Company.
- 38.4. All loans raised and utilised and all liabilities, duties and obligations incurred or undertaken by the First Amalgamating Company on or after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the First Amalgamated Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of section 391 to section 394 of the Act, without any further act, instrument or deed be and stand transferred to and vested in and be deemed to have been transferred to and vested in the First Amalgamated Company and shall become the loans and liabilities, duties and obligations of the First Amalgamated Company which shall meet, discharge and satisfy the same.
- 38.5. Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the First Amalgamating Company and the First Amalgamated Company shall, *ipso facto*, stand discharged and come to an end and there shall be no liability in that behalf upon any party and the appropriate effect shall be given in the books of accounts and records of the First Amalgamated Company.
- 38.6. Without prejudice to the foregoing provisions of this Clause, upon the coming into effect of this Scheme, all debentures, bonds, notes or other debt securities and other instruments of like nature (whether convertible into equity shares or not), if any, of the First Amalgamating Company shall, under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act, instrument or deed, become the debt securities of the First Amalgamated Company on the same terms and conditions and all rights, powers, duties and obligations in relation thereto shall be and

stand transferred to and vested in and be deemed to have been transferred to and vested in and shall be exercised by or against the First Amalgamated Company to the same extent as if it were the issuer of the debt securities so transferred and vested. If the debt securities are listed on any stock exchange, the same shall, subject to applicable law and regulations, be listed and/or admitted to trading on the relevant stock exchanges in India where the debt securities were listed and/or admitted to trading, on the same terms and conditions, unless otherwise modified in accordance with applicable law.

- 38.7. All Encumbrances, if any, existing prior to the Effective Date over the assets of the First Amalgamating Company which secures or relate to the IBL Liabilities shall, after the Effective Date, without any further act, instrument or deed, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the First Amalgamated Company. Provided that if any of the assets of the First Amalgamating Company have not been Encumbered in respect of the IBL Liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. Further, such Encumbrances shall not relate or attach to any of the other assets of the First Amalgamated Company. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.
- 38.8. The existing Encumbrances over the other assets and properties of the First Amalgamated Company or any part thereof which relate to the liabilities and obligations of the First Amalgamated Company prior to the Effective Date shall continue to relate to such assets and properties and shall not extend or attach to any of the assets and properties transferred to and vested in the First Amalgamated Company by virtue of the Scheme.
- 38.9. Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the First Amalgamating Company and the First Amalgamated Company shall execute any instrument/s and/or document/s and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the respective Registrar of Companies to give formal effect to the above provisions, if required.
- 38.10. Upon the coming into effect of this Scheme, the First Amalgamated Company alone shall be liable to perform all obligations in respect of the IBL Liabilities, which have been transferred to it in terms of this Scheme.
- 38.11. It is expressly provided that, save as mentioned in this Clause 38, no other term or condition of the liabilities transferred to the First Amalgamated Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- 38.12. Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause 38 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

**39. Legal, taxation and other proceedings**

Upon the coming into effect of this Scheme, all suits, actions and other proceedings including legal and taxation proceedings, whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), whether pending and/ or arising on or before the Effective Date shall be continued and/ or enforced by or against the First Amalgamating Company, as effectually and in the same manner and to the same extent as if the same had been instituted and/or pending and/or arising by or against the First Amalgamated Company.

**40. Employees**

- 40.1. Upon the coming into effect of this Scheme, all IBL Employees as on the Effective Date shall become the permanent employees of the First Amalgamated Company, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the First Amalgamating Company and without any interruption of, or break in service as a result of the transfer of the First Amalgamating Undertaking. The First Amalgamated Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such IBL

Employees and such benefits to which the IBL Employees are entitled in the First Amalgamating Company shall also be taken into account, and the First Amalgamating Company agrees and undertakes to pay the same as and when payable.

- 40.2. It is clarified that save as expressly provided for in this Scheme, the IBL Employees who become the employees of the First Amalgamated Company by virtue of this Scheme, shall be entitled to the employment policies and shall be entitled to avail of any schemes and benefits existing as on the Effective Date that may be applicable and available to any of the other employees of the First Amalgamated Company (including the benefits of or under any employee stock option schemes applicable to or covering all or any of the other employees of the First Amalgamated Company), unless otherwise determined by the First Amalgamated Company. The First Amalgamated Company undertakes to continue to abide by any agreement/settlement, if any, entered into or deemed to have been entered into by the First Amalgamating Company with any employee of the First Amalgamating Company.
- 40.3. Insofar as the provident fund, gratuity fund, trusts, retirement fund or benefits and any other funds or benefits created by the First Amalgamating Company for the IBL Employees or to which the First Amalgamating Company is contributing for the benefit of the IBL Employees and other such funds, trusts, the benefits of which the IBL Employees enjoy (the "IBL Funds"), all the contributions made to such IBL Funds for the benefit of the IBL Employees and the investments made by the IBL Funds in relation to the IBL Employees shall be transferred to the First Amalgamated Company and shall be held for the benefit of the concerned IBL Employees. In the event the First Amalgamated Company has its own funds in respect of any of the IBL Funds, such contributions and investments shall, subject to the necessary approvals and permissions and at the discretion of the First Amalgamated Company, be transferred to the relevant funds of the First Amalgamated Company. In the event that the First Amalgamated Company does not have its own funds in respect of any of the above or if deemed appropriate by the First Amalgamated Company, the First Amalgamating Company may, subject to necessary approvals and permissions, maintain the existing funds separately and contribute thereto until such time that the First Amalgamated Company creates its own funds, at which time the IBL Funds and the investments and contributions pertaining to the IBL Employees shall be transferred to the funds created by the First Amalgamated Company.
- 40.4. In relation to those IBL Employees for whom the First Amalgamating Company is making contributions to the government provident fund, the First Amalgamated Company shall stand substituted for the First Amalgamating Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such IBL Employees.

## **SECTION 2 - CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE**

41. The First Amalgamating Company, with effect from the Appointed Date and up to and including the Effective Date:
- (i) shall be deemed to have been carrying on and to be carrying on all business and activities relating to the First Amalgamating Undertaking and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the First Amalgamating Undertaking for and on account of, and in trust for, the First Amalgamated Company;
  - (ii) all profits and income accruing to the First Amalgamating Company from the First Amalgamating Undertaking, and losses and expenditure or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income), relating to the First Amalgamating Undertaking shall, for all purposes, be treated as the profits, income, losses or expenditure, as the case may be, of the First Amalgamated Company; and
  - (iii) any of the rights, powers, authorities, privileges, attached, related or pertaining to the First Amalgamating Undertaking exercised by the First Amalgamating Company shall be deemed to have been exercised by the First Amalgamating Company for and on behalf of, and in trust for and as an agent of the First Amalgamated Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the First Amalgamating Undertaking that have been undertaken or discharged by the First Amalgamating Company shall be deemed to have been undertaken for and on behalf of and as an agent for the First Amalgamated Company.

42. The First Amalgamating Company undertakes that it shall preserve and carry on the business of the First Amalgamating Undertaking with reasonable diligence and business prudence and shall not, upto and including the Effective Date, undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber the First Amalgamating Undertaking or any part thereof unless:
- (i) the prior written consent of the board of directors of the First Amalgamated Company has been obtained in relation to any of the above;
  - (ii) the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court; or
  - (iii) the same is expressly permitted by this Scheme.
43. From the date of filing of this Scheme with the High Court and upto and including the Effective Date, the First Amalgamating Company and First Amalgamated Company shall not, except in respect of outstanding options that may be exercised in terms of the Demerged Company ESOS Schemes, exercise of the Demerged Company Warrants or as provided herein, make any change in their respective capital structure in any manner either by any increase (including by way of issue of equity and/or preference shares on a rights basis or by way of a public issue, bonus shares and/or convertible debentures or otherwise), decrease, reduction, reclassification, sub-division, consolidation, re-organization, or in any other manner which may, in any way, affect the First Amalgamation Share Exchange Ratio (as defined hereunder), except with the prior approval of the board of directors of the First Amalgamated Company or the First Amalgamating Company respectively.
44. The transfer and vesting of the assets, liabilities and obligations of the First Amalgamating Undertaking and the continuance of the proceedings by or against the First Amalgamated Company under this Scheme shall not affect any transaction or proceedings already completed by the First Amalgamating Company on or before the Appointed Date to the end and intent that, subject to the provisions of Section 2 of Part III of this Scheme, the First Amalgamated Company accepts all acts, deeds and things done and executed by and/or on behalf of the First Amalgamating Company as acts, deeds and things done and executed by and on behalf of the First Amalgamated Company.

### SECTION 3 - REORGANISATION OF CAPITAL

45. The provisions of this Section 3 shall operate notwithstanding anything to the contrary in this Scheme.
46. In consideration of the transfer and vesting of the First Amalgamating Undertaking in the First Amalgamated Company in accordance with the provisions of this Scheme and as an integral part of this Scheme, the share capital of the First Amalgamating Company shall be restructured and reorganised in the manner set out in Clause 47 to Clause 55 below.
47. Notwithstanding anything to the contrary contained in this Scheme, 42,500,000 (Forty Two Million Five Hundred Thousand) equity shares held by the First Amalgamated Company in the First Amalgamating Company shall stand vested by virtue of this Scheme with effect from the date of the order of the High Court sanctioning the Scheme, and without any further act, instrument or deed, to an individual trustee or a board of trustees (including the survivors or survivor of any of the trustees comprising such board of trustees) or a corporate trustee, as the case may be (the "First Amalgamated Company Trustee") to have and to hold such shares in trust together with all additions or accretions thereto and all shares of the First Amalgamated Company in trust exclusively for the benefit of the First Amalgamated Company and its successor or successors subject to the powers, provisions, discretions, rights and agreements contained in the instrument (the "First Amalgamated Company Trust Deed") establishing the aforesaid trust (the "First Amalgamated Company Trust"). It is proposed that the First Amalgamated Company Trustee may, subject however to the prevailing market conditions, sell, transfer or dispose of the shares held by it at such time or times and in such manner as may be proper in accordance with provisions of the First Amalgamated Company Trust Deed and shall remit the proceeds thereof to the First Amalgamated Company. The obligations of the First Amalgamated Company Trustees shall stand discharged and the First Amalgamated Company Trust shall stand terminated in accordance with the provisions of the First Amalgamated Company Trust Deed.
48. Upon giving effect to Clause 47 and in consideration of the transfer and vesting of the First Amalgamating Undertaking in the First Amalgamated Company pursuant to Part III of this Scheme, the First



Amalgamated Company shall without any further application, act or deed, issue and allot to the equity shareholders of the First Amalgamating Company whose names are recorded in the register of members of the First Amalgamating Company on the Effective Date, in the ratio (the "**First Amalgamation Share Exchange Ratio**") of 1 (One) equity share in the First Amalgamated Company of face value Rs. 2/- (Rupees Two Only) credited as fully paid up for every 1 (One) equity shares of face value Rs. 2/- (Rupees Two Only) each fully paid up held by such member in the First Amalgamating Company on the Effective Date.

49. The shares issued to the members of the First Amalgamating Company pursuant to Clause 48 above shall be issued in dematerialized form by the First Amalgamated Company, unless otherwise notified in writing by the shareholders of the First Amalgamating Company to the First Amalgamated Company on or before such date as may be determined by the board of directors of the First Amalgamated Company or a committee thereof. In the event that such notice has not been received by the First Amalgamated Company in respect of any of the members of the First Amalgamating Company, the shares shall be issued to such members in dematerialized form provided that the members of the First Amalgamating Company shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required. It is only thereupon that the First Amalgamated Company shall issue and directly credit the dematerialized securities to the account of such member with the shares of the First Amalgamated Company. In the event that the First Amalgamated Company has received notice from any member that shares are to be issued in certificate form or if any member has not provided the requisite details relating to the account with a depository participant or other confirmations as may be required, then the First Amalgamated Company shall issue shares in certificate form to such member.
50. If any shareholder of the First Amalgamating Company becomes entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the First Amalgamated Company in accordance with Clause 48 of this Scheme, the board of directors of the First Amalgamated Company shall consolidate all such fractional entitlements and shall, without any further application, act, instrument or deed, issue and allot such consolidated equity shares directly to the First Amalgamated Company Trustee, who shall hold such equity shares with all additions or accretions thereto in trust for the benefit of the respective shareholders, to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such equity shares in the market at such price or prices and on such time or times, as the First Amalgamated Company Trustee may in its sole discretion decide and on such sale pay to the First Amalgamated Company, the net sale proceeds thereof and any additions and accretions, whereupon the First Amalgamated Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the First Amalgamating Company in proportion to their respective fractional entitlements.
51. Equity shares to be issued by the First Amalgamated Company pursuant to Clause 48 in respect of such of the equity shares of the First Amalgamating Company which are held in abeyance under the provisions of section 206A of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be kept in abeyance by the First Amalgamated Company.
52. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the First Amalgamating Company, the board of directors of the First Amalgamated Company or any committee thereof shall be empowered in appropriate cases, prior to or even subsequent to the Effective Date, to effectuate such a transfer in the First Amalgamated Company as if such changes in registered holder were operative as on the Effective Date, in order to remove any difficulties arising to the transferor of the share in the First Amalgamating Company and in relation to the shares issued by the First Amalgamating Company after the effectiveness of this Scheme. The board of directors of the First Amalgamated Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in the First Amalgamated Company on account of difficulties faced in the transaction period.
53. The equity shares to be issued and allotted by the First Amalgamated Company in terms of Clause 48 above shall inter-se rank *pari passu* in all respects.
54. (i) Equity shares of the First Amalgamated Company issued in terms of Clause 48 above shall, subject to the receipt of necessary approvals, be listed and/or admitted to trading on the Stock Exchanges. The shares allotted pursuant to Part III of this Scheme shall remain frozen in the

depositories system until listing/trading permission is given by the designated stock exchange.

- (ii) Until the listing of the equity shares of the First Amalgamated Company with the Stock Exchanges, except as provided in this Scheme, including this Part III, there shall be no change in the shareholding pattern or control or pre-arrangement capital structure of the First Amalgamated Company.

55. Unless otherwise determined by the board of directors or any committee thereof of the First Amalgamated Company and the board of directors or any committee thereof of the First Amalgamating Company, issuance of shares in terms of Clause 48 of this Scheme shall be done within 90 (ninety) days from the Effective Date.

#### **SECTION 4 - GENERAL TERMS AND CONDITIONS**

##### **56. Accounting treatment in the books of the First Amalgamated Company**

Upon the Effective Date, the First Amalgamated Company shall account for the amalgamation in its books of accounts as under:

- (i) All the assets and liabilities of the First Amalgamating Company transferred to the First Amalgamated Company shall become the assets and liabilities of the First Amalgamated Company and shall be recorded at their book values as appearing in the books of the First Amalgamating Company.
- (ii) All the reserves of the First Amalgamating Company shall be recorded in the books of the First Amalgamated Company in the same form in which they appeared in the books of the First Amalgamating Company.
- (iii) The First Amalgamated Company shall credit to its share capital account, the aggregate face value of the equity shares issued by it pursuant to this Scheme.
- (iv) The difference between the amount recorded as share capital issued by the First Amalgamated Company (plus any additional consideration in the form of cash or other assets) and the amount of share capital of the First Amalgamating Company shall be adjusted in reserves in the books of the First Amalgamated Company.
- (v) In case of any differences in accounting policies between the First Amalgamated Company and the First Amalgamating Company, the impact of the same until the Appointed Date shall be computed in accordance with Accounting Standard AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies, and adjusted in the reserves of the First Amalgamated Company.

#### **PART IV - AMALGAMATION OF THE SECOND AMALGAMATING COMPANY WITH THE SECOND AMALGAMATED COMPANY**

##### **SECTION 1 - TRANSFER AND VESTING OF THE SECOND AMALGAMATING UNDERTAKING**

##### **57. Transfer of Assets**

- 57.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances comprised in the Second Amalgamating Undertaking of whatsoever nature and wheresoever situate shall, under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Second Amalgamated Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Second Amalgamated Company.
- 57.2. In respect of such of the assets and properties of the Second Amalgamating Undertaking as are movable in nature or are otherwise capable of transfer by delivery of possession or by endorsement and delivery, the same may be so transferred by the Second Amalgamating Company upon the coming into effect of the Scheme, and shall become the assets and property of the Second Amalgamated Company with effect

from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without requiring any deed or instrument of conveyance for transfer of the same.

- 57.3. In respect of such of the assets and properties belonging to the Second Amalgamating Undertaking including sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any governmental authority, quasi government, local or other authority or body or with any company or other person, other than those referred to in Clause 57.2 above, the same shall, as more particularly provided in Clause 57.1 above, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party, be transferred to and vested in and/or be deemed to be transferred to and vested in the Second Amalgamated Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any.
- 57.4. All assets, rights, title, interest, investments and properties of the Second Amalgamating Company in relation to the Second Amalgamating Undertaking and any assets, right, title, interest, investments and properties acquired by the Second Amalgamating Company after the Appointed Date but prior to the Effective Date in relation to the Second Amalgamating Undertaking shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the Second Amalgamated Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any.
- 57.5. All the licenses, permits, entitlements, quotas, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits (including sales tax and service tax), subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Second Amalgamating Company and all rights and benefits that have accrued or which may accrue to either of the Second Amalgamating Company, whether on, before or after the Appointed Date, including income tax benefits and exemptions shall, under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in and/or be deemed to be transferred to and vested in and be available to the Second Amalgamated Company so as to become licenses, permits, entitlements, quotas, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Second Amalgamated Company and shall remain valid, effective and enforceable on the same terms and conditions.
58. **Transfer of contracts, deeds, etc.**
- 58.1. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature, to which the Second Amalgamating Company is a party or to the benefit of which the Second Amalgamating Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect against or in favour, as the case may be, of the Second Amalgamated Company and may be enforced as fully and effectually as if, instead of the Second Amalgamating Company, the Second Amalgamated Company had been a party or beneficiary or obligee thereto.
- 58.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Second Amalgamating Undertaking occurs by virtue of this Scheme itself, the Second Amalgamated Company may, 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, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Second Amalgamating Company is a party or any writings as may be necessary in order to give formal effect to the above provisions. The Second Amalgamated Company shall, under the provisions of Part IV of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Second Amalgamating Company and to carry out or perform all such formalities or compliances referred to above on the part of the Second Amalgamating Company to be carried out or performed.
- 58.3. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon

the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Second Amalgamating Company in relation to the Second Amalgamating Undertaking shall stand transferred to the Second Amalgamated Company as if the same were originally given by, issued to or executed in favour of the Second Amalgamated Company, and the Second Amalgamated Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Second Amalgamated Company. The Second Amalgamated Company shall make applications to any governmental authority as may be necessary in this behalf.

## 59. **Transfer of Liabilities**

- 59.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, all debts, liabilities, loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities) whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations along with any charge, encumbrance, lien or security thereon of the Second Amalgamating Company ("**PPSL Liabilities**") shall, pursuant to the sanction of this Scheme by the High Courts and under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Second Amalgamated Company to the extent that they are outstanding as on the Effective Date and shall become the debts, liabilities, loans, obligations and duties of on the same terms and conditions as were applicable to the Second Amalgamating Company, and the Second Amalgamated Company shall meet, discharge and satisfy the same. Further, it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such PPSL Liabilities have arisen in order to give effect to the provisions of this Clause.
- 59.2. All debts, liabilities, duties and obligations of the Second Amalgamating Company shall, as on the Appointed Date, whether or not provided in the books of the Second Amalgamating Company, and all debts and loans raised and used, and duties, liabilities and obligations incurred or which arise or accrue to the Second Amalgamating Company on or after the Appointed Date until the Effective Date shall be deemed to be and shall become the debts, loans raised and used, duties, liabilities and obligations incurred by the Second Amalgamated Company by virtue of this Scheme.
- 59.3. Where any of the loans raised and used, debts, liabilities, duties and obligations of the Second Amalgamating Company as on the Appointed Date deemed to be transferred to the Second Amalgamated Company have been discharged by the Second Amalgamating Company prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Second Amalgamated Company.
- 59.4. All loans raised and utilised and all liabilities, duties and obligations incurred or undertaken by the Second Amalgamating Company on or after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Second Amalgamated Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of section 391 to section 394 of the Act, without any further act, instrument or deed be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Second Amalgamated Company and shall become the loans and liabilities, duties and obligations of the Second Amalgamated Company which shall meet, discharge and satisfy the same.
- 59.5. Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Second Amalgamating Company and the Second Amalgamated Company shall, ipso facto, stand discharged and come to an end and there shall be no liability in that behalf upon any party and the appropriate effect shall be given in the books of accounts and records of the Second Amalgamated Company.
- 59.6. Without prejudice to the foregoing provisions of this Clause, upon the coming into effect of this Scheme, all debentures, bonds, notes or other debt securities and other instruments of like nature (whether convertible into equity shares or not), if any, of the Second Amalgamating Company shall, under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act, instrument or deed, become the debt securities of the Second Amalgamated Company on the same terms and conditions and all rights, powers, duties and obligations in relation thereto shall be

and stand transferred to and vested in and be deemed to have been transferred to and vested in and shall be exercised by or against the Second Amalgamated Company to the same extent as if it were the issuer of the debt securities so transferred and vested. If the debt securities are listed on any stock exchange, the same shall, subject to applicable law and regulations, be listed and/or admitted to trading on the relevant stock exchanges in India where the debt securities were listed and/or admitted to trading, on the same terms and conditions, unless otherwise modified in accordance with applicable law.

- 59.7. All Encumbrances, if any, existing prior to the Effective Date over the assets of the Second Amalgamating Company which secures or relate to the PPSL Liabilities shall, after the Effective Date, without any further act, instrument or deed, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Second Amalgamated Company. Provided that if any of the assets of the Second Amalgamating Company have not been Encumbered in respect of the PPSL Liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. Further, such Encumbrances shall not relate or attach to any of the other assets of the Second Amalgamated Company. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.
- 59.8. The existing Encumbrances over the other assets and properties of the Second Amalgamated Company or any part thereof which relate to the liabilities and obligations of the Second Amalgamated Company prior to the Effective Date shall continue to relate to such assets and properties and shall not extend or attach to any of the assets and properties transferred to and vested in the Second Amalgamated Company by virtue of the Scheme.
- 59.9. Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the Second Amalgamating Company and the Second Amalgamated Company shall execute any instrument/s and/or document/s and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the respective Registrar of Companies to give formal effect to the above provisions, if required.
- 59.10. Upon the coming into effect of this Scheme, the Second Amalgamated Company alone shall be liable to perform all obligations in respect of the PPSL Liabilities, which have been transferred to it in terms of this Scheme.
- 59.11. It is expressly provided that, save as mentioned in this Clause 59, no other term or condition of the liabilities transferred to the Second Amalgamated Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- 59.12. Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause 59 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.
60. **Legal, taxation and other proceedings**  
Upon the coming into effect of this Scheme, all suits, actions and other proceedings including legal and taxation proceedings, whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), whether pending and/ or arising on or before the Effective Date shall be continued and/ or enforced by or against the Second Amalgamated Company, as effectually and in the same manner and to the same extent as if the same had been instituted and/or pending and/or arising by or against the Second Amalgamated Company.
61. **Employees**
  - 61.1. Upon the coming into effect of this Scheme, all PPSL Employees as on the Effective Date shall become the permanent employees of the Second Amalgamated Company, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the Second Amalgamating Company and without any interruption of, or break in service as a result of the transfer of the Second Amalgamating Undertaking. The Second Amalgamated Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such

PPSL Employees and such benefits to which the PPSL Employees are entitled in the Second Amalgamating Company shall also be taken into account, and the Second Amalgamating Company agrees and undertakes to pay the same as and when payable.

- 61.2. It is clarified that save as expressly provided for in this Scheme, the PPSL Employees who become the employees of the Second Amalgamated Company by virtue of this Scheme, shall be entitled to the employment policies and shall be entitled to avail of any schemes and benefits existing as on the Effective Date that may be applicable and available to any of the other employees of the Second Amalgamated Company (including the benefits of or under any employee stock option schemes applicable to or covering all or any of the other employees of the Second Amalgamated Company), unless otherwise determined by the Second Amalgamated Company. The Second Amalgamated Company undertakes to continue to abide by any agreement/settlement, if any, entered into or deemed to have been entered into by the Second Amalgamating Company with any employee of the Second Amalgamating Company.
- 61.3. Insofar as the provident fund, gratuity fund, trusts, retirement fund or benefits and any other funds or benefits created by the Second Amalgamating Company for the PPSL Employees or to which the Second Amalgamating Company is contributing for the benefit of the PPSL Employees and other such funds, trusts, the benefits of which the PPSL Employees enjoy (the "PPSL Funds"), all the contributions made to such PPSL Funds for the benefit of the PPSL Employees and the investments made by the PPSL Funds in relation to the PPSL Employees shall be transferred to the Second Amalgamated Company and shall be held for the benefit of the concerned PPSL Employees. In the event the Second Amalgamated Company has its own funds in respect of any of the PPSL Funds, such contributions and investments shall, subject to the necessary approvals and permissions and at the discretion of the Second Amalgamated Company, be transferred to the relevant funds of the Second Amalgamated Company. In the event that the Second Amalgamated Company does not have its own funds in respect of any of the above or if deemed appropriate by the Second Amalgamated Company, the Second Amalgamating Company may, subject to necessary approvals and permissions, maintain the existing funds separately and contribute thereto until such time that the Second Amalgamated Company creates its own funds, at which time the PPSL Funds and the investments and contributions pertaining to the PPSL Employees shall be transferred to the funds created by the Second Amalgamated Company.
- 61.4. In relation to those PPSL Employees for whom the Second Amalgamating Company is making contributions to the government provident fund, the Second Amalgamated Company shall stand substituted for the Second Amalgamating Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such PPSL Employees.

## SECTION 2 - CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE

62. (i) The Second Amalgamating Company, with effect from the Appointed Date and up to and including the Effective Date:
- (ii) shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Second Amalgamating Undertaking and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the Second Amalgamating Undertaking for and on account of, and in trust for, the Second Amalgamated Company;
- (iii) all profits and income accruing to the Second Amalgamating Company from the Second Amalgamating Undertaking, and losses and expenditure or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income), relating to the Second Amalgamating Undertaking shall, for all purposes, be treated as the profits, income, losses or expenditure, as the case may be, of the Second Amalgamated Company; and
- (iv) any of the rights, powers, authorities, privileges, attached, related or pertaining to the Second Amalgamating Undertaking exercised by the Second Amalgamating Company shall be deemed to have been exercised by the Second Amalgamated Company for and on behalf of, and in trust for and as an agent of the Second Amalgamated Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Second Amalgamating Undertaking that have been undertaken or discharged by the Second Amalgamating Company shall be deemed to have been undertaken for and on behalf of and as an agent for the Second

Amalgamated Company.

63. The Second Amalgamating Company undertakes that it shall preserve and carry on the business of the Second Amalgamating Undertaking with reasonable diligence and business prudence and shall not, upto and including the Effective Date, undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber the Second Amalgamating Undertaking or any part thereof unless:
- (i) the prior written consent of the board of directors of the Second Amalgamated Company has been obtained in relation to any of the above;
  - (ii) the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court; or
  - (iii) the same is expressly permitted by this Scheme.
64. From the date of filing of this Scheme with the High Court and upto and including the Effective Date, the Second Amalgamating Company and Second Amalgamated Company shall not, except in respect of outstanding options that may be exercised in terms of the Second Amalgamated Company ESOS Schemes, exercise of the Second Amalgamated Company Warrants or as provided herein, make any change in their respective capital structure in any manner either by any increase (including by way of issue of equity and/or preference shares on a rights basis or by way of a public issue, bonus shares and/or convertible debentures or otherwise), decrease, reduction, reclassification, sub-division, consolidation, re-organization, or in any other manner which may, in any way, affect the Second Amalgamation Share Exchange Ratio (as defined hereunder), except with the prior approval of the board of directors of the Second Amalgamated Company or the Second Amalgamating Company respectively.
65. The transfer and vesting of the assets, liabilities and obligations of the Second Amalgamating Undertaking and the continuance of the proceedings by or against the Second Amalgamated Company under this Scheme shall not affect any transaction or proceedings already completed by the Second Amalgamating Company on or before the Appointed Date to the end and intent that, subject to the provisions of this Section 2, the Second Amalgamated Company accepts all acts, deeds and things done and executed by and/or on behalf of the Second Amalgamating Company as acts, deeds and things done and executed by and on behalf of the Second Amalgamated Company.

### SECTION 3 - REORGANISATION OF CAPITAL

66. The provisions of this Section 3 shall operate notwithstanding anything to the contrary in this Scheme.
67. In consideration of the transfer and vesting of the Second Amalgamating Undertaking in the Second Amalgamated Company in accordance with the provisions of this Scheme and as an integral part of this Scheme, the share capital of the Second Amalgamating Company shall be restructured and reorganised in the manner set out in Clause 68 to Clause 76 below.
68. Notwithstanding anything to the contrary contained in this Scheme, 202,500,000 (Two Hundred and Two Million Five Hundred Thousand) equity shares held by the Second Amalgamated Company in the Second Amalgamating Company shall stand vested by virtue of this Scheme with effect from the date of the order of the High Court sanctioning the Scheme, and without any further act, instrument or deed, to an individual trustee or a board of trustees (including the survivors or survivor of any of the trustees comprising such board of trustees) or a corporate trustee, as the case may be (the "**Second Amalgamated Company Trustee**") to have and to hold such shares in trust together with all additions or accretions thereto and all shares of the Second Amalgamated Company in trust exclusively for the benefit of the Second Amalgamated Company and its successor or successors subject to the powers, provisions, discretions, rights and agreements contained in the instrument (the "**Second Amalgamated Company Trust Deed**") establishing the aforesaid trust (the "**Second Amalgamated Company Trust**"). It is proposed that the Second Amalgamated Company Trustee may, subject however to the prevailing market conditions, sell, transfer or dispose of the shares held by it at such time or times and in such manner as may be proper in accordance with provisions of the Second Amalgamated Company Trust Deed and shall remit the proceeds thereof to the Second Amalgamated Company. The obligations of the Second Amalgamated Company Trustees shall stand discharged and the Second Amalgamated Company Trust shall stand terminated in accordance with the provisions of the Second Amalgamated Company Trust Deed.

69. Upon giving effect to Clause 68 and in consideration of the transfer and vesting of the Second Amalgamating Undertaking in the Second Amalgamated Company pursuant to Part IV of this Scheme, the Second Amalgamated Company shall without any further application, act or deed, issue and allot to the equity shareholders of the Second Amalgamating Company whose names are recorded in the register of members of the Second Amalgamating Company, on the Effective Date, in the ratio (the **"Second Amalgamation Share Exchange Ratio"**) of 1 (One) equity share in the Second Amalgamated Company of face value Rs. 10/- (Rupees Ten Only) credited as fully paid up for every 1 (One) equity share of face value Re. 1/- (Rupee One Only) each fully paid up held by such member in the Second Amalgamating Company on the Effective Date.
70. The shares issued to the members of the Second Amalgamating Company pursuant to Clause 69 above shall be issued in dematerialized form by the Second Amalgamated Company, unless otherwise notified in writing by the shareholders of the Second Amalgamating Company to the Second Amalgamated Company on or before such date as may be determined by the board of directors of the Second Amalgamated Company or a committee thereof. In the event that such notice has not been received by the Second Amalgamated Company in respect of any of the members of the Second Amalgamating Company, the shares shall be issued to such members in dematerialized form provided that the members of the Second Amalgamating Company shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required. It is only thereupon that the Second Amalgamated Company shall issue and directly credit the dematerialized securities to the account of such member with the shares of the Second Amalgamated Company. In the event that the Second Amalgamated Company has received notice from any member that shares are to be issued in certificate form or if any member has not provided the requisite details relating to the account with a depository participant or other confirmations as may be required, then the Second Amalgamated Company shall issue shares in certificate form to such member.
71. If any shareholder of the Second Amalgamating Company becomes entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the Second Amalgamated Company in accordance with Clause 69 of this Scheme, the board of directors of the Second Amalgamated Company shall consolidate all such fractional entitlements and shall, without any further application, act, instrument or deed, issue and allot such consolidated equity shares directly to the Second Amalgamated Company Trustee, who shall hold such equity shares with all additions or accretions thereto in trust for the benefit of the respective shareholders, to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such equity shares in the market at such price or prices and on such time or times, as the Second Amalgamated Company Trustee may in its sole discretion decide and on such sale pay to the Second Amalgamated Company, the net sale proceeds thereof and any additions and accretions, whereupon the Second Amalgamated Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Second Amalgamating Company in proportion to their respective fractional entitlements.
72. Equity shares to be issued by the Second Amalgamated Company pursuant to Clause 69 in respect of such of the equity shares of the Second Amalgamating Company which are held in abeyance under the provisions of section 206A of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be kept in abeyance by the Second Amalgamated Company.
73. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Second Amalgamating Company, the board of directors of the Second Amalgamated Company or any committee thereof shall be empowered in appropriate cases, prior to or even subsequent to the Effective Date, to effectuate such a transfer in the Second Amalgamated Company as if such changes in registered holder were operative as on the Effective Date, in order to remove any difficulties arising to the transferor of the share in the Second Amalgamating Company and in relation to the shares issued by the Second Amalgamating Company after the effectiveness of this Scheme. The board of directors of the Second Amalgamated Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in the Second Amalgamated Company on account of difficulties faced in the transaction period.
74. The equity shares to be issued and allotted by the Second Amalgamated Company in terms of Clause 69 above shall inter-se rank pari passu in all respects.



75. (i) Upon the Effective Date, as an integral part of this Scheme, the Second Amalgamated Company Warrants which are outstanding and have not been exercised by the holders thereof shall, without any further act or deed, stand converted into partly paid-up equity shares in the Second Amalgamated Company, treated as paid up to the extent of the payment which has been made by the holders thereof on the Second Amalgamated Company Warrants. The partly paid-up equity shares issued by the Second Amalgamated Company shall entitle the holders thereof to exercise all rights available under the Act and applicable laws to a holder of partly paid-up shares, including rights as to dividend and voting rights proportional to the amount paid-up on such shares from time to time. Upon being made fully-paid up, such shares shall rank pari passu with the equity shares of the Second Amalgamated Company in all respects.
- (ii) Within 2 (two) days of the Effective Date, the Second Amalgamated Company shall issue and allot, to each holder of the Second Amalgamated Company Warrant which is outstanding and which has not been exercised by the holders thereof as on the Effective Date, partly paid-up equity shares in the Second Amalgamated Company in the ratio of 1 (one) partly paid-up equity share in the Second Amalgamated Company for every 1 (one) Second Amalgamated Company Warrant which is outstanding and which has not been exercised by the holders thereof as on that date (the partly paid-up equity shares issued pursuant to this sub-clause, the "**Second Amalgamated Company Partly Paid-up Shares**"). Upon issuance of the Second Amalgamated Company Partly Paid-up Shares, the Second Amalgamated Company Warrants shall stand converted and shall not be exercisable.
- (iii) The Second Amalgamated Company shall make capital calls on the holders of the Second Amalgamated Company Partly Paid-up Shares in accordance with applicable law and as specified in Schedule III. The Second Amalgamated Company Partly Paid-up Shares shall become presently payable on the dates of such calls being made pursuant to Schedule III.
- (iv) The Second Amalgamated Company Partly Paid-up Shares may be made fully paid up pursuant to, and as an integral part of, this Scheme by the payment of calls thereon by the holders of the Second Amalgamated Company Partly Paid-up Shares on or prior to the dates specified for such calls specified in Schedule III. For the avoidance of doubt, it is clarified that the amount payable on the Second Amalgamated Company Partly Paid-up Shares shall be such amount as is required to be paid (excluding amounts already paid) for conversion of the Second Amalgamated Company Warrants into equity shares of the Second Amalgamated Company as on the date of issuance of the Second Amalgamated Company Partly Paid-up Shares ("**Second Amalgamated Company Outstanding Amount**").
76. (i) Equity shares of the Second Amalgamated Company issued in terms of Clause 69 above shall, subject to receipt of necessary approvals, be listed and/or admitted to trading on the Stock Exchanges. The shares allotted pursuant to Part IV of this Scheme shall remain frozen in the depositories system until listing/trading permission is given by the designated stock exchange.
- (ii) Until the listing of the equity shares of the Second Amalgamated Company with the Stock Exchanges, except as provided in this Scheme, including this Part IV, there shall be no change in the shareholding pattern or control or pre-arrangement capital structure of the Second Amalgamated Company.
77. Unless otherwise determined by the board of directors or any committee thereof of the Second Amalgamated Company and the board of directors or any committee thereof of the Second Amalgamating Company, issuance of shares in terms of Clause 69 and Clause 75 of this Scheme shall be done within 90 (ninety) days from the Effective Date.

#### **SECTION 4 - GENERAL TERMS AND CONDITIONS**

##### **78. Accounting treatment in the books of the Second Amalgamated Company**

Upon the Effective Date, the Second Amalgamated Company shall account for the amalgamation in its books of accounts as under:

- (i) All the assets and liabilities of the Second Amalgamating Company transferred to the Second Amalgamated Company shall become the assets and liabilities of the Second Amalgamated

Company and shall be recorded at their book values as appearing in the books of the Second Amalgamating Company.

- (ii) All the reserves of the Second Amalgamating Company shall be recorded in the books of the Second Amalgamated Company in the same form in which they appeared in the books of the Second Amalgamating Company.
- (iii) The Second Amalgamated Company shall credit to its share capital account, the aggregate face value of the equity shares issued by it pursuant to this Scheme.
- (iv) The difference between the amount recorded as share capital issued by the Second Amalgamated Company (plus any additional consideration in the form of cash or other assets) and the amount of share capital of the Second Amalgamating Company shall be adjusted in reserves in the books of the Second Amalgamated Company.
- (v) In case of any differences in accounting policies between the Second Amalgamated Company and the Second Amalgamating Company, the impact of the same until the Appointed Date shall be computed in accordance with Accounting Standard AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies, and adjusted in the reserves of the Second Amalgamated Company

#### **PART V - GENERAL TERMS AND CONDITIONS**

**The provisions of this Part shall be applicable to Part II, Part III and Part IV of this Scheme.**

- 79. The Companies shall make necessary applications before the High Court for the sanction of this Scheme under sections 391 and 394 of the Act.
- 80. The Companies (by their respective board of directors), either by themselves or through a committee appointed by them in this behalf, may jointly and as mutually agreed in writing:
  - (i) in their full and absolute discretion, assent to any alteration(s) or modification(s) to this Scheme which a High Court may deem fit to approve or impose, and/or effect any other modification or amendment jointly and mutually agreed in writing, including, without limitation, any modifications to the accounting treatment set out in the Scheme due to the International Financial Reporting Standards being made applicable to the Companies or to the matters set forth in this Scheme, and to do all acts, deeds and things as may be necessary, desirable or expedient for the purposes of this Scheme;
  - (ii) to give such directions (acting jointly) as may be mutually agreed in writing as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders, depositors or debenture holders of the respective companies), or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those (to the extent permissible under law);
  - (iii) in their full and absolute discretion and by mutual agreement in writing, modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time;
  - (iv) to determine jointly by mutual agreement in writing whether any asset, liability, employee, legal or other proceedings pertains to the Demerged Undertaking, First Amalgamating Company, Second Amalgamating Company or not, on the basis of any evidence that they may deem relevant for this purpose.
- 81. Upon the coming into effect of the Scheme, the First Amalgamating Company and the Second Amalgamating Company shall stand dissolved without winding-up.
- 82. **Severability**

If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the mutual agreement of the Companies in writing, affect the validity or implementation of the other parts and/or provisions of this Scheme.

83. **Resolutions**

Upon the coming into effect of the Scheme, the resolutions, if any, of the First Amalgamating Company and the Second Amalgamating Company, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the First Amalgamated Company and the Second Amalgamated Company, respectively, and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by the First Amalgamated Company and the Second Amalgamated Company, respectively, and shall constitute the aggregate of the said limits in the First Amalgamated Company and the Second Amalgamated Company, respectively.

84. **Dividends**

- (i) The Companies shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date. Provided that the shareholders of the First Amalgamating Company and the Second Amalgamating Company shall not be entitled to dividend, if any, declared and paid by the First Amalgamated Company and the Second Amalgamated Company, to their respective shareholders for the accounting period prior to the Appointed Date.
- (ii) It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any shareholder of a Company to demand or claim any dividends from such Company which, subject to the provisions of the Act, shall be entirely at the discretion of the respective boards of directors of such Company, and subject to the approval, if required, of the shareholders of such Company.

85. **The coming into effect of this Scheme is conditional upon and subject to:**

- (i) this Scheme being approved by the respective requisite majorities of the various classes of members and creditors (where applicable) of the Companies as required under the Act and the requisite orders of the High Courts being obtained;
- (ii) the certified copies of the orders of the High Courts approving this Scheme being filed with the Registrar of Companies, Delhi and Haryana;
- (iii) such approvals and sanctions and approvals including sanction of any governmental authority, creditor, lessor or contracting party as may be required by law or contract in respect of the Scheme being obtained.

86. In the event of this Scheme does not come into effect by September 30, 2012 or by such later date as may be agreed by the respective Boards of Directors of the Companies, this Scheme shall stand revoked, cancelled and be of no effect and become null and void and in that event 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. In such case each party shall bear its own costs, charges and expenses or shall bear costs, charges and expenses as may be mutually agreed.

87. Each party shall bear its own costs, charges, levies and expenses in relation to or in connection with or incidental to this Scheme until the date of sanction of this Scheme by the High Court.

**Schedule I***Calls on Demerged Company Partly Paid-up Shares*

<b>S. No.</b>	<b>Percentage of call</b>	<b>Time period for payment</b>
1.	1% of the Demerged Company Outstanding Amount	On the date of allotment
2.	99% of the Demerged Company Outstanding Amount	On or before February 25, 2012.

**Schedule II***Calls on Resulting Company Partly Paid-up Shares*

<b>S. No.</b>	<b>Percentage of call</b>	<b>Time period for payment</b>
1.	1% of the Resulting Company Outstanding Amount	On the date of allotment
2.	99% of the Resulting Company Outstanding Amount	On or before February 25, 2012.

**Schedule III***Calls on Second Amalgamated Company Partly Paid-up Shares*

<b>S. No.</b>	<b>Percentage of call</b>	<b>Time period for payment</b>
1.	1% of the Second Amalgamated Company Outstanding Amount	On the date of allotment
2.	99% of the Second Amalgamated Company Outstanding Amount	On or before May 29, 2012.



## Indiabulls Real Estate Limited

Registered Office: F - 60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi - 110001

### IN THE HIGH COURT OF DELHI AT NEW DELHI COMPANY JURISDICTION COMPANY APPLICATION (M) NO. 84 OF 2011

**IN THE MATTER OF:**

The Companies Act, 1956;

**AND**

**IN THE MATTER OF:**

Application Under Sections 391-394 of The Companies Act, 1956;

**AND**

**IN THE MATTER OF:**

Scheme of Arrangement among **Indiabulls Real Estate Limited**, **Indiabulls Infrastructure and Power Limited**, **Indiabulls Builders Limited**, **Indiabulls Power Limited**, **Poena Power Supply Limited** and their respective shareholders and creditors

**AND**

**IN THE MATTER OF:**

**Indiabulls Real Estate Limited**, an existing company incorporated under the provisions of the Companies Act, 1956 and having its registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001.

**APPLICANT COMPANY NO.1**

#### FORM OF PROXY

I/We, the undersigned, as Equity Shareholder(s) of the Company/authorized representative of \_\_\_\_\_, the Equity shareholder of the Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_, and failing him/her \_\_\_\_\_, as my/our proxy, to act for me/us at the meeting of the Equity Shareholders of the Company to be held at the Centaur Hotel, Indira Gandhi International Airport, Delhi-Gurgaon Road, New Delhi - 110037 on Thursday the 30th day of June, 2011 at 10:00 A.M., for the purpose of considering and, if thought fit, approving with or without modification(s) the proposed Scheme of Arrangement among **Indiabulls Real Estate Limited**, **Indiabulls Infrastructure and Power Limited**, **Indiabulls Builders Limited**, **Indiabulls Power Limited**, and **Poena Power Supply Limited** and their respective shareholders and creditors ("the Scheme") and at such meeting and any adjournment thereof, to vote, for me / us and in my / our name(s) **For / Against** the said Scheme as my/ our proxy may approve.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

\* Folio No: \_\_\_\_\_  
\*\* DPID: \_\_\_\_\_ Client ID: \_\_\_\_\_  
No. of Shares held: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_

\* Applicable for Investor holding in Physical Form.

\*\* Applicable for Investor holding in Demat Form.

**Notes:**

- (1) Please affix Re. 1/- revenue stamp before putting signature.
- (2) The proxy must be deposited at the Registered Office of **Indiabulls Real Estate Limited** at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi - 110001 at least 48 hours before the time of holding the meeting.
- (3) Strike out which is not necessary.
- (4) All alterations made in the Form of Proxy should be initialed.
- (5) Bodies Corporate & FII Equity Shareholder(s) are requested to deposit certified copies of Board / Custodial resolutions/Power of Attorney, as the case may be, authorizing the Individuals named therein, to attend & vote at the meeting on its behalf. These documents be deposited at the Registered Office of **Indiabulls Real Estate Limited** at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi - 110001 at least 48 hours before the time of holding the meeting.
- (6) An individual, named in the relevant resolution, shall have the right to appoint a Proxy, to attend & vote instead of himself/herself, and such a Proxy shall be governed by the conditions as specified above.



## Indiabulls Real Estate Limited

Registered Office: F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001

### ATTENDANCE SLIP

(To be handed over at the entrance of the meeting venue)

### SHAREHOLDERS' MEETING

Members or their proxies are requested to present this slip for admission, duly signed in accordance with their specimen signatures registered with the Company.

DP ID	
-------	--

Name of Share Holder	
----------------------	--

Client ID	
-----------	--

No. of Shares	
---------------	--

Regd. Folio No.*	
------------------	--

Name in Full

Father / Husband's Name

Address

\_\_\_\_\_

I hereby record my presence at the court convened meeting of the Equity Shareholders of **INDIABULLS REAL ESTATE LIMITED** having its Registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001, convened pursuant to the order dated 2nd May, 2011 of the High Court of Delhi at the Centaur Hotel, IGI Airport, Delhi - Gurgaon Road, New Delhi-110037, on Thursday, the 30th day of June, 2011 at 10:00 A.M.

Please (✓) in the Box

☐ MEMBER ☐ PROXY

\_\_\_\_\_  
Member's Signature

\_\_\_\_\_  
Proxy's Signature

\* Applicable for Investor holding in Physical Form.

Notes:

1. Shareholder/ Proxies are requested to bring their slip with them. Duplicate slips will not be issued at the entrance of venue of the meeting.
2. Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting place.

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INTENTIONALLY**

## **BOOK POST**

If undelivered, please return to:  
**Indiabulls Real Estate Limited**  
Registered Office: F-60, Malhotra Building,  
2nd Floor, Connaught Place,  
New Delhi - 110001



**Indiabulls**

R E A L E S T A T E

**INDIABULLS REAL ESTATE LIMITED**

Registered Office : F-60, Malhotra Building, 2nd Floor,  
Connaught Place, New Delhi – 110 001

**COURT CONVENED MEETING OF THE SECURED CREDITORS**

**Day** : **Friday**  
**Date** : **1st day of July, 2011**  
**Time** : **10:00 A.M.**  
**Venue** : **Centaur Hotel, Indira Gandhi International Airport,  
Delhi-Gurgaon Road, New Delhi – 110037**

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**IN THE HIGH COURT OF DELHI AT NEW DELHI  
COMPANY JURISDICTION  
COMPANY APPLICATION (M) NO. 84 OF 2011**

**IN THE MATTER OF:**

The Companies Act, 1956;

**AND**

**IN THE MATTER OF:**

Application Under Sections 391-394 of the Companies Act, 1956;

**AND**

**IN THE MATTER OF:**

Scheme of Arrangement among **Indiabulls Real Estate Limited, Indiabulls Infrastructure and Power Limited, Indiabulls Builders Limited, Indiabulls Power Limited., Poena Power Supply Limited** and their respective shareholders and creditors

**AND**

**IN THE MATTER OF:**

<b>Indiabulls Real Estate Limited</b> , an existing company incorporated under the provisions of the Companies Act, 1956 and having its registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001.	<b>APPLICANT COMPANY NO.1</b>
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**NOTICE CONVENING MEETING OF THE SECURED CREDITORS OF  
INDIABULLS REAL ESTATE LIMITED, THE COMPANY**

To

The Secured Creditors of Indiabulls Real Estate Limited, the Company.

Take notice that by an order made on the 2nd day of May, 2011, the Hon'ble High Court of Delhi at New Delhi, has directed that the meeting of the Secured Creditors of the Company, be held at the Centaur Hotel, Indira Gandhi International Airport, Delhi-Gurgaon Road, New Delhi-110037 on Friday, the 1st day of July, 2011 at 10:00 A.M., for the purpose of considering, and if thought fit, approving with or without modification(s), the proposed Scheme of Arrangement among Indiabulls Real Estate Limited, Indiabulls Infrastructure and Power Limited, Indiabulls Builders Limited, Indiabulls Power Limited. and Poena Power Supply Limited and their respective shareholders and creditors ("the Scheme").

In pursuance of the said order and the directions contained therein, further notice is hereby given that a meeting of Secured Creditors of the Company will be held at the Centaur Hotel, Indira Gandhi International Airport, Delhi-Gurgaon Road, New Delhi - 110037 on Friday, the 1st day of July, 2011 at 10:00 A.M., which you are requested to attend.

Persons entitled to attend and vote at the said meeting may vote in person or by proxy, provided that a proxy in the prescribed form is deposited at the Registered Office of the Company at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001, not later than 48 hours before the time fixed for the meeting.

The Hon'ble High Court of Delhi at New Delhi has appointed Shri L. B. Rai, Advocate, and failing him, Ms. Nidhi Sidana, Advocate, to be the Chairperson of the said meeting.

A copy of the Scheme, the statement under Section 393 of the Companies Act, 1956 and a form of Proxy are enclosed.

Dated this 20th day of May, 2011

Sd/-  
L. B. Rai  
Advocate  
(Chairperson appointed for the meeting)

**IN THE HIGH COURT OF DELHI AT NEW DELHI  
COMPANY JURISDICTION  
COMPANY APPLICATION (M) NO. 84 OF 2011**

**IN THE MATTER OF:**

The Companies Act, 1956;

**AND**

**IN THE MATTER OF:**

Application Under Sections 391-394 of the Companies Act, 1956;

**AND**

**IN THE MATTER OF:**

Scheme of Arrangement among **Indiabulls Real Estate Limited**, **Indiabulls Infrastructure and Power Limited**, **Indiabulls Builders Limited**, **Indiabulls Power Limited.**, **Poena Power Supply Limited** and their respective shareholders and creditors

**AND**

**IN THE MATTER OF:**

<b>Indiabulls Real Estate Limited</b> , an existing company incorporated under the provisions of the Companies Act, 1956 and having its registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001.	<b>APPLICANT COMPANY NO.1/ THE COMPANY/DEMURGED COMPANY/FIRST AMALGAMATED COMPANY</b>
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**EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956**

The accompanying Notice has been sent convening a meeting of the secured creditors of the Company for the purpose of considering and, if thought fit, approving with or without modification(s), the proposed Scheme of Arrangement among the Company, **Indiabulls Infrastructure and Power Limited**, a company incorporated under the provisions of the Companies Act, 1956 (the "**Act**") and having its registered office at 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi-110001 ("**Resulting Company**"), **Indiabulls Builders Limited**, a company incorporated under the provisions of the Act and having its registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001 ("**First Amalgamating Company**"), **Indiabulls Power Limited.**, a company incorporated under the provisions of the Act and having its registered office at 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi-110001 ("**Second Amalgamated Company**"), **Poena Power Supply Limited**, a company incorporated under the provisions of the Act and having its registered office at 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi-110001 ("**Second Amalgamating Company**") and their respective shareholders and creditors (the "**Scheme**").

1. Pursuant to the Order dated May 2, 2011 passed by the Hon'ble High Court of Delhi, New Delhi, in the Company Application referred to above, meeting of the secured creditors of the Company is being convened and held on Friday, the 1st day of July, 2011 at the Centaur Hotel, IGI Airport, Delhi-Gurgaon Road, New Delhi-110037 at 10.00 A.M., for the purpose of considering and, if thought fit, approving with or without modifications, the Scheme, as approved by the Board of Directors of each of the Company, the Resulting Company, the First Amalgamating Company, the Second Amalgamated Company and the Second Amalgamating Company, at their respective meetings held on January 17, 2011. A copy of the Scheme is attached to the notice of the meeting.
2. The meetings of the equity shareholders and unsecured creditors of the Company and the equity shareholders, secured and unsecured creditors of Second Amalgamated Company are separately being convened. The Hon'ble High Court of Delhi at New Delhi, has vide its aforesaid order dated May 2, 2011, dispensed with the requirement of convening the meetings of the equity shareholders, secured and unsecured creditors of the Resulting Company, First Amalgamating Company and Second Amalgamating Company, to consider the Scheme.
3. **Indiabulls Real Estate Limited**, the Company was incorporated on April 4, 2006 in New Delhi under the provisions of the Act and has its registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi - 110001.

The objects for which the Company has been established are set out in its Memorandum of Association. The main objects of the Company are as follows:

- i. To purchase, sell, develop, construct, take in exchange or on lease, hire or otherwise acquire and deal in all real or personal estate/properties and to enter into joint venture, foreign collaboration in real estate as per permissible government guidelines.
- ii. To construct, acquire, hold/sell properties, buildings, farms, lands tenements and such other moveable and immovable properties and to rent, let on hire and manage them and to act as real estate agent and immovable property dealers.
- iii. To carry on the business of Builders, General and Government Contractor and Engineers (mechanical, electrical, canal, civil, irrigation) and in all its branches.
- iv. To acquire by purchase, lease, exchange or otherwise land, buildings, structures of any description in India or abroad and any estate or interest therein and any rights over or connected with land, building and structures and turn the same to accounts as may seem expedient and in particular by preparing building sites and by constructing, developing, reconstructing, altering, improving, decorating, furnishing and maintaining, townships, markets, offices, flats, apartments, houses, shops, factories, ware-house, or other buildings residential and commercial of all kinds and/or conveniences thereon, to equip the same or part thereof with all or any amenities or conveniences, drainage facility, electric, telephonic, installations and to deal with the same in any manner whatsoever, and by advancing money to and entering into contracts and arrangements of all kinds with builders, tenants and others, to manage land, building and other properties situated as aforesaid, whether belonging to company or not to collect rents and income and supply tenants and occupiers.
- v. To layout, develop, construct, build, erect, demolish, re-erect, alter, repair, remodel, improve, grades, cures, pave, macadamize, cement, maintain or do any other work in connection with any building or building scheme, structures, houses, apartments, places of worship, paths, streets, sideways, courts, alleys, pavements, roads, highway, docks, sewers, bridges, canal, wells, springs, dams, power plants bours, wharves, ports, reservoirs, embarkments, tramway, railways, irrigations, reclamations, improvements, sanitary, water, gas or any other structural or architectural work of any kind whatsoever and for such purpose, to prepare estimates, deigns, plans, specification or models.
- vi. To provide personnel recruitment services and provide personnel and personal services as supervisors of works and consultants in industries of every kind or description including real estate, development and infrastructure projects.
- vii. To form, settle, acquire, set up, incorporate, establish, promote, subsidise, organise and assist or aid in forming, promoting, subsidising, organising or aiding, companies, trusts, funds, entities or partnerships of all kinds for any purpose including for the purpose of accepting and undertaking any properties, businesses, assets, liabilities of this Company, or with objects similar in whole or part with that of Company and invest therein.
- viii. To carry on the profession of consultants on management, employment, engineering, industrial and technical matters, including in relation to architecture, design management and interior design to industry and business of every kind and description including acting as consultants to companies engaged in real estate development and infrastructure projects.
- ix. To act as consultants and to advise and assist on all aspects of corporate, commercial and industrial management or activity including production, manufacturing, personnel, financial, marketing, taxation, audit, technology, insurance, purchasing, sales, quality control, productivity, planning, research and development, site and project management, construction supervision, schedule, safety and quality control, organization, import and export business, industrial relations and management and to make evaluations feasibility studies, project reports forecasts and surveys and to give export advice and advice on acquisition and commercial exploitation of real estate and suggest ways and means for improving efficiency in real estate development, infrastructure projects, mines trades, plantations, business organizations registered or cooperate

societies, partnership or proprietary concerns and industries of all kinds in India and elsewhere in the world and improvement of business management, office organization and export management, to supply to and provide, maintain and operate services, facilities, conveniences, bureau and the like for the benefit of the company including assistance in acquiring governmental, regulatory and any other required approvals, to recruit and/or advice on the recruitment of staff for any company, to publish and sell books, bulletins periodicals and any other form of printed matters, to acquire, sell and deal in patents designs and any other rights to industrial property, and generally to conduct market research, product planning, classes, seminars and conferences in connection with any of the foregoing."

5. The share capital structure of the Company as on April 29, 2011 was as under:

Authorized Share Capital	Rupees
Comprising of 500,000,000 equity shares of face value Rs. 2/- (Rupees Two Only) each aggregating to Rs. 1,000,000,000/- (Rupees One Billion Only) and 30,000,000 preference shares of face value Rs. 138/- (Rupees One Hundred and Thirty Eight Only) each aggregating to Rs. 4,140,000,000 (Rupees Four Billion One Hundred and Forty Million Only).	5,140,000,000/-
<b>Total</b>	<b>5,140,000,000/-</b>
Issued, Subscribed and Paid-up share capital*	Rupees
402,280,739** equity shares of Rs. 2/- (Rupees Two Only) each	804,561,478/-**
<b>Total</b>	<b>804,561,478/-**</b>

- \* includes 11,048,711 equity shares represented by IBREL GDRs (as defined in the Scheme)
- \* the Company has issued 28,700,000 (Twenty Eight Million, Seven Hundred Thousand) warrants ("**Demerged Company Warrants**"), convertible into an equivalent number of equity shares of the Company of face value Rs. 2 (Rupees Two Only) each. The conversion of such warrants would result in an increase in the issued, subscribed and paid-up equity share capital of the Company.
- \* the exercise of employee stock options issued pursuant to the Indiabulls Real Estate Limited Employees Stock Option Scheme 2006 and Indiabulls Real Estate Limited Employees Stock Option Scheme - 2008 (II) ("**ESOS Schemes**") would result in an increase in the issued, subscribed and paid-up equity share capital of the Company.
- \*\* includes 38,500 equity shares of face value Rs. 2/- (Rupees Two Only) each issued and allotted on April 8, 2011 consequent to the exercise of employee stock options issued pursuant to the ESOS Schemes.

The equity shares of the Company are listed on the Bombay Stock Exchange Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**"). The global depository receipts representing underlying equity shares of the Company are listed on the Luxembourg Stock Exchange.

6. Indiabulls Infrastructure and Power Limited, the Resulting Company, was incorporated under the Act on November 9, 2010 with its registered office at E-29, 1st Floor, Connaught Place, New Delhi-110001. Subsequently with effect from March 15, 2011, the registered office of the Resulting Company was shifted to 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi-110001.
7. The objects for which the Resulting Company has been established are set out in its Memorandum of Association. The main objects of the Resulting Company are as follows:-
  - i. To promote, undertake, carry on either on its own or through any other entity or to enter into agreements, contracts, partnership, alliance or any other arrangement for technical, financial and operational assistance or sharing of profits / losses with any Person / Body / Bodies Corporate

incorporated in India or abroad either under a Strategic Alliance or Joint Venture or any other arrangement, in India or any part of the world, the business of generating, developing, transmitting, distributing, trading and supplying all forms of electrical power/energy from any source whatsoever and to construct, lay down, establish, fix and carry out necessary power stations, cables, wires, lines, accumulators, lamps and works and to carry on the business of electrical and mechanical engineers, traders, suppliers of electricity for the purposes of light, heat, motive power or otherwise, and manufacturers of and dealers in apparatus and things required for or capable of being used in connection with the generation, distribution, trading, supply, accumulation and employment of electricity, galvanism, magnetism or otherwise and business of establishing, commissioning, setting up, operating and maintaining electric power generating stations based on conventional/non-conventional resources, tie-lines, sub-stations and transmission lines on Build, Own and Operate (BOO) and/or Build, Own and Transfer (BOT), and/or Build, Own, Lease and Transfer (BOLT) and/or Build, Own, Operate and Transfer (BOOT) basis and/or otherwise, and to carry on the business of acquiring, operating, managing and maintaining existing power generation stations, tie-lines, sub-stations and transmission lines, either owned by the private sector or public sector or the Government or Governments or other public authorities and for any or all of the aforesaid purposes, to do all the necessary or ancillary activities as may be considered necessary or beneficial or desirable and in any manner deal with or dispose of undertaking, property, assets, rights and all other effects which in the opinion of the Company is conducive to the attainment of any or all of its business objectives or to acquire and dispose of shares, securities and interest in such Businesses.

- ii. To carry on the business of design, engineering, construction and development of power projects including hydro-electric projects, renewable energy, nuclear, gas and coal and fuel oil based projects, power transmission and distribution, real or personal estate/properties, airports, oil and gas, highways, pipelines, telecom, IT Parks, industrial infrastructure, warehouses, transportation systems, water resources, tunnels, dams, seaports, Special Economic Zones (SEZ) and other infrastructure projects.
- iii. To act as consultants and to advise and assist on all aspects of corporate, commercial and industrial management or activity including production, manufacturing, personnel, financial, marketing, taxation, audit, technology, insurance, purchasing, sales, quality, control, productivity, planning, research and development, project management, supervision, schedule, safety and quality control, organization, import and export business, industrial relations and management and to make evaluations feasibility studies, project reports forecasts and surveys and to give advice on acquisition and commercial exploitation of power and suggest ways and means for improving efficiency in power projects, business organizations of registered or co-operate societies, partnership or proprietary concerns and industries of all kinds in India and elsewhere in the world and improvement of business management, office organization and export management, to supply to and provide, maintain and operate services, facilities, conveniences, bureau and the like for the benefit of the company including assistance in acquiring governmental, regulatory and any other required approvals, to recruit and/or advice on the recruitment of staff for any company, to publish and sell books, bulletins periodicals and any other form of printed matters, to acquire, sell and deal in patents designs and any other rights to industrial property, and generally to conduct market research, product planning, classes, seminars and conferences in connection with any of the foregoing.
- iv. To carry on the profession of consultants on management, employment, engineering, industrial and technical matters, including in relation to architecture, design management and interior design to industry and business of every kind and description including acting as consultants to companies engaged in real estate development and infrastructure projects.
- v. To form, settle, acquire, set up, incorporate, establish, promote, subsidize, organize and assist or aid in forming, promoting, subsidizing, organizing or aiding, companies, trusts, funds, entities or partnerships of all kinds for any purpose including for the purpose of accepting and undertaking any properties, businesses, assets, liabilities of this Company, or with objects similar in whole or part with that of Company and invest therein."

8. The share capital structure of the Resulting Company as on April 29, 2011 was as under:-

<b>Authorized Share Capital</b>	<b>Rupees</b>
500,000 equity shares of face value Rs. 10/- (Rupees Ten Only) each	5,000,000/-
<b>Total</b>	<b>5,000,000/-</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	<b>Rupees</b>
50,000 equity shares of face value Rs. 10/- (Rupees Ten Only) each	500,000/-
<b>Total</b>	<b>500,000/-</b>

The Resulting Company is a wholly owned subsidiary of the Company and the equity shares of the Resulting Company are, at present, not listed on any stock exchange.

9. Indiabulls Builders Limited, the First Amalgamating Company, was incorporated under the Act on May 17, 2006. The First Amalgamating Company has its registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001.
10. The objects for which the First Amalgamating Company has been established are set out in its Memorandum of Association. The main objects of the First Amalgamating Company are as follows:-
- To carry on the business of development of Infrastructure and to undertake infrastructure projects and to purchase, sell, develop, construct, hire or otherwise acquire and deal in all real or personal estate/properties.
  - To construct, acquire, hold/sell properties, buildings, tenements and such other moveable and immovable properties and to rent, let on hire and manage them and to act as real estate agent and immovable property dealers.
  - To carry on the business of Builders, General and Government Contractor and Engineers (mechanical, electrical, canal, civil, irrigation) and in all its branches.
  - To acquire by purchase, lease, exchange or otherwise land including agricultural lands, buildings, structures of any description in India or abroad and any estate or interest therein and any rights over or connected with land, building and structures and turn the same to accounts as may seem expedient and in particular by preparing building sites and by constructing, developing, reconstructing, altering, improving, decorating, furnishing and maintaining, townships, markets, offices, flats, apartments, houses, shops, factories, ware-house, or other buildings residential and commercial of all kinds and/or conveniences thereon, to equip the same or part thereof.
  - To layout, develop, construct, build, erect, demolish, re-erect, alter, repair, re-model, improve, grades, curves, pave, macadamize, cement, maintain or do any other work in connection with any building or building scheme, structures, houses, apartments, places of worship, paths, streets, sideways, courts, alleys, pavements, roads, highway, docks, sewers, bridges, canal, wells, springs, dams, power plants, boors, wharves, ports, reservoirs, embankments, tramway, railways, irrigations, reclamations, improvements, sanitary, water, gas or any other structural or architectural work of any kind whatsoever and for such purpose, to prepare estimates, designs, plans, specification or models.
  - To enter into joint venture, foreign collaboration in real estate as per permissible government guidelines."

11. The share capital structure of the First Amalgamating Company as on April 29, 2011 was as under:-

<b>Authorized Share Capital</b>	<b>Rupees</b>
42,500,000 equity shares of face value Rs. 2/- (Rupees Two Only) each	85,000,000/-
<b>Total</b>	<b>85,000,000/-</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	<b>Rupees</b>
42,500,000 equity shares of face value Rs. 2/- (Rupees Two Only) each	85,000,000/-
<b>Total</b>	<b>85,000,000/-</b>

The First Amalgamating Company is a wholly owned subsidiary of the Company and the equity shares of the First Amalgamating Company are, at present, not listed on any stock exchanges.

12. Indiabulls Power Limited., the Second Amalgamated Company, was incorporated under the Act on October 8, 2007 with its registered office at E-29, 1st Floor, Connaught Place, New Delhi-110001. Subsequently with effect from March 15, 2011, the registered office of the Second Amalgamated Company was shifted to 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi-110001.
13. The objects for which the Second Amalgamated Company has been established are set out in its Memorandum of Association. The main objects of the Second Amalgamated Company are as follows:-

- i. To promote, undertake, carry on either on its own or through any other entity or to enter into agreements, contracts, partnership, alliance or any other arrangement for technical, financial and operational assistance or sharing of profits / losses with any Person / Body / Bodies Corporate incorporated in India or abroad either under a Strategic Alliance or Joint Venture or any other arrangement, in India or any part of the world, the business of generating, developing, transmitting, distributing, trading and supplying all forms of electrical power/energy from any source whatsoever and to construct, lay down, establish, fix and carry out necessary power stations, cables, wires, lines, accumulators, lamps and works and to carry on the business of electrical and mechanical engineers, traders, suppliers of electricity for the purposes of light, heat, motive power or otherwise, and manufacturers of and dealers in apparatus and things required for or capable of being used in connection with the generation, distribution, trading, supply, accumulation and employment of electricity, galvanism, magnetism or otherwise and business of establishing, commissioning, setting up, operating and maintaining electric power generating stations based on conventional/non-conventional resources, tie-lines, sub-stations and transmission lines on Build, Own and Operate (BOO) and/or Build, Own and Transfer (BOT), and/or Build, Own, Lease and Transfer (BOLT) and/or Build, Own, Operate and Transfer (BOOT) basis and/or otherwise, and to carry on the business of acquiring, operating, managing and maintaining existing power generation stations, tie-lines, sub-stations and transmission lines, either owned by the private sector or public sector or the Government or Governments or other public authorities and for any or all of the aforesaid purposes, to do all the necessary or ancillary activities as may be considered necessary or beneficial or desirable and in any manner deal with or dispose of undertaking, property, assets, rights and all other effects which in the opinion of the Company is conducive to the attainment of any or all of its business objectives or to acquire and dispose of shares, securities and interest in such Businesses.
- ii. To carry on in India or elsewhere in the world, either alone or jointly with one or more persons, government, local or other bodies, the business to search, prospect, explore, win, mine including captive mining, quarry, dispose of, purchase, trade, take on lease or otherwise acquire freehold and other lands, properties, mines and mineral properties exploration rights, concessions, leases, claims, licences of or other interest in mines, mining and offshore rights, mineral properties and water rights to prospect, explore, develop and work claims or mines, drill and sink shafts or wells and raise, pump, dig and quarry for all sorts of major and minor minerals working deposits thereof and sub soil minerals and to crush, win, set, quarry, smelt, calcine, refine, dress,



preserve, amalgamate, process, harden, temper, polish, wash, manufacture, manipulate and prepare for market, sale, resale, export, trade or deal in metals, substances, catalysts or mineral substances, all types of stones, lime, chalk, clay, refractories, ceramics, stonewares, porcelain wares, proppants, oil, coke, coal, precious stones, coal, coke, slag, slag granules, bauxite, lignites, rock-phosphate, brimstone, quartz, granite, marble, silica, silica sand, brine, rare earths, gypsum deposits, iron ore, aluminium, titanium, vanadium, mica, apalite, chrome, copper, gypsum, zircon, tungsten, oil, petroleum, natural gas, coal, earth and other natural substances, organic or inorganic, and the alloys, products or byproducts thereof or products and to do all such other processes necessary in connection with the same.

- iii. To act as consultants and to advise and assist on all aspects of corporate, commercial and industrial management or activity including production, manufacturing, personnel, financial, marketing, taxation, audit, technology, insurance, purchasing, sales, quality, control, productivity, planning, research and development, project management, supervision, schedule, safety and quality control, organization, import and export business, industrial relations and management and to make evaluations feasibility studies, project reports forecasts and surveys and to give advice on acquisition and commercial exploitation of power and suggest ways and means for improving efficiency in power projects, business organizations of registered or co-operate societies, partnership or proprietary concerns and industries of all kinds in India and elsewhere in the world and improvement of business management, office organization and export management, to supply to and provide, maintain and operate services, facilities, conveniences, bureau and the like for the benefit of the company including assistance in acquiring governmental, regulatory and any other required approvals, to recruit and/or advice on the recruitment of staff for any company, to publish and sell books, bulletins periodicals and any other form of printed matters, to acquire, sell and deal in patents designs and any other rights to industrial property, and generally to conduct market research, product planning, classes, seminars and conferences in connection with any of the foregoing.
- iv. To carry on the business of design, engineering, construction and development of power projects including hydro-electric projects, renewable energy, nuclear, gas and coal and fuel oil based projects, power transmission and distribution, real or personal estate/properties, airports, oil and gas, highways, pipelines, telecom, IT Parks, industrial infrastructure, warehouses, transportation systems, water resources, tunnels, dams, seaports, Special Economic Zones (SEZ) and other infrastructure projects.
- v. To carry on in India or elsewhere the business to search manufacture, produce, process, refine, mix, formulate, purify, disinfect, convert, commercialize, control, compound, develop, distribute, derive, discover, release, manipulate, prepare, acquire, store, supply, import, export, buy, sell, turn to account and to act as agent, broker, trader, bottler, refiner, concessionaire, stockiest, transporter, collaborator, consignor, consultant, job worker or otherwise to establish and manage the fuel systems, oils, gases, coals, coal rejects, naphtha, liquefied natural gas, raw petroleum stock or any other fuel in solid, liquid or gas form, whether found in natural state or obtained by processing from other substances including transformation of coal into liquid and Underground Coal Gasification and deal in all sorts of Liquid coal and coal gas, which may be required for the generation, transmission, distribution, trading and supply of electrical power or as may be required or used in industries, agriculture, laboratories, clinics, hospitals, refrigeration, aviation, transport vehicles, space rockets, aircrafts, communication, power plants, domestic or public lighting, cooling, or cooking purposes, water works, defense or welfare establishments, horticulture, forest or plant protection and for other allied purposes.
- vi. To form, settle, acquire, set up, incorporate, establish, promote, subsidize, organize and assist or aid in forming, promoting, subsidizing, organizing or aiding, companies, trusts, funds, entities or partnerships of all kinds for any purpose including for the purpose of accepting and undertaking any properties, businesses, assets, liabilities of this Company, or with objects similar in whole or part with that of Company and invest therein".

14. The share capital structure of the Second Amalgamated Company as on April 29, 2011 was as under:-

Authorized Share Capital	Rupees
5,000,000,000 equity shares of face value Rs. 10/- (Rupees Ten Only) each	50,000,000,000/-
<b>Total</b>	<b>50,000,000,000/-</b>
Issued, Subscribed and Paid-up Share Capital*	Rupees
2,022,932,746 equity shares of face value Rs. 10/- (Rupees Ten Only) each**	20,229,327,460/-**
<b>Total</b>	<b>20,229,327,460/-**</b>

\* the Second Amalgamated Company has issued 420,000,000 (Four Hundred Twenty Million) warrants ("Second Amalgamated Company Warrants"), convertible into an equivalent number of equity shares of the Second Amalgamated Company of face value Rs. 10 (Rupees Ten Only) each. The exercise of such warrants would result in an increase in the issued, subscribed and paid-up equity share capital of the Second Amalgamated Company.

\* the exercise of employee stock options issued pursuant to the SPCL - IPSL Employees Stock Option Plan 2008 and the Indiabulls Power Limited Employees Stock Option Scheme - 2009 ("IPL ESOS Schemes") would result in an increase in the issued, subscribed and paid-up equity share capital of the Second Amalgamated Company.

\*\* Includes 222,000 equity shares of face value Rs. 10/- (Rupees Ten Only) each issued and allotted on March 31, 2011 consequent to the exercise of employee stock options issued pursuant to the IPL ESOS Schemes.

Presently, the Second Amalgamated Company is a subsidiary of the Company and the equity shares of the Second Amalgamated Company are listed on the NSE and the BSE.

15. Poena Power Supply Limited, the Second Amalgamating Company, was incorporated under the Act on July 9, 2008 with its registered office at E-29, 1st Floor, Connaught Place, New Delhi-110001. Subsequently with effect from March 15, 2011, the registered office of the Second Amalgamating Company was shifted to 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi-110001.
16. The objects for which the Second Amalgamating Company has been established are set out in its Memorandum of Association. The main objects of the Second Amalgamating Company are as follows:-

"i. To promote, undertake, carry on either on its own or through any other entity or to enter into agreements, contracts, partnership, alliance or any other arrangement for technical, financial and operational assistance or sharing of profits / losses with any Person / Body / Bodies Corporate incorporated in India or abroad either under a Strategic Alliance or Joint Venture or any other arrangement, in India or any part of the world, the business of generating, developing, transmitting, distributing, trading and supplying all forms of electrical power/ energy from any source whatsoever and to construct, lay down, establish, fix and carry out necessary power stations, cables, wires, lines, accumulators, lamps and works and to carry on the business of electrician, electrical and mechanical engineers, traders, suppliers of electricity for the purposes of light, heat, motive power or otherwise, and manufacturers of and dealers in apparatus and things required for or capable of being used in connection with the generation, distribution, trading, supply, accumulation and employment of electricity, galvanism, magnetism or otherwise and business of establishing, commissioning, setting up, operating and maintaining electric power generating stations based on conventional/non-conventional resources, tie-lines, sub-stations and transmission lines on Build, Own and Operate (BOO) and/or Build, Own and Transfer (BOT), and/or Build, Own, Lease and Transfer (BOLT) and/or Build, Own, Operate and Transfer (BOOT) basis and/or otherwise, and to carry on the business of acquiring, operating, managing and maintaining existing power generation stations, tie-lines, sub-stations and transmission lines, either owned by the private sector or public sector or the Government or Governments or other

public authorities and for any or all of the aforesaid purposes, to do all the necessary or ancillary activities as may be considered necessary or beneficial or desirable and in any manner deal with or dispose of undertaking, property, assets, rights and all other effects which in the opinion of the Company is conducive to the attainment of any or all of its business objectives or to acquire and dispose of shares, securities and interest in such Businesses.

- ii. To carry on in India or elsewhere in the world, either alone or jointly with one or more persons, government, local or other bodies, the business to search, prospect, explore, win, mine including captive mining, quarry, dispose of, purchase, trade, take on lease or otherwise acquire freehold and other lands, properties, mines and mineral properties exploration rights, concessions, leases, claims, licences of or other interest in mines, mining and offshore rights, mineral properties and water rights to prospect, explore, develop and work claims or mines, drill and sink shafts or wells and raise, pump, dig and quarry for all sorts of major and minor minerals working deposits thereof and sub soil minerals and to crush, win, set, quarry, smelt, calcine, refine, dress, preserve, amalgamate, process, harden, temper, polish, wash, manufacture, manipulate and prepare for market, sale, resale, export, trade or deal in metals, substances, catalysts or mineral substances, all types of stones, lime, chalk, clay, refractories, ceramics, stonewares, porcelain wares, proppants, oil, coke, coal, precious stones, coal, coke, slag, slag granules, bauxite, lignites, rock-phosphate, brimstone, quartz, granite, marble, silica, silica sand, brine, rare earths, gypsum deposits, iron ore, aluminium, titanium, vanadium, mica, apalite, chrome, copper, gypsum, zircon, tungsten, oil, petroleum, natural gas, coal, earth and other natural substances, organic or inorganic, and the alloys, products or byproducts thereof or products and to do all such other processes necessary in connection with the same.
- iii. To form, settle, acquire, set up, incorporate, establish, promote, subsidize, organize and assist or aid in forming, promoting, subsidizing, organizing or aiding, companies, trusts, funds, entities or partnerships of all kinds for any purpose including for the purpose of accepting and undertaking any properties, businesses, assets, liabilities of this Company, or with objects similar in whole or part with that of Company and invest therein.
- iv. To act as consultants and to advise and assist on all aspects of corporate, commercial and industrial management or activity including production, manufacturing, personnel, financial, marketing, taxation, audit, technology, insurance, purchasing, sales, quality, control, productivity, planning, research and development, project management, supervision, schedule, safety and quality control, organization, import and export business, industrial relations and management and to make evaluations feasibility studies, project reports forecasts and surveys and to give advice on acquisition and commercial exploitation of power and suggest ways and means for improving efficiency in power projects, business organizations of registered or co-operate societies, partnership or proprietary concerns and industries of all kinds in India and elsewhere in the world and improvement of business management, office organization and export management, to supply to and provide, maintain and operate services, facilities, conveniences, bureau and the like for the benefit of the company including assistance in acquiring governmental, regulatory and any other required approvals, to recruit and/or advice on the recruitment of staff for any company, to publish and sell books, bulletins periodicals and any other form of printed matters, to acquire, sell and deal in patents designs and any other rights to industrial property, and generally to conduct market research, product planning, classes, seminars and conferences in connection with any of the foregoing.
- v. To carry on the business of design, engineering, construction and development of power projects including hydro-electric projects, renewable energy, nuclear, gas and coal and fuel oil based projects, power transmission and distribution, real or personal estate/properties, airports, oil and gas, highways, pipelines, telecom, IT Parks, industrial infrastructure, warehouses, transportation systems, water resources, tunnels, dams, seaports, Special Economic Zones (SEZ) and other infrastructure projects.
- vi. To carry on in India or elsewhere the business to search manufacture, produce, process, refine, mix, formulate, purify, disinfect, convert, commercialize, control, compound, develop, distribute, derive, discover, release, manipulate, prepare, acquire, store, supply, import, export, buy, sell, turn to account and to act as agent, broker, trader, bottler, refiner, concessionaire, stockiest, transporter, collaborator, consignor, consultant, job worker or otherwise to establish and manage

the fuel systems, oils, gases, coals, coal rejects, naphtha, liquefied natural gas, raw petroleum stock or any other fuel in solid, liquid or gas form, whether found in natural state or obtained by processing from other substances including transformation of coal into liquid and Underground Coal Gasification and deal in all sorts of liquid coal and coal gas, which may be required for the generation, transmission, distribution, trading and supply of electrical power or as may be required or used in industries, agriculture, laboratories, clinics, hospitals, refrigeration, aviation, transport vehicles, space rockets, aircrafts, communication, power plants, domestic or public lighting, cooling, or cooking purposes, water works, defense or welfare establishments, horticulture, forest or plant protection and for other allied purposes."

17. The share capital structure of the Second Amalgamating Company as on April 29, 2011 was as under:-

Authorized Share Capital	Rupees
202,500,000 equity shares of face value Re. 1/- each	202,500,000/-
<b>Total</b>	<b>202,500,000/-</b>
Issued, Subscribed and Paid-up Share Capital	Rupees
202,500,000 equity shares of face value Re. 1/- each	202,500,000/-
<b>Total</b>	<b>202,500,000/-</b>

The Second Amalgamating Company is a wholly owned subsidiary of the Second Amalgamated Company and the equity shares of the Second Amalgamating Company are, at present, not listed on any stock exchange.

#### BACKGROUND AND RATIONALE TO THE SCHEME

18. (i) The Company is *inter alia* engaged in the businesses of construction and development of properties, project management, power project advisory, investment advisory and construction services, real estate development, provision of consultancy services on engineering, industrial and technical matters to various industries including companies engaged in construction-development of real estate, power and infrastructure projects. The Company is also engaged in the business of generation, transmission and distribution of power through its subsidiaries engaged in the business of power generation, transmission and distribution of power and power advisory (collectively, the "**Power Business**"). The Power Business of the Company has different risk/ rewards and requires a distinct gestation period, funding requirements and is subject to distinct technical and regulatory requirements from the other businesses conducted by the Company.
- (ii) Accordingly it is proposed to segregate the Power Business of the Company from its other businesses and consolidate such business in the Resulting Company, thereby allowing investors to diversify their portfolio into separate entities, focused on the distinct businesses of real estate and power / infrastructure, respectively, which would unlock shareholder value.
- (iii) The First Amalgamating Company is a subsidiary of the First Amalgamated Company. The Second Amalgamating Company is a subsidiary of the Second Amalgamated Company. The businesses conducted by each of the First Amalgamating Company and the Second Amalgamating Company (as more particularly set out in Clause 1.4 and Clause 1.5 of the Scheme) are not conducted by the other subsidiaries of the First Amalgamated Company and the Second Amalgamated Company respectively.
- (iv) The amalgamation of the First Amalgamating Company with the First Amalgamated Company will enable the First Amalgamated Company to directly provide, as part of its services offering, the businesses currently conducted by the First Amalgamating Company. Similarly, the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company will enable the Second Amalgamated Company to directly provide, as part of its services offering, the businesses currently conducted by the Second Amalgamating Company.

- (v) Each of the First Amalgamating Company and the Second Amalgamating Company have assembled experienced teams that have strong capabilities in various aspects of project execution and strong relationships with corporate, regulators and financial institutions as well as in-depth knowledge of the business. The amalgamation of the First Amalgamating Company with the First Amalgamated Company and the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company will result in consolidation of the respective businesses of the First Amalgamated Company and Second Amalgamated Company. The synergies that exist between the First Amalgamating Company and the First Amalgamated Company in terms of similar processes and resources can be put to the best advantage of the First Amalgamated Company and its stakeholders by amalgamation of the First Amalgamating Company with the First Amalgamated Company. Similarly, the synergies that exist between the Second Amalgamating Company and the Second Amalgamated Company in terms of similar processes and resources can be put to the best advantage of the Second Amalgamated Company and its stakeholders by amalgamation of the Second Amalgamating Company with the Second Amalgamated Company.
19. The amalgamations contemplated in the Scheme will help avoid duplication of resources, systems, skills and process, reduce overall cost, improve synergies, enable the achievement of economies of scale, reduce administrative costs entailed by the conduct of businesses through separate entities, provide enhanced flexibility in funding of expansion plans, promote management efficiency and optimize the resources of the First Amalgamated Company and Second Amalgamated Company in relation to the business of the First Amalgamating Company and the Second Amalgamating Company.
20. The Scheme provides for conversion of the Demerged Company Warrants and the Second Amalgamated Company Warrants into partly paid-up shares of the Company and the Second Amalgamated Company respectively. The partly paid-up shares issued pursuant to the Scheme are required to be made fully paid-up in accordance with a schedule set out as a part of the Scheme. The holders of the Demerged Company Warrants and the Second Amalgamated Company Warrants have consented to the conversion of the warrants into partly paid-up shares as aforesaid and have consented to comply with the schedule for payments in respect of these shares as set out as a part of the Scheme.
21. The Scheme was placed before the Board of Directors of the Company on January 17, 2011, at which time the reports on the recommendation of the share entitlement ratio for the demerger of the Demerged Undertaking of the Company to the Resulting Company and the share exchange ratio for the amalgamation of the First Amalgamating Company with the Company, prepared by Dewan P. N. Chopra & Co., Chartered Accountants dated January 15, 2011 ("**Share Reports**") were tabled before the Board of Directors of the Company. M/s D & A Financial Services (P) Limited, a merchant banker registered with the Securities and Exchange Board of India, was engaged by the Company to provide a fairness opinion in relation to the Share Reports. Pursuant to such engagement, M/s D & A Financial Services (P) Limited has issued an opinion dated January 15, 2011 ("**Fairness Opinion**") which states that, and based upon the Share Reports and subject to various assumptions, limitations and considerations set forth in such written opinion, the share entitlement ratio for the demerger of the Demerged Undertaking of the Company to the Resulting Company and the share exchange ratio for the amalgamation of the First Amalgamating Company with the Company is fair and reasonable. The Share Reports and the Fairness Opinion are available for inspection and shareholders should read the aforesaid reports and opinion in their entirety for information regarding the assumptions made and factors considered in rendering the same.
22. The Board of Directors of the Company has, based on and relying upon the Share Reports and the Fairness Opinion, and on the basis of its independent evaluation and judgment, come to the conclusion that the proposed share entitlement ratio for the demerger of the Demerged Undertaking of the Company to the Resulting Company and the proposed share exchange ratio for the amalgamation of the First Amalgamating Company with the Company (s) are fair and reasonable and has decided to incorporate the same in the Scheme, and approved the Scheme at its meeting held on January 17, 2011. Similarly, the Board of Directors of the Resulting Company and First Amalgamating Company have on the basis of their respective independent evaluation and judgment, come to the conclusion that the share entitlement ratio for the demerger of the Demerged Undertaking of the Company to the Resulting Company and the proposed share exchange ratio for the amalgamation of the First Amalgamating Company with the Company are fair and reasonable and have decided to incorporate the same in the Scheme, and approved the Scheme at their respective meetings held on January 17, 2011.

## **SALIENT FEATURES OF THE SCHEME**

23. The salient features of the Scheme in relation to the Company are set out below.

- A. The Scheme envisages:
- (i) the transfer by way of a demerger of the Demerged Undertaking of the Company to the Resulting Company, and the consequent issue of equity shares and GDRs (as defined under the Scheme) by the Resulting Company to the shareholders and GDR holders of the Company, respectively;
  - (ii) the amalgamation of the First Amalgamating Company with the Company;
  - (iii) the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company;
  - (iv) the reorganisation of the share capital, including conversion of warrants, of the First Amalgamated Company and the Second Amalgamated Company; and
  - (v) various other matters consequential to or otherwise integrally connected therewith;
- pursuant to section 391 to section 394 and other relevant provisions of the Act (as defined hereunder) in the manner provided for in the Scheme and in compliance with the provisions of the Income Tax Act, 1961, including section 2(19AA) and section 2(1B) thereof.
- B. The "Appointed Date" under the Scheme is April 1, 2011. The "Effective Date" under the Scheme has been defined to mean the last of the dates on which all the orders, approvals, consents, conditions, matters or filings referred to in Clause 85 of the Scheme have been obtained or fulfilled. The Scheme provides that though it shall become effective from the Effective Date, the provisions of the Scheme shall be applicable and come into operation from the Appointed Date.
- C. "Demerged Undertaking" has been defined to mean the undertakings, business, activities and operations pertaining to the Power Business of the Company, on a going concern basis and is more particularly defined in Clause 2.1 (N) of Part I of the Scheme.
- D. Part II of the Scheme provides that upon the Scheme coming into effect and with effect from the Appointed Date, the Demerged Undertaking shall be demerged and be transferred and vested in the Resulting Company. Part II of the Scheme further provides, upon effectiveness of the Scheme:-
- (i) for the transfer of the movable assets of the Company relating to the Demerged Undertaking in the Resulting Company and for the transfer of all assets, rights, title, interests and investments of the Company in relation to the Demerged Undertaking, in the Resulting Company;
  - (ii) for the transfer of all contracts, deeds, agreements etc. of the Company in relation to the Demerged Undertaking in the Resulting Company and for the transfer of all liabilities, debts, obligations etc. of the Company in relation to the Demerged Undertaking, to the Resulting Company;
  - (iii) for the transfer of all consents, permissions, licenses, certificates, clearances, authorities powers of attorney given by, issued to or executed in favour of the Demerged Undertaking from the Company to the Resulting Company;
  - (iv) that all legal and other proceedings by or against the Company in relation to the Demerged Undertaking shall be continued and enforced by or against the Resulting Company;
  - (v) the manner in which the Company shall be deemed to have been carrying on all business and activities relating to the Demerged Undertaking for and on account of, and in trust for, the Resulting Company;
  - (vi) that all employees of the Company engaged in the Demerged Undertaking shall become the permanent employees of the Resulting Company on terms and conditions not less favourable than those on which they are engaged by the Company;
  - (vii) provisions for the Remaining Undertaking to continue in the Company;

- (viii) the reorganisation of the share capital of the Company and the Resulting Company including conversion of warrants of the Company into its Partly Paid-up shares. The partly paid-up shares issued pursuant to the Scheme are required to be made fully paid-up in accordance with the schedule set out as a part of the Scheme.
  - (ix) that in consideration for the demerger of the Demerged Undertaking to the Resulting Company, the Resulting Company shall issue and allot to each member of the Company as on the Demerger Record Date (as defined under Clause 2.1(Q) of Part I of the Scheme), 2.95 equity shares of the Resulting Company of face value of Rs. 2/- (Rupees Two Only) each for every one equity share of face value of Rs. 2/- (Rupees Two Only) each held by a shareholder in the Company. In terms of the Scheme, the holders of the partly paid-up shares of the Company, if any, recorded in the register of members as a member of the Company as on the said date shall be issued partly paid-up shares in the Resulting Company in the Share Entitlement Ratio specified in the Scheme;
  - (x) provisions relating to the IBREL GDRs, as defined in the Scheme;
  - (xi) provisions for the sale of any fractional shares, entitlements or credits on the issue and allotment of equity shares by the Resulting Company in accordance with the Scheme;
  - (xii) provisions in respect of the stock options granted under the ESOS Schemes in the hands of the employees of the Demerged Undertaking;
  - (xiii) provisions for cancellation of the existing shareholding of the Company in the Resulting Company upon the allotment of shares by the Resulting Company pursuant to the demerger of the Demerged Undertaking in accordance with the Scheme;
  - (xiv) provisions for the increase and alteration to the authorized share capital of the Resulting Company; and
  - (xv) the accounting treatment for the demerger in the books of the Company.
- E. "First Amalgamating Undertaking" has been defined to mean all the undertakings and entire business of the First Amalgamating Company as a going concern and is more particularly defined under Clause 2.1 (BB) of the Scheme.
- F. In terms of Part III of the Scheme, upon the Scheme coming into effect and with effect from the Appointed Date but following effectiveness of the demerger, the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances comprised in the First Amalgamating Undertaking of the First Amalgamating Company shall stand transferred to and vested in the Company.
- G. Part III of the Scheme provides, upon effectiveness of the Scheme and following the demerger:-
- (i) for the transfer of all assets and properties of the First Amalgamating Company to the Company;
  - (ii) for the transfer of all licenses, permits, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits (including sales tax and service tax), subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the First Amalgamating Company to the Company;
  - (iii) for the transfer of all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature of the First Amalgamating Company to the Company;
  - (iv) that all liabilities, debts, obligations etc. loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities) whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations along with any charge, encumbrance, lien or security thereon of the First Amalgamating Company shall be transferred to the Company;

- (v) that all legal proceedings with respect to the First Amalgamating Company shall be continued and/or enforced by or against the Company;
  - (vi) for the transfer of all employees of the First Amalgamating Company to the Company on terms and conditions not less favourable than those on which they are currently employed; and
  - (vii) for the transfer of shares of the First Amalgamating Company and upon giving effect to the transfer of shares in accordance with the Scheme and in consideration for the amalgamation of the First Amalgamating Company with the Company, the Scheme provides that the equity shareholders of the First Amalgamating Company shall be issued and allotted one equity share of the Company of face value Rs. 2/- (Rupees Two Only) each for every one equity share held by them in the First Amalgamating Company on the Effective Date.
- H. Part IV of the Scheme provides:-
- (i) for the transfer of all assets and properties of the Second Amalgamating Company to the Second Amalgamated Company;
  - (ii) for the transfer of all licenses, permits, approvals, permissions etc. of the Second Amalgamating Company to the Second Amalgamated Company;
  - (iii) for the transfer of all contracts, deeds, bonds, agreements etc. of the Second Amalgamating Company to the Second Amalgamated Company;
  - (iv) that all liabilities, debts, obligations etc. of the Second Amalgamating Company shall be transferred to the Second Amalgamated Company;
  - (v) that all legal proceedings with respect to the Second Amalgamating Company shall be continued and/or enforced by or against the Second Amalgamated Company;
  - (vi) for the transfer of all employees of the Second Amalgamating Company to the Second Amalgamated Company on terms and conditions not less favourable than those on which they are currently employed;
  - (vii) for the reorganisation of the share capital, including conversion of warrants, of the Second Amalgamated Company into partly paid-up shares, which are required to be made fully paid-up in accordance with a schedule set out as part of the Scheme; and
  - (viii) for the transfer of shares of the Second Amalgamating Company and upon giving effect to the transfer of shares in accordance with the Scheme and in consideration for the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company, the Scheme provides that the equity shareholders of the Second Amalgamating Company shall be issued and allotted one equity share of the Second Amalgamated Company of face value Rs. 10/- (Rupees Ten Only) each for every one equity share held by them in the Second Amalgamating Company on the Effective Date.
- I. Part III and Part IV of the Scheme also provide for the accounting treatment in the books of accounts of the Company and the Second Amalgamated Company pursuant to the amalgamation as provided for in the Scheme.
- J. The Scheme further provides that upon the Scheme coming into effect, the First Amalgamating Company and the Second Amalgamating Company shall stand dissolved without the process of winding up.

**The aforesaid are only the salient features of the Scheme. You are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof.**



24. Holders of the global depositary receipts issued by the Company should note that they may be subject to short term capital gains tax and withholding tax in India in the event of a sale of shares of the Resulting Company contemplated pursuant to Clause 31 of Part II of the Scheme. The rate of short term capital gains tax would depend upon whether the shares are sold on the stock exchange or prior to listing. This may be subject to any relief/tax credit available under the provisions of any double taxation avoidance agreements entered into between India and the country of residence of the holder of the global depositary receipt. This is for information purposes only and holders of the global depositary receipts should obtain specific tax advice in relation to the cash out of the global depositary receipts.
25. The rights and interests of the members and the creditors of the Company will not be prejudicially affected by the Scheme.
26. The Company has received no objection letters from the BSE and the NSE for filing the Scheme with the High Court of Delhi at New Delhi. The stock exchanges have imposed the following conditions while granting their consent to the Scheme:
  - (a) Resulting Company to submit an information memorandum containing all information relating to the Resulting Company and its group companies required in terms of the disclosure requirements applicable for public issues with NSE in order that the same may be made available to the public through the website of the company.
  - (b) Resulting Company to publish an advertisement in the newspapers containing all the information about the Resulting Company, in line with the details required as per SEBI circular no. SEBI/CFD/SCRR/01/2009/03/09 dated September 3, 2009. Such advertisement should specifically state that the aforesaid information memorandum is available on the website of the company as well as the NSE.
  - (c) the Company to disclose all the material information about the Resulting Company to the stock exchanges on a continuous basis so as to make the same public, in addition to the requirements, if any, specified in Listing Agreement for disclosures relating to its subsidiaries.
27. The stock exchanges had directed that the following provisions be incorporated in the Scheme:
  - (a) The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.
  - (b) There shall be no change in the shareholding pattern or control in Indiabulls Infrastructure and Power Limited between the record date and the listing which may affect the status of this approval.

These provisions already form part of the Scheme.
28. As directed by the BSE, the Company has undertaken to lock-in 25% of the equity shares to be issued to the shareholders of the First Amalgamating Company pursuant to the amalgamation of the First Amalgamating Company with the Company, for a period of three years from the date of listing of such shares with the BSE.
29. No investigation proceedings have been instituted or are pending in relation to the Company under Sections 235 and 250A of the Act.
30. The directors of each of the Company, Resulting Company, First Amalgamating Company, Second Amalgamated Company and Second Amalgamating Company (together, the "**Companies**") may be deemed to be concerned and/or interested in the Scheme only to the extent of their shareholding in the Companies, or to the extent the said directors are common directors in the Companies, or to the extent the said directors are the partners, directors, members of the companies, firms, association of persons, bodies corporate and/or beneficiary of trust that hold shares in any of the companies or to the extent they or the entities owned/controlled by them may be allotted shares in the Companies as a result of the Scheme.
31. The details of the present directors of the Company, and their shareholding in each of the Company ("**A**"), Resulting Company ("**B**"), First Amalgamating Company ("**C**"), Second Amalgamated Company ("**D**") and Second Amalgamating Company ("**E**") either singly or jointly as on April 29, 2011 are as set out below:

S. No.	Name of Director	Age (Yrs.)	Position	Equity Shares Held				
				(A)	(B)	(C)	(D)	(E)
1.	Mr. Sameer Gehlaut	37 yrs	Chairman & Non-Executive Promoter Director	1,200,000	Nil	Nil	Nil	Nil
2.	Mr. Rajiv Rattan	38 yrs	Vice Chairman & Non-Executive Promoter Director	600,000	Nil	Nil	Nil	Nil
3.	Mr. Saurabh K Mittal	38 yrs	Vice Chairman & Non-Executive Promoter Director	600,000	Nil	Nil	Nil	Nil
4.	Mr. Narendra Gehlaut	38 yrs	Jt. Managing Director	Nil	Nil	Nil	Nil	Nil
5.	Mr. Vipul Bansal	39 yrs	Jt. Managing Director	119,300	Nil	Nil	Nil	Nil
6.	Mr. Karan Singh	65 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil
7.	Mr. Aishwarya Katoch	41 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil
8.	Mr. Shamsher Singh Ahlawat	62 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil
9.	Brig. Labh Singh Silara	72 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil
10.	Mr. Prem Prakash Mirdha	56 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil

32. The details of the present directors of the Resulting Company, and their shareholding in each of the Company ("A"), Resulting Company ("B"), First Amalgamating Company ("C"), Second Amalgamated Company ("D") and Second Amalgamating Company ("E") either singly or jointly as on April 29, 2011 are as follows:

S. No.	Name of Director	Age (Yrs.)	Position	Equity Shares Held				
				(A)	(B)	(C)	(D)	(E)
1.	Mr. Mukul Bansal	42 yrs	Non-Executive Director	Nil	Nil	Nil	Nil	Nil
2.	Mr. Abhimanyu Mehlawat	35 yrs	Non-Executive Director	1900	Nil	Nil	Nil	Nil
3.	Mr. Rajinder Nagpal	45 yrs	Non-Executive Director	Nil	Nil	Nil	Nil	Nil

33. The details of the present directors of the First Amalgamating Company and their shareholding in each of the Company ("A"), Resulting Company ("B"), First Amalgamating Company ("C"), Second Amalgamated Company ("D") and Second Amalgamating Company ("E") either singly or jointly as on April 29, 2011 are as follows:

S. No.	Name of Director	Age (Yrs.)	Position	Equity Shares Held				
				(A)	(B)	(C)	(D)	(E)
1.	Mr. Mehul C C Johnson	39 yrs	Non-Executive Director	1,95,000	Nil	Nil	Nil	Nil
2.	Mr. Shiv Rattan	43 yrs	Non-Executive Director	3	Nil	Nil	Nil	Nil
3.	Mr. Murtuza Zueb Munim	32 yrs	Executive Director	Nil	Nil	Nil	Nil	Nil

34. The details of the present directors of the Second Amalgamated Company and their shareholding in each of the Company ("A"), Resulting Company ("B"), First Amalgamating Company ("C"), Second Amalgamated Company ("D") and Second Amalgamating Company ("E") either singly or jointly as on April 29, 2011 are as follows:

S. No.	Name of Director	Age (Yrs.)	Position	Equity Shares Held				
				(A)	(B)	(C)	(D)	(E)
1.	Mr. Sameer Gehlaut	37 yrs	Chairman & Non-Executive Promoter Director	1,200,000	Nil	Nil	Nil	Nil
2.	Mr. Rajiv Rattan	38 yrs	Vice Chairman & Executive Promoter Director	600,000	Nil	Nil	Nil	Nil
3.	Mr. Saurabh K Mittal	38 yrs	Vice Chairman & Non-Executive Promoter Director	600,000	Nil	Nil	Nil	Nil
4.	Mr. Shamsher Singh Ahlawat	62 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil
5.	Brig. Labh Singh Sitara	72 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil
6.	Mr. Prem Prakash Mirdha	56 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil

35. The details of the present directors of the Second Amalgamating Company, and their shareholding in each of the Company ("A"), Resulting Company ("B"), First Amalgamating Company ("C"), Second Amalgamated Company ("D") and Second Amalgamating Company ("E") either singly or jointly as on April 29, 2011 are as follows:

S. No.	Name of Director	Age (Yrs.)	Position	Equity Shares Held				
				(A)	(B)	(C)	(D)	(E)
1.	Mr. L. N. Agrawal	50 yrs	Non-Executive Director	Nil	Nil	Nil	Nil	Nil
2.	Mr. Himanshu Mathur	43 yrs	Executive Director	Nil	Nil	Nil	10,000	Nil
3.	Mr. Nafees Ahmed	39 yrs	Non-Executive Director	3,100	Nil	Nil	Nil	Nil

36. The shareholding pattern of the Company, Resulting Company, First Amalgamating Company, Second Amalgamated Company and Second Amalgamating Company as on April 29, 2011, as well as the shareholding pattern of the Company, Resulting Company and Second Amalgamated Company expected after the implementation of the Scheme are as set out in this Clause:

- (i) The shareholding pattern of the Company as on April 29, 2011 was as follows:

Category	No. of equity shares of Rs. 2 each	% holding
Promoters	110,901,376	27.57
Non Promoters	291,379,363	72.43
<b>Total</b>	<b>402,280,739</b>	<b>100.00</b>

- (ii) The expected shareholding pattern of the Company post effectiveness of the Scheme is as follows:

Category	No. of equity shares of Rs. 2 each*	% holding
Promoters	138,301,376	29.21
Non Promoters	335,179,363	70.79
<b>Total</b>	<b>473,480,739</b>	<b>100.00</b>

\* post-conversion of warrants in terms of the Scheme.

- (iii) The shareholding pattern of the Resulting Company as on April 29, 2011 was as follows:

Category	No. of equity shares of Rs. 10 each	% holding
Promoter (Indiabulls Real Estate Limited)*	50,000	100
Non Promoters	Nil	Nil
<b>Total</b>	<b>50,000</b>	<b>100</b>

\* includes 6 shares of the Resulting Company held through nominees of the Company.

- (iv) The expected shareholding pattern of the Resulting Company post effectiveness of the Scheme is as follows:

Category	No. of equity shares of Rs. 2 each	% holding
Promoters	407,989,059	32.09
Non Promoters	863,404,121	67.91
<b>Total</b>	<b>1,271,393,180</b>	<b>100.00</b>

- (v) The shareholding pattern of the First Amalgamating Company as on April 29, 2011 was as follows:

Category	No. of equity shares of Rs. 2 each	% holding
Promoter (Indiabulls Real Estate Limited)*	42,500,000	100
Non Promoters	Nil	Nil
<b>Total</b>	<b>42,500,000</b>	<b>100</b>

\* includes 30 shares of the First Amalgamating Company held through nominees of the Company

- (vi) The shareholding pattern of the Second Amalgamated Company as on April 29, 2011, was as follows:

Category	No. of equity shares of Rs. 10 each	% holding
Promoters	1,185,000,000	58.58
Non Promoters	837,932,746	41.42
<b>Total</b>	<b>2,022,932,746</b>	<b>100.00</b>

- (vii) The expected shareholding pattern of the Second Amalgamated Company post effectiveness of the Scheme is as follows:

Category	No. of equity shares of Rs. 10 each*	% holding
Promoters	1,605,000,000	60.67
Non Promoters	1,040,432,746	39.33
<b>Total</b>	<b>2,645,432,746</b>	<b>100.00</b>

\* post-conversion of warrants in terms of the Scheme.

- (viii) The shareholding pattern of the Second Amalgamating Company as on April 29, 2011 was as follows:

Category	No. of equity shares of Re. 1 each	% holding
Promoter (Indiabulls Power Limited.)*	202,500,000	100
Non Promoters	Nil	Nil
<b>Total</b>	<b>202,500,000</b>	<b>100</b>

\* includes 60 shares of the Second Amalgamating Company held through nominees of the Second Amalgamated Company.

- (ix) The First Amalgamating Company and Second Amalgamating Company shall cease to exist following effectiveness of the Scheme and accordingly, the shareholding pattern of the First Amalgamating Company and Second Amalgamating Company following effectiveness of the Scheme have not been provided.
37. A secured creditor entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. The instrument appointing the proxy should however be deposited at the registered office of the Company not later than 48 (forty eight) hours prior to the commencement of the meeting.
38. Corporate secured creditors intending to send their authorised representatives to attend the meeting are requested to lodge a certified true copy of the resolution of their board of directors or other governing body of the body corporate not later than 48 (forty eight) hours prior to commencement of the meeting, authorising such person to attend and vote on its behalf at the meeting.
39. The following documents will be open for inspection by the creditors of the Company upto one day prior to the date of the Meeting at its registered office between 10:00 A.M. and 1:00 P.M. on all working days (Monday to Friday).
- Certified copy of the Order of the Hon'ble High Court of Delhi at New Delhi dated May 2, 2011 in the above Company Application directing the convening of the meeting of the secured creditors of the Company;
  - Copy of the Company Application (M) No. 84 of 2011;
  - Copies of the Memorandum and Articles of Association of the Companies;
  - Audited Balance sheet / Annual Report of the Companies for the financial year ended 31st March, 2010, except for Resulting Company;
  - Copies of the no objection letters dated April 21, 2011 and February 21, 2011 from the BSE and the NSE, respectively;
  - A copy of the Share Entitlement Report for the demerger of the Demerged Undertaking of the Company to the Resulting Company, issued by Dewan P. N. Chopra & Co., Chartered Accountants dated January 15, 2011;

- (g) A copy of the Share Entitlement Report for the amalgamation of the First Amalgamating Company with the Company, issued by Dewan P. N. Chopra & Co., Chartered Accountants dated January 15, 2011;
  - (h) A copy of the Fairness Opinion dated January 15, 2011 issued by M/s D & A Financial Services (P) Limited; and
  - (i) The Scheme of Arrangement.
40. This statement may be treated as the statement under Section 393 of the Act. A copy of the Scheme and this statement may also be obtained by the Secured Creditors of the Company up to one day prior to the date of the meeting at its registered office between 10:00 A.M. and 1:00 P.M. on all working days (Monday to Friday).

For **Indiabulls Real Estate Limited**

Sd/-  
Authorised Signatory

Dated this 20th day of May, 2011.

Registered Office:  
F-60, Malhotra Building,  
2nd Floor, Connaught Place,  
New Delhi - 110001

## SCHEME OF ARRANGEMENT

### AMONG

INDIABULLS REAL ESTATE LIMITED	----	
INDIABULLS INFRASTRUCTURE AND POWER LIMITED	----	
	AND	
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS		
	AND	
INDIABULLS BUILDERS LIMITED	----	
INDIABULLS POWER LIMITED.	----	
POENA POWER SUPPLY LIMITED	----	
	AND	
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS		

### PART I – GENERAL

#### 1. Introduction

- 1.1. Indiabulls Real Estate Limited (the "**Demerged Company**" as more particularly defined hereunder) is a public company incorporated under the Act (as defined hereunder). As on the date hereof, the Demerged Company is engaged in the businesses *inter alia* of construction and development of properties, project management, power project advisory, investment advisory and construction services, real estate development, provision of consultancy services on engineering, industrial and technical matters to various industries including companies engaged in construction-development of real estate, power and infrastructure projects, wholesale cash and carry and wholesale trading of various industrial / consumer products and commodities in select Indian cities, and the generation, transmission and distribution of power through its subsidiaries. The equity shares of the Demerged Company are listed on the Stock Exchanges (as defined hereunder) and GDRs (as defined hereunder) are listed on the Luxembourg Stock Exchange.
- 1.2. In terms of a separate scheme of arrangement between the Demerged Company, Indiabulls Wholesale Services Limited and their respective shareholders and creditors under the provisions of sections 391-394 and other relevant provisions of the Act (the "**Wholesale Demerger Scheme**"), the undertaking of the Demerged Company which is engaged in wholesale cash and carry and wholesale trading of various industrial / consumer products and commodities in select Indian cities (the "**Wholesale Trading Business**") is proposed to be and stand transferred to and vested in Indiabulls Wholesale Services Limited as a going concern by way of a demerger. The Wholesale Demerger Scheme has been approved by the requisite majority of the shareholders and creditors of the Demerged Company and is pending the sanction of the Delhi High Court. Accordingly, upon the effectiveness of the Wholesale Demerger Scheme, the Wholesale Trading Business will stand transferred to and vested in Indiabulls Wholesale Services Limited and the Demerged Company will no longer conduct such business.
- 1.3. Indiabulls Infrastructure and Power Limited (the "**Resulting Company**" as more particularly defined hereunder) is a public company incorporated under the Act as a wholly owned subsidiary of the Demerged Company. The Resulting Company is engaged in the business *inter alia* of power generation, transmission and distribution of power and power advisory.
- 1.4. Indiabulls Builders Limited (the "**First Amalgamating Company**" as more particularly defined hereunder) is a public company incorporated under the provisions of the Act and is a wholly owned subsidiary of the Demerged Company. The First Amalgamating Company is engaged in the business *inter*

*alia* of real estate project management, management of facilities, maintenance services and project advisory/consultancy and other services, with operations spanning all aspects of project development, from planning to execution of real estate projects, as well as providing consultancy services on engineering, industrial and technical matters to various industries including companies engaged in construction-development of real estate and infrastructure projects.

- 1.5 Poena Power Supply Limited (the “**Second Amalgamating Company**” as more particularly defined hereunder) is a public company incorporated under the provisions of the Act and is a wholly owned subsidiary of Indiabulls Power Limited.. The Second Amalgamating Company is engaged in the business of *inter alia* power project management, design and management of facilities and services on-site and off-site, maintenance and operation of support services, project advisory/consultancy and other services, with operations spanning all aspects of project development, from planning to commissioning of power projects.
- 1.6. Indiabulls Power Limited, (the “**Second Amalgamated Company**” as more particularly defined hereunder) is a public company incorporated under the provisions of the Act and is a subsidiary of the Demerged Company. The equity shares of the Second Amalgamated Company are listed on the Stock Exchanges. The Second Amalgamated Company is *inter alia* engaged in the business of power generation, transmission and distribution of power and power advisory directly and/or through its subsidiaries.
- 1.7.
  - (i) As set out in paragraph 1.1 above, the Demerged Company is *inter alia* engaged in the business of power generation, transmission and distribution of power and power advisory, directly and/or through its subsidiaries (collectively, the “**Power Business**”). The Power Business of the Demerged Company has different risk/ rewards and requires a distinct gestation period, funding requirements and is subject to distinct technical and regulatory requirements from the other businesses conducted by the Demerged Company.
  - (ii) Accordingly it is proposed to segregate the Power Business of the Demerged Company from its other businesses and consolidate such business in the Resulting Company, thereby allowing investors to diversify their portfolio into separate entities, focused on the distinct businesses of real estate and power/infrastructure, respectively, which would unlock shareholder value.
  - (iii) The First Amalgamating Company is a subsidiary of the First Amalgamated Company (as more particularly defined hereunder). The Second Amalgamating Company is a subsidiary of the Second Amalgamated Company. The businesses conducted by each of the First Amalgamating Company and the Second Amalgamating Company (as more particularly set out in Clause 1.4 and Clause 1.5 above) are not conducted by the other subsidiaries of the First Amalgamated Company and the Second Amalgamated Company respectively.
  - (iv) The amalgamation of the First Amalgamating Company with the First Amalgamated Company will enable the First Amalgamated Company to directly provide, as part of its services offering, the businesses currently conducted by the First Amalgamating Company. Similarly, the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company will enable the Second Amalgamated Company to directly provide, as part of its services offering, the businesses currently conducted by the Second Amalgamating Company.
  - (v) Each of the First Amalgamating Company and the Second Amalgamating Company have assembled experienced teams that have strong capabilities in various aspects of project execution and strong relationships with corporate, regulators and financial institutions as well as in-depth knowledge of the business. The amalgamation of the First Amalgamating Company with the First Amalgamated Company and the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company will result in consolidation of the respective businesses of the First Amalgamated Company and Second Amalgamated Company. The synergies that exist between the First Amalgamating Company and the First Amalgamated Company in terms of similar processes and resources can be put to the best advantage of the First Amalgamated Company and its stakeholders by amalgamation of the First Amalgamating Company with the First Amalgamated Company. Similarly, the synergies that exist between the Second Amalgamating Company and the Second Amalgamated Company in terms of similar processes



and resources can be put to the best advantage of the Second Amalgamated Company and its stakeholders by amalgamation of the Second Amalgamating Company with the Second Amalgamated Company.

- (vi) The amalgamations contemplated in this Scheme will help avoid duplication of resources, systems, skills and process, reduce overall cost, improve synergies, enable the achievement of economies of scale, reduce administrative costs entailed by the conduct of businesses through separate entities, provide enhanced flexibility in funding of expansion plans, promote management efficiency and optimize the resources of the First Amalgamated Company and Second Amalgamated Company in relation to the business of the First Amalgamating Company and the Second Amalgamating Company.

1.8. In furtherance of the aforesaid, this Scheme (as defined hereunder) provides for:

- (i) the transfer by way of a demerger of the Demerged Undertaking (as defined hereunder) of the Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the Demerged Company and issue of GDRs by the Resulting Company through the Resulting Company Depository (as defined hereunder) to the GDR holders of the Demerged Company, respectively;
- (ii) the amalgamation of the First Amalgamating Company with the First Amalgamated Company;
- (iii) the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company;
- (iv) the reorganisation of the share capital of the First Amalgamated Company and the Second Amalgamated Company; and
- (v) various other matters consequential or otherwise integrally connected therewith;

pursuant to section 391 to section 394 and other relevant provisions of the Act (as defined hereunder) in the manner provided for in this Scheme and in compliance with the provisions of the Income Tax Act, 1961, including section 2(19AA) and section 2(1B) thereof.

1.9. The Demerger (as defined hereunder) of the Demerged Undertaking from the Demerged Company to the Resulting Company shall comply with the provisions of section 2(19AA) of the Income Tax Act, 1961, such that:

- (a) all the properties of the Demerged Undertaking (as defined hereunder), being transferred by the Demerged Company, immediately before the Demerger (as defined hereunder) shall become the properties of the Resulting Company by virtue of such Demerger;
- (b) all the liabilities relatable to the Demerged Undertaking, being transferred by the Demerged Company, immediately before the Demerger shall become the liabilities of the Resulting Company by virtue of such Demerger;
- (c) the properties and the liabilities relatable to the Demerged Undertaking being transferred by the Demerged Company shall be transferred to the Resulting Company at the values appearing in the books of account of the Demerged Company immediately before the Demerger;
- (d) the Resulting Company shall issue, in consideration of the Demerger, shares to the shareholders of the Demerged Company on a proportionate basis;
- (e) all shareholders of the Demerged Company shall become the shareholders of the Resulting Company by virtue of the Demerger; and
- (f) the transfer of the Demerged Undertaking shall be on a going concern basis.

1.10. This Scheme is divided into the following parts:

- (i) **Part I, which deals with the introduction and definitions;**
- (ii) **Part II, which deals with the Demerger;**

- (iii) Part III, which deals with the amalgamation of the First Amalgamating Company with the First Amalgamated Company;
  - (iv) Part IV, which deals with the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company; and
  - (v) Part V, which deals with general terms and conditions applicable to the Scheme.
- 1.11. The Scheme also provides for various other matters consequential or otherwise internally connected herewith.
2. **Definitions and Interpretation**
- 2.1. In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:
- (A) **"Act"** shall mean the Companies Act, 1956 and includes any statutory re-enactment or modification thereof from time to time;
  - (B) **"Amravati Project"** shall mean the thermal power project in Nandgaonpet, District Amravati in the State of Maharashtra being undertaken by Indiabulls Power Limited.;
  - (C) **"Appointed Date"** shall mean April 1, 2011;
  - (D) **"BSE"** shall mean The Bombay Stock Exchange Limited;
  - (E) **"Court"** or **"High Court"** shall mean the Hon'ble High Court of Delhi and shall include the National Company Law Tribunal as may be applicable or such other forum or authority as may be vested with the powers of a High Court under section 391 to section 394 of the Act;
  - (F) **"Companies"** shall mean the Demerged Company, the Resulting Company, the First Amalgamating Company, the Second Amalgamating Company, the Second Amalgamated Company or any two or more of them as the context may admit;
  - (G) **"Demerged Company"** or **"IBREL"** shall mean Indiabulls Real Estate Limited having its registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi - 110001;
  - (H) **"Demerged Company Employees"** shall mean all the permanent employees of the Demerged Company employed in the Demerged Undertaking as on the Effective Date;
  - (I) **"Demerged Company ESOS Schemes"** shall mean the Indiabulls Real Estate Limited Employees Stock Option Scheme 2006, Indiabulls Real Estate Limited Employees Stock Option Scheme 2008 (II) and the Employee Stock Option Scheme - 2010;
  - (J) **"Demerged Company Funds"** shall have the meaning set forth in Clause 9.2;
  - (K) **"Demerged Company Warrants"** shall have the meaning set forth in Clause 3.1;
  - (L) **"Demerged Liabilities"** shall have the meaning set forth in Clause 6.1;
  - (M) **"Demerged Company Outstanding Amount"** shall mean the Total Outstanding Amount less the Resulting Company Outstanding Amount;
  - (N) **"Demerged Undertaking"** shall mean the undertakings, business, activities and operations pertaining to the Power Business of the Demerged Company, on a going concern basis, and shall mean and include without limitation:
    - (a) all assets and properties of and required for the Power Business wherever situated, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, including all funds, buildings, plants, machinery, equipment, buildings and structures, offices, all lands (whether leasehold or freehold), benefits of any rental agreements for use of premises, marketing offices, capital works in progress, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), computers, vehicles, D.G. sets, furniture, fixtures, office equipment, appliances, accessories, power lines, share of any joint assets, any finished goods and any facilities,

cash and bank accounts (including bank balances), benefit of any deposits, financial assets, investments in IPL (as defined hereunder) and any other investment in any entity engaged in the Power Business, benefit of any bank guarantees, performance guarantees and letters of credit in relation to the Power Business, and all cash or cash equivalents appertaining or relating to the Power Business;

- (b) all permits, quotas, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, municipal permissions, approvals, consents, subsidies, tenancies in relation to the office and/or residential properties for the employees, benefit of any deposits, privileges, all other rights including sales tax deferrals and exemptions and other benefits, lease rights, receivables, and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Power Business including distribution contracts and premises relating to the Power Business;
  - (c) all earnest moneys and/or security deposits paid by the Demerged Company in connection with or relating to the Power Business;
  - (d) all permanent employees engaged by the Demerged Company at various locations who perform functions related to the Power Business;
  - (e) all records, files, papers, engineering and process information, any computer programs, licenses for software, and any other software licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to the Power Business;
  - (f) advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to the Power Business, including such trade names, service names and brands containing the "Indiabulls" mark, whether registered or unregistered, but excluding any other trade marks, service names or brands and excluding any patents, copyrights, designs, and other intellectual property rights; and
  - (g) all debts, borrowings, obligations and liabilities, both present and future, (including deferred tax liabilities, contingent liabilities and the Demerged Liabilities, as hereinafter defined, and obligations under any licenses or permits or schemes), whether secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheet of the Demerged Company, appertaining or relating to the Power Business.
- (O) **"Demerged Company Partly Paid-up Shares"** shall have the meaning set forth in Clause 21;
- (P) **"Demerger"** shall mean the transfer by way of demerger of the Demerged Undertaking of the Demerged Company to the Resulting Company pursuant to this Scheme and the consequent issue of equity shares and GDRs by the Resulting Company to the shareholders and GDR holders, respectively, of the Demerged Company and the cancellation of the existing shareholding of the Demerged Company in the Resulting Company, as set out in this Scheme;
- (Q) **"Demerger Record Date"** means the date to be fixed by the board of directors of the Demerged Company for the purpose of determining the equity shareholders of the Demerged Company to whom shares of the Resulting Company shall be allotted pursuant to the Demerger under this Scheme;
- (R) **"Deposit Agreement"** shall have the meaning ascribed to it in Clause 28 hereof;
- (S) **"Depositary"** shall mean Deutsche Bank Trust Company Americas, being the depositary for the IBREL GDRs;

- (T) **"Effective Date"** shall mean the last of the dates on which the conditions and matters referred to in Clause 85 hereof occur or have been fulfilled or waived;

References in this Scheme to the date of **"coming into effect of this Scheme"** or

**"effectiveness of this Scheme"** shall mean the Effective Date;

- (U) **"Encumbrance"** shall mean any options, pledge, mortgage, hypothecation, lien, security, interest, claim, charge, pre-emptive right, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever;
- (V) **"First Amalgamated Company"** shall mean the Demerged Company, as it would exist following and consequent to the effectiveness of the Demerger in terms of Part II of this Scheme;
- (W) **"First Amalgamated Company Trust"** shall have the meaning set forth in Clause 47;
- (X) **"First Amalgamated Company Trust Deed"** shall have the meaning set forth in Clause 47;
- (Y) **"First Amalgamated Company Trustee"** shall have the meaning set forth in Clause 47;
- (Z) **"First Amalgamating Company"** shall mean Indiabulls Builders Limited having its registered office at F-60, Malhotra Building, Second Floor, Connaught Place, New Delhi 110 001;
- (AA) **"First Amalgamation Share Exchange Ratio"** shall have the meaning ascribed to it in Clause 48;
- (BB) **"First Amalgamating Undertaking"** shall mean all the undertakings and entire business of the First Amalgamating Company as a going concern, including:
- (a) all assets and properties of the First Amalgamating Company wherever situated, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, including all funds, buildings, offices, all lands (whether leasehold or freehold), plants, machinery, equipment, buildings and structures, offices, benefits of any rental agreements for use of premises, marketing offices, capital works in progress, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), computers, vehicles, D.G. sets, furniture, fixtures, office equipment, appliances, accessories, power lines, share of any joint assets, any finished goods and any facilities, cash and bank accounts (including bank balances), benefit of any deposits, financial assets, investments, including investments in any form and in any entity, benefit of any bank guarantees, performance guarantees and letters of credit, and all cash or cash equivalents;
  - (b) all permits, quotas, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, municipal permissions, approvals, consents, subsidies, tenancies in relation to the office and/or residential properties for employees, benefit of any deposits, privileges, all other rights including sales tax deferrals and exemptions and other benefits, lease rights, receivables, and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions and benefits of all agreements, contracts and arrangements and all other interests;
  - (c) all earnest moneys and/or security deposits paid by the First Amalgamating Company;
  - (d) all permanent employees engaged by the First Amalgamating Company;
  - (e) all records, files, papers, engineering and process information, any computer programs, licenses for software, and any other software licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form;
  - (f) advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of

or enjoyed by the First Amalgamating Company; and

- (g) all the present and future debts (whether secured or unsecured), liabilities (including contingent liabilities), duties and obligations of the First Amalgamating Company of every kind, nature and description whatsoever and howsoever accruing or arising out of, and all loans and borrowings raised or incurred and utilized for its businesses, activities and operations, obligations under any licenses or permits and shall include the IBL Liabilities.
- (CC) **"Fractional Share Trustee"** shall have the meaning set forth in Clause 20;
- (DD) **"GDRs"** means global depositary receipts issued pursuant to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depositary Receipt Mechanism) Scheme, 1993 and other applicable laws and where relevant shall include the underlying equity shares related thereto;
- (EE) **"IBL Employees"** shall mean all the permanent employees of the First Amalgamating Company employed as on the Effective Date;
- (FF) **"IBREL GDRs"** shall mean the GDRs issued by the Demerged Company pursuant to the deposit agreements executed by it with the Depositary (as amended from time to time) and as are outstanding as of the Demerger Record Date;
- (GG) **"NSE"** shall mean the National Stock Exchange of India Limited;
- (HH) **"Partly Paid-up Shares"** shall mean the Demerged Company Partly Paid-up Shares and/or the Resulting Company Partly Paid-up Shares, as the context may admit;
- (II) **"Power Business"** shall have the meaning set forth in Clause 1.7;
- (JJ) **"PPSL Employees"** shall mean all the permanent employees of the Second Amalgamating Company employed as on the Effective Date;
- (KK) **"Projects"** shall mean the: (a) Amravati Project; and (b) thermal power project in Sinnar village, Nasik District in the State of Maharashtra being undertaken by Indiabulls Power Limited. and its subsidiary, Indiabulls Realtech Limited;
- (LL) **"Remaining Business"** shall mean all the undertakings, businesses, activities, operations, assets and liabilities (including investments in listed and unlisted shares and securities and identified assets and bank balances) of the Demerged Company, other than those comprised in the Demerged Undertaking,
- (MM) **"Resulting Company"** shall mean Indiabulls Infrastructure and Power Limited having its registered office at E-29, First Floor, Connaught Place, New Delhi 110 001;
- (NN) **"Resulting Company Depositary"** shall have the meaning set forth in Clause 28;
- (OO) **"Resulting Company Deposit Agreement"** shall have the meaning set forth in Clause 28;
- (PP) **"Resulting Company GDRs"** shall have the meaning set forth in Clause 28;
- (QQ) **"Resulting Company Partly Paid-up Shares"** shall have the meaning set forth in Clause 20;
- (RR) **"Resulting Company Outstanding Amount"** shall mean such amount as bears the same ratio to the Total Outstanding Amount as the net worth of the Demerged Undertaking bears to the total net worth of the Demerged Company immediately before the Appointed Date hereunder;
- (SS) **"Scheme"** shall mean this scheme of arrangement including any modification or amendment hereto, made in accordance with the terms hereof;
- (TT) **"Second Amalgamated Company ESOS Schemes"** shall mean the SPCL-IPSL Employees Stock Option Plan 2008 and the Indiabulls Power Limited Employees Stock Option Scheme - 2009;
- (UU) **"Second Amalgamated Company"** or **"IPL"** shall mean Indiabulls Power Limited. having its registered office at E-29, First Floor, Connaught Place, New Delhi 110 001;

- (VV) **"Second Amalgamated Company Partly Paid-up Shares"** shall have the meaning set forth in Clause 75;
- (WW) **"Second Amalgamated Company Trust"** shall have the meaning set forth in Clause 68;
- (XX) **"Second Amalgamated Company Trust Deed"** shall have the meaning set forth in Clause 68;
- (YY) **"Second Amalgamated Company Trustee"** shall have the meaning set forth in Clause 68;
- (ZZ) **"Second Amalgamated Company Warrants"** shall have the meaning set forth in Clause 3.5;
- (AAA) **"Second Amalgamating Undertaking"** shall mean all the undertakings and entire business of the Second Amalgamating Company as a going concern, including:
- (a) all assets and properties of the Second Amalgamating Company wherever situated, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, including all funds, buildings, offices, all lands (whether leasehold or freehold), plants, machinery, equipment, buildings and structures, offices, benefits of any rental agreements for use of premises, marketing offices, capital works in progress, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), computers, vehicles, D.G. sets, furniture, fixtures, office equipment, appliances, accessories, power lines, share of any joint assets, any finished goods and any facilities, cash and bank accounts (including bank balances), benefit of any deposits, financial assets, investments, including investments in any form and in any entity, benefit of any bank guarantees, performance guarantees and letters of credit, and all cash or cash equivalents;
  - (b) all permits, quotas, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, municipal permissions, approvals, consents, subsidies, tenancies in relation to the office and/or residential properties for employees, benefit of any deposits, privileges, all other rights including sales tax deferrals and exemptions and other benefits, lease rights, receivables, and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions and benefits of all agreements, contracts and arrangements and all other interests;
  - (c) all earned moneys and/or security deposits paid by the Second Amalgamating Company;
  - (d) all permanent employees engaged by the Second Amalgamating Company;
  - (e) all records, files, papers, engineering and process information, any computer programs, licenses for software, and any other software licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form;
  - (f) advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Second Amalgamating Company, including such trade names, service names and brands containing the "Indiabulls" mark, whether registered or unregistered, but excluding any other trade marks, service names or brands and excluding any patents, copyrights, designs, and other intellectual property rights; and
  - (g) all the present and future debts (whether secured or unsecured), liabilities (including contingent liabilities), duties and obligations of the Second Amalgamating Company of every kind, nature and description whatsoever and howsoever accruing or arising out of, and all loans and borrowings raised or incurred and utilized for its businesses, activities and operations, obligations under any licenses or permits and shall include the PPST Liabilities.

- (BBB) **"Second Amalgamating Company"** or **"PPSL"** shall mean Poena Power Supply Limited having its registered office at E-29, First Floor, Connaught Place, New Delhi - 110 001;
- (CCC) **"Second Amalgamation Share Exchange Ratio"** shall have the meaning ascribed to it in Clause 69;
- (DDD) **"Second Amalgamated Company Outstanding Amount"** shall have the meaning ascribed to it in Clause 75;
- (EEE) **"Share Entitlement Ratio"** shall have the meaning ascribed to it in Clause 20 hereof;
- (FFF) **"Stock Exchanges"** means the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited;
- (GGG) **"Total Consideration"** shall have the meaning ascribed to it in Clause 21 hereof;
- (HHH) **"Total Outstanding Amount"** shall mean the amount payable for conversion of the Demerged Company Warrants which are outstanding and have not been exercised by the holders thereof into equity shares of the Demerged Company on the date immediately preceding issuance of the Demerged Company Partly Paid-up Shares;
- (III) **"Wholesale Demerger Scheme"** shall have the meaning ascribed to it in Clause 1.2; and
- (JJJ) **"Wholesale Trading Business"** shall have the meaning ascribed to it in Clause 1.2.
- 2.2. All terms and words used but not defined in this Scheme shall, unless repugnant or contrary to the context or meaning, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable law, rules, regulations, bye-laws, as the case may be, and any statutory modification or re-enactment thereof for the time being in force.
- 2.3. References to "Schedules", "Clauses", "Sections" and "Parts", unless otherwise stated, are references to schedules, clauses, sections and parts of this Scheme.
- 2.4. The headings herein shall not affect the construction of this Scheme.
- 2.5. The singular shall include the plural and vice versa; and references to one gender include all genders.
- 2.6. Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed without limitation.
- 2.7. References to a person shall include any individual, firm, body corporate (whether incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives body (whether or not having separate legal personality).

### 3. Share Capital

#### 3.1. Demerged Company

- (i) The share capital structure of the Demerged Company as on January 14, 2011 was as follows:

Authorized Share Capital	Rupees
500,000,000 equity shares of Rs. 2/- each	1,000,000,000/-
30,000,000 preference shares of Rs. 138/- each	4,140,000,000/-
<b>Total</b>	<b>5,140,000,000/-</b>
Issued, Subscribed and Paid-up Share Capital	Rupees
402,242,239 equity shares of face value Rs. 2/- (Rupees Two Only) each*	804,484,478/-
<b>Total</b>	<b>804,484,478/-</b>

\* includes 11,447,586 equity shares represented by IBREL GDRs.

- (ii) The Demerged Company has issued 28,700,000 warrants ("**Demerged Company Warrants**") which, upon exercise, would entitle the holders thereof to 28,700,000 equity shares of the Demerged Company. The exercise of such warrants would result in an increase in the issued, subscribed and paid-up equity share capital of the Demerged Company.
- (iii) The exercise of stock options, under the Demerged Company ESOS Schemes, would result in an increase in the issued, subscribed and paid-up equity share capital of the Demerged Company.
- (iv) The equity shares of the Demerged Company are listed on the Stock Exchanges. The IBREL GDRs representing the underlying equity shares of the Demerged Company are listed on Luxembourg Stock Exchange.

### 3.2. Resulting Company

- (i) The share capital structure of the Resulting Company as on January 14, 2011 was as follows:

<b>Authorized Share Capital</b>	<b>Rupees</b>
500,000 equity shares of face value Rs. 10/- each	5,000,000/-
<b>Total</b>	<b>5,000,000/-</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	<b>Rupees</b>
50,000 equity shares of face value Rs. 10/- each	500,000/-
<b>Total</b>	<b>500,000/-</b>

- (ii) The equity shares of the Resulting Company are, at present, not listed on any stock exchanges.

### 3.3. First Amalgamating Company

- (i) The share capital structure of the First Amalgamating Company as on January 14, 2011 was as follows:

<b>Authorized Share Capital</b>	<b>Rupees</b>
42,500,000 equity shares of face value Rs. 2/- each	85,000,000/-
<b>Total</b>	<b>85,000,000/-</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	<b>Rupees</b>
42,500,000 equity shares of face value Rs. 2/- each	85,000,000/-
<b>Total</b>	<b>85,000,000/-</b>

- (ii) The equity shares of the First Amalgamating Company are, at present, not listed on any stock exchange

### 3.4. Second Amalgamating Company

- (i) The share capital structure of the Second Amalgamating Company as on January 14, 2011 was as follows:

<b>Authorized Share Capital</b>	<b>Rupees</b>
202,500,000 equity shares of face value Re. 1/- each	202,500,000/-
<b>Total</b>	<b>202,500,000/-</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	<b>Rupees</b>
202,500,000 equity shares of face value Re. 1/- each	202,500,000/-
<b>Total</b>	<b>202,500,000/-</b>



- (ii) The equity shares of the Second Amalgamating Company are, at present, not listed on any stock exchanges

### 3.5 Second Amalgamated Company

- (i) The share capital structure of the Second Amalgamated Company as on January 14, 2011 was as follows:

Authorized Share Capital	Rupees
5,000,000,000 equity shares of face value Rs. 10/- each	50,000,000,000/-
<b>Total</b>	<b>50,000,000,000/-</b>
Issued, Subscribed and Paid-up Share Capital	Rupees
2,022,710,746 equity shares of face value Rs. 10/- each	20,227,107,460/-
<b>Total</b>	<b>20,227,107,460/-</b>

- (ii) The Second Amalgamated Company has issued 420,000,000 warrants which, upon exercise, would entitle the holders thereof to 420,000,000 equity shares of the Second Amalgamated Company ("**Second Amalgamated Company Warrants**"). The exercise of such warrants may result in an increase in the issued, subscribed and paid-up equity share capital of the Second Amalgamated Company.
- (iii) The Second Amalgamated Company has outstanding stock options under the Second Amalgamated Company ESOS Schemes. The exercise of such options may result in an increase in the issued, subscribed and paid-up equity share capital of the Second Amalgamated Company.
- (iv) The equity shares of the Second Amalgamated Company are listed on the Stock Exchanges.

## PART II DEMERGER

### Section 1 - Transfer and Vesting of the Demerged Undertaking

#### 4. **Transfer of Assets**

- 4.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Demerged Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Demerged Undertaking) shall, subject to the provisions of this Clause 4 in relation to the mode of transfer and vesting and pursuant to section 394 (2) of the Act and without any further act or deed, be demerged from the Demerged Company and be transferred to and vested in and be deemed to have been demerged from the Demerged Company and transferred to and vested in the Resulting Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Resulting Company, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.
- 4.2. In respect of such of the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by delivery of possession or by endorsement and delivery, the same shall be so transferred by the Demerged Company upon the coming into effect of the Scheme, and shall become the property of the Resulting Company as an integral part of the Demerged Undertaking with effect from the Appointed Date pursuant to the provisions of section 394 of the Act without requiring any deed or instrument of conveyance for transfer of the same, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.
- 4.3. In respect of such of the assets belonging to the Demerged Undertaking other than those referred to in Clause 4.2 above, the same shall, as more particularly provided in Clause 4.1 above, without any further act, instrument or deed, be demerged from the Demerged Company and transferred to and vested in and/or be deemed to be demerged from the Demerged Company and transferred to and vested in the Resulting Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act.

- 4.4 All assets, rights, title, interest and investments of the Demerged Company in relation to the Demerged Undertaking shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act.
5. **Transfer of contracts, deeds, etc.**
- 5.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme including Clause 7, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.
- 5.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme itself, the Resulting Company may, 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, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Resulting Company shall, under the provisions of Part II of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.
- 5.3 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand transferred to the Resulting Company as if the same were originally given by issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company. The Resulting Company shall make applications to any governmental authority as may be necessary in this behalf.
- 5.4 Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such asset or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, insofar as it is permissible so to do, till such time as the transfer is effected.
6. **Transfer of Liabilities**
- 6.1 It is clarified that, upon the coming into effect of this Scheme, subject to Clause 7, all debts, liabilities, loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities which arise out of the activities or operations of the Demerged Undertaking) of the Demerged Company as on the Appointed Date and relating to the Demerged Undertaking ("**Demerged Liabilities**") shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Effective Date and shall become the debts, liabilities, loans, obligations and duties of the Resulting Company which shall meet, discharge and satisfy the same.
- 6.2 Where any of the loans raised and used, debts, liabilities, duties and obligations of the Demerged Company as on the Appointed Date deemed to be transferred to the Resulting Company have been discharged by the Demerged Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.

- 6.3. Upon the coming into effect of the Scheme, subject to Clause 7, all loans raised and used and all debts, liabilities, duties and obligations incurred by the Demerged Company for the operations of the Demerged Undertaking with effect from the Appointed Date and prior to the Effective Date, subject to the terms of this Scheme, shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Resulting Company and shall become the loans, debts, liabilities, duties and obligations of the Resulting Company.
- 6.4. In so far as the existing Encumbrances in respect of the Demerged Liabilities are concerned, such Encumbrances shall, subject to Clause 7, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking which have been Encumbered in respect of the Demerged Liabilities as transferred to the Resulting Company pursuant to this Scheme. Provided that if any of the assets comprised in the Demerged Undertaking which are being transferred to the Resulting Company pursuant to this Scheme have not been Encumbered in respect of the Demerged Liabilities, such assets shall remain unencumbered and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.
- 6.5. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, subject to Clause 7, the Encumbrances over such assets relating to the Demerged Liabilities shall, as and from the Effective Date without any further act, instrument or deed be released and discharged from the obligations and Encumbrances relating to the same. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the Encumbrances over such assets relating to any loans, borrowings or debentures or other debts or debt securities which are not transferred pursuant to this Scheme (and which shall continue with the Demerged Company), shall without any further act or deed be released from such Encumbrances and shall no longer be available as security in relation to such liabilities.
- 6.6. Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the Demerged Company and the Resulting Company shall execute any instrument/s and/or document/s and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the respective Registrar of Companies to give formal effect to the above provisions, if required.
- 6.7. Upon the coming into effect of this Scheme, subject to Clause 7, the Resulting Company alone shall be liable to perform all obligations in respect of the Demerged Liabilities, which have been transferred to it in terms of this Scheme, and the Demerged Company shall not have any obligations in respect of such Demerged Liabilities.
- 6.8. It is expressly provided that, save as mentioned in this Clause 6, no other term or condition of the liabilities transferred to the Resulting Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- 6.9. Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause 6 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.
- 6.10. For the purposes of this Clause 6, the liabilities of the Demerged Company relating to the Demerged Undertaking shall include:
- (i) the liabilities which arise out of the activities or operations of the Demerged Undertaking;
  - (ii) the specific loans or borrowings (including debentures raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking); and
  - (iii) in cases other than those referred to in Clause 6.10 (i) or Clause 6.10 (ii) above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the Demerger bears to

the total value of the assets of the Demerged Company immediately prior to the Effective Date.

7. In relation to existing obligations of the Demerged Company under the loan agreements for the Projects to contribute project equity, finance cost overruns in relation to the implementation phase of the Projects and meet debt service obligations, if any, the Demerged Company shall, unless otherwise agreed with the lenders in relation to such Projects, be responsible for fulfilling such obligations in the event that the Resulting Company (which shall be the primary obligor to the lenders in relation to such obligations) fails to fulfill the same. For the avoidance of doubt it is clarified that save as expressly contemplated herein, no obligations in relation to the Demerged Undertaking shall be retained with or assumed by the Demerged Company following the Demerger and further that the obligations of the Demerged Company under this Clause 7 shall be only to the extent that the aforesaid obligations are existing obligations of the Demerged Company as on the Effective Date which are transferred to the Resulting Company pursuant to this Scheme.
8. **Legal, taxation and other proceedings**
  - 8.1. Upon the coming into effect of this Scheme, all legal, taxation or other proceedings, whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), by or against the Demerged Company and relating to the Demerged Undertaking, under any statute, whether pending on the Appointed Date or which may be instituted any time thereafter, shall be continued and enforced by or against the Resulting Company after the Effective Date. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings against the Resulting Company. The Resulting Company shall be added as party to such proceedings and shall prosecute or defend such proceedings in co-operation with the Demerged Company.
  - 8.2. If proceedings are taken against the Demerged Company in respect of the matters referred to in Clause 8.1 above, it shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the latter shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.
  - 8.3. The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company referred to in Clause 8.1 above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. Both companies shall make relevant applications in that behalf.
9. **Employees**
  - 9.1. Upon the coming into effect of this Scheme, the Demerged Company Employees shall become the permanent employees of the Resulting Company with effect from the Appointed Date, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the Demerged Company in the Demerged Undertaking and without any interruption of, or break in, service as a result of the transfer of the Demerged Undertaking. The Resulting Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of the Demerged Company Employees with the Demerged Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.
  - 9.2. In so far as the existing benefits including provident fund, gratuity fund and superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by the Demerged Company inter alia for its employees (including employees of the Demerged Undertaking) are concerned (collectively referred to as the "**Demerged Company Funds**"), such proportion of the investments made in the Demerged Company Funds and liabilities which are referable to the Demerged Company Employees shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Demerged Company Funds shall, subject to the necessary approvals and permissions and at the discretion of the Resulting Company, either be continued as separate funds of the Resulting Company for the benefit of the employees of the Demerged Undertaking or be transferred to and merged with other similar funds of the Resulting Company. In the event that the Resulting Company does not have its own fund in respect of any of the aforesaid matters, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute in respect of the Demerged Company Employees to the Demerged Company Funds or discharge such liabilities of the Demerged Company, until such time that the Resulting Company creates its own fund, at which time the Demerged Company Funds, investments, contributions and

liabilities pertaining to the Demerged Company Employees shall be transferred to the funds created by the Resulting Company.

- 9.3. In relation to any other fund created or existing for the benefit of the employees being transferred to the Resulting Company, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such Demerged Company Employees.
- 9.4. In so far as the existing benefits or funds created by the Demerged Company for the employees of the Remaining Business are concerned, the same shall continue and the Demerged Company shall continue to contribute to such benefits or funds in accordance with the provisions thereof, and such benefits or funds, if any, shall be held inter alia for the benefit of the employees of the Remaining Business.
- 9.5. In respect of the stock options granted under the Demerged Company ESOS Schemes, if any, in the hands of the employees of the Demerged Undertaking as on the Effective Date, it is hereby clarified that the options, if any, which have been granted but have not vested in such employees of the Demerged Undertaking as of the Effective Date would lapse. In such a case, the Resulting Company shall put in place suitable stock option schemes on terms and conditions not less favourable to such employees than those of the Demerged Company ESOS Schemes which shall be offered to such employees, if any, of the Demerged Undertaking whose options under the Demerged Company ESOS Schemes have lapsed pursuant to this Clause 9.5. The options under the Demerged Company ESOS Schemes which, as of the Effective Date, have been vested in employees of the Demerged Undertaking but have not been exercised, shall lapse within 90 (ninety) days after the Effective Date.
- 9.6. For the avoidance of doubt it is hereby clarified that upon the coming into effect of this Scheme, the options granted, under and pursuant to the Demerged Company ESOS Schemes to the employees of the Remaining Business as of the Effective Date would continue and the exercise price of such options would be suitably re-priced in order to compensate the employees for reduction in the intrinsic value of the Demerged Company pursuant to the demerger of the Demerged Undertaking.
- 9.7. The consent of the shareholders of the Demerged Company to this Scheme shall be deemed to be their consent in relation to all matters pertaining to the Demerged Company ESOS Schemes as described in this Scheme, including without limitation, for the purposes of effecting necessary modifications to the Demerged Company ESOS Schemes, creating and/or modifying the employee stock option scheme and all related matters. No further approval of the shareholders of the Demerged Company or any other person would be required in this connection.

## **SECTION 2 - CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE**

10. The Demerged Company, with effect from the Appointed Date and up to and including the Effective Date:
- (i) shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Demerged Undertaking and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the Demerged Undertaking for and on account of, and in trust for, the Resulting Company;
  - (ii) all profits and income accruing to the Demerged Company from the Demerged Undertaking, and losses and expenditure or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income), relating to the Demerged Undertaking for the period from the Appointed Date based on the accounts of the Demerged Company shall, for all purposes, be treated as the profits, income, losses or expenditure, as the case may be, of the Resulting Company; and
  - (iii) any of the rights, powers, authorities, privileges, attached, related or pertaining to the Demerged Undertaking exercised by the Demerged Company shall be deemed to have been exercised by the Demerged Company for and on behalf of, and in trust for and as an agent of the Resulting Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Demerged Undertaking that have been undertaken or discharged by the Demerged Company shall be deemed to have been undertaken for and on behalf of and as an agent for the Resulting Company.
11. The Demerged Company undertakes that it shall preserve and carry on the business of the Demerged

Undertaking with reasonable diligence and business prudence and shall not, upto and including the Effective Date, undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber the Demerged Undertaking or any part thereof unless:

- (i) the prior written consent of the board of directors of the Resulting Company has been obtained in relation to any of the above;
  - (ii) the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court; or
  - (iii) the same is expressly permitted by this Scheme.
12. From the date of filing of this Scheme with the High Court and upto and including the Effective Date, the Demerged Company and Resulting Company shall not, except in respect of outstanding options that may be exercised in terms of the Demerged Company ESOS Schemes, exercise of the Demerged Company Warrants or as provided herein, make any change in their respective capital structure in any manner either by any increase (including by way of issue of equity and/or preference shares on a rights basis or by way of a public issue, bonus shares and/or convertible debentures or otherwise), decrease, reduction, reclassification, sub-division, consolidation, re-organization, or in any other manner which may, in any way, affect the Share Entitlement Ratio (as defined hereunder), except with the prior approval of the board of directors of the Resulting Company or the Demerged Company respectively.
13. The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertaking and the continuance of the proceedings by or against the Resulting Company under this Scheme shall not affect any transaction or proceedings already completed by the Demerged Company on or before the Appointed Date to the end and intent that, subject to the provisions of this Section 2, the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company as acts, deeds and things done and executed by and on behalf of the Resulting Company.

### SECTION 3 - REMAINING BUSINESS

14. The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company subject to the provisions of this Scheme in relation to Encumbrances in favour of banks, lenders and/or financial institutions.
15. All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company after the Effective Date, which shall keep the Resulting Company fully indemnified in that behalf. Subject to the foregoing, the Demerged Company shall in no event be responsible or liable in relation to any other legal or other proceeding against the Resulting Company.
16. If proceedings are taken against the Resulting Company in respect of the matters referred to in Clause 15 above, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof.
17. With effect from the Appointed Date and up to and including the Effective Date:
- (i) the Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
  - (ii) all profits accruing to the Demerged Company or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company;
  - (iii) all assets and properties acquired by the Demerged Company in relation to the Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company; and
  - (iv) all assets acquired and all liabilities incurred by the Demerged Company after the Appointed Date

but prior to the Effective Date for operation of and in relation to the Demerged Undertaking shall also without any further act, instrument or deed stand transferred to and vested in or to be deemed to have been transferred to or vested in the Resulting Company upon the coming into effect of the Scheme, subject to the provisions of this Scheme in relation to Encumbrances in favour of lenders, banks and/or financial institutions.

#### SECTION 4 - REORGANISATION OF CAPITAL

18. The provisions of this Section 4 shall operate notwithstanding anything to the contrary in this Scheme.
19. In consideration of the transfer and vesting of the Demerged Undertaking in the Resulting Company in accordance with the provisions of this Scheme and as an integral part of this Scheme, the share capital of the Demerged Company and the Resulting Company shall be restructured and reorganised in the manner set out in Clause 20 to Clause 33 below.
20. (i) In consideration of the Demerger, including the transfer and vesting of the Demerged Undertaking in the Resulting Company pursuant to Section 1 of Part II of this Scheme, the Resulting Company shall, without any further act or deed, issue and allot to each member of the Demerged Company whose name is recorded in the register of members as a member of the Demerged Company on the Demerger Record Date, equity shares in the Resulting Company in the ratio of 2.95 (Two point Nine Five) equity shares in the Resulting Company of face value Rs. 2/- (Rupees Two Only) each credited as fully paid-up for every 1 (One) equity share of face value Rs. 2/- (Rupees Two Only) each fully paid up held by such member in the Demerged Company (the "**Share Entitlement Ratio**") as on the Demerger Record Date. It is clarified that the holders of the partly paid-up shares of the Demerged Company, if any, recorded in the register of members as a member of the Demerged Company on the Demerger Record Date shall also be issued partly paid-up shares in the Resulting Company in the Share Entitlement Ratio pursuant to this clause in accordance with this Scheme (such partly paid-up shares, the "**Resulting Company Partly Paid-up Shares**").
- (ii) If any shareholder of the Demerged Company becomes entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the Resulting Company in accordance with Clause 20 (i) of this Scheme, the board of directors of the Resulting Company shall consolidate all such fractional entitlements and shall, without any further application, act, instrument or deed, issue and allot such consolidated equity shares directly to an individual trust or a board of trustees or a corporate trustee nominated by the Resulting Company (the "**Fractional Share Trustee**"), who shall hold such equity shares with all additions or accretions thereto in trust for the benefit of the respective shareholders, to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such equity shares in the market at such price or prices and on such time or times, as the Fractional Share Trustee may in its sole discretion decide and on such sale pay to the Resulting Company, the net sale proceeds thereof and any additions and accretions, whereupon the Resulting Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Demerged Company in proportion to their respective fractional entitlements.
- (iii) As an integral part of the Scheme, upon the allotment of shares by the Resulting Company pursuant to the Scheme, the existing shareholding of the Demerged Company in the Resulting Company shall be cancelled. The reduction of share capital shall be undertaken in accordance with provisions of sections 100 to 103 of the Act and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of section 101 of the Act shall not be applicable. Notwithstanding the reduction in the equity share capital of the Resulting Company, the Resulting Company shall not be required to add "And Reduced" as a suffix to its name.
21. (i) Upon the Effective Date, as an integral part of this Scheme, the Demerged Company Warrants which are outstanding and have not been exercised by the holders thereof shall, without any further act or deed, stand converted into partly paid-up equity shares in the Demerged Company, treated as paid up to the extent of the payment which has been made by the holders thereof on the Demerged Company Warrants. The partly paid-up equity shares issued by the Demerged

Company shall entitle the holders thereof to exercise all rights available under the Act and applicable laws to a holder of partly paid-up shares, including rights as to dividend and voting rights proportional to the amount paid-up on such shares from time to time. Upon being made fully-paid up, such shares shall rank pari passu with the equity shares of the Demerged Company in all respects

- (ii) Within 2 (two) days of the Effective Date, the Demerged Company shall issue and allot, to each holder of the Demerged Company Warrant which is outstanding and which has not been exercised by the holders thereof as on that date, partly paid-up equity shares in the Demerged Company in the ratio of 1 (one) partly paid-up equity share in the Demerged Company for every 1 (one) Demerged Company Warrant which is outstanding and which has not been exercised by the holders thereof as on that date (the partly paid-up equity shares issued pursuant to this sub-clause, the **"Demerged Company Partly Paid-up Shares"**). Upon issuance of the Demerged Company Partly Paid-up Shares, the Demerged Company Warrants shall stand converted and shall not be exercisable.
  - (iii) Simultaneously with the issuance of shares by the Resulting Company under Clause 42 (i) above, the Total Outstanding Amount payable for the Demerged Company Partly Paid-up Shares by the holders thereof shall stand reduced by an amount which bears the same proportion to the Total Outstanding Amount as the net worth of the Demerged Undertaking bears to the net worth of the Demerged Company immediately preceding the Appointed Date. The total amount payable for the Resulting Company Partly Paid-up Shares shall correspondingly be equivalent to the amount reduced from the Total Outstanding Amount pursuant to this Clause.
  - (iv) The Demerged Company and the Resulting Company shall make capital calls on the holders of the Partly Paid-up Shares in accordance with applicable law and as specified in Schedules I and II. The Partly Paid-up Shares shall become presently payable on the dates of such calls being made pursuant to Schedules I and II. The first call on the Partly Paid-up Shares shall be made on the same date as their allotment as set out in Schedules I and II.
  - (v) The Partly Paid-up Shares may be made fully paid up pursuant to, and as an integral part of, this Scheme by the payment of calls thereon by the holders thereof on or prior to the dates specified for such calls in Schedules I and II. For the avoidance of doubt it is clarified that the amount payable on the Demerged Company Partly Paid-up Shares shall be the Demerged Company Outstanding Amount and the amount payable on the Resulting Company Partly Paid-up Shares shall be the Resulting Company Outstanding Amount.
22. The shares issued to the members of the Demerged Company pursuant to Clause 20 above shall be issued in dematerialized form by the Resulting Company, unless otherwise notified in writing by the shareholders of the Demerged Company to the Resulting Company on or before such date as may be determined by the board of directors of the Resulting Company or a committee thereof. In the event that such notice has not been received by the Resulting Company in respect of any of the members of the Demerged Company, the shares shall be issued to such members in dematerialized form provided that the members of the Demerged Company shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required. It is only thereupon that the Resulting Company shall issue and directly credit the dematerialized securities to the account of such member with the shares of the Resulting Company. In the event that the Resulting Company has received notice from any member that shares are to be issued in certificate form or if any member has not provided the requisite details relating to the account with a depository participant or other confirmations as may be required, then the Resulting Company shall issue shares in certificate form to such member.
23. Equity shares to be issued by the Resulting Company pursuant to Clause 20 in respect of such of the equity shares of the Demerged Company which are held in abeyance under the provisions of section 206A of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be kept in abeyance by the Resulting Company.
24. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the board of directors or any committee thereof of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Demerger Record



Date, to effectuate such a transfer in the Demerged Company as if such changes in registered holder were operative as on the Demerger Record Date, in order to remove any difficulties arising to the transferor of the share in the Resulting Company and in relation to the shares issued by the Resulting Company after the effectiveness of this Scheme. The board of directors of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in the Resulting Company on account of difficulties faced in the transaction period.

25. The equity shares to be issued and allotted by the Resulting Company in terms of Clause 20 above shall inter-se rank pari passu in all respects.
26. (i) Equity shares of the Resulting Company issued in terms of Clause 20 above shall, subject to receipt of necessary approvals, be listed and/or admitted to trading on the Stock Exchanges. The shares allotted pursuant to Part II of this Scheme shall remain frozen in the depositaries system until listing/trading permission is given by the designated stock exchange.
- (ii) Until the listing of the equity shares of the Resulting Company with the Stock Exchanges, except as provided in this Scheme, including Part III hereof, there shall be no change in the shareholding pattern or control or pre-arrangement capital structure of the Resulting Company.
27. Unless otherwise determined by the board of directors or any committee thereof of the Demerged Company and the board of directors or any committee thereof of the Resulting Company, issuance of shares in terms of Clause 20 of this Scheme shall be done within 90 (ninety) days from the Effective Date, provided that the Demerged Company Partly Paid-up Shares shall be issued within 2 (two) days from the Effective Date.
28. (i) Upon the coming into effect of this Scheme and the issuance of shares in the Share Entitlement Ratio by the Resulting Company pursuant to the provisions of Clause 20 above, the Resulting Company shall issue an appropriate number of underlying shares, in accordance with the Share Entitlement Ratio, to the Depositary. The Resulting Company and/or the Depositary shall enter into appropriate arrangements with a depositary (the "**Resulting Company Depositary**") appointed by the Resulting Company pursuant to a deposit agreement entered into between the Resulting Company and the Resulting Company Depositary (the "**Resulting Company Deposit Agreement**"), for the issuance, subject to the cash-out procedure described in Clause 31 being utilized, of GDRs representing such shares (the "**Resulting Company GDRs**") on a pro-rata basis to holders of the IBREL GDRs, in accordance with the deposit agreement entered into between the Demerged Company and the Depositary (the "**Deposit Agreement**").
- (ii) The Resulting Company, the Resulting Company Depositary, the Demerged Company and/or the Depositary shall enter into such further documents and take such further actions as may be deemed necessary or appropriate by the Resulting Company and/or the Demerged Company and the Resulting Company Depositary, including, but not limited to, amending the Deposit Agreement, disseminating to existing IBREL GDR holders certain notices, certifications and information containing details of the Scheme, the issuance of the Resulting Company GDRs and/or certain information relating to the Resulting Company and obtaining from the existing IBREL GDR holders, and providing to the Resulting Company and the Resulting Company Depositary, certain information relating to the existing IBREL GDR holders.
29. If required by any regulations or laws, the Resulting Company GDRs issued pursuant to Clause 28 above shall be listed, in which event the same may be listed on the Luxembourg Stock Exchange and the Resulting Company shall take such additional steps and do all such acts, deeds and things as may be necessary for purposes of listing the Resulting Company GDRs.
30. The Resulting Company GDRs and the shares underlying the Resulting Company GDRs issued pursuant to this Scheme may not be registered under the Securities Act of 1933, as amended, of the United States of America ("**Securities Act**") as the distribution of the Resulting Company GDRs and the shares underlying the Resulting Company GDRs may not constitute an "offer to sell", "sale" or other disposition for value within the meaning of Section 2(3) of the Securities Act. The Resulting Company may elect, in its sole discretion, to also rely upon any applicable exemption from the registration requirements of the Securities Act or register the Resulting Company GDRs and the equity shares underlying the Resulting Company GDRs under the Securities Act.

31. If it is determined that it would be reasonably impracticable (including due to the fractions of Resulting Company GDRs or underlying shares which would arise, any requirement that the Company, the Depositary and/or the Resulting Company Depositary withhold any amount on taxes or other governmental charges or any requirement to register the Resulting Company GDRs or the underlying shares under the Securities Act) and/or unlawful for the Depositary or the Resulting Company Depositary, as applicable, to distribute Resulting Company GDRs or underlying shares to all or any holders of the IBREL GDRs, in accordance with Condition 6 of the terms and conditions of the IBREL GDRs as set out in the Deposit Agreement, the Depositary shall sell the underlying shares received from the Resulting Company by public or private sale or otherwise at its discretion and the net sales proceeds (after the deduction of all taxes, fees and expenses incurred) shall be distributed to holders of IBREL GDRs entitled thereto in accordance with Condition 4, Condition 9 and Condition 11 of the terms and conditions of the IBREL GDRs as set out in the Deposit Agreement. The Resulting Company, the Resulting Company Depositary, the Demerged Company and/or the Depositary shall enter into such further documents and take such further actions as may be necessary or appropriate and to enable the actions contemplated herein. The Depositary shall carry out the sale of shares in accordance with its normal practices and procedures and shall have no liability for: (i) any delays in the sale of the shares; or (ii) any fluctuations in the price of the shares between the issuance and sale of the shares.
32. It is clarified that the provisions of Clauses 28 to 31 above shall also be applicable to any further GDRs that the Demerged Company may issue prior to the Demerger Record Date.
33. **Authorised share capital of the Resulting Company**
- 33.1 Pursuant to the Scheme and upon its effectiveness, without any further act or deed, the authorised share capital of the Resulting Company shall stand sub-divided into 1,500,000,000 (One Billion Five Hundred Million) equity shares of face value Rs. 2/- (Rupees Two Only) each. The existing capital clause contained in the Memorandum of Association of the Resulting Company shall, upon the coming into effect of this Scheme without any further act or deed be replaced in the following manner:
- "V. The Authorised Capital of the Company is Rs. 3,000,000,000/- (Rupees Three Hundred Crore only) divided into 1500,000,000 (One Hundred Fifty Crore) Equity Shares of Rs. 2/- (Rupees Two) each."*
- 33.2. It is hereby clarified that for the purposes of this Clause 33, the consent of the shareholders of the Resulting Company to the Scheme shall be deemed to be sufficient for amendment of the memorandum of association of the Resulting Company and no further resolutions under section 16, section 31, section 94 or any applicable provisions of the Act would be required to be separately passed.

## SECTION 5 - GENERAL TERMS AND CONDITIONS

34. (i) **Accounting treatment in the books of the Demerged Company**
- The Demerged Company shall transfer the Demerged Undertaking along with all its assets and liabilities transferred pursuant to this Scheme to the Resulting Company at their respective values as appearing in the books of the Demerged Company at the close of business of the day immediately preceding the Appointed Date.
  - The investment in the Resulting Company shall stand cancelled.
  - The Share Capital Account shall be credited with the amount to the extent computed as paid up in respect of the Demerged Company Partly Paid-up Shares issued pursuant to Clause 21 and corresponding amount shall be debited to the Share Warrant Account.
  - After giving effect to Clause 34 (i) (c) above, the amount remaining in the Share Warrant Account shall be credited to the Securities Premium Account.
  - The net impact, of the assets and liabilities transferred, by the Demerged Company pursuant to sub-clause (a), (b) and (c) above, respectively, along with all cost, charges, levies and expenses (including stamp duty) in relation to or in connection with or incidental to this Scheme or the implementation thereof shall be adjusted to the securities premium account of the Demerged Company.

(ii) **Reduction in share premium account**

The reduction, if any, of the securities premium account pursuant to sub-clause 34 (i) (e) above, if any, shall be effected as an integral part of the Scheme itself in accordance with the provisions of section 78, sections 100 to 103 and any other applicable provisions of the Act. The same does not involve either diminution of liability in respect of unpaid capital or payment to any shareholder of any amount paid in respect of shares issued and the provisions of section 101 shall not be applicable. The order of the High Court sanctioning the Scheme shall be deemed to be an order under section 102 of the Act for the purposes of confirming the reduction.

35. **Accounting treatment in the books of the Resulting Company**

- (i) Upon the effectiveness of the Scheme and allotment of shares by the Resulting Company pursuant to the Scheme and pursuant to Clause 20 (i), the paid up share capital of Resulting Company shall be cancelled and reduced under section 100 of the Act to the extent of the shares held by the Demerged Company in the Resulting Company simultaneous with the issue of equity shares to the shareholders of the Demerged Company.
- (ii) On effectiveness of the Scheme and with effect from the Appointed Date:
  - (a) the Resulting Company shall record the assets and liabilities of the Demerged Undertaking of the Demerged Company vested in it pursuant to this Scheme, at their respective book values as appearing in the books of the Demerged Company, at the close of business of the day immediately preceding the Appointed Date.
  - (b) the Resulting Company shall credit the aggregate face value of the new equity shares issued by it to the shareholders of the Demerged Company pursuant to Clause 20 of this Scheme to the share capital account in its books of accounts.
  - (c) the amount to the extent computed as paid-up in respect of the Resulting Company Partly Paid-up Shares issued by the Resulting Company pursuant to Clause 20 shall be credited to the Share Capital Account.
  - (d) the difference, between the amounts credited to the share capital account and the book value of net assets as per sub-clause (a) above shall, after making an adjustment on account of cancellation of share capital pursuant to sub-clause (i) above, be debited by Resulting Company to its goodwill or credited to its capital reserves account, as the case may be.

**PART III - AMALGAMATION OF THE FIRST AMALGAMATING COMPANY WITH THE FIRST AMALGAMATED COMPANY**

*Upon the occurrence of the Demerger pursuant to Part II of this Scheme, the Demerged Company shall be referred to as the "First Amalgamated Company", comprising the Remaining Business, for the purposes of this Part III.*

**SECTION 1 - TRANSFER AND VESTING OF THE FIRST AMALGAMATING UNDERTAKING**

36. **Transfer of Assets**

- 36.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances comprised in the First Amalgamating Undertaking of whatsoever nature and wheresoever situate shall, under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the First Amalgamated Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the First Amalgamated Company.
- 36.2. In respect of such of the assets and properties of the First Amalgamating Undertaking as are movable in nature or are otherwise capable of transfer by delivery of possession or by endorsement and delivery, the

same may be so transferred by the First Amalgamating Company upon the coming into effect of the Scheme, and shall become the assets and property of the First Amalgamated Company with effect from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without requiring any deed or instrument of conveyance for transfer of the same.

- 36.3. In respect of such of the assets and properties belonging to the First Amalgamating Undertaking including sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any governmental authority, quasi government, local or other authority or body or with any company or other person, other than those referred to in Clause 36.2 above, the same shall, as more particularly provided in Clause 36.1 above, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party, be transferred to and vested in and/or be deemed to be transferred to and vested in the First Amalgamated Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any.
- 36.4. All assets, rights, title, interest, investments and properties of the First Amalgamating Company in relation to the First Amalgamating Undertaking and any assets, rights, title, interest, investments and properties acquired by the First Amalgamating Company after the Appointed Date but prior to the Effective Date in relation to the First Amalgamating Undertaking shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the First Amalgamated Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any.
- 36.5. All the licenses, permits, entitlements, quotas, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits (including sales tax and service tax), subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the First Amalgamating Company and all rights and benefits that have accrued or which may accrue to either of the First Amalgamating Company, whether on, before or after the Appointed Date, including income tax benefits and exemptions shall, under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in and/or be deemed to be transferred to and vested in and be available to the First Amalgamated Company so as to become licenses, permits, entitlements, quotas, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the First Amalgamated Company and shall remain valid, effective and enforceable on the same terms and conditions.
37. **Transfer of contracts, deeds, etc.**
  - 37.1. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature, to which the First Amalgamating Company is a party or to the benefit of which the First Amalgamating Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect against or in favour, as the case may be, of the First Amalgamated Company and may be enforced as fully and effectually as if, instead of the First Amalgamating Company, the First Amalgamated Company had been a party or beneficiary or obligee thereto.
  - 37.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the First Amalgamating Undertaking occurs by virtue of this Scheme itself, the First Amalgamated Company may, 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, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the First Amalgamating Company is a party or any writings as may be necessary in order to give formal effect to the above provisions. The First Amalgamated Company shall, under the provisions of Part III of this Scheme, be deemed to be authorised to execute any such writings on behalf of the First Amalgamating Company and to carry out or perform all such formalities or compliances referred to above on the part of the First Amalgamating Company to be carried out or performed.

- 37.3. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the First Amalgamating Company in relation to the First Amalgamating Undertaking shall stand transferred to the First Amalgamated Company as if the same were originally given by, issued to or executed in favour of the First Amalgamated Company, and the First Amalgamated Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the First Amalgamated Company. The First Amalgamated Company shall make applications to any governmental authority as may be necessary in this behalf.

**38. Transfer of Liabilities**

- 38.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, all debts, liabilities, loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities) whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations along with any charge, encumbrance, lien or security thereon of the First Amalgamating Company ("IBL Liabilities") shall, pursuant to the sanction of this Scheme by the High Court and under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act or deed, be and stand transferred to and be deemed to be transferred to the First Amalgamated Company to the extent that they are outstanding as on the Effective Date and shall become the debts, liabilities, loans, obligations and duties of on the same terms and conditions as were applicable to the First Amalgamating Company, and the First Amalgamated Company shall meet, discharge and satisfy the same. Further, it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such IBL Liabilities have arisen in order to give effect to the provisions of this Clause.
- 38.2. All debts, liabilities, duties and obligations of the First Amalgamating Company shall, as on the Appointed Date, whether or not provided in the books of the First Amalgamating Company, and all debts and loans raised and used, and duties, liabilities and obligations incurred or which arise or accrue to the First Amalgamating Company on or after the Appointed Date until the Effective Date shall be deemed to be and shall become the debts, loans raised and used, duties, liabilities and obligations incurred by the First Amalgamated Company by virtue of this Scheme.
- 38.3. Where any of the loans raised and used, debts, liabilities, duties and obligations of the First Amalgamating Company as on the Appointed Date deemed to be transferred to the First Amalgamated Company have been discharged by the First Amalgamating Company prior to the Effective Date, such discharge shall be deemed to have been for and on account of the First Amalgamated Company.
- 38.4. All loans raised and utilised and all liabilities, duties and obligations incurred or undertaken by the First Amalgamating Company on or after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the First Amalgamated Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of section 391 to section 394 of the Act, without any further act, instrument or deed be and stand transferred to and vested in and be deemed to have been transferred to and vested in the First Amalgamated Company and shall become the loans and liabilities, duties and obligations of the First Amalgamated Company which shall meet, discharge and satisfy the same.
- 38.5. Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the First Amalgamating Company and the First Amalgamated Company shall, *ipso facto*, stand discharged and come to an end and there shall be no liability in that behalf upon any party and the appropriate effect shall be given in the books of accounts and records of the First Amalgamated Company.
- 38.6. Without prejudice to the foregoing provisions of this Clause, upon the coming into effect of this Scheme, all debentures, bonds, notes or other debt securities and other instruments of like nature (whether convertible into equity shares or not), if any, of the First Amalgamating Company shall, under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act, instrument or deed, become the debt securities of the First Amalgamated Company on the same terms and conditions and all rights, powers, duties and obligations in relation thereto shall be and

stand transferred to and vested in and be deemed to have been transferred to and vested in and shall be exercised by or against the First Amalgamated Company to the same extent as if it were the issuer of the debt securities so transferred and vested. If the debt securities are listed on any stock exchange, the same shall, subject to applicable law and regulations, be listed and/or admitted to trading on the relevant stock exchanges in India where the debt securities were listed and/or admitted to trading, on the same terms and conditions, unless otherwise modified in accordance with applicable law.

- 38.7. All Encumbrances, if any, existing prior to the Effective Date over the assets of the First Amalgamating Company which secure or relate to the IBL Liabilities shall, after the Effective Date, without any further act, instrument or deed, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the First Amalgamated Company. Provided that if any of the assets of the First Amalgamating Company have not been Encumbered in respect of the IBL Liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. Further, such Encumbrances shall not relate or attach to any of the other assets of the First Amalgamated Company. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.
- 38.8. The existing Encumbrances over the other assets and properties of the First Amalgamated Company or any part thereof which relate to the liabilities and obligations of the First Amalgamated Company prior to the Effective Date shall continue to relate to such assets and properties and shall not extend or attach to any of the assets and properties transferred to and vested in the First Amalgamated Company by virtue of the Scheme.
- 38.9. Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the First Amalgamating Company and the First Amalgamated Company shall execute any instrument/s and/or document/s and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the respective Registrar of Companies to give formal effect to the above provisions, if required.
- 38.10. Upon the coming into effect of this Scheme, the First Amalgamated Company alone shall be liable to perform all obligations in respect of the IBL Liabilities, which have been transferred to it in terms of this Scheme.
- 38.11. It is expressly provided that, save as mentioned in this Clause 38, no other term or condition of the liabilities transferred to the First Amalgamated Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- 38.12. Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause 38 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

#### 39. **Legal, taxation and other proceedings**

Upon the coming into effect of this Scheme, all suits, actions and other proceedings including legal and taxation proceedings, whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), whether pending and/ or arising on or before the Effective Date shall be continued and/ or enforced by or against the First Amalgamating Company, as effectually and in the same manner and to the same extent as if the same had been instituted and/or pending and/or arising by or against the First Amalgamated Company.

#### 40. **Employees**

- 40.1. Upon the coming into effect of this Scheme, all IBL Employees as on the Effective Date shall become the permanent employees of the First Amalgamated Company, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the First Amalgamating Company and without any interruption of, or break in service as a result of the transfer of the First Amalgamating Undertaking. The First Amalgamated Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such IBL

Employees and such benefits to which the IBL Employees are entitled in the First Amalgamating Company shall also be taken into account, and the First Amalgamating Company agrees and undertakes to pay the same as and when payable.

- 40.2. It is clarified that save as expressly provided for in this Scheme, the IBL Employees who become the employees of the First Amalgamated Company by virtue of this Scheme, shall be entitled to the employment policies and shall be entitled to avail of any schemes and benefits existing as on the Effective Date that may be applicable and available to any of the other employees of the First Amalgamated Company (including the benefits of or under any employee stock option schemes applicable to or covering all or any of the other employees of the First Amalgamated Company), unless otherwise determined by the First Amalgamated Company. The First Amalgamated Company undertakes to continue to abide by any agreement/settlement, if any, entered into or deemed to have been entered into by the First Amalgamating Company with any employee of the First Amalgamating Company.
- 40.3. Insofar as the provident fund, gratuity fund, trusts, retirement fund or benefits and any other funds or benefits created by the First Amalgamating Company for the IBL Employees or to which the First Amalgamating Company is contributing for the benefit of the IBL Employees and other such funds, trusts, the benefits of which the IBL Employees enjoy (the "IBL Funds"), all the contributions made to such IBL Funds for the benefit of the IBL Employees and the investments made by the IBL Funds in relation to the IBL Employees shall be transferred to the First Amalgamated Company and shall be held for the benefit of the concerned IBL Employees. In the event the First Amalgamated Company has its own funds in respect of any of the IBL Funds, such contributions and investments shall, subject to the necessary approvals and permissions and at the discretion of the First Amalgamated Company, be transferred to the relevant funds of the First Amalgamated Company. In the event that the First Amalgamated Company does not have its own funds in respect of any of the above or if deemed appropriate by the First Amalgamated Company, the First Amalgamating Company may, subject to necessary approvals and permissions, maintain the existing funds separately and contribute thereto until such time that the First Amalgamated Company creates its own funds, at which time the IBL Funds and the investments and contributions pertaining to the IBL Employees shall be transferred to the funds created by the First Amalgamated Company.
- 40.4. In relation to those IBL Employees for whom the First Amalgamating Company is making contributions to the government provident fund, the First Amalgamated Company shall stand substituted for the First Amalgamating Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such IBL Employees.

## **SECTION 2 - CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE**

41. The First Amalgamating Company, with effect from the Appointed Date and up to and including the Effective Date:
- (i) shall be deemed to have been carrying on and to be carrying on all business and activities relating to the First Amalgamating Undertaking and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the First Amalgamating Undertaking for and on account of, and in trust for, the First Amalgamated Company;
  - (ii) all profits and income accruing to the First Amalgamating Company from the First Amalgamating Undertaking, and losses and expenditure or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income), relating to the First Amalgamating Undertaking shall, for all purposes, be treated as the profits, income, losses or expenditure, as the case may be, of the First Amalgamated Company; and
  - (iii) any of the rights, powers, authorities, privileges, attached, related or pertaining to the First Amalgamating Undertaking exercised by the First Amalgamating Company shall be deemed to have been exercised by the First Amalgamating Company for and on behalf of, and in trust for and as an agent of the First Amalgamated Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the First Amalgamating Undertaking that have been undertaken or discharged by the First Amalgamating Company shall be deemed to have been undertaken for and on behalf of and as an agent for the First Amalgamated Company.

42. The First Amalgamating Company undertakes that it shall preserve and carry on the business of the First Amalgamating Undertaking with reasonable diligence and business prudence and shall not, upto and including the Effective Date, undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber the First Amalgamating Undertaking or any part thereof unless:
- (i) the prior written consent of the board of directors of the First Amalgamated Company has been obtained in relation to any of the above;
  - (ii) the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court; or
  - (iii) the same is expressly permitted by this Scheme.
43. From the date of filing of this Scheme with the High Court and upto and including the Effective Date, the First Amalgamating Company and First Amalgamated Company shall not, except in respect of outstanding options that may be exercised in terms of the Demerged Company ESOS Schemes, exercise of the Demerged Company Warrants or as provided herein, make any change in their respective capital structure in any manner either by any increase (including by way of issue of equity and/or preference shares on a rights basis or by way of a public issue, bonus shares and/or convertible debentures or otherwise), decrease, reduction, reclassification, sub-division, consolidation, re-organization, or in any other manner which may, in any way, affect the First Amalgamation Share Exchange Ratio (as defined hereunder), except with the prior approval of the board of directors of the First Amalgamated Company or the First Amalgamating Company respectively.
44. The transfer and vesting of the assets, liabilities and obligations of the First Amalgamating Undertaking and the continuance of the proceedings by or against the First Amalgamated Company under this Scheme shall not affect any transaction or proceedings already completed by the First Amalgamating Company on or before the Appointed Date to the end and intent that, subject to the provisions of Section 2 of Part III of this Scheme, the First Amalgamated Company accepts all acts, deeds and things done and executed by and/or on behalf of the First Amalgamating Company as acts, deeds and things done and executed by and on behalf of the First Amalgamated Company.

### SECTION 3 - REORGANISATION OF CAPITAL

45. The provisions of this Section 3 shall operate notwithstanding anything to the contrary in this Scheme.
46. In consideration of the transfer and vesting of the First Amalgamating Undertaking in the First Amalgamated Company in accordance with the provisions of this Scheme and as an integral part of this Scheme, the share capital of the First Amalgamating Company shall be restructured and reorganised in the manner set out in Clause 47 to Clause 55 below.
47. Notwithstanding anything to the contrary contained in this Scheme, 42,500,000 (Forty Two Million Five Hundred Thousand) equity shares held by the First Amalgamated Company in the First Amalgamating Company shall stand vested by virtue of this Scheme with effect from the date of the order of the High Court sanctioning the Scheme, and without any further act, instrument or deed, to an individual trustee or a board of trustees (including the survivors or survivor of any of the trustees comprising such board of trustees) or a corporate trustee, as the case may be (the "**First Amalgamated Company Trustee**") to have and to hold such shares in trust together with all additions or accretions thereto and all shares of the First Amalgamated Company in trust exclusively for the benefit of the First Amalgamated Company and its successor or successors subject to the powers, provisions, discretions, rights and agreements contained in the instrument (the "**First Amalgamated Company Trust Deed**") establishing the aforesaid trust (the "**First Amalgamated Company Trust**"). It is proposed that the First Amalgamated Company Trustee may, subject however to the prevailing market conditions, sell, transfer or dispose of the shares held by it at such time or times and in such manner as may be proper in accordance with provisions of the First Amalgamated Company Trust Deed and shall remit the proceeds thereof to the First Amalgamated Company. The obligations of the First Amalgamated Company Trustees shall stand discharged and the First Amalgamated Company Trust shall stand terminated in accordance with the provisions of the First Amalgamated Company Trust Deed.
48. Upon giving effect to Clause 47 and in consideration of the transfer and vesting of the First Amalgamating Undertaking in the First Amalgamated Company pursuant to Part III of this Scheme, the First



Amalgamated Company shall without any further application, act or deed, issue and allot to the equity shareholders of the First Amalgamating Company whose names are recorded in the register of members of the First Amalgamating Company on the Effective Date, in the ratio (the "**First Amalgamation Share Exchange Ratio**") of 1 (One) equity share in the First Amalgamated Company of face value Rs. 2/- (Rupees Two Only) credited as fully paid up for every 1 (One) equity shares of face value Rs. 2/- (Rupees Two Only) each fully paid up held by such member in the First Amalgamating Company on the Effective Date.

49. The shares issued to the members of the First Amalgamating Company pursuant to Clause 48 above shall be issued in dematerialized form by the First Amalgamated Company, unless otherwise notified in writing by the shareholders of the First Amalgamating Company to the First Amalgamated Company on or before such date as may be determined by the board of directors of the First Amalgamated Company or a committee thereof. In the event that such notice has not been received by the First Amalgamated Company in respect of any of the members of the First Amalgamating Company, the shares shall be issued to such members in dematerialized form provided that the members of the First Amalgamating Company shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required. It is only thereupon that the First Amalgamated Company shall issue and directly credit the dematerialized securities to the account of such member with the shares of the First Amalgamated Company. In the event that the First Amalgamated Company has received notice from any member that shares are to be issued in certificate form or if any member has not provided the requisite details relating to the account with a depository participant or other confirmations as may be required, then the First Amalgamated Company shall issue shares in certificate form to such member.
50. If any shareholder of the First Amalgamating Company becomes entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the First Amalgamated Company in accordance with Clause 48 of this Scheme, the board of directors of the First Amalgamated Company shall consolidate all such fractional entitlements and shall, without any further application, act, instrument or deed, issue and allot such consolidated equity shares directly to the First Amalgamated Company Trustee, who shall hold such equity shares with all additions or accretions thereto in trust for the benefit of the respective shareholders, to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such equity shares in the market at such price or prices and on such time or times, as the First Amalgamated Company Trustee may in its sole discretion decide and on such sale pay to the First Amalgamated Company, the net sale proceeds thereof and any additions and accretions, whereupon the First Amalgamated Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the First Amalgamating Company in proportion to their respective fractional entitlements.
51. Equity shares to be issued by the First Amalgamated Company pursuant to Clause 48 in respect of such of the equity shares of the First Amalgamating Company which are held in abeyance under the provisions of section 206A of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be kept in abeyance by the First Amalgamated Company.
52. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the First Amalgamating Company, the board of directors of the First Amalgamated Company or any committee thereof shall be empowered in appropriate cases, prior to or even subsequent to the Effective Date, to effectuate such a transfer in the First Amalgamated Company as if such changes in registered holder were operative as on the Effective Date, in order to remove any difficulties arising to the transferor of the share in the First Amalgamating Company and in relation to the shares issued by the First Amalgamating Company after the effectiveness of this Scheme. The board of directors of the First Amalgamated Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in the First Amalgamated Company on account of difficulties faced in the transaction period.
53. The equity shares to be issued and allotted by the First Amalgamated Company in terms of Clause 48 above shall inter-se rank *pari passu* in all respects.
54. (i) Equity shares of the First Amalgamated Company issued in terms of Clause 48 above shall, subject to the receipt of necessary approvals, be listed and/or admitted to trading on the Stock Exchanges. The shares allotted pursuant to Part III of this Scheme shall remain frozen in the

depositories system until listing/trading permission is given by the designated stock exchange.

- (ii) Until the listing of the equity shares of the First Amalgamated Company with the Stock Exchanges, except as provided in this Scheme, including this Part III, there shall be no change in the shareholding pattern or control or pre-arrangement capital structure of the First Amalgamated Company.
55. Unless otherwise determined by the board of directors or any committee thereof of the First Amalgamated Company and the board of directors or any committee thereof of the First Amalgamating Company, issuance of shares in terms of Clause 48 of this Scheme shall be done within 90 (ninety) days from the Effective Date.

#### **SECTION 4 - GENERAL TERMS AND CONDITIONS**

56. **Accounting treatment in the books of the First Amalgamated Company**

Upon the Effective Date, the First Amalgamated Company shall account for the amalgamation in its books of accounts as under:

- (i) All the assets and liabilities of the First Amalgamating Company transferred to the First Amalgamated Company shall become the assets and liabilities of the First Amalgamated Company and shall be recorded at their book values as appearing in the books of the First Amalgamating Company.
- (ii) All the reserves of the First Amalgamating Company shall be recorded in the books of the First Amalgamated Company in the same form in which they appeared in the books of the First Amalgamating Company.
- (iii) The First Amalgamated Company shall credit to its share capital account, the aggregate face value of the equity shares issued by it pursuant to this Scheme.
- (iv) The difference between the amount recorded as share capital issued by the First Amalgamated Company (plus any additional consideration in the form of cash or other assets) and the amount of share capital of the First Amalgamating Company shall be adjusted in reserves in the books of the First Amalgamated Company.
- (v) In case of any differences in accounting policies between the First Amalgamated Company and the First Amalgamating Company, the impact of the same until the Appointed Date shall be computed in accordance with Accounting Standard AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies, and adjusted in the reserves of the First Amalgamated Company.

#### **PART IV - AMALGAMATION OF THE SECOND AMALGAMATING COMPANY WITH THE SECOND AMALGAMATED COMPANY**

##### **SECTION 1 - TRANSFER AND VESTING OF THE SECOND AMALGAMATING UNDERTAKING**

57. **Transfer of Assets**

- 57.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances comprised in the Second Amalgamating Undertaking of whatsoever nature and wheresoever situate shall, under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Second Amalgamated Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Second Amalgamated Company.
- 57.2. In respect of such of the assets and properties of the Second Amalgamating Undertaking as are movable in nature or are otherwise capable of transfer by delivery of possession or by endorsement and delivery, the same may be so transferred by the Second Amalgamating Company upon the coming into effect of the Scheme, and shall become the assets and property of the Second Amalgamated Company with effect

from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without requiring any deed or instrument of conveyance for transfer of the same.

- 57.3. In respect of such of the assets and properties belonging to the Second Amalgamating Undertaking including sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any governmental authority, quasi government, local or other authority or body or with any company or other person, other than those referred to in Clause 57.2 above, the same shall, as more particularly provided in Clause 57.1 above, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party, be transferred to and vested in and/or be deemed to be transferred to and vested in the Second Amalgamated Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any.
- 57.4. All assets, rights, title, interest, investments and properties of the Second Amalgamating Company in relation to the Second Amalgamating Undertaking and any assets, right, title, interest, investments and properties acquired by the Second Amalgamating Company after the Appointed Date but prior to the Effective Date in relation to the Second Amalgamating Undertaking shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the Second Amalgamated Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any.
- 57.5. All the licenses, permits, entitlements, quotas, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits (including sales tax and service tax), subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Second Amalgamating Company and all rights and benefits that have accrued or which may accrue to either of the Second Amalgamating Company, whether on, before or after the Appointed Date, including income tax benefits and exemptions shall, under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in and/or be deemed to be transferred to and vested in and be available to the Second Amalgamated Company so as to become licenses, permits, entitlements, quotas, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Second Amalgamated Company and shall remain valid, effective and enforceable on the same terms and conditions.
58. **Transfer of contracts, deeds, etc.**
- 58.1. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature, to which the Second Amalgamating Company is a party or to the benefit of which the Second Amalgamating Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect against or in favour, as the case may be, of the Second Amalgamated Company and may be enforced as fully and effectually as if, instead of the Second Amalgamating Company, the Second Amalgamated Company had been a party or beneficiary or obligee thereto.
- 58.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Second Amalgamating Undertaking occurs by virtue of this Scheme itself, the Second Amalgamated Company may, 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, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Second Amalgamating Company is a party or any writings as may be necessary in order to give formal effect to the above provisions. The Second Amalgamated Company shall, under the provisions of Part IV of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Second Amalgamating Company and to carry out or perform all such formalities or compliances referred to above on the part of the Second Amalgamating Company to be carried out or performed.
- 58.3. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon

the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Second Amalgamating Company in relation to the Second Amalgamating Undertaking shall stand transferred to the Second Amalgamated Company as if the same were originally given by, issued to or executed in favour of the Second Amalgamated Company, and the Second Amalgamated Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Second Amalgamated Company. The Second Amalgamated Company shall make applications to any governmental authority as may be necessary in this behalf.

#### 59. **Transfer of Liabilities**

- 59.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, all debts, liabilities, loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities) whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations along with any charge, encumbrance, lien or security thereon of the Second Amalgamating Company ("**PSSL Liabilities**") shall, pursuant to the sanction of this Scheme by the High Courts and under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Second Amalgamated Company to the extent that they are outstanding as on the Effective Date and shall become the debts, liabilities, loans, obligations and duties of on the same terms and conditions as were applicable to the Second Amalgamating Company, and the Second Amalgamated Company shall meet, discharge and satisfy the same. Further, it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such PSSL Liabilities have arisen in order to give effect to the provisions of this Clause.
- 59.2. All debts, liabilities, duties and obligations of the Second Amalgamating Company shall, as on the Appointed Date, whether or not provided in the books of the Second Amalgamating Company, and all debts and loans raised and used, and duties, liabilities and obligations incurred or which arise or accrue to the Second Amalgamating Company on or after the Appointed Date until the Effective Date shall be deemed to be and shall become the debts, loans raised and used, duties, liabilities and obligations incurred by the Second Amalgamated Company by virtue of this Scheme.
- 59.3. Where any of the loans raised and used, debts, liabilities, duties and obligations of the Second Amalgamating Company as on the Appointed Date deemed to be transferred to the Second Amalgamated Company have been discharged by the Second Amalgamating Company prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Second Amalgamated Company.
- 59.4. All loans raised and utilised and all liabilities, duties and obligations incurred or undertaken by the Second Amalgamating Company on or after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Second Amalgamated Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of section 391 to section 394 of the Act, without any further act, instrument or deed be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Second Amalgamated Company and shall become the loans and liabilities, duties and obligations of the Second Amalgamated Company which shall meet, discharge and satisfy the same.
- 59.5. Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Second Amalgamating Company and the Second Amalgamated Company shall, ipso facto, stand discharged and come to an end and there shall be no liability in that behalf upon any party and the appropriate effect shall be given in the books of accounts and records of the Second Amalgamated Company.
- 59.6. Without prejudice to the foregoing provisions of this Clause, upon the coming into effect of this Scheme, all debentures, bonds, notes or other debt securities and other instruments of like nature (whether convertible into equity shares or not), if any, of the Second Amalgamating Company shall, under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act, instrument or deed, become the debt securities of the Second Amalgamated Company on the same terms and conditions and all rights, powers, duties and obligations in relation thereto shall be

and stand transferred to and vested in and be deemed to have been transferred to and vested in and shall be exercised by or against the Second Amalgamated Company to the same extent as if it were the issuer of the debt securities so transferred and vested. If the debt securities are listed on any stock exchange, the same shall, subject to applicable law and regulations, be listed and/or admitted to trading on the relevant stock exchanges in India where the debt securities were listed and/or admitted to trading, on the same terms and conditions, unless otherwise modified in accordance with applicable law.

- 59.7. All Encumbrances, if any, existing prior to the Effective Date over the assets of the Second Amalgamating Company which secures or relate to the PPSL Liabilities shall, after the Effective Date, without any further act, instrument or deed, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Second Amalgamated Company. Provided that if any of the assets of the Second Amalgamating Company have not been Encumbered in respect of the PPSL Liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. Further, such Encumbrances shall not relate or attach to any of the other assets of the Second Amalgamated Company. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.
- 59.8. The existing Encumbrances over the other assets and properties of the Second Amalgamated Company or any part thereof which relate to the liabilities and obligations of the Second Amalgamated Company prior to the Effective Date shall continue to relate to such assets and properties and shall not extend or attach to any of the assets and properties transferred to and vested in the Second Amalgamated Company by virtue of the Scheme.
- 59.9. Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the Second Amalgamating Company and the Second Amalgamated Company shall execute any instrument/s and/or document/s and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the respective Registrar of Companies to give formal effect to the above provisions, if required.
- 59.10. Upon the coming into effect of this Scheme, the Second Amalgamated Company alone shall be liable to perform all obligations in respect of the PPSL Liabilities, which have been transferred to it in terms of this Scheme.
- 59.11. It is expressly provided that, save as mentioned in this Clause 59, no other term or condition of the liabilities transferred to the Second Amalgamated Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- 59.12. Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause 59 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

#### **60. Legal, taxation and other proceedings**

Upon the coming into effect of this Scheme, all suits, actions and other proceedings including legal and taxation proceedings, whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), whether pending and/ or arising on or before the Effective Date shall be continued and/ or enforced by or against the Second Amalgamating Company, as effectually and in the same manner and to the same extent as if the same had been instituted and/or pending and/or arising by or against the Second Amalgamated Company.

#### **61. Employees**

- 61.1. Upon the coming into effect of this Scheme, all PPSL Employees as on the Effective Date shall become the permanent employees of the Second Amalgamated Company, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the Second Amalgamating Company and without any interruption of, or break in service as a result of the transfer of the Second Amalgamating Undertaking. The Second Amalgamated Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such

PPSL Employees and such benefits to which the PPSL Employees are entitled in the Second Amalgamating Company shall also be taken into account, and the Second Amalgamating Company agrees and undertakes to pay the same as and when payable.

- 61.2. It is clarified that save as expressly provided for in this Scheme, the PPSL Employees who become the employees of the Second Amalgamated Company by virtue of this Scheme, shall be entitled to the employment policies and shall be entitled to avail of any schemes and benefits existing as on the Effective Date that may be applicable and available to any of the other employees of the Second Amalgamated Company (including the benefits of or under any employee stock option schemes applicable to or covering all or any of the other employees of the Second Amalgamated Company), unless otherwise determined by the Second Amalgamated Company. The Second Amalgamated Company undertakes to continue to abide by any agreement/settlement, if any, entered into or deemed to have been entered into by the Second Amalgamating Company with any employee of the Second Amalgamating Company.
- 61.3. Insofar as the provident fund, gratuity fund, trusts, retirement fund or benefits and any other funds or benefits created by the Second Amalgamating Company for the PPSL Employees or to which the Second Amalgamating Company is contributing for the benefit of the PPSL Employees and other such funds, trusts, the benefits of which the PPSL Employees enjoy (the "PPSL Funds"), all the contributions made to such PPSL Funds for the benefit of the PPSL Employees and the investments made by the PPSL Funds in relation to the PPSL Employees shall be transferred to the Second Amalgamated Company and shall be held for the benefit of the concerned PPSL Employees. In the event the Second Amalgamated Company has its own funds in respect of any of the PPSL Funds, such contributions and investments shall, subject to the necessary approvals and permissions and at the discretion of the Second Amalgamated Company, be transferred to the relevant funds of the Second Amalgamated Company. In the event that the Second Amalgamated Company does not have its own funds in respect of any of the above or if deemed appropriate by the Second Amalgamated Company, the Second Amalgamating Company may, subject to necessary approvals and permissions, maintain the existing funds separately and contribute thereto until such time that the Second Amalgamated Company creates its own funds, at which time the PPSL Funds and the investments and contributions pertaining to the PPSL Employees shall be transferred to the funds created by the Second Amalgamated Company.
- 61.4. In relation to those PPSL Employees for whom the Second Amalgamating Company is making contributions to the government provident fund, the Second Amalgamated Company shall stand substituted for the Second Amalgamating Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such PPSL Employees.

## **SECTION 2 - CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE**

62. (i) The Second Amalgamating Company, with effect from the Appointed Date and up to and including the Effective Date:
- (ii) shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Second Amalgamating Undertaking and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the Second Amalgamating Undertaking for and on account of, and in trust for, the Second Amalgamated Company;
- (iii) all profits and income accruing to the Second Amalgamating Company from the Second Amalgamating Undertaking, and losses and expenditure or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income), relating to the Second Amalgamating Undertaking shall, for all purposes, be treated as the profits, income, losses or expenditure, as the case may be, of the Second Amalgamated Company; and
- (iv) any of the rights, powers, authorities, privileges, attached, related or pertaining to the Second Amalgamating Undertaking exercised by the Second Amalgamating Company shall be deemed to have been exercised by the Second Amalgamated Company for and on behalf of, and in trust for and as an agent of the Second Amalgamated Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Second Amalgamating Undertaking that have been undertaken or discharged by the Second Amalgamating Company shall be deemed to have been undertaken for and on behalf of and as an agent for the Second

Amalgamated Company.

63. The Second Amalgamating Company undertakes that it shall preserve and carry on the business of the Second Amalgamating Undertaking with reasonable diligence and business prudence and shall not, upto and including the Effective Date, undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber the Second Amalgamating Undertaking or any part thereof unless:
- (i) the prior written consent of the board of directors of the Second Amalgamated Company has been obtained in relation to any of the above;
  - (ii) the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court; or
  - (iii) the same is expressly permitted by this Scheme.
64. From the date of filing of this Scheme with the High Court and upto and including the Effective Date, the Second Amalgamating Company and Second Amalgamated Company shall not, except in respect of outstanding options that may be exercised in terms of the Second Amalgamated Company ESOS Schemes, exercise of the Second Amalgamated Company Warrants or as provided herein, make any change in their respective capital structure in any manner either by any increase (including by way of issue of equity and/or preference shares on a rights basis or by way of a public issue, bonus shares and/or convertible debentures or otherwise), decrease, reduction, reclassification, sub-division, consolidation, re-organization, or in any other manner which may, in any way, affect the Second Amalgamation Share Exchange Ratio (as defined hereunder), except with the prior approval of the board of directors of the Second Amalgamated Company or the Second Amalgamating Company respectively.
65. The transfer and vesting of the assets, liabilities and obligations of the Second Amalgamating Undertaking and the continuance of the proceedings by or against the Second Amalgamated Company under this Scheme shall not affect any transaction or proceedings already completed by the Second Amalgamating Company on or before the Appointed Date to the end and intent that, subject to the provisions of this Section 2, the Second Amalgamated Company accepts all acts, deeds and things done and executed by and/or on behalf of the Second Amalgamating Company as acts, deeds and things done and executed by and on behalf of the Second Amalgamated Company.

### SECTION 3 - REORGANISATION OF CAPITAL

66. The provisions of this Section 3 shall operate notwithstanding anything to the contrary in this Scheme.
67. In consideration of the transfer and vesting of the Second Amalgamating Undertaking in the Second Amalgamated Company in accordance with the provisions of this Scheme and as an integral part of this Scheme, the share capital of the Second Amalgamating Company shall be restructured and reorganised in the manner set out in Clause 68 to Clause 76 below.
68. Notwithstanding anything to the contrary contained in this Scheme, 202,500,000 (Two Hundred and Two Million Five Hundred Thousand) equity shares held by the Second Amalgamated Company in the Second Amalgamating Company shall stand vested by virtue of this Scheme with effect from the date of the order of the High Court sanctioning the Scheme, and without any further act, instrument or deed, to an individual trustee or a board of trustees (including the survivors or survivor of any of the trustees comprising such board of trustees) or a corporate trustee, as the case may be (the "**Second Amalgamated Company Trustee**") to have and to hold such shares in trust together with all additions or accretions thereto and all shares of the Second Amalgamated Company in trust exclusively for the benefit of the Second Amalgamated Company and its successor or successors subject to the powers, provisions, discretions, rights and agreements contained in the instrument (the "**Second Amalgamated Company Trust Deed**") establishing the aforesaid trust (the "**Second Amalgamated Company Trust**"). It is proposed that the Second Amalgamated Company Trustee may, subject however to the prevailing market conditions, sell, transfer or dispose of the shares held by it at such time or times and in such manner as may be proper in accordance with provisions of the Second Amalgamated Company Trust Deed and shall remit the proceeds thereof to the Second Amalgamated Company. The obligations of the Second Amalgamated Company Trustees shall stand discharged and the Second Amalgamated Company Trust shall stand terminated in accordance with the provisions of the Second Amalgamated Company Trust Deed.

69. Upon giving effect to Clause 68 and in consideration of the transfer and vesting of the Second Amalgamating Undertaking in the Second Amalgamated Company pursuant to Part IV of this Scheme, the Second Amalgamated Company shall without any further application, act or deed, issue and allot to the equity shareholders of the Second Amalgamating Company whose names are recorded in the register of members of the Second Amalgamating Company, on the Effective Date, in the ratio (the **"Second Amalgamation Share Exchange Ratio"**) of 1 (One) equity share in the Second Amalgamated Company of face value Rs. 10/- (Rupees Ten Only) credited as fully paid up for every 1 (One) equity share of face value Re. 1/- (Rupee One Only) each fully paid up held by such member in the Second Amalgamating Company on the Effective Date.
70. The shares issued to the members of the Second Amalgamating Company pursuant to Clause 69 above shall be issued in dematerialized form by the Second Amalgamated Company, unless otherwise notified in writing by the shareholders of the Second Amalgamating Company to the Second Amalgamated Company on or before such date as may be determined by the board of directors of the Second Amalgamated Company or a committee thereof. In the event that such notice has not been received by the Second Amalgamated Company in respect of any of the members of the Second Amalgamating Company, the shares shall be issued to such members in dematerialized form provided that the members of the Second Amalgamating Company shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required. It is only thereupon that the Second Amalgamated Company shall issue and directly credit the dematerialized securities to the account of such member with the shares of the Second Amalgamated Company. In the event that the Second Amalgamated Company has received notice from any member that shares are to be issued in certificate form or if any member has not provided the requisite details relating to the account with a depository participant or other confirmations as may be required, then the Second Amalgamated Company shall issue shares in certificate form to such member.
71. If any shareholder of the Second Amalgamating Company becomes entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the Second Amalgamated Company in accordance with Clause 69 of this Scheme, the board of directors of the Second Amalgamated Company shall consolidate all such fractional entitlements and shall, without any further application, act, instrument or deed, issue and allot such consolidated equity shares directly to the Second Amalgamated Company Trustee, who shall hold such equity shares with all additions or accretions thereto in trust for the benefit of the respective shareholders, to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such equity shares in the market at such price or prices and on such time or times, as the Second Amalgamated Company Trustee may in its sole discretion decide and on such sale pay to the Second Amalgamated Company, the net sale proceeds thereof and any additions and accretions, whereupon the Second Amalgamated Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Second Amalgamating Company in proportion to their respective fractional entitlements.
72. Equity shares to be issued by the Second Amalgamated Company pursuant to Clause 69 in respect of such of the equity shares of the Second Amalgamating Company which are held in abeyance under the provisions of section 206A of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be kept in abeyance by the Second Amalgamated Company.
73. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Second Amalgamating Company, the board of directors of the Second Amalgamated Company or any committee thereof shall be empowered in appropriate cases, prior to or even subsequent to the Effective Date, to effectuate such a transfer in the Second Amalgamated Company as if such changes in registered holder were operative as on the Effective Date, in order to remove any difficulties arising to the transferor of the share in the Second Amalgamating Company and in relation to the shares issued by the Second Amalgamating Company after the effectiveness of this Scheme. The board of directors of the Second Amalgamated Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in the Second Amalgamated Company on account of difficulties faced in the transaction period.
74. The equity shares to be issued and allotted by the Second Amalgamated Company in terms of Clause 69 above shall inter-se rank pari passu in all respects.



75. (i) Upon the Effective Date, as an integral part of this Scheme, the Second Amalgamated Company Warrants which are outstanding and have not been exercised by the holders thereof shall, without any further act or deed, stand converted into partly paid-up equity shares in the Second Amalgamated Company, treated as paid up to the extent of the payment which has been made by the holders thereof on the Second Amalgamated Company Warrants. The partly paid-up equity shares issued by the Second Amalgamated Company shall entitle the holders thereof to exercise all rights available under the Act and applicable laws to a holder of partly paid-up shares, including rights as to dividend and voting rights proportional to the amount paid-up on such shares from time to time. Upon being made fully-paid up, such shares shall rank pari passu with the equity shares of the Second Amalgamated Company in all respects.
- (ii) Within 2 (two) days of the Effective Date, the Second Amalgamated Company shall issue and allot, to each holder of the Second Amalgamated Company Warrant which is outstanding and which has not been exercised by the holders thereof as on the Effective Date, partly paid-up equity shares in the Second Amalgamated Company in the ratio of 1 (one) partly paid-up equity share in the Second Amalgamated Company for every 1 (one) Second Amalgamated Company Warrant which is outstanding and which has not been exercised by the holders thereof as on that date (the partly paid-up equity shares issued pursuant to this sub-clause, the **"Second Amalgamated Company Partly Paid-up Shares"**). Upon issuance of the Second Amalgamated Company Partly Paid-up Shares, the Second Amalgamated Company Warrants shall stand converted and shall not be exercisable.
- (iii) The Second Amalgamated Company shall make capital calls on the holders of the Second Amalgamated Company Partly Paid-up Shares in accordance with applicable law and as specified in Schedule III. The Second Amalgamated Company Partly Paid-up Shares shall become presently payable on the dates of such calls being made pursuant to Schedule III.
- (iv) The Second Amalgamated Company Partly Paid-up Shares may be made fully paid up pursuant to, and as an integral part of, this Scheme by the payment of calls thereon by the holders of the Second Amalgamated Company Partly Paid-up Shares on or prior to the dates specified for such calls specified in Schedule III. For the avoidance of doubt, it is clarified that the amount payable on the Second Amalgamated Company Partly Paid-up Shares shall be such amount as is required to be paid (excluding amounts already paid) for conversion of the Second Amalgamated Company Warrants into equity shares of the Second Amalgamated Company as on the date of issuance of the Second Amalgamated Company Partly Paid-up Shares (**"Second Amalgamated Company Outstanding Amount"**).
76. (i) Equity shares of the Second Amalgamated Company issued in terms of Clause 69 above shall, subject to receipt of necessary approvals, be listed and/or admitted to trading on the Stock Exchanges. The shares allotted pursuant to Part IV of this Scheme shall remain frozen in the depositories system until listing/trading permission is given by the designated stock exchange.
- (ii) Until the listing of the equity shares of the Second Amalgamated Company with the Stock Exchanges, except as provided in this Scheme, including this Part IV, there shall be no change in the shareholding pattern or control or pre-arrangement capital structure of the Second Amalgamated Company.
77. Unless otherwise determined by the board of directors or any committee thereof of the Second Amalgamated Company and the board of directors or any committee thereof of the Second Amalgamating Company, issuance of shares in terms of Clause 69 and Clause 75 of this Scheme shall be done within 90 (ninety) days from the Effective Date.

#### **SECTION 4 - GENERAL TERMS AND CONDITIONS**

##### **78. Accounting treatment in the books of the Second Amalgamated Company**

Upon the Effective Date, the Second Amalgamated Company shall account for the amalgamation in its books of accounts as under:

- (i) All the assets and liabilities of the Second Amalgamating Company transferred to the Second Amalgamated Company shall become the assets and liabilities of the Second Amalgamated

Company and shall be recorded at their book values as appearing in the books of the Second Amalgamating Company.

- (ii) All the reserves of the Second Amalgamating Company shall be recorded in the books of the Second Amalgamated Company in the same form in which they appeared in the books of the Second Amalgamating Company.
- (iii) The Second Amalgamated Company shall credit to its share capital account, the aggregate face value of the equity shares issued by it pursuant to this Scheme.
- (iv) The difference between the amount recorded as share capital issued by the Second Amalgamated Company (plus any additional consideration in the form of cash or other assets) and the amount of share capital of the Second Amalgamating Company shall be adjusted in reserves in the books of the Second Amalgamated Company.
- (v) In case of any differences in accounting policies between the Second Amalgamated Company and the Second Amalgamating Company, the impact of the same until the Appointed Date shall be computed in accordance with Accounting Standard AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies, and adjusted in the reserves of the Second Amalgamated Company.

#### **PART V - GENERAL TERMS AND CONDITIONS**

The provisions of this Part shall be applicable to Part II, Part III and Part IV of this Scheme.

- 79. The Companies shall make necessary applications before the High Court for the sanction of this Scheme under sections 391 and 394 of the Act.
- 80. The Companies (by their respective board of directors), either by themselves or through a committee appointed by them in this behalf, may jointly and as mutually agreed in writing:
  - (i) in their full and absolute discretion, assent to any alteration(s) or modification(s) to this Scheme which a High Court may deem fit to approve or impose, and/or effect any other modification or amendment jointly and mutually agreed in writing, including, without limitation, any modifications to the accounting treatment set out in the Scheme due to the International Financial Reporting Standards being made applicable to the Companies or to the matters set forth in this Scheme, and to do all acts, deeds and things as may be necessary, desirable or expedient for the purposes of this Scheme;
  - (ii) to give such directions (acting jointly) as may be mutually agreed in writing as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders, depositors or debenture holders of the respective companies), or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those (to the extent permissible under law);
  - (iii) in their full and absolute discretion and by mutual agreement in writing, modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time;
  - (iv) to determine jointly by mutual agreement in writing whether any asset, liability, employee, legal or other proceedings pertains to the Demerged Undertaking, First Amalgamating Company, Second Amalgamating Company or not, on the basis of any evidence that they may deem relevant for this purpose.
- 81. Upon the coming into effect of the Scheme, the First Amalgamating Company and the Second Amalgamating Company shall stand dissolved without winding-up.
- 82. **Severability**

If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the mutual agreement of the Companies in writing, affect the validity or implementation of the other parts and/or provisions of this Scheme.

83. **Resolutions**

Upon the coming into effect of the Scheme, the resolutions, if any, of the First Amalgamating Company and the Second Amalgamating Company, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the First Amalgamated Company and the Second Amalgamated Company, respectively, and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by the First Amalgamated Company and the Second Amalgamated Company, respectively, and shall constitute the aggregate of the said limits in the First Amalgamated Company and the Second Amalgamated Company, respectively.

84. **Dividends**

- (i) The Companies shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date. Provided that the shareholders of the First Amalgamating Company and the Second Amalgamating Company shall not be entitled to dividend, if any, declared and paid by the First Amalgamated Company and the Second Amalgamated Company, to their respective shareholders for the accounting period prior to the Appointed Date.
- (ii) It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any shareholder of a Company to demand or claim any dividends from such Company which, subject to the provisions of the Act, shall be entirely at the discretion of the respective boards of directors of such Company, and subject to the approval, if required, of the shareholders of such Company.

85. **The coming into effect of this Scheme is conditional upon and subject to:**

- (i) this Scheme being approved by the respective requisite majorities of the various classes of members and creditors (where applicable) of the Companies as required under the Act and the requisite orders of the High Courts being obtained;
- (ii) the certified copies of the orders of the High Courts approving this Scheme being filed with the Registrar of Companies, Delhi and Haryana;
- (iii) such approvals and sanctions and approvals including sanction of any governmental authority, creditor, lessor or contracting party as may be required by law or contract in respect of the Scheme being obtained.

86. In the event of this Scheme does not come into effect by September 30, 2012 or by such later date as may be agreed by the respective Boards of Directors of the Companies, this Scheme shall stand revoked, cancelled and be of no effect and become null and void and in that event 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. In such case each party shall bear its own costs, charges and expenses or shall bear costs, charges and expenses as may be mutually agreed.

87. Each party shall bear its own costs, charges, levies and expenses in relation to or in connection with or incidental to this Scheme until the date of sanction of this Scheme by the High Court.

**Schedule I***Calls on Demerged Company Partly Paid-up Shares*

<b>S. No.</b>	<b>Percentage of call</b>	<b>Time period for payment</b>
1.	1% of the Demerged Company Outstanding Amount	On the date of allotment
2.	99% of the Demerged Company Outstanding Amount	On or before February 25, 2012.

**Schedule II***Calls on Resulting Company Partly Paid-up Shares*

<b>S. No.</b>	<b>Percentage of call</b>	<b>Time period for payment</b>
1.	1% of the Resulting Company Outstanding Amount	On the date of allotment
2.	99% of the Resulting Company Outstanding Amount	On or before February 25, 2012.

**Schedule III***Calls on Second Amalgamated Company Partly Paid-up Shares*

<b>S. No.</b>	<b>Percentage of call</b>	<b>Time period for payment</b>
1.	1% of the Second Amalgamated Company Outstanding Amount	On the date of allotment
2.	99% of the Second Amalgamated Company Outstanding Amount	On or before May 29, 2012.

**Indiabulls**

REAL ESTATE

**Indiabulls Real Estate Limited**

Registered Office: F - 60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi - 110001

**IN THE HIGH COURT OF DELHI AT NEW DELHI  
COMPANY JURISDICTION  
COMPANY APPLICATION (M) NO. 84 OF 2011**

**IN THE MATTER OF:**

The Companies Act, 1956;

**AND**

**IN THE MATTER OF:**

Application Under Sections 391-394 of The Companies Act, 1956;

**AND**

**IN THE MATTER OF:**

Scheme of Arrangement among Indiabulls Real Estate Limited, Indiabulls Infrastructure and Power Limited, Indiabulls Builders Limited, Indiabulls Power Limited., Poena Power Supply Limited and their respective shareholders and creditors

**AND**

**IN THE MATTER OF:**

Indiabulls Real Estate Limited, an existing company incorporated under the provisions of the Companies Act, 1956 and having its registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001.

**APPLICANT COMPANY NO.1**

**FORM OF PROXY**

I/We, the undersigned, as secured creditor(s) of the Company/authorized representative of \_\_\_\_\_, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ and failing him/her \_\_\_\_\_, of \_\_\_\_\_ as my/our proxy, to act for me/us at the meeting of the secured creditors of the Company to be held at the Centaur Hotel, Indira Gandhi International Airport, Delhi-Gurgaon Road, New Delhi-110037 on Friday the 1st July, 2011 at 10:00 A.M., for the purpose of considering and, if thought fit, approving with or without modification(s) the proposed Scheme of Arrangement among Indiabulls Real Estate Limited, Indiabulls Infrastructure and Power Limited, Indiabulls Builders Limited, Indiabulls Power Limited., and Poena Power Supply Limited and their respective shareholders and creditors ("the Scheme") and at such meeting and any adjournment thereof, to vote, for me / us and in my / our name(s) **For / Against** the said Scheme as my/ our proxy may approve.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Signature:

Name:

Address:

**Notes:**

- (1) Please affix Re. 1/- revenue stamp before putting signature.
- (2) The proxy must be deposited at the Registered Office of Indiabulls Real Estate Limited at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001 at least 48 hours before the time of holding the meeting.
- (3) Strike out which is not necessary.
- (4) All alterations made in the Form of Proxy should be initialed.
- (5) Bodies Corporate & Financial Institutions / Banks are requested to deposit certified copies of Board / Custodial resolutions/Power of Attorney, as the case may be, authorizing the Individuals named therein, to attend & vote at the meeting on its behalf. These documents be deposited at the Registered Office of Indiabulls Real Estate Limited at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001 at least 48 hours before the time of holding the meeting.
- (6) An individual, named in the relevant resolution, shall have the right to appoint a Proxy, to attend & vote instead of himself/herself, and such a Proxy shall be governed by the conditions as specified above.



## Indiabulls Real Estate Limited

Registered Office: F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001

### ATTENDANCE SLIP

(To be handed over at the entrance of the meeting venue)

### MEETING OF THE SECURED CREDITORS

The Secured Creditors/Authorised representatives of the secured creditors or their proxies are requested to present this duly signed slip for admission.

Name (of the  
secured creditor)

Name of the Authorised  
representative/proxy

Address

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I hereby record my presence at the court convened meeting of the Secured Creditors of **INDIABULLS REAL ESTATE LIMITED** having its Registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001, convened pursuant to the order dated 2nd May, 2011 of the High Court of Delhi at the Centaur Hotel, IGI Airport, Delhi-Gurgaon Road, New Delhi-110037, on Friday, the 1st day of July, 2011 at 10:00 A.M.

Please (✓) in the Box

☐ SECURED  
CREDITOR/AUTHORISED  
REPRESENTATIVE

☐ PROXY

\_\_\_\_\_  
Secured Creditor/Authorised  
representatives's Signature

\_\_\_\_\_  
Proxy's Signature

#### Notes:

1. Secured Creditors/ Authorised representatives of the secured creditors/ Proxies are requested to bring their slip with them. Duplicate slips will not be issued at the entrance of venue of the meeting.
2. Secured Creditors/ Authorised representatives of the secured creditors attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting place.

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INTENTIONALLY

## BOOK POST

If undelivered, please return to:

**Indiabulls Real Estate Limited**

Registered Office: F-60, Malhotra Building,  
2nd Floor, Connaught Place,  
New Delhi - 110001



**Indiabulls**

R E A L E S T A T E

**INDIABULLS REAL ESTATE LIMITED**

Registered Office : F-60, Malhotra Building, 2nd Floor,  
Connaught Place, New Delhi – 110 001

**COURT CONVENED MEETING OF THE UNSECURED CREDITORS**

**Day** : **Friday**  
**Date** : **1st day of July, 2011**  
**Time** : **12:00 Noon**  
**Venue** : **Centaur Hotel, Indira Gandhi International Airport,  
Delhi-Gurgaon Road, New Delhi – 110037**

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**IN THE HIGH COURT OF DELHI AT NEW DELHI  
COMPANY JURISDICTION  
COMPANY APPLICATION (M) NO. 84 OF 2011**

**IN THE MATTER OF:**

The Companies Act, 1956;

**AND**

**IN THE MATTER OF:**

Application Under Sections 391-394 of the Companies Act, 1956;

**AND**

**IN THE MATTER OF:**

Scheme of Arrangement among **Indiabulls Real Estate Limited, Indiabulls Infrastructure and Power Limited, Indiabulls Builders Limited, Indiabulls Power Limited., Poena Power Supply Limited** and their respective shareholders and creditors

**AND**

**IN THE MATTER OF:**

Indiabulls Real Estate Limited, an existing company incorporated under the provisions of the Companies Act, 1956 and having its registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001.	<b>APPLICANT COMPANY NO.1</b>
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**NOTICE CONVENING MEETING OF THE UNSECURED CREDITORS OF  
INDIABULLS REAL ESTATE LIMITED, THE COMPANY**

To

The Unsecured Creditors of Indiabulls Real Estate Limited, the Company.

Take notice that by an order made on the 2nd day of May, 2011, the Hon'ble High Court of Delhi at New Delhi, has directed that the meeting of the Unsecured Creditors of the Company, be held at the Centaur Hotel, Indira Gandhi International Airport, Delhi-Gurgaon Road, New Delhi-110037 on Friday the 1st day of July, 2011 at 12:00 Noon, for the purpose of considering, and if thought fit, approving with or without modification(s), the proposed Scheme of Arrangement among Indiabulls Real Estate Limited, Indiabulls Infrastructure and Power Limited, Indiabulls Builders Limited, Indiabulls Power Limited, and Poena Power Supply Limited and their respective shareholders and creditors ("the Scheme").

In pursuance of the said order and directions contained therein, further notice is hereby given, a meeting of unsecured creditors of the Company will be held at the Centaur Hotel, Indira Gandhi International Airport, Delhi-Gurgaon Road, New Delhi-110037 on Friday the 1st day of July, 2011 at 12:00 noon, which you are requested to attend.

Persons entitled to attend and vote at the said meeting may attend and vote in person or by proxy, provided that a proxy in the prescribed form is deposited at the Registered Office of the Company at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001, not later than 48 hours before the time fixed for the meeting.

The Hon'ble High Court of Delhi at New Delhi has appointed Shri Prashanto Chandra Sen, Advocate, and failing him, Shri Vikas Sharma, Advocate, to be the Chairperson of the said meeting.

A copy of the Scheme, the statement under Section 393 of the Companies Act, 1956 and a form of Proxy are enclosed.

Dated this 21st day of May, 2011

Sd/-  
Prashanto Chandra Sen  
Advocate  
(Chairperson appointed for the meeting)

**IN THE HIGH COURT OF DELHI AT NEW DELHI  
COMPANY JURISDICTION  
COMPANY APPLICATION (M) NO. 84 OF 2011**

**IN THE MATTER OF:**

The Companies Act, 1956;

**AND**

**IN THE MATTER OF:**

Application Under Sections 391-394 of the Companies Act, 1956;

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Scheme of Arrangement among **Indiabulls Real Estate Limited, Indiabulls Infrastructure and Power Limited, Indiabulls Builders Limited, Indiabulls Power Limited., Poena Power Supply Limited** and their respective shareholders and creditors

**AND**

**IN THE MATTER OF:**

<b>Indiabulls Real Estate Limited</b> , an existing company incorporated under the provisions of the Companies Act, 1956 and having its registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001.	<b>APPLICANT COMPANY NO.1/ THE COMPANY/DEMERGED COMPANY/FIRST AMALGAMATED COMPANY</b>
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**EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956**

The accompanying Notice has been sent convening a meeting of the Unsecured Creditors of the Company for the purpose of considering and, if thought fit, approving with or without modification(s), the proposed Scheme of Arrangement among the Company, Indiabulls Infrastructure and Power Limited, a company incorporated under the provisions of the Companies Act, 1956 (the "**Act**") and having its registered office at 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi-110001 ("**Resulting Company**"), Indiabulls Builders Limited, a company incorporated under the provisions of the Act and having its registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001 ("**First Amalgamating Company**"), Indiabulls Power Limited., a company incorporated under the provisions of the Act and having its registered office at 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi-110001 ("**Second Amalgamated Company**"), Poena Power Supply Limited, a company incorporated under the provisions of the Act and having its registered office at 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi-110001 ("**Second Amalgamating Company**") and their respective shareholders and creditors (the "**Scheme**").

1. Pursuant to the Order dated May 2, 2011 passed by the Hon'ble High Court of Delhi, New Delhi, in the Company Application referred to above, meeting of the Unsecured Creditors of the Company is being convened and held on Friday, the July 1, 2011 at the Centaur Hotel, IGI Airport, Delhi-Gurgaon Road, New Delhi-110037 at 12.00 Noon, for the purpose of considering and, if thought fit, approving with or without modifications, the Scheme, as approved by the Board of Directors of each of the Company, the Resulting Company, the First Amalgamating Company, the Second Amalgamated Company and the Second Amalgamating Company, at their respective meetings held on January 17, 2011. A copy of the Scheme is attached to the notice of the meeting.
2. The meetings of the equity shareholders and secured creditors of the Company and the equity shareholders, secured and unsecured creditors of Second Amalgamated Company are separately being convened. The Hon'ble High Court of Delhi at New Delhi, has vide its aforesaid order dated May 2, 2011, dispensed with the requirement of convening the meetings of the equity shareholders, secured and unsecured creditors of the Resulting Company, First Amalgamating Company and Second Amalgamating Company, to consider the Scheme.
3. Indiabulls Real Estate Limited, the Company was incorporated on April 4, 2006 in New Delhi under the provisions of the Act and has its registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi - 110001.

4. The objects for which the Company has been established are set out in its Memorandum of Association. The main objects of the Company are as follows:

- i. To purchase, sell, develop, construct, take in exchange or on lease, hire or otherwise acquire and deal in all real or personal estate/properties and to enter into joint venture, foreign collaboration in real estate as per permissible government guidelines.
- ii. To construct, acquire, hold/sell properties, buildings, farms, lands tenements and such other moveable and immovable properties and to rent, let on hire and manage them and to act as real estate agent and immovable property dealers.
- iii. To carry on the business of Builders, General and Government Contractor and Engineers (mechanical, electrical, canal, civil, irrigation) and in all its branches.
- iv. To acquire by purchase, lease, exchange or otherwise land, buildings, structures of any description in India or abroad and any estate or interest therein and any rights over or connected with land, building and structures and turn the same to accounts as may seem expedient and in particular by preparing building sites and by constructing, developing, reconstructing, altering, improving, decorating, furnishing and maintaining, townships, markets, offices, flats, apartments, houses, shops, factories, ware-house, or other buildings residential and commercial of all kinds and/or conveniences thereon, to equip the same or part thereof with all or any amenities or conveniences, drainage facility, electric, telephonic, installations and to deal with the same in any manner whatsoever, and by advancing money to and entering into contracts and arrangements of all kinds with builders, tenants and others, to manage land, building and other properties situated as aforesaid, whether belonging to company or not to collect rents and income and supply tenants and occupiers.
- v. To layout, develop, construct, build, erect, demolish, re-erect, alter, repair, remodel, improve, grades, cures, pave, macadamize, cement, maintain or do any other work in connection with any building or building scheme, structures, houses, apartments, places of worship, paths, streets, sideways, courts, alleys, pavements, roads, highway, docks, sewers, bridges, canal, wells, springs, dams, power plants bours, wharves, ports, reservoirs, embarkments, tramway, railways, irrigations, reclamations, improvements, sanitary, water, gas or any other structural or architectural work of any kind whatsoever and for such purpose, to prepare estimates, deigns, plans, specification or models.
- vi. To provide personnel recruitment services and provide personnel and personal services as supervisors of works and consultants in industries of every kind or description including real estate, development and infrastructure projects.
- vii. To form, settle, acquire, set up, incorporate, establish, promote, subsidise, organise and assist or aid in forming, promoting, subsidising, organising or aiding, companies, trusts, funds, entities or partnerships of all kinds for any purpose including for the purpose of accepting and undertaking any properties, businesses, assets, liabilities of this Company, or with objects similar in whole or part with that of Company and invest therein.
- viii. To carry on the profession of consultants on management, employment, engineering, industrial and technical matters, including in relation to architecture, design management and interior design to industry and business of every kind and description including acting as consultants to companies engaged in real estate development and infrastructure projects.
- ix. To act as consultants and to advise and assist on all aspects of corporate, commercial and industrial management or activity including production, manufacturing, personnel, financial, marketing, taxation, audit, technology, insurance, purchasing, sales, quality, control, productivity, planning, research and development, site and project management, construction supervision, schedule, safety and quality control, organization, import and export business, industrial relations and management and to make evaluations feasibility studies, project reports forecasts and surveys and to give export advice and advice on acquisition and commercial exploitation of real estate and suggest ways and means for improving efficiency in real estate development, infrastructure projects, mines trades, plantations, business organizations registered or cooperate

societies, partnership or proprietary concerns and industries of all kinds in India and elsewhere in the world and improvement of business management, office organization and export management, to supply to and provide, maintain and operate services, facilities, conveniences, bureau and the like for the benefit of the company including assistance in acquiring governmental, regulatory and any other required approvals, to recruit and/or advice on the recruitment of staff for any company, to publish and sell books, bulletins periodicals and any other form of printed matters, to acquire, sell and deal in patents designs and any other rights to industrial property, and generally to conduct market research, product planning, classes, seminars and conferences in connection with any of the foregoing."

5. The share capital structure of the Company as on April 29, 2011 was as under:

<b>Authorized Share Capital</b>	<b>Rupees</b>
Comprising of 500,000,000 equity shares of face value Rs. 2/- (Rupees Two Only) each aggregating to Rs. 1,000,000,000/- (Rupees One Billion Only) and 30,000,000 preference shares of face value Rs. 138/- (Rupees One Hundred and Thirty Eight Only) each aggregating to Rs. 4,140,000,000 (Rupees Four Billion One Hundred and Forty Million Only).	5,140,000,000/-
<b>Total</b>	<b>5,140,000,000/-</b>
<b>Issued, Subscribed and Paid-up share capital*</b>	<b>Rupees</b>
402,280,739** equity shares of Rs. 2/- (Rupees Two Only) each	804,561,478/-**
<b>Total</b>	<b>804,561,478/-**</b>

- \* includes 11,048,711 equity shares represented by IBREL GDRs (as defined in the Scheme)
- \* the Company has issued 28,700,000 (Twenty Eight Million Seven Hundred Thousand) warrants ("**Demerged Company Warrants**"), convertible into an equivalent number of equity shares of the Company of face value Rs. 2 (Rupees Two Only) each. The conversion of such warrants would result in an increase in the issued, subscribed and paid-up equity share capital of the Company.
- \* the exercise of employee stock options issued pursuant to the Indiabulls Real Estate Limited Employees Stock Option Scheme 2006 and Indiabulls Real Estate Limited Employees Stock Option Scheme - 2008 (II) ("**ESOS Schemes**") would result in an increase in the issued, subscribed and paid-up equity share capital of the Company.
- \*\* includes 38,500 equity shares of face value Rs. 2/- (Rupees Two Only) each issued and allotted on April 8, 2011 consequent to the exercise of employee stock options issued pursuant to the ESOS Schemes.

The equity shares of the Company are listed on the Bombay Stock Exchange Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**"). The global depository receipts representing underlying equity shares of the Company are listed on the Luxembourg Stock Exchange.

6. Indiabulls Infrastructure and Power Limited, the Resulting Company, was incorporated under the Act on November 9, 2010 with its registered office at E-29, 1st Floor, Connaught Place, New Delhi-110001. Subsequently with effect from March 15, 2011, the registered office of the Resulting Company was shifted to 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi-110001.
7. The objects for which the Resulting Company has been established are set out in its Memorandum of Association. The main objects of the Resulting Company are as follows:-
- i. To promote, undertake, carry on either on its own or through any other entity or to enter into agreements, contracts, partnership, alliance or any other arrangement for technical, financial and operational assistance or sharing of profits / losses with any Person / Body / Bodies Corporate

incorporated in India or abroad either under a Strategic Alliance or Joint Venture or any other arrangement, in India or any part of the world, the business of generating, developing, transmitting, distributing, trading and supplying all forms of electrical power/energy from any source whatsoever and to construct, lay down, establish, fix and carry out necessary power stations, cables, wires, lines, accumulators, lamps and works and to carry on the business of electrical and mechanical engineers, traders, suppliers of electricity for the purposes of light, heat, motive power or otherwise, and manufacturers of and dealers in apparatus and things required for or capable of being used in connection with the generation, distribution, trading, supply, accumulation and employment of electricity, galvanism, magnetism or otherwise and business of establishing, commissioning, setting up, operating and maintaining electric power generating stations based on conventional/non-conventional resources, tie-lines, sub-stations and transmission lines on Build, Own and Operate (BOO) and/or Build, Own and Transfer (BOT), and/or Build, Own, Lease and Transfer (BOLT) and/or Build, Own, Operate and Transfer (BOOT) basis and/or otherwise, and to carry on the business of acquiring, operating, managing and maintaining existing power generation stations, tie-lines, sub-stations and transmission lines, either owned by the private sector or public sector or the Government or Governments or other public authorities and for any or all of the aforesaid purposes, to do all the necessary or ancillary activities as may be considered necessary or beneficial or desirable and in any manner deal with or dispose of undertaking, property, assets, rights and all other effects which in the opinion of the Company is conducive to the attainment of any or all of its business objectives or to acquire and dispose of shares, securities and interest in such Businesses.

- ii. To carry on the business of design, engineering, construction and development of power projects including hydro-electric projects, renewable energy, nuclear, gas and coal and fuel oil based projects, power transmission and distribution, real or personal estate/properties, airports, oil and gas, highways, pipelines, telecom, IT Parks, industrial infrastructure, warehouses, transportation systems, water resources, tunnels, dams, seaports, Special Economic Zones (SEZ) and other infrastructure projects.
- iii. To act as consultants and to advise and assist on all aspects of corporate, commercial and industrial management or activity including production, manufacturing, personnel, financial, marketing, taxation, audit, technology, insurance, purchasing, sales, quality, control, productivity, planning, research and development, project management, supervision, schedule, safety and quality control, organization, import and export business, industrial relations and management and to make evaluations feasibility studies, project reports forecasts and surveys and to give advice on acquisition and commercial exploitation of power and suggest ways and means for improving efficiency in power projects, business organizations of registered or co-operate societies, partnership or proprietary concerns and industries of all kinds in India and elsewhere in the world and improvement of business management, office organization and export management, to supply to and provide, maintain and operate services, facilities, conveniences, bureau and the like for the benefit of the company including assistance in acquiring governmental, regulatory and any other required approvals, to recruit and/or advice on the recruitment of staff for any company, to publish and sell books, bulletins periodicals and any other form of printed matters, to acquire, sell and deal in patents designs and any other rights to industrial property, and generally to conduct market research, product planning, classes, seminars and conferences in connection with any of the foregoing.
- iv. To carry on the profession of consultants on management, employment, engineering, industrial and technical matters, including in relation to architecture, design management and interior design to industry and business of every kind and description including acting as consultants to companies engaged in real estate development and infrastructure projects.
- v. To form, settle, acquire, set up, incorporate, establish, promote, subsidize, organize and assist or aid in forming, promoting, subsidizing, organizing or aiding, companies, trusts, funds, entities or partnerships of all kinds for any purpose including for the purpose of accepting and undertaking any properties, businesses, assets, liabilities of this Company, or with objects similar in whole or part with that of Company and invest therein."

8. The share capital structure of the Resulting Company as on April 29, 2011 was as under:-

<b>Authorized Share Capital</b>	<b>Rupees</b>
500,000 equity shares of face value Rs. 10/- (Rupees Ten Only) each	5,000,000/-
<b>Total</b>	<b>5,000,000/-</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	<b>Rupees</b>
50,000 equity shares of face value Rs. 10/- (Rupees Ten Only) each	500,000/-
<b>Total</b>	<b>500,000/-</b>

The Resulting Company is a wholly owned subsidiary of the Company and the equity shares of the Resulting Company are, at present, not listed on any stock exchange.

9. Indiabulls Builders Limited, the First Amalgamating Company, was incorporated under the Act on May 17, 2006. The First Amalgamating Company has its registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001.
10. The objects for which the First Amalgamating Company has been established are set out in its Memorandum of Association. The main objects of the First Amalgamating Company are as follows:-
- To carry on the business of development of Infrastructure and to undertake infrastructure projects and to purchase, sell, develop, construct, hire or otherwise acquire and deal in all real or personal estate/properties.
  - To construct, acquire, hold/sell properties, buildings, tenements and such other moveable and immovable properties and to rent, let on hire and manage them and to act as real estate agent and immovable property dealers.
  - To carry on the business of Builders, General and Government Contractor and Engineers (mechanical, electrical, canal, civil, irrigation) and in all its branches.
  - To acquire by purchase, lease, exchange or otherwise land including agricultural lands, buildings, structures of any description in India or abroad and any estate or interest therein and any rights over or connected with land, building and structures and turn the same to accounts as may seem expedient and in particular by preparing building sites and by constructing, developing, reconstructing, altering, improving, decorating, furnishing and maintaining, townships, markets, offices, flats, apartments, houses, shops, factories, ware-house, or other buildings residential and commercial of all kinds and/or conveniences thereon, to equip the same or part thereof.
  - To layout, develop, construct, build, erect, demolish, re-erect, alter, repair, re-model, improve, grades, curves, pave, macadamize, cement, maintain or do any other work in connection with any building or building scheme, structures, houses, apartments, places of worship, paths, streets, sideways, courts, alleys, pavements, roads, highway, docks, sewers, bridges, canal, wells, springs, dams, power plants, boors, wharves, ports, reservoirs, embankments, tramway, railways, irrigations, reclamations, improvements, sanitary, water, gas or any other structural or architectural work of any kind whatsoever and for such purpose, to prepare estimates, designs, plans, specification or models.
  - To enter into joint venture, foreign collaboration in real estate as per permissible government guidelines."

11. The share capital structure of the First Amalgamating Company as on April 29, 2011 was as under :-

<b>Authorized Share Capital</b>	<b>Rupees</b>
42,500,000 equity shares of face value Rs. 2/- (Rupees Two Only) each	85,000,000/-
<b>Total</b>	<b>85,000,000/-</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	<b>Rupees</b>
42,500,000 equity shares of face value Rs. 2/- (Rupees Two Only) each	85,000,000/-
<b>Total</b>	<b>85,000,000/-</b>

The First Amalgamating Company is a wholly owned subsidiary of the Company and the equity shares of the First Amalgamating Company are, at present, not listed on any stock exchanges.

12. Indiabulls Power Limited., the Second Amalgamated Company, was incorporated under the Act on October 8, 2007 with its registered office at E-29, 1st Floor, Connaught Place, New Delhi-110001. Subsequently with effect from March 15, 2011, the registered office of the Second Amalgamated Company was shifted to 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi-110001.
13. The objects for which the Second Amalgamated Company has been established are set out in its Memorandum of Association. The main objects of the Second Amalgamated Company are as follows:-
- To promote, undertake, carry on either on its own or through any other entity or to enter into agreements, contracts, partnership, alliance or any other arrangement for technical, financial and operational assistance or sharing of profits / losses with any Person / Body / Bodies Corporate incorporated in India or abroad either under a Strategic Alliance or Joint Venture or any other arrangement, in India or any part of the world, the business of generating, developing, transmitting, distributing, trading and supplying all forms of electrical power/energy from any source whatsoever and to construct, lay down, establish, fix and carry out necessary power stations, cables, wires, lines, accumulators, lamps and works and to carry on the business of electrical and mechanical engineers, traders, suppliers of electricity for the purposes of light, heat, motive power or otherwise, and manufacturers of and dealers in apparatus and things required for or capable of being used in connection with the generation, distribution, trading, supply, accumulation and employment of electricity, galvanism, magnetism or otherwise and business of establishing, commissioning, setting up, operating and maintaining electric power generating stations based on conventional/non-conventional resources, tie-lines, sub-stations and transmission lines on Build, Own and Operate (BOO) and/or Build, Own and Transfer (BOT), and/or Build, Own, Lease and Transfer (BOLT) and/or Build, Own, Operate and Transfer (BOOT) basis and/or otherwise, and to carry on the business of acquiring, operating, managing and maintaining existing power generation stations, tie-lines, sub-stations and transmission lines, either owned by the private sector or public sector or the Government or Governments or other public authorities and for any or all of the aforesaid purposes, to do all the necessary or ancillary activities as may be considered necessary or beneficial or desirable and in any manner deal with or dispose of undertaking, property, assets, rights and all other effects which in the opinion of the Company is conducive to the attainment of any or all of its business objectives or to acquire and dispose of shares, securities and interest in such Businesses.
  - To carry on in India or elsewhere in the world, either alone or jointly with one or more persons, government, local or other bodies, the business to search, prospect, explore, win, mine including captive mining, quarry, dispose of, purchase, trade, take on lease or otherwise acquire freehold and other lands, properties, mines and mineral properties exploration rights, concessions, leases, claims, licences of or other interest in mines, mining and offshore rights, mineral properties and water rights to prospect, explore, develop and work claims or mines, drill and sink shafts or wells and raise, pump, dig and quarry for all sorts of major and minor minerals working deposits thereof and sub soil minerals and to crush, win, set, quarry, smelt, calcine, refine, dress,



preserve, amalgamate, process, harden, temper, polish, wash, manufacture, manipulate and prepare for market, sale, resale, export, trade or deal in metals, substances, catalysts or mineral substances, all types of stones, lime, chalk, clay, refractories, ceramics, stonewares, porcelain wares, proppants, oil, coke, coal, precious stones, coal, coke, slag, slag granules, bauxite, lignites, rock-phosphate, brimstone, quartz, granite, marble, silica, silica sand, brine, rare earths, gypsum deposits, iron ore, aluminium, titanium, vanadium, mica, apalite, chrome, copper, gypsum, zircon, tungsten, oil, petroleum, natural gas, coal, earth and other natural substances, organic or inorganic, and the alloys, products or byproducts thereof or products and to do all such other processes necessary in connection with the same.

- iii. To act as consultants and to advise and assist on all aspects of corporate, commercial and industrial management or activity including production, manufacturing, personnel, financial, marketing, taxation, audit, technology, insurance, purchasing, sales, quality, control, productivity, planning, research and development, project management, supervision, schedule, safety and quality control, organization, import and export business, industrial relations and management and to make evaluations feasibility studies, project reports forecasts and surveys and to give advice on acquisition and commercial exploitation of power and suggest ways and means for improving efficiency in power projects, business organizations of registered or co-operate societies, partnership or proprietary concerns and industries of all kinds in India and elsewhere in the world and improvement of business management, office organization and export management, to supply to and provide, maintain and operate services, facilities, conveniences, bureau and the like for the benefit of the company including assistance in acquiring governmental, regulatory and any other required approvals, to recruit and/or advice on the recruitment of staff for any company, to publish and sell books, bulletins periodicals and any other form of printed matters, to acquire, sell and deal in patents designs and any other rights to industrial property, and generally to conduct market research, product planning, classes, seminars and conferences in connection with any of the foregoing.
- iv. To carry on the business of design, engineering, construction and development of power projects including hydro-electric projects, renewable energy, nuclear, gas and coal and fuel oil based projects, power transmission and distribution, real or personal estate/properties, airports, oil and gas, highways, pipelines, telecom, IT Parks, industrial infrastructure, warehouses, transportation systems, water resources, tunnels, dams, seaports, Special Economic Zones (SEZ) and other infrastructure projects.
- v. To carry on in India or elsewhere the business to search manufacture, produce, process, refine, mix, formulate, purify, disinfect, convert, commercialize, control, compound, develop, distribute, derive, discover, release, manipulate, prepare, acquire, store, supply, import, export, buy, sell, turn to account and to act as agent, broker, trader, bottler, refiner, concessionaire, stockiest, transporter, collaborator, consignor, consultant, job worker or otherwise to establish and manage the fuel systems, oils, gases, coals, coal rejects, naphtha, liquefied natural gas, raw petroleum stock or any other fuel in solid, liquid or gas form, whether found in natural state or obtained by processing from other substances including transformation of coal into liquid and Underground Coal Gasification and deal in all sorts of Liquid coal and coal gas, which may be required for the generation, transmission, distribution, trading and supply of electrical power or as may be required or used in industries, agriculture, laboratories, clinics, hospitals, refrigeration, aviation, transport vehicles, space rockets, aircrafts, communication, power plants, domestic or public lighting, cooling, or cooking purposes, water works, defense or welfare establishments, horticulture, forest or plant protection and for other allied purposes.
- vi. To form, settle, acquire, set up, incorporate, establish, promote, subsidize, organize and assist or aid in forming, promoting, subsidizing, organizing or aiding, companies, trusts, funds, entities or partnerships of all kinds for any purpose including for the purpose of accepting and undertaking any properties, businesses, assets, liabilities of this Company, or with objects similar in whole or part with that of Company and invest therein".

14. The share capital structure of the Second Amalgamated Company as on April 29, 2011 was as under :-

Authorized Share Capital	Rupees
5,000,000,000 equity shares of face value Rs. 10/- (Rupees Ten Only) each	50,000,000,000/-
<b>Total</b>	<b>50,000,000,000/-</b>
Issued, Subscribed and Paid-up Share Capital*	Rupees
2,022,932,746 equity shares of face value Rs. 10/- (Rupees Ten Only) each**	20,229,327,460/-**
<b>Total</b>	<b>20,229,327,460/-**</b>

\* the Second Amalgamated Company has issued 420,000,000 (Four Hundred Twenty Million) warrants ("**Second Amalgamated Company Warrants**"), convertible into an equivalent number of equity shares of the Second Amalgamated Company of face value Rs. 10 (Rupees Ten Only) each. The exercise of such warrants would result in an increase in the issued, subscribed and paid-up equity share capital of the Second Amalgamated Company.

\* the exercise of employee stock options issued pursuant to the SPCL - IPSL Employees Stock Option Plan 2008 and the Indiabulls Power Limited Employees Stock Option Scheme - 2009 ("**IPLESOS Schemes**") would result in an increase in the issued, subscribed and paid-up equity share capital of the Second Amalgamated Company.

\*\* Includes 222,000 equity shares of face value Rs. 10/- (Rupees Ten Only) each issued and allotted on March 31, 2011 consequent to the exercise of employee stock options issued pursuant to the IPLESOS Schemes.

Presently, the Second Amalgamated Company is a subsidiary of the Company and the equity shares of the Second Amalgamated Company are listed on the NSE and the BSE.

15. Poena Power Supply Limited, the Second Amalgamating Company, was incorporated under the Act on July 9, 2008 with its registered office at E-29, 1st Floor, Connaught Place, New Delhi-110001. Subsequently with effect from March 15, 2011, the registered office of the Second Amalgamating Company was shifted to 1A, Hamilton House, 1st Floor, Connaught Place, New Delhi-110001.

16. The objects for which the Second Amalgamating Company has been established are set out in its Memorandum of Association. The main objects of the Second Amalgamating Company are as follows:-

"i. To promote, undertake, carry on either on its own or through any other entity or to enter into agreements, contracts, partnership, alliance or any other arrangement for technical, financial and operational assistance or sharing of profits / losses with any Person / Body / Bodies Corporate incorporated in India or abroad either under a Strategic Alliance or Joint Venture or any other arrangement, in India or any part of the world, the business of generating, developing, transmitting, distributing, trading and supplying all forms of electrical power/ energy from any source whatsoever and to construct, lay down, establish, fix and carry out necessary power stations, cables, wires, lines, accumulators, lamps and works and to carry on the business of electrician, electrical and mechanical engineers, traders, suppliers of electricity for the purposes of light, heat, motive power or otherwise, and manufacturers of and dealers in apparatus and things required for or capable of being used in connection with the generation, distribution, trading, supply, accumulation and employment of electricity, galvanism, magnetism or otherwise and business of establishing, commissioning, setting up, operating and maintaining electric power generating stations based on conventional/non-conventional resources, tie-lines, sub-stations and transmission lines on Build, Own and Operate (BOO) and/or Build, Own and Transfer (BOT), and/or Build, Own, Lease and Transfer (BOLT) and/or Build, Own, Operate and Transfer (BOOT) basis and/or otherwise, and to carry on the business of acquiring, operating, managing and maintaining existing power generation stations, tie-lines, sub-stations and transmission lines, either owned by the private sector or public sector or the Government or Governments or other

public authorities and for any or all of the aforesaid purposes, to do all the necessary or ancillary activities as may be considered necessary or beneficial or desirable and in any manner deal with or dispose of undertaking, property, assets, rights and all other effects which in the opinion of the Company is conducive to the attainment of any or all of its business objectives or to acquire and dispose of shares, securities and interest in such Businesses.

- ii. To carry on in India or elsewhere in the world, either alone or jointly with one or more persons, government, local or other bodies, the business to search, prospect, explore, win, mine including captive mining, quarry, dispose of, purchase, trade, take on lease or otherwise acquire freehold and other lands, properties, mines and mineral properties exploration rights, concessions, leases, claims, licences of or other interest in mines, mining and offshore rights, mineral properties and water rights to prospect, explore, develop and work claims or mines, drill and sink shafts or wells and raise, pump, dig and quarry for all sorts of major and minor minerals working deposits thereof and sub soil minerals and to crush, win, set, quarry, smelt, calcine, refine, dress, preserve, amalgamate, process, harden, temper, polish, wash, manufacture, manipulate and prepare for market, sale, resale, export, trade or deal in metals, substances, catalysts or mineral substances, all types of stones, lime, chalk, clay, refractories, ceramics, stonewares, porcelain wares, proppants, oil, coke, coal, precious stones, coal, coke, slag, slag granules, bauxite, lignites, rock-phosphate, brimstone, quartz, granite, marble, silica, silica sand, brine, rare earths, gypsum deposits, iron ore, aluminium, titanium, vanadium, mica, apalite, chrome, copper, gypsum, zircon, tungsten, oil, petroleum, natural gas, coal, earth and other natural substances, organic or inorganic, and the alloys, products or byproducts thereof or products and to do all such other processes necessary in connection with the same.
- iii. To form, settle, acquire, set up, incorporate, establish, promote, subsidize, organize and assist or aid in forming, promoting, subsidizing, organizing or aiding, companies, trusts, funds, entities or partnerships of all kinds for any purpose including for the purpose of accepting and undertaking any properties, businesses, assets, liabilities of this Company, or with objects similar in whole or part with that of Company and invest therein.
- iv. To act as consultants and to advise and assist on all aspects of corporate, commercial and industrial management or activity including production, manufacturing, personnel, financial, marketing, taxation, audit, technology, insurance, purchasing, sales, quality, control, productivity, planning, research and development, project management, supervision, schedule, safety and quality control, organization, import and export business, industrial relations and management and to make evaluations feasibility studies, project reports forecasts and surveys and to give advice on acquisition and commercial exploitation of power and suggest ways and means for improving efficiency in power projects, business organizations of registered or co-operate societies, partnership or proprietary concerns and industries of all kinds in India and elsewhere in the world and improvement of business management, office organization and export management, to supply to and provide, maintain and operate services, facilities, conveniences, bureau and the like for the benefit of the company including assistance in acquiring governmental, regulatory and any other required approvals, to recruit and/or advice on the recruitment of staff for any company, to publish and sell books, bulletins periodicals and any other form of printed matters, to acquire, sell and deal in patents designs and any other rights to industrial property, and generally to conduct market research, product planning, classes, seminars and conferences in connection with any of the foregoing.
- v. To carry on the business of design, engineering, construction and development of power projects including hydro-electric projects, renewable energy, nuclear, gas and coal and fuel oil based projects, power transmission and distribution, real or personal estate/properties, airports, oil and gas, highways, pipelines, telecom, IT Parks, industrial infrastructure, warehouses, transportation systems, water resources, tunnels, dams, seaports, Special Economic Zones (SEZ) and other infrastructure projects.
- vi. To carry on in India or elsewhere the business to search manufacture, produce, process, refine, mix, formulate, purify, disinfect, convert, commercialize, control, compound, develop, distribute, derive, discover, release, manipulate, prepare, acquire, store, supply, import, export, buy, sell, turn to account and to act as agent, broker, trader, bottler, refiner, concessionaire, stockiest, transporter, collaborator, consignor, consultant, job worker or otherwise to establish and manage

the fuel systems, oils, gases, coals, coal rejects, naphtha, liquefied natural gas, raw petroleum stock or any other fuel in solid, liquid or gas form, whether found in natural state or obtained by processing from other substances including transformation of coal into liquid and Underground Coal Gasification and deal in all sorts of Liquid coal and coal gas, which may be required for the generation, transmission, distribution, trading and supply of electrical power or as may be required or used in industries, agriculture, laboratories, clinics, hospitals, refrigeration, aviation, transport vehicles, space rockets, aircrafts, communication, power plants, domestic or public lighting, cooling, or cooking purposes, water works, defense or welfare establishments, horticulture, forest or plant protection and for other allied purposes."

17. The share capital structure of the Second Amalgamating Company as on April 29, 2011 was as under:-

Authorized Share Capital	Rupees
202,500,000 equity shares of face value Re. 1/- each	202,500,000/-
<b>Total</b>	<b>202,500,000/-</b>
Issued, Subscribed and Paid-up Share Capital	Rupees
202,500,000 equity shares of face value Re. 1/- each	202,500,000/-
<b>Total</b>	<b>202,500,000/-</b>

The Second Amalgamating Company is a wholly owned subsidiary of the Second Amalgamated Company and the equity shares of the Second Amalgamating Company are, at present, not listed on any stock exchange.

#### BACKGROUND AND RATIONALE TO THE SCHEME

18. (i) The Company is *inter alia* engaged in the businesses of construction and development of properties, project management, power project advisory, investment advisory and construction services, real estate development, provision of consultancy services on engineering, industrial and technical matters to various industries including companies engaged in construction-development of real estate, power and infrastructure projects. The Company is also engaged in the business of generation, transmission and distribution of power through its subsidiaries engaged in the business of power generation, transmission and distribution of power and power advisory (collectively, the "**Power Business**"). The Power Business of the Company has different risk/ rewards and requires a distinct gestation period, funding requirements and is subject to distinct technical and regulatory requirements from the other businesses conducted by the Company.
- (ii) Accordingly it is proposed to segregate the Power Business of the Company from its other businesses and consolidate such business in the Resulting Company, thereby allowing investors to diversify their portfolio into separate entities, focused on the distinct businesses of real estate and power / infrastructure, respectively, which would unlock shareholder value.
- (iii) The First Amalgamating Company is a subsidiary of the First Amalgamated Company. The Second Amalgamating Company is a subsidiary of the Second Amalgamated Company. The businesses conducted by each of the First Amalgamating Company and the Second Amalgamating Company (as more particularly set out in Clause 1.4 and Clause 1.5 of the Scheme) are not conducted by the other subsidiaries of the First Amalgamated Company and the Second Amalgamated Company respectively.
- (iv) The amalgamation of the First Amalgamating Company with the First Amalgamated Company will enable the First Amalgamated Company to directly provide, as part of its services offering, the businesses currently conducted by the First Amalgamating Company. Similarly, the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company will enable the Second Amalgamated Company to directly provide, as part of its services offering, the businesses currently conducted by the Second Amalgamating Company.

- (v) Each of the First Amalgamating Company and the Second Amalgamating Company have assembled experienced teams that have strong capabilities in various aspects of project execution and strong relationships with corporate, regulators and financial institutions as well as in-depth knowledge of the business. The amalgamation of the First Amalgamating Company with the First Amalgamated Company and the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company will result in consolidation of the respective businesses of the First Amalgamated Company and Second Amalgamated Company. The synergies that exist between the First Amalgamating Company and the First Amalgamated Company in terms of similar processes and resources can be put to the best advantage of the First Amalgamated Company and its stakeholders by amalgamation of the First Amalgamating Company with the First Amalgamated Company. Similarly, the synergies that exist between the Second Amalgamating Company and the Second Amalgamated Company in terms of similar processes and resources can be put to the best advantage of the Second Amalgamated Company and its stakeholders by amalgamation of the Second Amalgamating Company with the Second Amalgamated Company.
19. The amalgamations contemplated in the Scheme will help avoid duplication of resources, systems, skills and process, reduce overall cost, improve synergies, enable the achievement of economies of scale, reduce administrative costs entailed by the conduct of businesses through separate entities, provide enhanced flexibility in funding of expansion plans, promote management efficiency and optimize the resources of the First Amalgamated Company and Second Amalgamated Company in relation to the business of the First Amalgamating Company and the Second Amalgamating Company.
20. The Scheme provides for conversion of the Demerged Company Warrants and the Second Amalgamated Company Warrants into partly paid-up shares of the Company and the Second Amalgamated Company respectively. The partly paid-up shares issued pursuant to the Scheme are required to be made fully paid-up in accordance with a schedule set out as a part of the Scheme. The holders of the Demerged Company Warrants and the Second Amalgamated Company Warrants have consented to the conversion of the warrants into partly paid-up shares as aforesaid and have consented to comply with the schedule for payments in respect of these shares as set out as a part of the Scheme.
21. The Scheme was placed before the Board of Directors of the Company on January 17, 2011, at which time the reports on the recommendation of the share entitlement ratio for the demerger of the Demerged Undertaking of the Company to the Resulting Company and the share exchange ratio for the amalgamation of the First Amalgamating Company with the Company, prepared by Dewan P. N. Chopra & Co., Chartered Accountants, dated January 15, 2011 ("**Share Reports**") were tabled before the Board of Directors of the Company. M/s D & A Financial Services (P) Limited, a merchant banker registered with the Securities and Exchange Board of India, was engaged by the Company to provide a fairness opinion in relation to the Share Reports. Pursuant to such engagement, M/s D & A Financial Services (P) Limited has issued an opinion dated January 15, 2011 ("**Fairness Opinion**") which states that, and based upon the Share Reports and subject to various assumptions, limitations and considerations set forth in such written opinion, the share entitlement ratio for the demerger of the Demerged Undertaking of the Company to the Resulting Company and the share exchange ratio for the amalgamation of the First Amalgamating Company with the Company is fair and reasonable. The Share Reports and the Fairness Opinion are available for inspection and shareholders should read the aforesaid reports and opinion in their entirety for information regarding the assumptions made and factors considered in rendering the same.
22. The Board of Directors of the Company has, based on and relying upon the Share Reports and the Fairness Opinion, and on the basis of its independent evaluation and judgment, come to the conclusion that the proposed share entitlement ratio for the demerger of the Demerged Undertaking of the Company to the Resulting Company and the proposed share exchange ratio for the amalgamation of the First Amalgamating Company with the Company (s) are fair and reasonable and has decided to incorporate the same in the Scheme, and approved the Scheme at its meeting held on January 17, 2011. Similarly, the Board of Directors of the Resulting Company and First Amalgamating Company have on the basis of their respective independent evaluation and judgment, come to the conclusion that the share entitlement ratio for the demerger of the Demerged Undertaking of the Company to the Resulting Company and the proposed share exchange ratio for the amalgamation of the First Amalgamating Company with the Company are fair and reasonable and have decided to incorporate the same in the Scheme, and approved the Scheme at their respective meetings held on January 17, 2011.

## **SALIENT FEATURES OF THE SCHEME**

23. The salient features of the Scheme in relation to the Company are set out below.

A. The Scheme envisages:

- (i) the transfer by way of a demerger of the Demerged Undertaking of the Company to the Resulting Company, and the consequent issue of equity shares and GDRs (as defined under the Scheme) by the Resulting Company to the shareholders and GDR holders of the Company, respectively;
- (ii) the amalgamation of the First Amalgamating Company with the Company;
- (iii) the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company;
- (iv) the reorganisation of the share capital, including conversion of warrants, of the First Amalgamated Company and the Second Amalgamated Company; and
- (v) various other matters consequential to or otherwise integrally connected therewith;

pursuant to section 391 to section 394 and other relevant provisions of the Act (as defined hereunder) in the manner provided for in the Scheme and in compliance with the provisions of the Income Tax Act, 1961, including section 2(19AA) and section 2(1B) thereof.

B. The "Appointed Date" under the Scheme is April 1, 2011. The "Effective Date" under the Scheme has been defined to mean the last of the dates on which all the orders, approvals, consents, conditions, matters or filings referred to in Clause 85 of the Scheme have been obtained or fulfilled. The Scheme provides that though it shall become effective from the Effective Date, the provisions of the Scheme shall be applicable and come into operation from the Appointed Date.

C. "Demerged Undertaking" has been defined to mean the undertakings, business, activities and operations pertaining to the Power Business of the Company, on a going concern basis and is more particularly defined in Clause 2.1 (N) of Part I of the Scheme.

D. Part II of the Scheme provides that upon the Scheme coming into effect and with effect from the Appointed Date, the Demerged Undertaking shall be demerged and be transferred and vested in the Resulting Company. Part II of the Scheme further provides, upon effectiveness of the Scheme:-

- (i) for the transfer of the movable assets of the Company relating to the Demerged Undertaking in the Resulting Company and for the transfer of all assets, rights, title, interests and investments of the Company in relation to the Demerged Undertaking in the Resulting Company;
- (ii) for the transfer of all contracts, deeds, agreements etc. of the Company in relation to the Demerged Undertaking in the Resulting Company and for the transfer of all liabilities, debts, obligations etc. of the Company in relation to the Demerged Undertaking to the Resulting Company;
- (iii) for the transfer of all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Undertaking from the Company to the Resulting Company;
- (iv) that all legal and other proceedings by or against the Company in relation to the Demerged Undertaking shall be continued and enforced by or against the Resulting Company;
- (v) the manner in which the Company shall be deemed to have been carrying on all business and activities relating to the Demerged Undertaking for and on account of, and in trust for, the Resulting Company;
- (vi) that all employees of the Company engaged in the Demerged Undertaking shall become the permanent employees of the Resulting Company on terms and conditions not less favourable than those on which they are engaged by the Company;
- (vii) provisions for the Remaining Undertaking to continue in the Company;

- (viii) the reorganisation of the share capital of the Company and the Resulting Company including conversion of warrants of the Company into its Partly Paid-up shares. The partly paid-up shares issued pursuant to the Scheme are required to be made fully paid-up in accordance with the schedule set out as a part of the Scheme.
  - (ix) that in consideration for the demerger of the Demerged Undertaking to the Resulting Company, the Resulting Company shall issue and allot to each member of the Company as on the Demerger Record Date (as defined under Clause 2.1(Q) of Part I of the Scheme), 2.95 equity shares of the Resulting Company of face value of Rs. 2/- (Rupees Two Only) each for every one equity share of face value of Rs. 2/- (Rupees Two Only) each held by a shareholder in the Company. In terms of the Scheme, the holders of the partly paid-up shares of the Company, if any, recorded in the register of members as a member of the Company as on said date shall be issued partly paid-up shares in the Resulting Company in the Share Entitlement Ratio specified in the Scheme;
  - (x) provisions relating to the IBREL GDRs, as defined in the Scheme;
  - (xi) provisions for the sale of any fractional shares, entitlements or credits on the issue and allotment of equity shares by the Resulting Company in accordance with the Scheme;
  - (xii) provisions in respect of the stock options granted under the ESOS Schemes in the hands of the employees of the Demerged Undertaking;
  - (xiii) provisions for cancellation of the existing shareholding of the Company in the Resulting Company upon the allotment of shares by the Resulting Company pursuant to the demerger of the Demerged Undertaking in accordance with the Scheme;
  - (xiv) provisions for the increase and alteration to the authorized share capital of the Resulting Company; and
  - (xv) the accounting treatment for the demerger in the books of the Company.
- E. "First Amalgamating Undertaking" has been defined to mean all the undertakings and entire business of the First Amalgamating Company as a going concern and is more particularly defined under Clause 2.1 (BB) of the Scheme.
- F. In terms of Part III of the Scheme, upon the Scheme coming into effect and with effect from the Appointed Date but following effectiveness of the demerger, the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances comprised in the First Amalgamating Undertaking of the First Amalgamating Company shall stand transferred to and vested in the Company.
- G. Part III of the Scheme provides, upon effectiveness of the Scheme and following the demerger:-
- (i) for the transfer of all assets and properties of the First Amalgamating Company to the Company;
  - (ii) for the transfer of all licenses, permits, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits (including sales tax and service tax), subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the First Amalgamating Company to the Company;
  - (iii) for the transfer of all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature of the First Amalgamating Company to the Company;
  - (iv) that all liabilities, debts, obligations etc. loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities) whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations along with any charge, encumbrance, lien or security thereon of the First Amalgamating Company shall be transferred to the Company;

- (v) that all legal proceedings with respect to the First Amalgamating Company shall be continued and/or enforced by or against the Company;
- (vi) for the transfer of all employees of the First Amalgamating Company to the Company on terms and conditions not less favourable than those on which they are currently employed; and
- (vii) for the transfer of shares of the First Amalgamating Company and upon giving effect to the transfer of shares in accordance with the Scheme and in consideration for the amalgamation of the First Amalgamating Company with the Company, the Scheme provides that the equity shareholders of the First Amalgamating Company shall be issued and allotted one equity share of the Company of face value Rs. 2/- (Rupees Two Only) each for every one equity share held by them in the First Amalgamating Company on the Effective Date.

H. Part IV of the Scheme provides:-

- (i) for the transfer of all assets and properties of the Second Amalgamating Company to the Second Amalgamated Company;
- (ii) for the transfer of all licenses, permits, approvals, permissions etc. of the Second Amalgamating Company to the Second Amalgamated Company;
- (iii) for the transfer of all contracts, deeds, bonds, agreements etc. of the Second Amalgamating Company to the Second Amalgamated Company;
- (iv) that all liabilities, debts, obligations etc. of the Second Amalgamating Company shall be transferred to the Second Amalgamated Company;
- (v) that all legal proceedings with respect to the Second Amalgamating Company shall be continued and/or enforced by or against the Second Amalgamated Company;
- (vi) for the transfer of all employees of the Second Amalgamating Company to the Second Amalgamated Company on terms and conditions not less favourable than those on which they are currently employed;
- (vii) for the reorganisation of the share capital, including conversion of warrants, of the Second Amalgamated Company into partly paid-up shares, which are required to be made fully paid-up in accordance with a schedule set out as part of the Scheme; and
- (viii) for the transfer of shares of the Second Amalgamating Company and upon giving effect to the transfer of shares in accordance with the Scheme and in consideration for the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company, the Scheme provides that the equity shareholders of the Second Amalgamating Company shall be issued and allotted one equity share of the Second Amalgamated Company of face value Rs. 10/- (Rupees Ten Only) each for every one equity share held by them in the Second Amalgamating Company on the Effective Date.

I. Part III and Part IV of the Scheme also provide for the accounting treatment in the books of accounts of the Company and the Second Amalgamated Company pursuant to the amalgamation as provided for in the Scheme.

J. The Scheme further provides that upon the Scheme coming into effect, the First Amalgamating Company and the Second Amalgamating Company shall stand dissolved without the process of winding up.

**The aforesaid are only the salient features of the Scheme. You are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof.**



24. Holders of the global depositary receipts issued by the Company should note that they may be subject to short term capital gains tax and withholding tax in India in the event of a sale of shares of the Resulting Company contemplated pursuant to Clause 31 of Part II of the Scheme. The rate of short term capital gains tax would depend upon whether the shares are sold on the stock exchange or prior to listing. This may be subject to any relief/tax credit available under the provisions of any double taxation avoidance agreements entered into between India and the country of residence of the holder of the global depositary receipt. This is for information purposes only and holders of the global depositary receipts should obtain specific tax advice in relation to the cash out of the global depositary receipts.
25. The rights and interests of the members and the creditors of the Company will not be prejudicially affected by the Scheme.
26. The Company has received no objection letters from the BSE and the NSE for filing the Scheme with the High Court of Delhi at New Delhi. The stock exchanges have imposed the following conditions while granting their consent to the Scheme:
  - (a) Resulting Company to submit an information memorandum containing all information relating to the Resulting Company and its group companies required in terms of the disclosure requirements applicable for public issues with NSE in order that the same may be made available to the public through the website of the company.
  - (b) Resulting Company to publish an advertisement in the newspapers containing all the information about the Resulting Company, in line with the details required as per SEBI circular no. SEBI/CFD/SCRR/01/2009/03/09 dated September 3, 2009. Such advertisement should specifically state that the aforesaid information memorandum is available on the website of the company as well as the NSE.
  - (c) the Company to disclose all the material information about the Resulting Company to the stock exchanges on a continuous basis so as to make the same public, in addition to the requirements, if any, specified in Listing Agreement for disclosures relating to its subsidiaries.
27. The stock exchanges had directed that the following provisions be incorporated in the Scheme:
  - (a) The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.
  - (b) There shall be no change in the shareholding pattern or control in Indiabulls Infrastructure and Power Limited between the record date and the listing which may affect the status of this approval.These provisions already form part of the Scheme.
28. As directed by the BSE, the Company has undertaken to lock-in 25% of the equity shares to be issued to the shareholders of the First Amalgamating Company pursuant to the amalgamation of the First Amalgamating Company with the Company, for a period of three years from the date of listing of such shares with the BSE.
29. No investigation proceedings have been instituted or are pending in relation to the Company under Sections 235 and 250A of the Act.
30. The directors of each of the Company, Resulting Company, First Amalgamating Company, Second Amalgamated Company and Second Amalgamating Company (together, the "Companies") may be deemed to be concerned and/or interested in the Scheme only to the extent of their shareholding in the Companies, or to the extent the said directors are common directors in the Companies, or to the extent the said directors are the partners, directors, members of the companies, firms, association of persons, bodies corporate and/or beneficiary of trust that hold shares in any of the companies or to the extent they or the entities owned/controlled by them may be allotted shares in the Companies as a result of the Scheme.
31. The details of the present directors of the Company, and their shareholding in each of the Company ("A"), Resulting Company ("B"), First Amalgamating Company ("C"), Second Amalgamated Company ("D") and Second Amalgamating Company ("E") either singly or jointly as on April 29, 2011 are as set out below:

S. No.	Name of Director	Age (Yrs.)	Position	Equity Shares Held				
				(A)	(B)	(C)	(D)	(E)
1.	Mr. Sameer Gehlaut	37 yrs	Chairman & Non-Executive Promoter Director	1,200,000	Nil	Nil	Nil	Nil
2.	Mr. Rajiv Rattan	38 yrs	Vice Chairman & Non-Executive Promoter Director	600,000	Nil	Nil	Nil	Nil
3.	Mr. Saurabh K Mittal	38 yrs	Vice Chairman & Non-Executive Promoter Director	600,000	Nil	Nil	Nil	Nil
4.	Mr. Narendra Gehlaut	38 yrs	Jt. Managing Director	Nil	Nil	Nil	Nil	Nil
5.	Mr. Vipul Bansal	39 yrs	Jt. Managing Director	119,300	Nil	Nil	Nil	Nil
6.	Mr. Karan Singh	65 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil
7.	Mr. Aishwarya Katoch	41 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil
8.	Mr. Shamsheer Singh Ahlawat	62 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil
9.	Brig. Labh Singh Sitara	72 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil
10.	Mr. Prem Prakash Mirdha	56 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil

32. The details of the present directors of the Resulting Company, and their shareholding in each of the Company ("A"), Resulting Company ("B"), First Amalgamating Company ("C"), Second Amalgamated Company ("D") and Second Amalgamating Company ("E") either singly or jointly as on April 29, 2011 are as follows:

S. No.	Name of Director	Age (Yrs.)	Position	Equity Shares Held				
				(A)	(B)	(C)	(D)	(E)
1.	Mr. Mukul Bansal	42 yrs	Non-Executive Director	Nil	Nil	Nil	Nil	Nil
2.	Mr. Abhimanyu Mehlawat	35 yrs	Non-Executive Director	1900	Nil	Nil	Nil	Nil
3.	Mr. Rajinder Nagpal	45 yrs	Non-Executive Director	Nil	Nil	Nil	Nil	Nil

33. The details of the present directors of the First Amalgamating Company and their shareholding in each of the Company ("A"), Resulting Company ("B"), First Amalgamating Company ("C"), Second Amalgamated Company ("D") and Second Amalgamating Company ("E") either singly or jointly as on April 29, 2011 are as follows:

S. No.	Name of Director	Age (Yrs.)	Position	Equity Shares Held				
				(A)	(B)	(C)	(D)	(E)
1.	Mr. Mehul C C Johnson	39 yrs	Non-Executive Director	1,95,000	Nil	Nil	Nil	Nil
2.	Mr. Shiv Rattan	43 yrs	Non-Executive Director	3	Nil	Nil	Nil	Nil
3.	Mr. Murtuza Zoeb Munim	32 yrs	Executive Director	Nil	Nil	Nil	Nil	Nil

34. The details of the present directors of the Second Amalgamated Company and their shareholding in each of the Company ("A"), Resulting Company ("B"), First Amalgamating Company ("C"), Second Amalgamated Company ("D") and Second Amalgamating Company ("E") either singly or jointly as on April 29, 2011 are as follows:

S. No.	Name of Director	Age (Yrs.)	Position	Equity Shares Held				
				(A)	(B)	(C)	(D)	(E)
1.	Mr. Sameer Gehlaut	37 yrs	Chairman & Non-Executive Promoter Director	1,200,000	Nil	Nil	Nil	Nil
2.	Mr. Rajiv Rattan	38 yrs	Vice Chairman & Executive Promoter Director	600,000	Nil	Nil	Nil	Nil
3.	Mr. Saurabh K Mittal	38 yrs	Vice Chairman & Non-Executive Promoter Director	600,000	Nil	Nil	Nil	Nil
4.	Mr. Shamsheer Singh Ahlawat	62 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil
5.	Brig. Labh Singh Sitara	72 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil
6.	Mr. Prem Prakash Mirdha	56 yrs	Non-Executive Independent Director	Nil	Nil	Nil	Nil	Nil

35. The details of the present directors of the Second Amalgamating Company, and their shareholding in each of the Company ("A"), Resulting Company ("B"), First Amalgamating Company ("C"), Second Amalgamated Company ("D") and Second Amalgamating Company ("E") either singly or jointly as on April 29, 2011 are as follows:

S. No.	Name of Director	Age (Yrs.)	Position	Equity Shares Held				
				(A)	(B)	(C)	(D)	(E)
1.	Mr. L. N. Agrawal	50 yrs	Non-Executive Director	Nil	Nil	Nil	Nil	Nil
2.	Mr. Himanshu Mathur	43 yrs	Executive Director	Nil	Nil	Nil	10,000	Nil
3.	Mr. Nafees Ahmed	39 yrs	Non-Executive Director	3,100	Nil	Nil	Nil	Nil

36. The shareholding pattern of the Company, Resulting Company, First Amalgamating Company, Second Amalgamated Company and Second Amalgamating Company as on April 29, 2011, as well as the shareholding pattern of the Company, Resulting Company and Second Amalgamated Company expected after the implementation of the Scheme are as set out in this Clause:

- (i) The shareholding pattern of the Company as on April 29, 2011 was as follows:

Category	No. of equity shares of Rs. 2 each	% holding
Promoters	110,901,376	27.57
Non Promoters	291,379,363	72.43
<b>Total</b>	<b>402,280,739</b>	<b>100.00</b>

- (ii) The expected shareholding pattern of the Company post effectiveness of the Scheme is as follows:

Category	No. of equity shares of Rs. 2 each*	% holding
Promoters	138,301,376	29.21
Non Promoters	335,179,363	70.79
<b>Total</b>	<b>473,480,739</b>	<b>100.00</b>

\* post-conversion of warrants in terms of the Scheme.

- (iii) The shareholding pattern of the Resulting Company as on April 29, 2011 was as follows:

Category	No. of equity shares of Rs. 10 each	% holding
Promoter (Indiabulls Real Estate Limited)*	50,000	100
Non Promoters	Nil	Nil
<b>Total</b>	<b>50,000</b>	<b>100</b>

\* includes 6 shares of the Resulting Company held through nominees of the Company.

- (iv) The expected shareholding pattern of the Resulting Company post effectiveness of the Scheme is as follows:

Category	No. of equity shares of Rs. 2 each	% holding
Promoters	407,989,059	32.09
Non Promoters	863,404,121	67.91
<b>Total</b>	<b>1,271,393,180</b>	<b>100.00</b>

- (v) The shareholding pattern of the First Amalgamating Company as on April 29, 2011 was as follows:

Category	No. of equity shares of Rs. 2 each	% holding
Promoter (Indiabulls Real Estate Limited)*	42,500,000	100
Non Promoters	Nil	Nil
<b>Total</b>	<b>42,500,000</b>	<b>100</b>

\* includes 30 shares of the First Amalgamating Company held through nominees of the Company

- (vi) The shareholding pattern of the Second Amalgamated Company as on April 29, 2011, was as follows:

Category	No. of equity shares of Rs. 10 each	% holding
Promoters	1,185,000,000	58.58
Non Promoters	837,932,746	41.42
<b>Total</b>	<b>2,022,932,746</b>	<b>100.00</b>

- (vii) The expected shareholding pattern of the Second Amalgamated Company post effectiveness of the Scheme is as follows:

Category	No. of equity shares of Rs. 10 each*	% holding
Promoters	1,605,000,000	60.67
Non Promoters	1,040,432,746	39.33
<b>Total</b>	<b>2,645,432,746</b>	<b>100.00</b>

\* post-conversion of warrants in terms of the Scheme.

- (viii) The shareholding pattern of the Second Amalgamating Company as on April 29, 2011 was as follows:

Category	No. of equity shares of Re. 1 each	% holding
Promoter (Indiabulls Power Limited.)*	202,500,000	100
Non Promoters	Nil	Nil
<b>Total</b>	<b>202,500,000</b>	<b>100</b>

\* includes 60 shares of the Second Amalgamating Company held through nominees of the Second Amalgamated Company.

- (ix) The First Amalgamating Company and Second Amalgamating Company shall cease to exist following effectiveness of the Scheme and accordingly, the shareholding pattern of the First Amalgamating Company and Second Amalgamating Company following effectiveness of the Scheme have not been provided.
37. An unsecured creditors entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. The instrument appointing the proxy should however be deposited at the registered office of the Company not later than 48 (forty eight) hours prior to the commencement of the meeting.
38. Corporate unsecured creditors intending to send their authorised representatives to attend the meeting are requested to lodge a certified true copy of the resolution of their board of directors or other governing body of the body corporate not later than 48 (forty eight) hours prior to commencement of the meeting, authorising such person to attend and vote on its behalf at the meeting.
39. The following documents will be open for inspection by the creditors of the Company upto one day prior to the date of the Meeting at its registered office between 10:00 A.M. and 1:00 P.M. on all working days (Monday to Friday).
- Certified copy of the Order of the Hon'ble High Court of Delhi at New Delhi dated May 2, 2011 in the above Company Application directing the convening of the meeting of the unsecured creditors of the Company;
  - Copy of the Company Application (M) No. 84 of 2011;
  - Copies of the Memorandum and Articles of Association of the Companies;
  - Audited Balance sheet / Annual Report of the Companies for the financial year ended 31st March, 2010, except for Resulting Company;
  - Copies of the no objection letters dated April 21, 2011 and February 21, 2011 from the BSE and the NSE, respectively;
  - A copy of the Share Entitlement Report for the demerger of the Demerged Undertaking of the Company to the Resulting Company, issued by Dewan P. N. Chopra & Co., Chartered Accountants dated January 15, 2011;

- (g) A copy of the Share Entitlement Report for the amalgamation of the First Amalgamating Company with the Company, issued by Dewan P. N. Chopra & Co., Chartered Accountants dated January 15, 2011;
  - (h) A copy of the Fairness Opinion dated January 15, 2011 issued by M/s D & A Financial Services (P) Limited; and
  - (i) The Scheme of Arrangement.
40. This statement may be treated as the statement under Section 393 of the Act. A copy of the Scheme and this statement may also be obtained by the Unsecured Creditors of the Company up to one day prior to the date of the meeting at its registered office between 10:00 A.M. and 1:00 P.M. on all working days (Monday to Friday).

**For Indiabulls Real Estate Limited**

Sd/-  
Authorised Signatory

Dated this 21st day of May, 2011.

Registered Office:  
F-60, Malhotra Building,  
2nd Floor, Connaught Place,  
New Delhi - 110001

## SCHEME OF ARRANGEMENT

### AMONG

INDIABULLS REAL ESTATE LIMITED	----	
INDIABULLS INFRASTRUCTURE AND POWER LIMITED	----	
	AND	
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS		
	AND	
INDIABULLS BUILDERS LIMITED	----	
INDIABULLS POWER LIMITED.	----	
POENA POWER SUPPLY LIMITED	----	
	AND	
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS		

## PART I – GENERAL

### 1. Introduction

- 1.1. Indiabulls Real Estate Limited (the “**Demerged Company**” as more particularly defined hereunder) is a public company incorporated under the Act (as defined hereunder). As on the date hereof, the Demerged Company is engaged in the businesses *inter alia* of construction and development of properties, project management, power project advisory, investment advisory and construction services, real estate development, provision of consultancy services on engineering, industrial and technical matters to various industries including companies engaged in construction-development of real estate, power and infrastructure projects, wholesale cash and carry and wholesale trading of various industrial / consumer products and commodities in select Indian cities, and the generation, transmission and distribution of power through its subsidiaries. The equity shares of the Demerged Company are listed on the Stock Exchanges (as defined hereunder) and GDRs (as defined hereunder) are listed on the Luxembourg Stock Exchange.
- 1.2. In terms of a separate scheme of arrangement between the Demerged Company, Indiabulls Wholesale Services Limited and their respective shareholders and creditors under the provisions of sections 391-394 and other relevant provisions of the Act (the “**Wholesale Demerger Scheme**”), the undertaking of the Demerged Company which is engaged in wholesale cash and carry and wholesale trading of various industrial / consumer products and commodities in select Indian cities (the “**Wholesale Trading Business**”) is proposed to be and stand transferred to and vested in Indiabulls Wholesale Services Limited as a going concern by way of a demerger. The Wholesale Demerger Scheme has been approved by the requisite majority of the shareholders and creditors of the Demerged Company and is pending the sanction of the Delhi High Court. Accordingly, upon the effectiveness of the Wholesale Demerger Scheme, the Wholesale Trading Business will stand transferred to and vested in Indiabulls Wholesale Services Limited and the Demerged Company will no longer conduct such business.
- 1.3. Indiabulls Infrastructure and Power Limited (the “**Resulting Company**” as more particularly defined hereunder) is a public company incorporated under the Act as a wholly owned subsidiary of the Demerged Company. The Resulting Company is engaged in the business *inter alia* of power generation, transmission and distribution of power and power advisory.
- 1.4. Indiabulls Builders Limited (the “**First Amalgamating Company**” as more particularly defined hereunder) is a public company incorporated under the provisions of the Act and is a wholly owned subsidiary of the Demerged Company. The First Amalgamating Company is engaged in the business *inter*

*alia* of real estate project management, management of facilities, maintenance services and project advisory/consultancy and other services, with operations spanning all aspects of project development, from planning to execution of real estate projects, as well as providing consultancy services on engineering, industrial and technical matters to various industries including companies engaged in construction-development of real estate and infrastructure projects.

- 1.5. Poena Power Supply Limited (the “**Second Amalgamating Company**” as more particularly defined hereunder) is a public company incorporated under the provisions of the Act and is a wholly owned subsidiary of Indiabulls Power Limited.. The Second Amalgamating Company is engaged in the business of *inter alia* power project management, design and management of facilities and services on-site and off-site, maintenance and operation of support services, project advisory/consultancy and other services, with operations spanning all aspects of project development, from planning to commissioning of power projects.
- 1.6. Indiabulls Power Limited. (the “**Second Amalgamated Company**” as more particularly defined hereunder) is a public company incorporated under the provisions of the Act and is a subsidiary of the Demerged Company. The equity shares of the Second Amalgamated Company are listed on the Stock Exchanges. The Second Amalgamated Company is *inter alia* engaged in the business of power generation, transmission and distribution of power and power advisory directly and/or through its subsidiaries.
- 1.7.
  - (i) As set out in paragraph 1.1 above, the Demerged Company is *inter alia* engaged in the business of power generation, transmission and distribution of power and power advisory, directly and/or through its subsidiaries (collectively, the “**Power Business**”). The Power Business of the Demerged Company has different risk/ rewards and requires a distinct gestation period, funding requirements and is subject to distinct technical and regulatory requirements from the other businesses conducted by the Demerged Company.
  - (ii) Accordingly it is proposed to segregate the Power Business of the Demerged Company from its other businesses and consolidate such business in the Resulting Company, thereby allowing investors to diversify their portfolio into separate entities, focused on the distinct businesses of real estate and power / infrastructure, respectively, which would unlock shareholder value.
  - (iii) The First Amalgamating Company is a subsidiary of the First Amalgamated Company (as more particularly defined hereunder). The Second Amalgamating Company is a subsidiary of the Second Amalgamated Company. The businesses conducted by each of the First Amalgamating Company and the Second Amalgamating Company (as more particularly set out in Clause 1.4 and Clause 1.5 above) are not conducted by the other subsidiaries of the First Amalgamated Company and the Second Amalgamated Company respectively.
  - (iv) The amalgamation of the First Amalgamating Company with the First Amalgamated Company will enable the First Amalgamated Company to directly provide, as part of its services offering, the businesses currently conducted by the First Amalgamating Company. Similarly, the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company will enable the Second Amalgamated Company to directly provide, as part of its services offering, the businesses currently conducted by the Second Amalgamating Company.
  - (v) Each of the First Amalgamating Company and the Second Amalgamating Company have assembled experienced teams that have strong capabilities in various aspects of project execution and strong relationships with corporate, regulators and financial institutions as well as in-depth knowledge of the business. The amalgamation of the First Amalgamating Company with the First Amalgamated Company and the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company will result in consolidation of the respective businesses of the First Amalgamated Company and Second Amalgamated Company. The synergies that exist between the First Amalgamating Company and the First Amalgamated Company in terms of similar processes and resources can be put to the best advantage of the First Amalgamated Company and its stakeholders by amalgamation of the First Amalgamating Company with the First Amalgamated Company. Similarly, the synergies that exist between the Second Amalgamating Company and the Second Amalgamated Company in terms of similar processes



and resources can be put to the best advantage of the Second Amalgamated Company and its stakeholders by amalgamation of the Second Amalgamating Company with the Second Amalgamated Company.

- (vi) The amalgamations contemplated in this Scheme will help avoid duplication of resources, systems, skills and process, reduce overall cost, improve synergies, enable the achievement of economies of scale, reduce administrative costs entailed by the conduct of businesses through separate entities, provide enhanced flexibility in funding of expansion plans, promote management efficiency and optimize the resources of the First Amalgamated Company and Second Amalgamated Company in relation to the business of the First Amalgamating Company and the Second Amalgamating Company.

1.8. In furtherance of the aforesaid, this Scheme (as defined hereunder) provides for:

- (i) the transfer by way of a demerger of the Demerged Undertaking (as defined hereunder) of the Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the Demerged Company and issue of GDRs by the Resulting Company through the Resulting Company Depositary (as defined hereunder) to the GDR holders of the Demerged Company, respectively;
- (ii) the amalgamation of the First Amalgamating Company with the First Amalgamated Company;
- (iii) the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company;
- (iv) the reorganisation of the share capital of the First Amalgamated Company and the Second Amalgamated Company; and
- (v) various other matters consequential or otherwise integrally connected therewith;

pursuant to section 391 to section 394 and other relevant provisions of the Act (as defined hereunder) in the manner provided for in this Scheme and in compliance with the provisions of the Income Tax Act, 1961, including section 2(19AA) and section 2(1B) thereof.

1.9. The Demerger (as defined hereunder) of the Demerged Undertaking from the Demerged Company to the Resulting Company shall comply with the provisions of section 2(19AA) of the Income Tax Act, 1961, such that:

- (a) all the properties of the Demerged Undertaking (as defined hereunder), being transferred by the Demerged Company, immediately before the Demerger (as defined hereunder) shall become the properties of the Resulting Company by virtue of such Demerger;
- (b) all the liabilities relating to the Demerged Undertaking, being transferred by the Demerged Company, immediately before the Demerger shall become the liabilities of the Resulting Company by virtue of such Demerger;
- (c) the properties and the liabilities relating to the Demerged Undertaking being transferred by the Demerged Company shall be transferred to the Resulting Company at the values appearing in the books of account of the Demerged Company immediately before the Demerger;
- (d) the Resulting Company shall issue, in consideration of the Demerger, shares to the shareholders of the Demerged Company on a proportionate basis;
- (e) all shareholders of the Demerged Company shall become the shareholders of the Resulting Company by virtue of the Demerger; and
- (f) the transfer of the Demerged Undertaking shall be on a going concern basis.

1.10. This Scheme is divided into the following parts:

- (i) **Part I, which deals with the introduction and definitions;**
- (ii) **Part II, which deals with the Demerger;**

- (iii) Part III, which deals with the amalgamation of the First Amalgamating Company with the First Amalgamated Company;
  - (iv) Part IV, which deals with the amalgamation of the Second Amalgamating Company with the Second Amalgamated Company; and
  - (v) Part V, which deals with general terms and conditions applicable to the Scheme.
- 1.11. The Scheme also provides for various other matters consequential or otherwise internally connected herewith.
2. **Definitions and Interpretation**
- 2.1. In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:
- (A) **"Act"** shall mean the Companies Act, 1956 and includes any statutory re-enactment or modification thereof from time to time;
  - (B) **"Amravati Project"** shall mean the thermal power project in Nandgaonpet, District Amravati in the State of Maharashtra being undertaken by Indiabulls Power Limited.;
  - (C) **"Appointed Date"** shall mean April 1, 2011;
  - (D) **"BSE"** shall mean The Bombay Stock Exchange Limited;
  - (E) **"Court"** or **"High Court"** shall mean the Hon'ble High Court of Delhi and shall include the National Company Law Tribunal as may be applicable or such other forum or authority as may be vested with the powers of a High Court under section 391 to section 394 of the Act;
  - (F) **"Companies"** shall mean the Demerged Company, the Resulting Company, the First Amalgamating Company, the Second Amalgamating Company, the Second Amalgamated Company or any two or more of them as the context may admit;
  - (G) **"Demerged Company"** or **"IBREL"** shall mean Indiabulls Real Estate Limited having its registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi - 110001;
  - (H) **"Demerged Company Employees"** shall mean all the permanent employees of the Demerged Company employed in the Demerged Undertaking as on the Effective Date;
  - (I) **"Demerged Company ESOS Schemes"** shall mean the Indiabulls Real Estate Limited Employees Stock Option Scheme 2006, Indiabulls Real Estate Limited Employees Stock Option Scheme 2008 (II) and the Employee Stock Option Scheme - 2010;
  - (J) **"Demerged Company Funds"** shall have the meaning set forth in Clause 9.2;
  - (K) **"Demerged Company Warrants"** shall have the meaning set forth in Clause 3.1;
  - (L) **"Demerged Liabilities"** shall have the meaning set forth in Clause 6.1;
  - (M) **"Demerged Company Outstanding Amount"** shall mean the Total Outstanding Amount less the Resulting Company Outstanding Amount;
  - (N) **"Demerged Undertaking"** shall mean the undertakings, business, activities and operations pertaining to the Power Business of the Demerged Company, on a going concern basis, and shall mean and include, without limitation:
    - (a) all assets and properties of and required for the Power Business wherever situated, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, including all funds, buildings, plants, machinery, equipment, buildings and structures, offices, all lands (whether leasehold or freehold), benefits of any rental agreements for use of premises, marketing offices, capital works in progress, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), computers, vehicles, D.G. sets, furniture, fixtures, office equipment, appliances, accessories, power lines, share of any joint assets, any finished goods and any facilities,

cash and bank accounts (including bank balances), benefit of any deposits, financial assets, investments in IPL (as defined hereunder) and any other investment in any entity engaged in the Power Business, benefit of any bank guarantees, performance guarantees and letters of credit in relation to the Power Business, and all cash or cash equivalents appertaining or relating to the Power Business;

- (b) all permits, quotas, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, municipal permissions, approvals, consents, subsidies, tenancies in relation to the office and/or residential properties for the employees, benefit of any deposits, privileges, all other rights including sales tax deferrals and exemptions and other benefits, lease rights, receivables, and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Power Business including distribution contracts and premises relating to the Power Business;
  - (c) all earnest moneys and/or security deposits paid by the Demerged Company in connection with or relating to the Power Business;
  - (d) all permanent employees engaged by the Demerged Company at various locations who perform functions related to the Power Business;
  - (e) all records, files, papers, engineering and process information, any computer programs, licenses for software, and any other software licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to the Power Business;
  - (f) advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to the Power Business, including such trade names, service names and brands containing the "Indiabulls" mark, whether registered or unregistered, but excluding any other trade marks, service names or brands and excluding any patents, copyrights, designs, and other intellectual property rights; and
  - (g) all debts, borrowings, obligations and liabilities, both present and future, (including deferred tax liabilities, contingent liabilities and the Demerged Liabilities, as hereinafter defined, and obligations under any licenses or permits or schemes), whether secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheet of the Demerged Company, appertaining or relating to the Power Business.
- (O) **"Demerged Company Partly Paid-up Shares"** shall have the meaning set forth in Clause 21;
- (P) **"Demerger"** shall mean the transfer by way of demerger of the Demerged Undertaking of the Demerged Company to the Resulting Company pursuant to this Scheme and the consequent issue of equity shares and GDRs by the Resulting Company to the shareholders and GDR holders, respectively, of the Demerged Company and the cancellation of the existing shareholding of the Demerged Company in the Resulting Company, as set out in this Scheme;
- (Q) **"Demerger Record Date"** means the date to be fixed by the board of directors of the Demerged Company for the purpose of determining the equity shareholders of the Demerged Company to whom shares of the Resulting Company shall be allotted pursuant to the Demerger under this Scheme;
- (R) **"Deposit Agreement"** shall have the meaning ascribed to it in Clause 28 hereof;
- (S) **"Depositary"** shall mean Deutsche Bank Trust Company Americas, being the depositary for the IBREL GDRs;

- (T) **"Effective Date"** shall mean the last of the dates on which the conditions and matters referred to in Clause 85 hereof occur or have been fulfilled or waived;

References in this Scheme to the date of **"coming into effect of this Scheme"** or

**"effectiveness of this Scheme"** shall mean the Effective Date;

- (U) **"Encumbrance"** shall mean any options, pledge, mortgage, hypothecation, lien, security, interest, claim, charge, pre-emptive right, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever;
- (V) **"First Amalgamated Company"** shall mean the Demerged Company, as it would exist following and consequent to the effectiveness of the Demerger in terms of Part II of this Scheme;
- (W) **"First Amalgamated Company Trust"** shall have the meaning set forth in Clause 47;
- (X) **"First Amalgamated Company Trust Deed"** shall have the meaning set forth in Clause 47;
- (Y) **"First Amalgamated Company Trustee"** shall have the meaning set forth in Clause 47;
- (Z) **"First Amalgamating Company"** shall mean Indiabulls Builders Limited having its registered office at F-60, Malhotra Building, Second Floor, Connaught Place, New Delhi 110 001;
- (AA) **"First Amalgamation Share Exchange Ratio"** shall have the meaning ascribed to it in Clause 48;
- (BB) **"First Amalgamating Undertaking"** shall mean all the undertakings and entire business of the First Amalgamating Company as a going concern, including:
- (a) all assets and properties of the First Amalgamating Company wherever situated, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, including all funds, buildings, offices, all lands (whether leasehold or freehold), plants, machinery, equipment, buildings and structures, offices, benefits of any rental agreements for use of premises, marketing offices, capital works in progress, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), computers, vehicles, D.G. sets, furniture, fixtures, office equipment, appliances, accessories, power lines, share of any joint assets, any finished goods and any facilities, cash and bank accounts (including bank balances), benefit of any deposits, financial assets, investments, including investments in any form and in any entity, benefit of any bank guarantees, performance guarantees and letters of credit, and all cash or cash equivalents;
  - (b) all permits, quotas, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, municipal permissions, approvals, consents, subsidies, tenancies in relation to the office and/or residential properties for employees, benefit of any deposits, privileges, all other rights including sales tax deferrals and exemptions and other benefits, lease rights, receivables, and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions and benefits of all agreements, contracts and arrangements and all other interests;
  - (c) all earnest moneys and/or security deposits paid by the First Amalgamating Company;
  - (d) all permanent employees engaged by the First Amalgamating Company;
  - (e) all records, files, papers, engineering and process information, any computer programs, licenses for software, and any other software licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form;
  - (f) advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of

or enjoyed by the First Amalgamating Company; and

- (g) all the present and future debts (whether secured or unsecured), liabilities (including contingent liabilities), duties and obligations of the First Amalgamating Company of every kind, nature and description whatsoever and howsoever accruing or arising out of, and all loans and borrowings raised or incurred and utilized for its businesses, activities and operations, obligations under any licenses or permits and shall include the IBL Liabilities.
- (CC) **"Fractional Share Trustee"** shall have the meaning set forth in Clause 20;
- (DD) **"GDRs"** means global depositary receipts issued pursuant to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depositary Receipt Mechanism) Scheme, 1993 and other applicable laws and where relevant shall include the underlying equity shares related thereto;
- (EE) **"IBL Employees"** shall mean all the permanent employees of the First Amalgamating Company employed as on the Effective Date;
- (FF) **"IBREL GDRs"** shall mean the GDRs issued by the Demerged Company pursuant to the deposit agreements executed by it with the Depositary (as amended from time to time) and as are outstanding as of the Demerger Record Date;
- (GG) **"NSE"** shall mean the National Stock Exchange of India Limited;
- (HH) **"Partly Paid-up Shares"** shall mean the Demerged Company Partly Paid-up Shares and/or the Resulting Company Partly Paid-up Shares, as the context may admit;
- (II) **"Power Business"** shall have the meaning set forth in Clause 1.7;
- (JJ) **"PPSL Employees"** shall mean all the permanent employees of the Second Amalgamating Company employed as on the Effective Date;
- (KK) **"Projects"** shall mean the: (a) Amravati Project; and (b) thermal power project in Sinnar village, Nasik District in the State of Maharashtra being undertaken by Indiabulls Power Limited. and its subsidiary, Indiabulls Realtech Limited;
- (LL) **"Remaining Business"** shall mean all the undertakings, businesses, activities, operations, assets and liabilities (including investments in listed and unlisted shares and securities and identified assets and bank balances) of the Demerged Company, other than those comprised in the Demerged Undertaking.
- (MM) **"Resulting Company"** shall mean Indiabulls Infrastructure and Power Limited having its registered office at E-29, First Floor, Connaught Place, New Delhi 110 001;
- (NN) **"Resulting Company Depositary"** shall have the meaning set forth in Clause 28;
- (OO) **"Resulting Company Deposit Agreement"** shall have the meaning set forth in Clause 28;
- (PP) **"Resulting Company GDRs"** shall have the meaning set forth in Clause 28;
- (QQ) **"Resulting Company Partly Paid-up Shares"** shall have the meaning set forth in Clause 20;
- (RR) **"Resulting Company Outstanding Amount"** shall mean such amount as bears the same ratio to the Total Outstanding Amount as the net worth of the Demerged Undertaking bears to the total net worth of the Demerged Company immediately before the Appointed Date hereunder;
- (SS) **"Scheme"** shall mean this scheme of arrangement including any modification or amendment hereto, made in accordance with the terms hereof;
- (TT) **"Second Amalgamated Company ESOS Schemes"** shall mean the SPCL-IPSL Employees Stock Option Plan 2008 and the Indiabulls Power Limited Employees Stock Option Scheme - 2009;
- (UU) **"Second Amalgamated Company"** or **"IPL"** shall mean Indiabulls Power Limited. having its registered office at E-29, First Floor, Connaught Place, New Delhi 110 001;

- (VV) **"Second Amalgamated Company Partly Paid-up Shares"** shall have the meaning set forth in Clause 75;
- (WW) **"Second Amalgamated Company Trust"** shall have the meaning set forth in Clause 68;
- (XX) **"Second Amalgamated Company Trust Deed"** shall have the meaning set forth in Clause 68;
- (YY) **"Second Amalgamated Company Trustee"** shall have the meaning set forth in Clause 68;
- (ZZ) **"Second Amalgamated Company Warrants"** shall have the meaning set forth in Clause 3.5;
- (AAA) **"Second Amalgamating Undertaking"** shall mean all the undertakings and entire business of the Second Amalgamating Company as a going concern, including:
- (a) all assets and properties of the Second Amalgamating Company wherever situated, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, including all funds, buildings, offices, all lands (whether leasehold or freehold), plants, machinery, equipment, buildings and structures, offices, benefits of any rental agreements for use of premises, marketing offices, capital works in progress, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), computers, vehicles, D.G. sets, furniture, fixtures, office equipment, appliances, accessories, power lines, share of any joint assets, any finished goods and any facilities, cash and bank accounts (including bank balances), benefit of any deposits, financial assets, investments, including investments in any form and in any entity, benefit of any bank guarantees, performance guarantees and letters of credit, and all cash or cash equivalents;
  - (b) all permits, quotas, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, municipal permissions, approvals, consents, subsidies, tenancies in relation to the office and/or residential properties for employees, benefit of any deposits, privileges, all other rights including sales tax deferrals and exemptions and other benefits, lease rights, receivables, and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions and benefits of all agreements, contracts and arrangements and all other interests;
  - (c) all earnest moneys and/or security deposits paid by the Second Amalgamating Company;
  - (d) all permanent employees engaged by the Second Amalgamating Company;
  - (e) all records, files, papers, engineering and process information, any computer programs, licenses for software, and any other software licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form;
  - (f) advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Second Amalgamating Company, including such trade names, service names and brands containing the "Indiabulls" mark, whether registered or unregistered, but excluding any other trade marks, service names or brands and excluding any patents, copyrights, designs, and other intellectual property rights; and
  - (g) all the present and future debts (whether secured or unsecured), liabilities (including contingent liabilities), duties and obligations of the Second Amalgamating Company of every kind, nature and description whatsoever and howsoever accruing or arising out of, and all loans and borrowings raised or incurred and utilized for its businesses, activities and operations, obligations under any licenses or permits and shall include the PPST Liabilities.

- (BBB) **"Second Amalgamating Company"** or **"PSSL"** shall mean Poena Power Supply Limited having its registered office at E-29, First Floor, Connaught Place, New Delhi - 110 001;
- (CCC) **"Second Amalgamation Share Exchange Ratio"** shall have the meaning ascribed to it in Clause 69;
- (DDD) **"Second Amalgamated Company Outstanding Amount"** shall have the meaning ascribed to it in Clause 75;
- (EEE) **"Share Entitlement Ratio"** shall have the meaning ascribed to it in Clause 20 hereof;
- (FFF) **"Stock Exchanges"** means the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited;
- (GGG) **"Total Consideration"** shall have the meaning ascribed to it in Clause 21 hereof;
- (HHH) **"Total Outstanding Amount"** shall mean the amount payable for conversion of the Demerged Company Warrants which are outstanding and have not been exercised by the holders thereof into equity shares of the Demerged Company on the date immediately preceding issuance of the Demerged Company Partly Paid-up Shares;
- (III) **"Wholesale Demerger Scheme"** shall have the meaning ascribed to it in Clause 1.2; and
- (JJJ) **"Wholesale Trading Business"** shall have the meaning ascribed to it in Clause 1.2.
- 2.2. All terms and words used but not defined in this Scheme shall, unless repugnant or contrary to the context or meaning, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable law, rules, regulations, bye-laws, as the case may be, and any statutory modification or re-enactment thereof for the time being in force.
- 2.3. References to "Schedules", "Clauses", "Sections" and "Parts", unless otherwise stated, are references to schedules, clauses, sections and parts of this Scheme.
- 2.4. The headings herein shall not affect the construction of this Scheme.
- 2.5. The singular shall include the plural and vice versa; and references to one gender include all genders.
- 2.6. Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed without limitation.
- 2.7. References to a person shall include any individual, firm, body corporate (whether incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives body (whether or not having separate legal personality).

### 3. Share Capital

#### 3.1. Demerged Company

- (i) The share capital structure of the Demerged Company as on January 14, 2011 was as follows:

Authorized Share Capital	Rupees
500,000,000 equity shares of Rs. 2/- each	1,000,000,000/-
30,000,000 preference shares of Rs. 138/- each	4,140,000,000/-
<b>Total</b>	<b>5,140,000,000/-</b>
Issued, Subscribed and Paid-up Share Capital	Rupees
402,242,239 equity shares of face value Rs. 2/- (Rupees Two Only) each*	804,484,478/-
<b>Total</b>	<b>804,484,478/-</b>

\* includes 11,447,586 equity shares represented by IBREL GDRs.

- (ii) The Demerged Company has issued 28,700,000 warrants ("Demerged Company Warrants") which, upon exercise, would entitle the holders thereof to 28,700,000 equity shares of the Demerged Company. The exercise of such warrants would result in an increase in the issued, subscribed and paid-up equity share capital of the Demerged Company.
- (iii) The exercise of stock options, under the Demerged Company ESOS Schemes, would result in an increase in the issued, subscribed and paid-up equity share capital of the Demerged Company.
- (iv) The equity shares of the Demerged Company are listed on the Stock Exchanges. The IBREL GDRs representing the underlying equity shares of the Demerged Company are listed on Luxembourg Stock Exchange.

### 3.2. Resulting Company

- (i) The share capital structure of the Resulting Company as on January 14, 2011 was as follows:

<b>Authorized Share Capital</b>		<b>Rupees</b>
500,000 equity shares of face value Rs. 10/- each		5,000,000/-
<b>Total</b>		<b>5,000,000/-</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>		<b>Rupees</b>
50,000 equity shares of face value Rs. 10/- each		500,000/-
<b>Total</b>		<b>500,000/-</b>

- (ii) The equity shares of the Resulting Company are, at present, not listed on any stock exchanges.

### 3.3 First Amalgamating Company

- (i) The share capital structure of the First Amalgamating Company as on January 14, 2011 was as follows:

<b>Authorized Share Capital</b>		<b>Rupees</b>
42,500,000 equity shares of face value Rs. 2/- each		85,000,000/-
<b>Total</b>		<b>85,000,000/-</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>		<b>Rupees</b>
42,500,000 equity shares of face value Rs. 2/- each		85,000,000/-
<b>Total</b>		<b>85,000,000/-</b>

- (ii) The equity shares of the First Amalgamating Company are, at present, not listed on any stock exchange

### 3.4 Second Amalgamating Company

- (i) The share capital structure of the Second Amalgamating Company as on January 14, 2011 was as follows:

<b>Authorized Share Capital</b>		<b>Rupees</b>
202,500,000 equity shares of face value Re. 1/- each		202,500,000/-
<b>Total</b>		<b>202,500,000/-</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>		<b>Rupees</b>
202,500,000 equity shares of face value Re. 1/- each		202,500,000/-
<b>Total</b>		<b>202,500,000/-</b>



- (ii) The equity shares of the Second Amalgamating Company are, at present, not listed on any stock exchanges

### 3.5 Second Amalgamated Company

- (i) The share capital structure of the Second Amalgamated Company as on January 14, 2011 was as follows:

<b>Authorized Share Capital</b>	<b>Rupees</b>
5,000,000,000 equity shares of face value Rs. 10/- each	50,000,000,000/-
<b>Total</b>	<b>50,000,000,000/-</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	<b>Rupees</b>
2,022,710,746 equity shares of face value Rs. 10/- each	20,227,107,460/-
<b>Total</b>	<b>20,227,107,460/-</b>

- (ii) The Second Amalgamated Company has issued 420,000,000 warrants which, upon exercise, would entitle the holders thereof to 420,000,000 equity shares of the Second Amalgamated Company ("**Second Amalgamated Company Warrants**"). The exercise of such warrants may result in an increase in the issued, subscribed and paid-up equity share capital of the Second Amalgamated Company.
- (iii) The Second Amalgamated Company has outstanding stock options under the Second Amalgamated Company ESOS Schemes. The exercise of such options may result in an increase in the issued, subscribed and paid-up equity share capital of the Second Amalgamated Company.
- (iv) The equity shares of the Second Amalgamated Company are listed on the Stock Exchanges.

## **PART II DEMERGER**

### **Section 1 - Transfer and Vesting of the Demerged Undertaking**

#### **4. Transfer of Assets**

- 4.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Demerged Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Demerged Undertaking) shall, subject to the provisions of this Clause 4 in relation to the mode of transfer and vesting and pursuant to section 394 (2) of the Act and without any further act or deed, be demerged from the Demerged Company and be transferred to and vested in and be deemed to have been demerged from the Demerged Company and transferred to and vested in the Resulting Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Resulting Company, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.
- 4.2. In respect of such of the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by delivery of possession or by endorsement and delivery, the same shall be so transferred by the Demerged Company upon the coming into effect of the Scheme, and shall become the property of the Resulting Company as an integral part of the Demerged Undertaking with effect from the Appointed Date pursuant to the provisions of section 394 of the Act without requiring any deed or instrument of conveyance for transfer of the same, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.
- 4.3. In respect of such of the assets belonging to the Demerged Undertaking other than those referred to in Clause 4.2 above, the same shall, as more particularly provided in Clause 4.1 above, without any further act, instrument or deed, be demerged from the Demerged Company and transferred to and vested in and/or be deemed to be demerged from the Demerged Company and transferred to and vested in the Resulting Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act.

- 4.4. All assets, rights, title, interest and investments of the Demerged Company in relation to the Demerged Undertaking shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act.
5. **Transfer of contracts, deeds, etc.**
  - 5.1. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme including Clause 7, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.
  - 5.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme itself, the Resulting Company may, 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, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Resulting Company shall, under the provisions of Part II of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.
  - 5.3. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company. The Resulting Company shall make applications to any governmental authority as may be necessary in this behalf.
  - 5.4. Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such asset or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, insofar as it is permissible so to do, till such time as the transfer is effected.
6. **Transfer of Liabilities**
  - 6.1. It is clarified that, upon the coming into effect of this Scheme, subject to Clause 7, all debts, liabilities, loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities which arise out of the activities or operations of the Demerged Undertaking) of the Demerged Company as on the Appointed Date and relating to the Demerged Undertaking ("**Demerged Liabilities**") shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Effective Date and shall become the debts, liabilities, loans, obligations and duties of the Resulting Company which shall meet, discharge and satisfy the same.
  - 6.2. Where any of the loans raised and used, debts, liabilities, duties and obligations of the Demerged Company as on the Appointed Date deemed to be transferred to the Resulting Company have been discharged by the Demerged Company on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.

- 6.3. Upon the coming into effect of the Scheme, subject to Clause 7, all loans raised and used and all debts, liabilities, duties and obligations incurred by the Demerged Company for the operations of the Demerged Undertaking with effect from the Appointed Date and prior to the Effective Date, subject to the terms of this Scheme, shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Resulting Company and shall become the loans, debts, liabilities, duties and obligations of the Resulting Company.
- 6.4. In so far as the existing Encumbrances in respect of the Demerged Liabilities are concerned, such Encumbrances shall, subject to Clause 7, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking which have been Encumbered in respect of the Demerged Liabilities as transferred to the Resulting Company pursuant to this Scheme. Provided that if any of the assets comprised in the Demerged Undertaking which are being transferred to the Resulting Company pursuant to this Scheme have not been Encumbered in respect of the Demerged Liabilities, such assets shall remain unencumbered and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.
- 6.5. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, subject to Clause 7, the Encumbrances over such assets relating to the Demerged Liabilities shall, as and from the Effective Date without any further act, instrument or deed be released and discharged from the obligations and Encumbrances relating to the same. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the Encumbrances over such assets relating to any loans, borrowings or debentures or other debts or debt securities which are not transferred pursuant to this Scheme (and which shall continue with the Demerged Company), shall without any further act or deed be released from such Encumbrances and shall no longer be available as security in relation to such liabilities.
- 6.6. Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the Demerged Company and the Resulting Company shall execute any instrument/s and/or document/s and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the respective Registrar of Companies to give formal effect to the above provisions, if required.
- 6.7. Upon the coming into effect of this Scheme, subject to Clause 7, the Resulting Company alone shall be liable to perform all obligations in respect of the Demerged Liabilities, which have been transferred to it in terms of this Scheme, and the Demerged Company shall not have any obligations in respect of such Demerged Liabilities.
- 6.8. It is expressly provided that, save as mentioned in this Clause 6, no other term or condition of the liabilities transferred to the Resulting Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- 6.9. Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause 6 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.
- 6.10. For the purposes of this Clause 6, the liabilities of the Demerged Company relating to the Demerged Undertaking shall include:
- (i) the liabilities which arise out of the activities or operations of the Demerged Undertaking;
  - (ii) the specific loans or borrowings (including debentures raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking); and
  - (iii) in cases other than those referred to in Clause 6.10 (i) or Clause 6.10 (ii) above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Company, as stand in the same proportion which the value of the assets transferred pursuant to the Demerger bears to

the total value of the assets of the Demerged Company immediately prior to the Effective Date.

7. In relation to existing obligations of the Demerged Company under the loan agreements for the Projects to contribute project equity, finance cost overruns in relation to the implementation phase of the Projects and meet debt service obligations, if any, the Demerged Company shall, unless otherwise agreed with the lenders in relation to such Projects, be responsible for fulfilling such obligations in the event that the Resulting Company (which shall be the primary obligor to the lenders in relation to such obligations) fails to fulfill the same. For the avoidance of doubt it is clarified that save as expressly contemplated herein, no obligations in relation to the Demerged Undertaking shall be retained with or assumed by the Demerged Company following the Demerger and further that the obligations of the Demerged Company under this Clause 7 shall be only to the extent that the aforesaid obligations are existing obligations of the Demerged Company as on the Effective Date which are transferred to the Resulting Company pursuant to this Scheme.

8. **Legal, taxation and other proceedings**

- 8.1. Upon the coming into effect of this Scheme, all legal, taxation or other proceedings, whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), by or against the Demerged Company and relating to the Demerged Undertaking, under any statute, whether pending on the Appointed Date or which may be instituted any time thereafter, shall be continued and enforced by or against the Resulting Company after the Effective Date. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings against the Resulting Company. The Resulting Company shall be added as party to such proceedings and shall prosecute or defend such proceedings in co-operation with the Demerged Company.
- 8.2. If proceedings are taken against the Demerged Company in respect of the matters referred to in Clause 8.1 above, it shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the latter shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.
- 8.3. The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company referred to in Clause 8.1 above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. Both companies shall make relevant applications in that behalf.

9. **Employees**

- 9.1. Upon the coming into effect of this Scheme, the Demerged Company Employees shall become the permanent employees of the Resulting Company with effect from the Appointed Date, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the Demerged Company in the Demerged Undertaking and without any interruption of, or break in, service as a result of the transfer of the Demerged Undertaking. The Resulting Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of the Demerged Company Employees with the Demerged Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.
- 9.2. In so far as the existing benefits including provident fund, gratuity fund and superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by the Demerged Company inter alia for its employees (including employees of the Demerged Undertaking) are concerned (collectively referred to as the "**Demerged Company Funds**"), such proportion of the investments made in the Demerged Company Funds and liabilities which are referable to the Demerged Company Employees shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Demerged Company Funds shall, subject to the necessary approvals and permissions and at the discretion of the Resulting Company, either be continued as separate funds of the Resulting Company for the benefit of the employees of the Demerged Undertaking or be transferred to and merged with other similar funds of the Resulting Company. In the event that the Resulting Company does not have its own fund in respect of any of the aforesaid matters, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute in respect of the Demerged Company Employees to the Demerged Company Funds or discharge such liabilities of the Demerged Company, until such time that the Resulting Company creates its own fund, at which time the Demerged Company Funds, investments, contributions and

liabilities pertaining to the Demerged Company Employees shall be transferred to the funds created by the Resulting Company.

- 9.3. In relation to any other fund created or existing for the benefit of the employees being transferred to the Resulting Company, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such Demerged Company Employees.
- 9.4. In so far as the existing benefits or funds created by the Demerged Company for the employees of the Remaining Business are concerned, the same shall continue and the Demerged Company shall continue to contribute to such benefits or funds in accordance with the provisions thereof, and such benefits or funds, if any, shall be held inter alia for the benefit of the employees of the Remaining Business.
- 9.5. In respect of the stock options granted under the Demerged Company ESOS Schemes, if any, in the hands of the employees of the Demerged Undertaking as on the Effective Date, it is hereby clarified that the options, if any, which have been granted but have not vested in such employees of the Demerged Undertaking as of the Effective Date would lapse. In such a case, the Resulting Company shall put in place suitable stock option schemes on terms and conditions not less favourable to such employees than those of the Demerged Company ESOS Schemes which shall be offered to such employees, if any, of the Demerged Undertaking whose options under the Demerged Company ESOS Schemes have lapsed pursuant to this Clause 9.5. The options under the Demerged Company ESOS Schemes which, as of the Effective Date, have been vested in employees of the Demerged Undertaking but have not been exercised, shall lapse within 90 (ninety) days after the Effective Date.
- 9.6. For the avoidance of doubt it is hereby clarified that upon the coming into effect of this Scheme, the options granted, under and pursuant to the Demerged Company ESOS Schemes to the employees of the Remaining Business as of the Effective Date would continue and the exercise price of such options would be suitably re-priced in order to compensate the employees for reduction in the intrinsic value of the Demerged Company pursuant to the demerger of the Demerged Undertaking.
- 9.7. The consent of the shareholders of the Demerged Company to this Scheme shall be deemed to be their consent in relation to all matters pertaining to the Demerged Company ESOS Schemes as described in this Scheme, including without limitation, for the purposes of effecting necessary modifications to the Demerged Company ESOS Schemes, creating and/or modifying the employee stock option scheme and all related matters. No further approval of the shareholders of the Demerged Company or any other person would be required in this connection.

## **SECTION 2 - CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE**

10. The Demerged Company, with effect from the Appointed Date and up to and including the Effective Date:
- (i) shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Demerged Undertaking and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the Demerged Undertaking for and on account of, and in trust for, the Resulting Company;
  - (ii) all profits and income accruing to the Demerged Company from the Demerged Undertaking, and losses and expenditure or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income), relating to the Demerged Undertaking for the period from the Appointed Date based on the accounts of the Demerged Company shall, for all purposes, be treated as the profits, income, losses or expenditure, as the case may be, of the Resulting Company; and
  - (iii) any of the rights, powers, authorities, privileges, attached, related or pertaining to the Demerged Undertaking exercised by the Demerged Company shall be deemed to have been exercised by the Demerged Company for and on behalf of, and in trust for and as an agent of the Resulting Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Demerged Undertaking that have been undertaken or discharged by the Demerged Company shall be deemed to have been undertaken for and on behalf of and as an agent for the Resulting Company.
11. The Demerged Company undertakes that it shall preserve and carry on the business of the Demerged

Undertaking with reasonable diligence and business prudence and shall not, upto and including the Effective Date, undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber the Demerged Undertaking or any part thereof unless:

- (i) the prior written consent of the board of directors of the Resulting Company has been obtained in relation to any of the above;
  - (ii) the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court; or
  - (iii) the same is expressly permitted by this Scheme.
12. From the date of filing of this Scheme with the High Court and upto and including the Effective Date, the Demerged Company and Resulting Company shall not, except in respect of outstanding options that may be exercised in terms of the Demerged Company ESOS Schemes, exercise of the Demerged Company Warrants or as provided herein, make any change in their respective capital structure in any manner either by any increase (including by way of issue of equity and/or preference shares on a rights basis or by way of a public issue, bonus shares and/or convertible debentures or otherwise), decrease, reduction, reclassification, sub-division, consolidation, re-organization, or in any other manner which may, in any way, affect the Share Entitlement Ratio (as defined hereunder), except with the prior approval of the board of directors of the Resulting Company or the Demerged Company respectively.
13. The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertaking and the continuance of the proceedings by or against the Resulting Company under this Scheme shall not affect any transaction or proceedings already completed by the Demerged Company on or before the Appointed Date to the end and intent that, subject to the provisions of this Section 2, the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company as acts, deeds and things done and executed by and on behalf of the Resulting Company.

### SECTION 3 - REMAINING BUSINESS

14. The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company subject to the provisions of this Scheme in relation to Encumbrances in favour of banks, lenders and/or financial institutions.
15. All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company after the Effective Date, which shall keep the Resulting Company fully indemnified in that behalf. Subject to the foregoing, the Demerged Company shall in no event be responsible or liable in relation to any other legal or other proceeding against the Resulting Company.
16. If proceedings are taken against the Resulting Company in respect of the matters referred to in Clause 15 above, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof.
17. With effect from the Appointed Date and up to and including the Effective Date:
- (i) the Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
  - (ii) all profits accruing to the Demerged Company or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company;
  - (iii) all assets and properties acquired by the Demerged Company in relation to the Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company; and
  - (iv) all assets acquired and all liabilities incurred by the Demerged Company after the Appointed Date

but prior to the Effective Date for operation of and in relation to the Demerged Undertaking shall also without any further act, instrument or deed stand transferred to and vested in or to be deemed to have been transferred to or vested in the Resulting Company upon the coming into effect of the Scheme, subject to the provisions of this Scheme in relation to Encumbrances in favour of lenders, banks and/or financial institutions.

#### SECTION 4 - REORGANISATION OF CAPITAL

18. The provisions of this Section 4 shall operate notwithstanding anything to the contrary in this Scheme.
19. In consideration of the transfer and vesting of the Demerged Undertaking in the Resulting Company in accordance with the provisions of this Scheme and as an integral part of this Scheme, the share capital of the Demerged Company and the Resulting Company shall be restructured and reorganised in the manner set out in Clause 20 to Clause 33 below.
20. (i) In consideration of the Demerger, including the transfer and vesting of the Demerged Undertaking in the Resulting Company pursuant to Section 1 of Part II of this Scheme, the Resulting Company shall, without any further act or deed, issue and allot to each member of the Demerged Company whose name is recorded in the register of members as a member of the Demerged Company on the Demerger Record Date, equity shares in the Resulting Company in the ratio of 2.95 (Two point Nine Five) equity shares in the Resulting Company of face value Rs. 2/- (Rupees Two Only) each credited as fully paid-up for every 1 (One) equity share of face value Rs. 2/- (Rupees Two Only) each fully paid up held by such member in the Demerged Company (the "**Share Entitlement Ratio**") as on the Demerger Record Date. It is clarified that the holders of the partly paid-up shares of the Demerged Company, if any, recorded in the register of members as a member of the Demerged Company on the Demerger Record Date shall also be issued partly paid-up shares in the Resulting Company in the Share Entitlement Ratio pursuant to this clause in accordance with this Scheme (such partly paid-up shares, the "**Resulting Company Partly Paid-up Shares**").
- (ii) If any shareholder of the Demerged Company becomes entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the Resulting Company in accordance with Clause 20 (i) of this Scheme, the board of directors of the Resulting Company shall consolidate all such fractional entitlements and shall, without any further application, act, instrument or deed, issue and allot such consolidated equity shares directly to an individual trust or a board of trustees or a corporate trustee nominated by the Resulting Company (the "**Fractional Share Trustee**"), who shall hold such equity shares with all additions or accretions thereto in trust for the benefit of the respective shareholders, to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such equity shares in the market at such price or prices and on such time or times, as the Fractional Share Trustee may in its sole discretion decide and on such sale pay to the Resulting Company, the net sale proceeds thereof and any additions and accretions, whereupon the Resulting Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Demerged Company in proportion to their respective fractional entitlements.
- (iii) As an integral part of the Scheme, upon the allotment of shares by the Resulting Company pursuant to the Scheme, the existing shareholding of the Demerged Company in the Resulting Company shall be cancelled. The reduction of share capital shall be undertaken in accordance with provisions of sections 100 to 103 of the Act and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of section 101 of the Act shall not be applicable. Notwithstanding the reduction in the equity share capital of the Resulting Company, the Resulting Company shall not be required to add "And Reduced" as a suffix to its name.
21. (i) Upon the Effective Date, as an integral part of this Scheme, the Demerged Company Warrants which are outstanding and have not been exercised by the holders thereof shall, without any further act or deed, stand converted into partly paid-up equity shares in the Demerged Company, treated as paid up to the extent of the payment which has been made by the holders thereof on the Demerged Company Warrants. The partly paid-up equity shares issued by the Demerged

Company shall entitle the holders thereof to exercise all rights available under the Act and applicable laws to a holder of partly paid-up shares, including rights as to dividend and voting rights proportional to the amount paid-up on such shares from time to time. Upon being made fully-paid up, such shares shall rank *pari passu* with the equity shares of the Demerged Company in all respects.

- (ii) Within 2 (two) days of the Effective Date, the Demerged Company shall issue and allot, to each holder of the Demerged Company Warrant which is outstanding and which has not been exercised by the holders thereof as on that date, partly paid-up equity shares in the Demerged Company in the ratio of 1 (one) partly paid-up equity share in the Demerged Company for every 1 (one) Demerged Company Warrant which is outstanding and which has not been exercised by the holders thereof as on that date (the partly paid-up equity shares issued pursuant to this sub-clause, the **"Demerged Company Partly Paid-up Shares"**). Upon issuance of the Demerged Company Partly Paid-up Shares, the Demerged Company Warrants shall stand converted and shall not be exercisable.
  - (iii) Simultaneously with the issuance of shares by the Resulting Company under Clause 42 (i) above, the Total Outstanding Amount payable for the Demerged Company Partly Paid-up Shares by the holders thereof shall stand reduced by an amount which bears the same proportion to the Total Outstanding Amount as the net worth of the Demerged Undertaking bears to the net worth of the Demerged Company immediately preceding the Appointed Date. The total amount payable for the Resulting Company Partly Paid-up Shares shall correspondingly be equivalent to the amount reduced from the Total Outstanding Amount pursuant to this Clause.
  - (iv) The Demerged Company and the Resulting Company shall make capital calls on the holders of the Partly Paid-up Shares in accordance with applicable law and as specified in Schedules I and II. The Partly Paid-up Shares shall become presently payable on the dates of such calls being made pursuant to Schedules I and II. The first call on the Partly Paid-up Shares shall be made on the same date as their allotment as set out in Schedules I and II.
  - (v) The Partly Paid-up Shares may be made fully paid up pursuant to, and as an integral part of, this Scheme by the payment of calls thereon by the holders thereof on or prior to the dates specified for such calls in Schedules I and II. For the avoidance of doubt it is clarified that the amount payable on the Demerged Company Partly Paid-up Shares shall be the Demerged Company Outstanding Amount and the amount payable on the Resulting Company Partly Paid-up Shares shall be the Resulting Company Outstanding Amount.
22. The shares issued to the members of the Demerged Company pursuant to Clause 20 above shall be issued in dematerialized form by the Resulting Company, unless otherwise notified in writing by the shareholders of the Demerged Company to the Resulting Company on or before such date as may be determined by the board of directors of the Resulting Company or a committee thereof. In the event that such notice has not been received by the Resulting Company in respect of any of the members of the Demerged Company, the shares shall be issued to such members in dematerialized form provided that the members of the Demerged Company shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required. It is only thereupon that the Resulting Company shall issue and directly credit the dematerialized securities to the account of such member with the shares of the Resulting Company. In the event that the Resulting Company has received notice from any member that shares are to be issued in certificate form or if any member has not provided the requisite details relating to the account with a depository participant or other confirmations as may be required, then the Resulting Company shall issue shares in certificate form to such member.
23. Equity shares to be issued by the Resulting Company pursuant to Clause 20 in respect of such of the equity shares of the Demerged Company which are held in abeyance under the provisions of section 206A of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be kept in abeyance by the Resulting Company.
24. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the board of directors or any committee thereof of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Demerger Record



Date, to effectuate such a transfer in the Demerged Company as if such changes in registered holder were operative as on the Demerger Record Date, in order to remove any difficulties arising to the transferor of the share in the Resulting Company and in relation to the shares issued by the Resulting Company after the effectiveness of this Scheme. The board of directors of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in the Resulting Company on account of difficulties faced in the transaction period.

25. The equity shares to be issued and allotted by the Resulting Company in terms of Clause 20 above shall inter-se rank pari passu in all respects.
26. (i) Equity shares of the Resulting Company issued in terms of Clause 20 above shall, subject to receipt of necessary approvals, be listed and/or admitted to trading on the Stock Exchanges. The shares allotted pursuant to Part II of this Scheme shall remain frozen in the depositories system until listing/trading permission is given by the designated stock exchange.
- (ii) Until the listing of the equity shares of the Resulting Company with the Stock Exchanges, except as provided in this Scheme, including Part III hereof, there shall be no change in the shareholding pattern or control or pre-arrangement capital structure of the Resulting Company.
27. Unless otherwise determined by the board of directors or any committee thereof of the Demerged Company and the board of directors or any committee thereof of the Resulting Company, issuance of shares in terms of Clause 20 of this Scheme shall be done within 90 (ninety) days from the Effective Date, provided that the Demerged Company Partly Paid-up Shares shall be issued within 2 (two) days from the Effective Date.
28. (i) Upon the coming into effect of this Scheme and the issuance of shares in the Share Entitlement Ratio by the Resulting Company pursuant to the provisions of Clause 20 above, the Resulting Company shall issue an appropriate number of underlying shares, in accordance with the Share Entitlement Ratio, to the Depository. The Resulting Company and/or the Depository shall enter into appropriate arrangements with a depository (the "**Resulting Company Depository**") appointed by the Resulting Company pursuant to a deposit agreement entered into between the Resulting Company and the Resulting Company Depository (the "**Resulting Company Deposit Agreement**"), for the issuance, subject to the cash-out procedure described in Clause 31 being utilized, of GDRs representing such shares (the "**Resulting Company GDRs**") on a pro-rata basis to holders of the IBREL GDRs, in accordance with the deposit agreement entered into between the Demerged Company and the Depository (the "**Deposit Agreement**").
- (ii) The Resulting Company, the Resulting Company Depository, the Demerged Company and/or the Depository shall enter into such further documents and take such further actions as may be deemed necessary or appropriate by the Resulting Company and/or the Demerged Company and the Resulting Company Depository, including, but not limited to, amending the Deposit Agreement, disseminating to existing IBREL GDR holders certain notices, certifications and information containing details of the Scheme, the issuance of the Resulting Company GDRs and/or certain information relating to the Resulting Company and obtaining from the existing IBREL GDR holders, and providing to the Resulting Company and the Resulting Company Depository, certain information relating to the existing IBREL GDR holders.
29. If required by any regulations or laws, the Resulting Company GDRs issued pursuant to Clause 28 above shall be listed, in which event the same may be listed on the Luxembourg Stock Exchange and the Resulting Company shall take such additional steps and do all such acts, deeds and things as may be necessary for purposes of listing the Resulting Company GDRs.
30. The Resulting Company GDRs and the shares underlying the Resulting Company GDRs issued pursuant to this Scheme may not be registered under the Securities Act of 1933, as amended, of the United States of America ("**Securities Act**") as the distribution of the Resulting Company GDRs and the shares underlying the Resulting Company GDRs may not constitute an "offer to sell", "sale" or other disposition for value within the meaning of Section 2(3) of the Securities Act. The Resulting Company may elect, in its sole discretion, to also rely upon any applicable exemption from the registration requirements of the Securities Act or register the Resulting Company GDRs and the equity shares underlying the Resulting Company GDRs under the Securities Act.

31. If it is determined that it would be reasonably impracticable (including due to the fractions of Resulting Company GDRs or underlying shares which would arise, any requirement that the Company, the Depositary and/or the Resulting Company Depositary withhold any amount on taxes or other governmental charges or any requirement to register the Resulting Company GDRs or the underlying shares under the Securities Act) and/or unlawful for the Depositary or the Resulting Company Depositary, as applicable, to distribute Resulting Company GDRs or underlying shares to all or any holders of the IBREL GDRs, in accordance with Condition 6 of the terms and conditions of the IBREL GDRs as set out in the Deposit Agreement, the Depositary shall sell the underlying shares received from the Resulting Company by public or private sale or otherwise at its discretion and the net sales proceeds (after the deduction of all taxes, fees and expenses incurred) shall be distributed to holders of IBREL GDRs entitled thereto in accordance with Condition 4, Condition 9 and Condition 11 of the terms and conditions of the IBREL GDRs as set out in the Deposit Agreement. The Resulting Company, the Resulting Company Depositary, the Demerged Company and/or the Depositary shall enter into such further documents and take such further actions as may be necessary or appropriate and to enable the actions contemplated herein. The Depositary shall carry out the sale of shares in accordance with its normal practices and procedures and shall have no liability for: (i) any delays in the sale of the shares; or (ii) any fluctuations in the price of the shares between the issuance and sale of the shares.
32. It is clarified that the provisions of Clauses 28 to 31 above shall also be applicable to any further GDRs that the Demerged Company may issue prior to the Demerger Record Date.
33. **Authorised share capital of the Resulting Company**
- 33.1. Pursuant to the Scheme and upon its effectiveness, without any further act or deed, the authorised share capital of the Resulting Company shall stand sub-divided into 1,500,000,000 (One Billion Five Hundred Million) equity shares of face value Rs. 2/- (Rupees Two Only) each. The existing capital clause contained in the Memorandum of Association of the Resulting Company shall, upon the coming into effect of this Scheme without any further act or deed be replaced in the following manner:
- "V. The Authorised Capital of the Company is Rs. 3,000,000,000/- (Rupees Three Hundred Crore only) divided into 1500,000,000 (One Hundred Fifty Crore) Equity Shares of Rs. 2/- (Rupees Two) each."*
- 33.2. It is hereby clarified that for the purposes of this Clause 33, the consent of the shareholders of the Resulting Company to the Scheme shall be deemed to be sufficient for amendment of the memorandum of association of the Resulting Company and no further resolutions under section 16, section 31, section 94 or any applicable provisions of the Act would be required to be separately passed.

## **SECTION 5 - GENERAL TERMS AND CONDITIONS**

34. (i) **Accounting treatment in the books of the Demerged Company**
- (a) The Demerged Company shall transfer the Demerged Undertaking along with all its assets and liabilities transferred pursuant to this Scheme to the Resulting Company at their respective values as appearing in the books of the Demerged Company at the close of business of the day immediately preceding the Appointed Date.
  - (b) The investment in the Resulting Company shall stand cancelled.
  - (c) The Share Capital Account shall be credited with the amount to the extent computed as paid up in respect of the Demerged Company Partly Paid-up Shares issued pursuant to Clause 21 and corresponding amount shall be debited to the Share Warrant Account.
  - (d) After giving effect to Clause 34 (i) (c) above, the amount remaining in the Share Warrant Account shall be credited to the Securities Premium Account.
  - (e) The net impact, of the assets and liabilities transferred, by the Demerged Company pursuant to sub-clause (a), (b) and (c) above, respectively, along with all cost, charges, levies and expenses (including stamp duty) in relation to or in connection with or incidental to this Scheme or the implementation thereof shall be adjusted to the securities premium account of the Demerged Company.

(ii) **Reduction in share premium account**

The reduction, if any, of the securities premium account pursuant to sub-clause 34 (i) (e) above, if any, shall be effected as an integral part of the Scheme itself in accordance with the provisions of section 78, sections 100 to 103 and any other applicable provisions of the Act. The same does not involve either diminution of liability in respect of unpaid capital or payment to any shareholder of any amount paid in respect of shares issued and the provisions of section 101 shall not be applicable. The order of the High Court sanctioning the Scheme shall be deemed to be an order under section 102 of the Act for the purposes of confirming the reduction.

35. **Accounting treatment in the books of the Resulting Company**

- (i) Upon the effectiveness of the Scheme and allotment of shares by the Resulting Company pursuant to the Scheme and pursuant to Clause 20 (i), the paid up share capital of Resulting Company shall be cancelled and reduced under section 100 of the Act to the extent of the shares held by the Demerged Company in the Resulting Company simultaneous with the issue of equity shares to the shareholders of the Demerged Company.
- (ii) On effectiveness of the Scheme and with effect from the Appointed Date:
- (a) the Resulting Company shall record the assets and liabilities of the Demerged Undertaking of the Demerged Company vested in it pursuant to this Scheme, at their respective book values as appearing in the books of the Demerged Company, at the close of business of the day immediately preceding the Appointed Date.
  - (b) the Resulting Company shall credit the aggregate face value of the new equity shares issued by it to the shareholders of the Demerged Company pursuant to Clause 20 of this Scheme to the share capital account in its books of accounts.
  - (c) the amount to the extent computed as paid-up in respect of the Resulting Company Partly Paid-up Shares issued by the Resulting Company pursuant to Clause 20 shall be credited to the Share Capital Account.
  - (d) the difference, between the amounts credited to the share capital account and the book value of net assets as per sub-clause (a) above shall, after making an adjustment on account of cancellation of share capital pursuant to sub-clause (i) above, be debited by Resulting Company to its goodwill or credited to its capital reserves account, as the case may be.

**PART III - AMALGAMATION OF THE FIRST AMALGAMATING COMPANY WITH THE FIRST AMALGAMATED COMPANY**

*Upon the occurrence of the Demerger pursuant to Part II of this Scheme, the Demerged Company shall be referred to as the "First Amalgamated Company", comprising the Remaining Business, for the purposes of this Part III.*

**SECTION 1 - TRANSFER AND VESTING OF THE FIRST AMALGAMATING UNDERTAKING**

36. **Transfer of Assets**

- 36.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances comprised in the First Amalgamating Undertaking of whatsoever nature and wheresoever situate shall, under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the First Amalgamated Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the First Amalgamated Company.
- 36.2. In respect of such of the assets and properties of the First Amalgamating Undertaking as are movable in nature or are otherwise capable of transfer by delivery of possession or by endorsement and delivery, the

same may be so transferred by the First Amalgamating Company upon the coming into effect of the Scheme, and shall become the assets and property of the First Amalgamated Company with effect from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without requiring any deed or instrument of conveyance for transfer of the same.

- 36.3. In respect of such of the assets and properties belonging to the First Amalgamating Undertaking including sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any governmental authority, quasi government, local or other authority or body or with any company or other person, other than those referred to in Clause 36.2 above, the same shall, as more particularly provided in Clause 36.1 above, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party, be transferred to and vested in and/or be deemed to be transferred to and vested in the First Amalgamated Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any.
- 36.4. All assets, rights, title, interest, investments and properties of the First Amalgamating Company in relation to the First Amalgamating Undertaking and any assets, rights, title, interest, investments and properties acquired by the First Amalgamating Company after the Appointed Date but prior to the Effective Date in relation to the First Amalgamating Undertaking shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the First Amalgamated Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any.
- 36.5. All the licenses, permits, entitlements, quotas, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits (including sales tax and service tax), subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the First Amalgamating Company and all rights and benefits that have accrued or which may accrue to either of the First Amalgamating Company, whether on, before or after the Appointed Date, including income tax benefits and exemptions shall, under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in and/or be deemed to be transferred to and vested in and be available to the First Amalgamated Company so as to become licenses, permits, entitlements, quotas, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the First Amalgamated Company and shall remain valid, effective and enforceable on the same terms and conditions.
37. **Transfer of contracts, deeds, etc.**
- 37.1. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature, to which the First Amalgamating Company is a party or to the benefit of which the First Amalgamating Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect against or in favour, as the case may be, of the First Amalgamated Company and may be enforced as fully and effectually as if, instead of the First Amalgamating Company, the First Amalgamated Company had been a party or beneficiary or obligee thereto.
- 37.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the First Amalgamating Undertaking occurs by virtue of this Scheme itself, the First Amalgamated Company may, 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, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the First Amalgamating Company is a party or any writings as may be necessary in order to give formal effect to the above provisions. The First Amalgamated Company shall, under the provisions of Part III of this Scheme, be deemed to be authorised to execute any such writings on behalf of the First Amalgamating Company and to carry out or perform all such formalities or compliances referred to above on the part of the First Amalgamating Company to be carried out or performed.

37.3. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the First Amalgamating Company in relation to the First Amalgamating Undertaking shall stand transferred to the First Amalgamated Company as if the same were originally given by, issued to or executed in favour of the First Amalgamated Company, and the First Amalgamated Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the First Amalgamated Company. The First Amalgamated Company shall make applications to any governmental authority as may be necessary in this behalf.

**38. Transfer of Liabilities**

- 38.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, all debts, liabilities, loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities) whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations along with any charge, encumbrance, lien or security thereon of the First Amalgamating Company ("IBL Liabilities") shall, pursuant to the sanction of this Scheme by the High Court and under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act or deed, be and stand transferred to and be deemed to be transferred to the First Amalgamated Company to the extent that they are outstanding as on the Effective Date and shall become the debts, liabilities, loans, obligations and duties of on the same terms and conditions as were applicable to the First Amalgamating Company, and the First Amalgamated Company shall meet, discharge and satisfy the same. Further, it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such IBL Liabilities have arisen in order to give effect to the provisions of this Clause.
- 38.2. All debts, liabilities, duties and obligations of the First Amalgamating Company shall, as on the Appointed Date, whether or not provided in the books of the First Amalgamating Company, and all debts and loans raised and used, and duties, liabilities and obligations incurred or which arise or accrue to the First Amalgamating Company on or after the Appointed Date until the Effective Date shall be deemed to be and shall become the debts, loans raised and used, duties, liabilities and obligations incurred by the First Amalgamated Company by virtue of this Scheme.
- 38.3. Where any of the loans raised and used, debts, liabilities, duties and obligations of the First Amalgamating Company as on the Appointed Date deemed to be transferred to the First Amalgamated Company have been discharged by the First Amalgamating Company prior to the Effective Date, such discharge shall be deemed to have been for and on account of the First Amalgamated Company.
- 38.4. All loans raised and utilised and all liabilities, duties and obligations incurred or undertaken by the First Amalgamating Company on or after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the First Amalgamated Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of section 391 to section 394 of the Act, without any further act, instrument or deed be and stand transferred to and vested in and be deemed to have been transferred to and vested in the First Amalgamated Company and shall become the loans and liabilities, duties and obligations of the First Amalgamated Company which shall meet, discharge and satisfy the same.
- 38.5. Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the First Amalgamating Company and the First Amalgamated Company shall, *ipso facto*, stand discharged and come to an end and there shall be no liability in that behalf upon any party and the appropriate effect shall be given in the books of accounts and records of the First Amalgamated Company.
- 38.6. Without prejudice to the foregoing provisions of this Clause, upon the coming into effect of this Scheme, all debentures, bonds, notes or other debt securities and other instruments of like nature (whether convertible into equity shares or not), if any, of the First Amalgamating Company shall, under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act, instrument or deed, become the debt securities of the First Amalgamated Company on the same terms and conditions and all rights, powers, duties and obligations in relation thereto shall be and

stand transferred to and vested in and be deemed to have been transferred to and vested in and shall be exercised by or against the First Amalgamated Company to the same extent as if it were the issuer of the debt securities so transferred and vested. If the debt securities are listed on any stock exchange, the same shall, subject to applicable law and regulations, be listed and/or admitted to trading on the relevant stock exchanges in India where the debt securities were listed and/or admitted to trading, on the same terms and conditions, unless otherwise modified in accordance with applicable law.

- 38.7. All Encumbrances, if any, existing prior to the Effective Date over the assets of the First Amalgamating Company which secures or relate to the IBL Liabilities shall, after the Effective Date, without any further act, instrument or deed, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the First Amalgamated Company. Provided that if any of the assets of the First Amalgamating Company have not been Encumbered in respect of the IBL Liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. Further, such Encumbrances shall not relate or attach to any of the other assets of the First Amalgamated Company. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.
- 38.8. The existing Encumbrances over the other assets and properties of the First Amalgamated Company or any part thereof which relate to the liabilities and obligations of the First Amalgamated Company prior to the Effective Date shall continue to relate to such assets and properties and shall not extend or attach to any of the assets and properties transferred to and vested in the First Amalgamated Company by virtue of the Scheme.
- 38.9. Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the First Amalgamating Company and the First Amalgamated Company shall execute any instrument/s and/or document/s and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the respective Registrar of Companies to give formal effect to the above provisions, if required.
- 38.10. Upon the coming into effect of this Scheme, the First Amalgamated Company alone shall be liable to perform all obligations in respect of the IBL Liabilities, which have been transferred to it in terms of this Scheme.
- 38.11. It is expressly provided that, save as mentioned in this Clause 38, no other term or condition of the liabilities transferred to the First Amalgamated Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- 38.12. Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause 38 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

#### 39. **Legal, taxation and other proceedings**

Upon the coming into effect of this Scheme, all suits, actions and other proceedings including legal and taxation proceedings, whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), whether pending and/ or arising on or before the Effective Date shall be continued and/ or enforced by or against the First Amalgamating Company, as effectually and in the same manner and to the same extent as if the same had been instituted and/or pending and/or arising by or against the First Amalgamated Company.

#### 40. **Employees**

- 40.1. Upon the coming into effect of this Scheme, all IBL Employees as on the Effective Date shall become the permanent employees of the First Amalgamated Company, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the First Amalgamating Company and without any interruption of, or break in service as a result of the transfer of the First Amalgamating Undertaking. The First Amalgamated Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such IBL

Employees and such benefits to which the IBL Employees are entitled in the First Amalgamating Company shall also be taken into account, and the First Amalgamating Company agrees and undertakes to pay the same as and when payable.

- 40.2. It is clarified that save as expressly provided for in this Scheme, the IBL Employees who become the employees of the First Amalgamated Company by virtue of this Scheme, shall be entitled to the employment policies and shall be entitled to avail of any schemes and benefits existing as on the Effective Date that may be applicable and available to any of the other employees of the First Amalgamated Company (including the benefits of or under any employee stock option schemes applicable to or covering all or any of the other employees of the First Amalgamated Company), unless otherwise determined by the First Amalgamated Company. The First Amalgamated Company undertakes to continue to abide by any agreement/settlement, if any, entered into or deemed to have been entered into by the First Amalgamating Company with any employee of the First Amalgamated Company.
- 40.3. Insofar as the provident fund, gratuity fund, trusts, retirement fund or benefits and any other funds or benefits created by the First Amalgamating Company for the IBL Employees or to which the First Amalgamating Company is contributing for the benefit of the IBL Employees and other such funds, trusts, the benefits of which the IBL Employees enjoy (the "IBL Funds"), all the contributions made to such IBL Funds for the benefit of the IBL Employees and the investments made by the IBL Funds in relation to the IBL Employees shall be transferred to the First Amalgamated Company and shall be held for the benefit of the concerned IBL Employees. In the event the First Amalgamated Company has its own funds in respect of any of the IBL Funds, such contributions and investments shall, subject to the necessary approvals and permissions and at the discretion of the First Amalgamated Company, be transferred to the relevant funds of the First Amalgamated Company. In the event that the First Amalgamated Company does not have its own funds in respect of any of the above or if deemed appropriate by the First Amalgamated Company, the First Amalgamating Company may, subject to necessary approvals and permissions, maintain the existing funds separately and contribute thereto until such time that the First Amalgamated Company creates its own funds, at which time the IBL Funds and the investments and contributions pertaining to the IBL Employees shall be transferred to the funds created by the First Amalgamated Company.
- 40.4. In relation to those IBL Employees for whom the First Amalgamating Company is making contributions to the government provident fund, the First Amalgamated Company shall stand substituted for the First Amalgamating Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such IBL Employees.

## **SECTION 2 - CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE**

41. The First Amalgamating Company, with effect from the Appointed Date and up to and including the Effective Date:
- (i) shall be deemed to have been carrying on and to be carrying on all business and activities relating to the First Amalgamating Undertaking and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the First Amalgamating Undertaking for and on account of, and in trust for, the First Amalgamated Company;
  - (ii) all profits and income accruing to the First Amalgamating Company from the First Amalgamating Undertaking, and losses and expenditure or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income), relating to the First Amalgamating Undertaking shall, for all purposes, be treated as the profits, income, losses or expenditure, as the case may be, of the First Amalgamated Company; and
  - (iii) any of the rights, powers, authorities, privileges, attached, related or pertaining to the First Amalgamating Undertaking exercised by the First Amalgamating Company shall be deemed to have been exercised by the First Amalgamated Company for and on behalf of, and in trust for and as an agent of the First Amalgamated Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the First Amalgamating Undertaking that have been undertaken or discharged by the First Amalgamating Company shall be deemed to have been undertaken for and on behalf of and as an agent for the First Amalgamated Company.

42. The First Amalgamating Company undertakes that it shall preserve and carry on the business of the First Amalgamating Undertaking with reasonable diligence and business prudence and shall not, upto and including the Effective Date, undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber the First Amalgamating Undertaking or any part thereof unless:
- (i) the prior written consent of the board of directors of the First Amalgamated Company has been obtained in relation to any of the above;
  - (ii) the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court; or
  - (iii) the same is expressly permitted by this Scheme.
43. From the date of filing of this Scheme with the High Court and upto and including the Effective Date, the First Amalgamating Company and First Amalgamated Company shall not, except in respect of outstanding options that may be exercised in terms of the Demerged Company ESOS Schemes, exercise of the Demerged Company Warrants or as provided herein, make any change in their respective capital structure in any manner either by any increase (including by way of issue of equity and/or preference shares on a rights basis or by way of a public issue, bonus shares and/or convertible debentures or otherwise), decrease, reduction, reclassification, sub-division, consolidation, re-organization, or in any other manner which may, in any way, affect the First Amalgamation Share Exchange Ratio (as defined hereunder), except with the prior approval of the board of directors of the First Amalgamated Company or the First Amalgamating Company respectively.
44. The transfer and vesting of the assets, liabilities and obligations of the First Amalgamating Undertaking and the continuance of the proceedings by or against the First Amalgamated Company under this Scheme shall not affect any transaction or proceedings already completed by the First Amalgamating Company on or before the Appointed Date to the end and intent that, subject to the provisions of Section 2 of Part III of this Scheme, the First Amalgamated Company accepts all acts, deeds and things done and executed by and/or on behalf of the First Amalgamating Company as acts, deeds and things done and executed by and on behalf of the First Amalgamated Company.

### SECTION 3 - REORGANISATION OF CAPITAL

45. The provisions of this Section 3 shall operate notwithstanding anything to the contrary in this Scheme.
46. In consideration of the transfer and vesting of the First Amalgamating Undertaking in the First Amalgamated Company in accordance with the provisions of this Scheme and as an integral part of this Scheme, the share capital of the First Amalgamating Company shall be restructured and reorganised in the manner set out in Clause 47 to Clause 55 below.
47. Notwithstanding anything to the contrary contained in this Scheme, 42,500,000 (Forty Two Million Five Hundred Thousand) equity shares held by the First Amalgamated Company in the First Amalgamating Company shall stand vested by virtue of this Scheme with effect from the date of the order of the High Court sanctioning the Scheme, and without any further act, instrument or deed, to an individual trustee or a board of trustees (including the survivors or survivor of any of the trustees comprising such board of trustees) or a corporate trustee, as the case may be (the "**First Amalgamated Company Trustee**") to have and to hold such shares in trust together with all additions or accretions thereto and all shares of the First Amalgamated Company in trust exclusively for the benefit of the First Amalgamated Company and its successor or successors subject to the powers, provisions, discretions, rights and agreements contained in the instrument (the "**First Amalgamated Company Trust Deed**") establishing the aforesaid trust (the "**First Amalgamated Company Trust**"). It is proposed that the First Amalgamated Company Trustee may, subject however to the prevailing market conditions, sell, transfer or dispose of the shares held by it at such time or times and in such manner as may be proper in accordance with provisions of the First Amalgamated Company Trust Deed and shall remit the proceeds thereof to the First Amalgamated Company. The obligations of the First Amalgamated Company Trustees shall stand discharged and the First Amalgamated Company Trust shall stand terminated in accordance with the provisions of the First Amalgamated Company Trust Deed.
48. Upon giving effect to Clause 47 and in consideration of the transfer and vesting of the First Amalgamating Undertaking in the First Amalgamated Company pursuant to Part III of this Scheme, the First



Amalgamated Company shall without any further application, act or deed, issue and allot to the equity shareholders of the First Amalgamating Company whose names are recorded in the register of members of the First Amalgamating Company on the Effective Date, in the ratio (the “**First Amalgamation Share Exchange Ratio**”) of 1 (One) equity share in the First Amalgamated Company of face value Rs. 2/- (Rupees Two Only) credited as fully paid up for every 1 (One) equity shares of face value Rs. 2/- (Rupees Two Only) each fully paid up held by such member in the First Amalgamating Company on the Effective Date.

49. The shares issued to the members of the First Amalgamating Company pursuant to Clause 48 above shall be issued in dematerialized form by the First Amalgamated Company, unless otherwise notified in writing by the shareholders of the First Amalgamating Company to the First Amalgamated Company on or before such date as may be determined by the board of directors of the First Amalgamated Company or a committee thereof. In the event that such notice has not been received by the First Amalgamated Company in respect of any of the members of the First Amalgamating Company, the shares shall be issued to such members in dematerialized form provided that the members of the First Amalgamating Company shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required. It is only thereupon that the First Amalgamated Company shall issue and directly credit the dematerialized securities to the account of such member with the shares of the First Amalgamated Company. In the event that the First Amalgamated Company has received notice from any member that shares are to be issued in certificate form or if any member has not provided the requisite details relating to the account with a depository participant or other confirmations as may be required, then the First Amalgamated Company shall issue shares in certificate form to such member.
50. If any shareholder of the First Amalgamating Company becomes entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the First Amalgamated Company in accordance with Clause 48 of this Scheme, the board of directors of the First Amalgamated Company shall consolidate all such fractional entitlements and shall, without any further application, act, instrument or deed, issue and allot such consolidated equity shares directly to the First Amalgamated Company Trustee, who shall hold such equity shares with all additions or accretions thereto in trust for the benefit of the respective shareholders, to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such equity shares in the market at such price or prices and on such time or times, as the First Amalgamated Company Trustee may in its sole discretion decide and on such sale pay to the First Amalgamated Company, the net sale proceeds thereof and any additions and accretions, whereupon the First Amalgamated Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the First Amalgamating Company in proportion to their respective fractional entitlements.
51. Equity shares to be issued by the First Amalgamated Company pursuant to Clause 48 in respect of such of the equity shares of the First Amalgamating Company which are held in abeyance under the provisions of section 206A of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be kept in abeyance by the First Amalgamated Company.
52. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the First Amalgamating Company, the board of directors of the First Amalgamated Company or any committee thereof shall be empowered in appropriate cases, prior to or even subsequent to the Effective Date, to effectuate such a transfer in the First Amalgamated Company as if such changes in registered holder were operative as on the Effective Date, in order to remove any difficulties arising to the transferor of the share in the First Amalgamating Company and in relation to the shares issued by the First Amalgamating Company after the effectiveness of this Scheme. The board of directors of the First Amalgamated Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in the First Amalgamated Company on account of difficulties faced in the transaction period.
53. The equity shares to be issued and allotted by the First Amalgamated Company in terms of Clause 48 above shall inter-se rank *pari passu* in all respects.
54. (i) Equity shares of the First Amalgamated Company issued in terms of Clause 48 above shall, subject to the receipt of necessary approvals, be listed and/or admitted to trading on the Stock Exchanges. The shares allotted pursuant to Part III of this Scheme shall remain frozen in the

depositories system until listing/trading permission is given by the designated stock exchange.

- (ii) Until the listing of the equity shares of the First Amalgamated Company with the Stock Exchanges, except as provided in this Scheme, including this Part III, there shall be no change in the shareholding pattern or control or pre-arrangement capital structure of the First Amalgamated Company.
55. Unless otherwise determined by the board of directors or any committee thereof of the First Amalgamated Company and the board of directors or any committee thereof of the First Amalgamating Company, issuance of shares in terms of Clause 48 of this Scheme shall be done within 90 (ninety) days from the Effective Date.

#### **SECTION 4 - GENERAL TERMS AND CONDITIONS**

56. **Accounting treatment in the books of the First Amalgamated Company**

Upon the Effective Date, the First Amalgamated Company shall account for the amalgamation in its books of accounts as under:

- (i) All the assets and liabilities of the First Amalgamating Company transferred to the First Amalgamated Company shall become the assets and liabilities of the First Amalgamated Company and shall be recorded at their book values as appearing in the books of the First Amalgamating Company.
- (ii) All the reserves of the First Amalgamating Company shall be recorded in the books of the First Amalgamated Company in the same form in which they appeared in the books of the First Amalgamating Company.
- (iii) The First Amalgamated Company shall credit to its share capital account, the aggregate face value of the equity shares issued by it pursuant to this Scheme.
- (iv) The difference between the amount recorded as share capital issued by the First Amalgamated Company (plus any additional consideration in the form of cash or other assets) and the amount of share capital of the First Amalgamating Company shall be adjusted in reserves in the books of the First Amalgamated Company.
- (v) In case of any differences in accounting policies between the First Amalgamated Company and the First Amalgamating Company, the impact of the same until the Appointed Date shall be computed in accordance with Accounting Standard AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies, and adjusted in the reserves of the First Amalgamated Company.

#### **PART IV - AMALGAMATION OF THE SECOND AMALGAMATING COMPANY WITH THE SECOND AMALGAMATED COMPANY**

##### **SECTION 1 - TRANSFER AND VESTING OF THE SECOND AMALGAMATING UNDERTAKING**

57. **Transfer of Assets**

- 57.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances comprised in the Second Amalgamating Undertaking of whatsoever nature and wheresoever situate shall, under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Second Amalgamated Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Second Amalgamated Company.
- 57.2. In respect of such of the assets and properties of the Second Amalgamating Undertaking as are movable in nature or are otherwise capable of transfer by delivery of possession or by endorsement and delivery, the same may be so transferred by the Second Amalgamating Company upon the coming into effect of the Scheme, and shall become the assets and property of the Second Amalgamated Company with effect

from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without requiring any deed or instrument of conveyance for transfer of the same.

- 57.3. In respect of such of the assets and properties belonging to the Second Amalgamating Undertaking including sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any governmental authority, quasi government, local or other authority or body or with any company or other person, other than those referred to in Clause 57.2 above, the same shall, as more particularly provided in Clause 57.1 above, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party, be transferred to and vested in and/or be deemed to be transferred to and vested in the Second Amalgamated Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any.
- 57.4. All assets, rights, title, interest, investments and properties of the Second Amalgamating Company in relation to the Second Amalgamating Undertaking and any assets, right, title, interest, investments and properties acquired by the Second Amalgamating Company after the Appointed Date but prior to the Effective Date in relation to the Second Amalgamating Undertaking shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the Second Amalgamated Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any.
- 57.5. All the licenses, permits, entitlements, quotas, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits (including sales tax and service tax), subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Second Amalgamating Company and all rights and benefits that have accrued or which may accrue to either of the Second Amalgamating Company, whether on, before or after the Appointed Date, including income tax benefits and exemptions shall, under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in and/or be deemed to be transferred to and vested in and be available to the Second Amalgamated Company so as to become licenses, permits, entitlements, quotas, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Second Amalgamated Company and shall remain valid, effective and enforceable on the same terms and conditions.
58. **Transfer of contracts, deeds, etc.**
- 58.1. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature, to which the Second Amalgamating Company is a party or to the benefit of which the Second Amalgamating Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect against or in favour, as the case may be, of the Second Amalgamated Company and may be enforced as fully and effectually as if, instead of the Second Amalgamating Company, the Second Amalgamated Company had been a party or beneficiary or obligee thereto.
- 58.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Second Amalgamating Undertaking occurs by virtue of this Scheme itself, the Second Amalgamated Company may, 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, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Second Amalgamating Company is a party or any writings as may be necessary in order to give formal effect to the above provisions. The Second Amalgamated Company shall, under the provisions of Part IV of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Second Amalgamating Company and to carry out or perform all such formalities or compliances referred to above on the part of the Second Amalgamating Company to be carried out or performed.
- 58.3. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon

the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Second Amalgamating Company in relation to the Second Amalgamating Undertaking shall stand transferred to the Second Amalgamated Company as if the same were originally given by, issued to or executed in favour of the Second Amalgamated Company, and the Second Amalgamated Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Second Amalgamated Company. The Second Amalgamated Company shall make applications to any governmental authority as may be necessary in this behalf.

#### 59. **Transfer of Liabilities**

- 59.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, all debts, liabilities, loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities) whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations along with any charge, encumbrance, lien or security thereon of the Second Amalgamating Company ("**PPSL Liabilities**") shall, pursuant to the sanction of this Scheme by the High Courts and under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Second Amalgamated Company to the extent that they are outstanding as on the Effective Date and shall become the debts, liabilities, loans, obligations and duties of on the same terms and conditions as were applicable to the Second Amalgamating Company, and the Second Amalgamated Company shall meet, discharge and satisfy the same. Further, it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such PPSL Liabilities have arisen in order to give effect to the provisions of this Clause.
- 59.2. All debts, liabilities, duties and obligations of the Second Amalgamating Company shall, as on the Appointed Date, whether or not provided in the books of the Second Amalgamating Company, and all debts and loans raised and used, and duties, liabilities and obligations incurred or which arise or accrue to the Second Amalgamating Company on or after the Appointed Date until the Effective Date shall be deemed to be and shall become the debts, loans raised and used, duties, liabilities and obligations incurred by the Second Amalgamated Company by virtue of this Scheme.
- 59.3. Where any of the loans raised and used, debts, liabilities, duties and obligations of the Second Amalgamating Company as on the Appointed Date deemed to be transferred to the Second Amalgamated Company have been discharged by the Second Amalgamating Company prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Second Amalgamated Company.
- 59.4. All loans raised and utilised and all liabilities, duties and obligations incurred or undertaken by the Second Amalgamating Company on or after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Second Amalgamated Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of section 391 to section 394 of the Act, without any further act, instrument or deed be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Second Amalgamated Company and shall become the loans and liabilities, duties and obligations of the Second Amalgamated Company which shall meet, discharge and satisfy the same.
- 59.5. Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Second Amalgamating Company and the Second Amalgamated Company shall, ipso facto, stand discharged and come to an end and there shall be no liability in that behalf upon any party and the appropriate effect shall be given in the books of accounts and records of the Second Amalgamated Company.
- 59.6. Without prejudice to the foregoing provisions of this Clause, upon the coming into effect of this Scheme, all debentures, bonds, notes or other debt securities and other instruments of like nature (whether convertible into equity shares or not), if any, of the Second Amalgamating Company shall, under the provisions of section 391 to section 394 of the Act and all other provisions of applicable law, if any, without any further act, instrument or deed, become the debt securities of the Second Amalgamated Company on the same terms and conditions and all rights, powers, duties and obligations in relation thereto shall be

and stand transferred to and vested in and be deemed to have been transferred to and vested in and shall be exercised by or against the Second Amalgamated Company to the same extent as if it were the issuer of the debt securities so transferred and vested. If the debt securities are listed on any stock exchange, the same shall, subject to applicable law and regulations, be listed and/or admitted to trading on the relevant stock exchanges in India where the debt securities were listed and/or admitted to trading, on the same terms and conditions, unless otherwise modified in accordance with applicable law.

- 59.7. All Encumbrances, if any, existing prior to the Effective Date over the assets of the Second Amalgamating Company which secures or relate to the PPSL Liabilities shall, after the Effective Date, without any further act, instrument or deed, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Second Amalgamated Company. Provided that if any of the assets of the Second Amalgamating Company have not been Encumbered in respect of the PPSL Liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. Further, such Encumbrances shall not relate or attach to any of the other assets of the Second Amalgamated Company. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.
- 59.8. The existing Encumbrances over the other assets and properties of the Second Amalgamated Company or any part thereof which relate to the liabilities and obligations of the Second Amalgamated Company prior to the Effective Date shall continue to relate to such assets and properties and shall not extend or attach to any of the assets and properties transferred to and vested in the Second Amalgamated Company by virtue of the Scheme.
- 59.9. Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the Second Amalgamating Company and the Second Amalgamated Company shall execute any instrument/s and/or document/s and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the respective Registrar of Companies to give formal effect to the above provisions, if required.
- 59.10. Upon the coming into effect of this Scheme, the Second Amalgamated Company alone shall be liable to perform all obligations in respect of the PPSL Liabilities, which have been transferred to it in terms of this Scheme.
- 59.11. It is expressly provided that, save as mentioned in this Clause 59, no other term or condition of the liabilities transferred to the Second Amalgamated Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- 59.12. Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause 59 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.
60. **Legal, taxation and other proceedings**

Upon the coming into effect of this Scheme, all suits, actions and other proceedings including legal and taxation proceedings, whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), whether pending and/ or arising on or before the Effective Date shall be continued and/ or enforced by or against the Second Amalgamating Company, as effectually and in the same manner and to the same extent as if the same had been instituted and/or pending and/or arising by or against the Second Amalgamated Company.
61. **Employees**
  - 61.1. Upon the coming into effect of this Scheme, all PPSL Employees as on the Effective Date shall become the permanent employees of the Second Amalgamated Company, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the Second Amalgamating Company and without any interruption of, or break in service as a result of the transfer of the Second Amalgamating Undertaking. The Second Amalgamated Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such

PPSL Employees and such benefits to which the PPSL Employees are entitled in the Second Amalgamating Company shall also be taken into account, and the Second Amalgamating Company agrees and undertakes to pay the same as and when payable.

- 61.2. It is clarified that save as expressly provided for in this Scheme, the PPSL Employees who become the employees of the Second Amalgamated Company by virtue of this Scheme, shall be entitled to the employment policies and shall be entitled to avail of any schemes and benefits existing as on the Effective Date that may be applicable and available to any of the other employees of the Second Amalgamated Company (including the benefits of or under any employee stock option schemes applicable to or covering all or any of the other employees of the Second Amalgamated Company), unless otherwise determined by the Second Amalgamated Company. The Second Amalgamated Company undertakes to continue to abide by any agreement/settlement, if any, entered into or deemed to have been entered into by the Second Amalgamating Company with any employee of the Second Amalgamating Company.
- 61.3. Insofar as the provident fund, gratuity fund, trusts, retirement fund or benefits and any other funds or benefits created by the Second Amalgamating Company for the PPSL Employees or to which the Second Amalgamating Company is contributing for the benefit of the PPSL Employees and other such funds, trusts, the benefits of which the PPSL Employees enjoy (the "PPSL Funds"), all the contributions made to such PPSL Funds for the benefit of the PPSL Employees and the investments made by the PPSL Funds in relation to the PPSL Employees shall be transferred to the Second Amalgamated Company and shall be held for the benefit of the concerned PPSL Employees. In the event the Second Amalgamated Company has its own funds in respect of any of the PPSL Funds, such contributions and investments shall, subject to the necessary approvals and permissions and at the discretion of the Second Amalgamated Company, be transferred to the relevant funds of the Second Amalgamated Company. In the event that the Second Amalgamated Company does not have its own funds in respect of any of the above or if deemed appropriate by the Second Amalgamated Company, the Second Amalgamating Company may, subject to necessary approvals and permissions, maintain the existing funds separately and contribute thereto until such time that the Second Amalgamated Company creates its own funds, at which time the PPSL Funds and the investments and contributions pertaining to the PPSL Employees shall be transferred to the funds created by the Second Amalgamated Company.
- 61.4. In relation to those PPSL Employees for whom the Second Amalgamating Company is making contributions to the government provident fund, the Second Amalgamated Company shall stand substituted for the Second Amalgamating Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such PPSL Employees.

## **SECTION 2 - CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE**

62. (i) The Second Amalgamating Company, with effect from the Appointed Date and up to and including the Effective Date:
- (ii) shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Second Amalgamating Undertaking and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the Second Amalgamating Undertaking for and on account of, and in trust for, the Second Amalgamated Company;
- (iii) all profits and income accruing to the Second Amalgamating Company from the Second Amalgamating Undertaking, and losses and expenditure or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income), relating to the Second Amalgamating Undertaking shall, for all purposes, be treated as the profits, income, losses or expenditure, as the case may be, of the Second Amalgamated Company; and
- (iv) any of the rights, powers, authorities, privileges, attached, related or pertaining to the Second Amalgamating Undertaking exercised by the Second Amalgamating Company shall be deemed to have been exercised by the Second Amalgamated Company for and on behalf of, and in trust for and as an agent of the Second Amalgamated Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Second Amalgamating Undertaking that have been undertaken or discharged by the Second Amalgamating Company shall be deemed to have been undertaken for and on behalf of and as an agent for the Second

Amalgamated Company.

63. The Second Amalgamating Company undertakes that it shall preserve and carry on the business of the Second Amalgamating Undertaking with reasonable diligence and business prudence and shall not, upto and including the Effective Date, undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber the Second Amalgamating Undertaking or any part thereof unless:
- (i) the prior written consent of the board of directors of the Second Amalgamated Company has been obtained in relation to any of the above;
  - (ii) the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court; or
  - (iii) the same is expressly permitted by this Scheme.
64. From the date of filing of this Scheme with the High Court and upto and including the Effective Date, the Second Amalgamating Company and Second Amalgamated Company shall not, except in respect of outstanding options that may be exercised in terms of the Second Amalgamated Company ESOS Schemes, exercise of the Second Amalgamated Company Warrants or as provided herein, make any change in their respective capital structure in any manner either by any increase (including by way of issue of equity and/or preference shares on a rights basis or by way of a public issue, bonus shares and/or convertible debentures or otherwise), decrease, reduction, reclassification, sub-division, consolidation, re-organization, or in any other manner which may, in any way, affect the Second Amalgamation Share Exchange Ratio (as defined hereunder), except with the prior approval of the board of directors of the Second Amalgamated Company or the Second Amalgamating Company respectively.
65. The transfer and vesting of the assets, liabilities and obligations of the Second Amalgamating Undertaking and the continuance of the proceedings by or against the Second Amalgamated Company under this Scheme shall not affect any transaction or proceedings already completed by the Second Amalgamating Company on or before the Appointed Date to the end and intent that, subject to the provisions of this Section 2, the Second Amalgamated Company accepts all acts, deeds and things done and executed by and/or on behalf of the Second Amalgamating Company as acts, deeds and things done and executed by and on behalf of the Second Amalgamated Company.

### SECTION 3 - REORGANISATION OF CAPITAL

66. The provisions of this Section 3 shall operate notwithstanding anything to the contrary in this Scheme.
67. In consideration of the transfer and vesting of the Second Amalgamating Undertaking in the Second Amalgamated Company in accordance with the provisions of this Scheme and as an integral part of this Scheme, the share capital of the Second Amalgamating Company shall be restructured and reorganised in the manner set out in Clause 68 to Clause 76 below.
68. Notwithstanding anything to the contrary contained in this Scheme, 202,500,000 (Two Hundred and Two Million Five Hundred Thousand) equity shares held by the Second Amalgamated Company in the Second Amalgamating Company shall stand vested by virtue of this Scheme with effect from the date of the order of the High Court sanctioning the Scheme, and without any further act, instrument or deed, to an individual trustee or a board of trustees (including the survivors or survivor of any of the trustees comprising such board of trustees) or a corporate trustee, as the case may be (the **"Second Amalgamated Company Trustee"**) to have and to hold such shares in trust together with all additions or accretions thereto and all shares of the Second Amalgamated Company in trust exclusively for the benefit of the Second Amalgamated Company and its successor or successors subject to the powers, provisions, discretions, rights and agreements contained in the instrument (the **"Second Amalgamated Company Trust Deed"**) establishing the aforesaid trust (the **"Second Amalgamated Company Trust"**). It is proposed that the Second Amalgamated Company Trustee may, subject however to the prevailing market conditions, sell, transfer or dispose of the shares held by it at such time or times and in such manner as may be proper in accordance with provisions of the Second Amalgamated Company Trust Deed and shall remit the proceeds thereof to the Second Amalgamated Company. The obligations of the Second Amalgamated Company Trustees shall stand discharged and the Second Amalgamated Company Trust shall stand terminated in accordance with the provisions of the Second Amalgamated Company Trust Deed.

69. Upon giving effect to Clause 68 and in consideration of the transfer and vesting of the Second Amalgamating Undertaking in the Second Amalgamated Company pursuant to Part IV of this Scheme, the Second Amalgamated Company shall without any further application, act or deed, issue and allot to the equity shareholders of the Second Amalgamating Company whose names are recorded in the register of members of the Second Amalgamating Company, on the Effective Date, in the ratio (the **"Second Amalgamation Share Exchange Ratio"**) of 1 (One) equity share in the Second Amalgamated Company of face value Rs. 10/- (Rupees Ten Only) credited as fully paid up for every 1 (One) equity share of face value Re. 1/- (Rupee One Only) each fully paid up held by such member in the Second Amalgamating Company on the Effective Date.
70. The shares issued to the members of the Second Amalgamating Company pursuant to Clause 69 above shall be issued in dematerialized form by the Second Amalgamated Company, unless otherwise notified in writing by the shareholders of the Second Amalgamating Company to the Second Amalgamated Company on or before such date as may be determined by the board of directors of the Second Amalgamated Company or a committee thereof. In the event that such notice has not been received by the Second Amalgamated Company in respect of any of the members of the Second Amalgamating Company, the shares shall be issued to such members in dematerialized form provided that the members of the Second Amalgamating Company shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required. It is only thereupon that the Second Amalgamated Company shall issue and directly credit the dematerialized securities to the account of such member with the shares of the Second Amalgamated Company. In the event that the Second Amalgamated Company has received notice from any member that shares are to be issued in certificate form or if any member has not provided the requisite details relating to the account with a depository participant or other confirmations as may be required, then the Second Amalgamated Company shall issue shares in certificate form to such member.
71. If any shareholder of the Second Amalgamating Company becomes entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the Second Amalgamated Company in accordance with Clause 69 of this Scheme, the board of directors of the Second Amalgamated Company shall consolidate all such fractional entitlements and shall, without any further application, act, instrument or deed, issue and allot such consolidated equity shares directly to the Second Amalgamated Company Trustee, who shall hold such equity shares with all additions or accretions thereto in trust for the benefit of the respective shareholders, to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such equity shares in the market at such price or prices and on such time or times, as the Second Amalgamated Company Trustee may in its sole discretion decide and on such sale pay to the Second Amalgamated Company, the net sale proceeds thereof and any additions and accretions, whereupon the Second Amalgamated Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Second Amalgamating Company in proportion to their respective fractional entitlements.
72. Equity shares to be issued by the Second Amalgamated Company pursuant to Clause 69 in respect of such of the equity shares of the Second Amalgamating Company which are held in abeyance under the provisions of section 206A of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be kept in abeyance by the Second Amalgamated Company.
73. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Second Amalgamating Company, the board of directors of the Second Amalgamated Company or any committee thereof shall be empowered in appropriate cases, prior to or even subsequent to the Effective Date, to effectuate such a transfer in the Second Amalgamated Company as if such changes in registered holder were operative as on the Effective Date, in order to remove any difficulties arising to the transferor of the share in the Second Amalgamating Company and in relation to the shares issued by the Second Amalgamating Company after the effectiveness of this Scheme. The board of directors of the Second Amalgamated Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in the Second Amalgamated Company on account of difficulties faced in the transaction period.
74. The equity shares to be issued and allotted by the Second Amalgamated Company in terms of Clause 69 above shall inter-se rank pari passu in all respects.



75. (i) Upon the Effective Date, as an integral part of this Scheme, the Second Amalgamated Company Warrants which are outstanding and have not been exercised by the holders thereof shall, without any further act or deed, stand converted into partly paid-up equity shares in the Second Amalgamated Company, treated as paid up to the extent of the payment which has been made by the holders thereof on the Second Amalgamated Company Warrants. The partly paid-up equity shares issued by the Second Amalgamated Company shall entitle the holders thereof to exercise all rights available under the Act and applicable laws to a holder of partly paid-up shares, including rights as to dividend and voting rights proportional to the amount paid-up on such shares from time to time. Upon being made fully-paid up, such shares shall rank *pari passu* with the equity shares of the Second Amalgamated Company in all respects.
- (ii) Within 2 (two) days of the Effective Date, the Second Amalgamated Company shall issue and allot, to each holder of the Second Amalgamated Company Warrant which is outstanding and which has not been exercised by the holders thereof as on the Effective Date, partly paid-up equity shares in the Second Amalgamated Company in the ratio of 1 (one) partly paid-up equity share in the Second Amalgamated Company for every 1 (one) Second Amalgamated Company Warrant which is outstanding and which has not been exercised by the holders thereof as on that date (the partly paid-up equity shares issued pursuant to this sub-clause, the **"Second Amalgamated Company Partly Paid-up Shares"**). Upon issuance of the Second Amalgamated Company Partly Paid-up Shares, the Second Amalgamated Company Warrants shall stand converted and shall not be exercisable.
- (iii) The Second Amalgamated Company shall make capital calls on the holders of the Second Amalgamated Company Partly Paid-up Shares in accordance with applicable law and as specified in Schedule III. The Second Amalgamated Company Partly Paid-up Shares shall become presently payable on the dates of such calls being made pursuant to Schedule III.
- (iv) The Second Amalgamated Company Partly Paid-up Shares may be made fully paid up pursuant to, and as an integral part of, this Scheme by the payment of calls thereon by the holders of the Second Amalgamated Company Partly Paid-up Shares on or prior to the dates specified for such calls specified in Schedule III. For the avoidance of doubt, it is clarified that the amount payable on the Second Amalgamated Company Partly Paid-up Shares shall be such amount as is required to be paid (excluding amounts already paid) for conversion of the Second Amalgamated Company Warrants into equity shares of the Second Amalgamated Company as on the date of issuance of the Second Amalgamated Company Partly Paid-up Shares (**"Second Amalgamated Company Outstanding Amount"**).
76. (i) Equity shares of the Second Amalgamated Company issued in terms of Clause 69 above shall, subject to receipt of necessary approvals, be listed and/or admitted to trading on the Stock Exchanges. The shares allotted pursuant to Part IV of this Scheme shall remain frozen in the depositories system until listing/trading permission is given by the designated stock exchange.
- (ii) Until the listing of the equity shares of the Second Amalgamated Company with the Stock Exchanges, except as provided in this Scheme, including this Part IV, there shall be no change in the shareholding pattern or control or pre-arrangement capital structure of the Second Amalgamated Company.
77. Unless otherwise determined by the board of directors or any committee thereof of the Second Amalgamated Company and the board of directors or any committee thereof of the Second Amalgamating Company, issuance of shares in terms of Clause 69 and Clause 75 of this Scheme shall be done within 90 (ninety) days from the Effective Date.

#### **SECTION 4 - GENERAL TERMS AND CONDITIONS**

##### **78. Accounting treatment in the books of the Second Amalgamated Company**

Upon the Effective Date, the Second Amalgamated Company shall account for the amalgamation in its books of accounts as under:

- (i) All the assets and liabilities of the Second Amalgamating Company transferred to the Second Amalgamated Company shall become the assets and liabilities of the Second Amalgamated

Company and shall be recorded at their book values as appearing in the books of the Second Amalgamating Company.

- (ii) All the reserves of the Second Amalgamating Company shall be recorded in the books of the Second Amalgamated Company in the same form in which they appeared in the books of the Second Amalgamating Company.
- (iii) The Second Amalgamated Company shall credit to its share capital account, the aggregate face value of the equity shares issued by it pursuant to this Scheme.
- (iv) The difference between the amount recorded as share capital issued by the Second Amalgamated Company (plus any additional consideration in the form of cash or other assets) and the amount of share capital of the Second Amalgamating Company shall be adjusted in reserves in the books of the Second Amalgamated Company.
- (v) In case of any differences in accounting policies between the Second Amalgamated Company and the Second Amalgamating Company, the impact of the same until the Appointed Date shall be computed in accordance with Accounting Standard AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies, and adjusted in the reserves of the Second Amalgamated Company.

#### **PART V - GENERAL TERMS AND CONDITIONS**

**The provisions of this Part shall be applicable to Part II, Part III and Part IV of this Scheme.**

- 79. The Companies shall make necessary applications before the High Court for the sanction of this Scheme under sections 391 and 394 of the Act.
- 80. The Companies (by their respective board of directors), either by themselves or through a committee appointed by them in this behalf, may jointly and as mutually agreed in writing:
  - (i) in their full and absolute discretion, assent to any alteration(s) or modification(s) to this Scheme which a High Court may deem fit to approve or impose, and/or effect any other modification or amendment jointly and mutually agreed in writing, including, without limitation, any modifications to the accounting treatment set out in the Scheme due to the International Financial Reporting Standards being made applicable to the Companies or to the matters set forth in this Scheme, and to do all acts, deeds and things as may be necessary, desirable or expedient for the purposes of this Scheme;
  - (ii) to give such directions (acting jointly) as may be mutually agreed in writing as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders, depositors or debenture holders of the respective companies), or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those (to the extent permissible under law);
  - (iii) in their full and absolute discretion and by mutual agreement in writing, modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time;
  - (iv) to determine jointly by mutual agreement in writing whether any asset, liability, employee, legal or other proceedings pertains to the Demerged Undertaking, First Amalgamating Company, Second Amalgamating Company or not, on the basis of any evidence that they may deem relevant for this purpose.
- 81. Upon the coming into effect of the Scheme, the First Amalgamating Company and the Second Amalgamating Company shall stand dissolved without winding-up.
- 82. **Severability**

If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the mutual agreement of the Companies in writing, affect the validity or implementation of the other parts and/or provisions of this Scheme.

83. **Resolutions**

Upon the coming into effect of the Scheme, the resolutions, if any, of the First Amalgamating Company and the Second Amalgamating Company, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the First Amalgamated Company and the Second Amalgamated Company, respectively, and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by the First Amalgamated Company and the Second Amalgamated Company, respectively, and shall constitute the aggregate of the said limits in the First Amalgamated Company and the Second Amalgamated Company, respectively.

84. **Dividends**

- (i) The Companies shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date. Provided that the shareholders of the First Amalgamating Company and the Second Amalgamating Company shall not be entitled to dividend, if any, declared and paid by the First Amalgamated Company and the Second Amalgamated Company, to their respective shareholders for the accounting period prior to the Appointed Date.
- (ii) It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any shareholder of a Company to demand or claim any dividends from such Company which, subject to the provisions of the Act, shall be entirely at the discretion of the respective boards of directors of such Company, and subject to the approval, if required, of the shareholders of such Company.

85. **The coming into effect of this Scheme is conditional upon and subject to:**

- (i) this Scheme being approved by the respective requisite majorities of the various classes of members and creditors (where applicable) of the Companies as required under the Act and the requisite orders of the High Courts being obtained;
- (ii) the certified copies of the orders of the High Courts approving this Scheme being filed with the Registrar of Companies, Delhi and Haryana;
- (iii) such approvals and sanctions and approvals including sanction of any governmental authority, creditor, lessor or contracting party as may be required by law or contract in respect of the Scheme being obtained.

86. In the event of this Scheme does not come into effect by September 30, 2012 or by such later date as may be agreed by the respective Boards of Directors of the Companies, this Scheme shall stand revoked, cancelled and be of no effect and become null and void and in that event 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. In such case each party shall bear its own costs, charges and expenses or shall bear costs, charges and expenses as may be mutually agreed.

87. Each party shall bear its own costs, charges, levies and expenses in relation to or in connection with or incidental to this Scheme until the date of sanction of this Scheme by the High Court.

**Schedule I***Calls on Demerged Company Partly Paid-up Shares*

<b>S. No.</b>	<b>Percentage of call</b>	<b>Time period for payment</b>
1.	1% of the Demerged Company Outstanding Amount	On the date of allotment
2.	99% of the Demerged Company Outstanding Amount	On or before February 25, 2012.

**Schedule II***Calls on Resulting Company Partly Paid-up Shares*

<b>S. No.</b>	<b>Percentage of call</b>	<b>Time period for payment</b>
1.	1% of the Resulting Company Outstanding Amount	On the date of allotment
2.	99% of the Resulting Company Outstanding Amount	On or before February 25, 2012.

**Schedule III***Calls on Second Amalgamated Company Partly Paid-up Shares*

<b>S. No.</b>	<b>Percentage of call</b>	<b>Time period for payment</b>
1.	1% of the Second Amalgamated Company Outstanding Amount	On the date of allotment
2.	99% of the Second Amalgamated Company Outstanding Amount	On or before May 29, 2012.



## Indiabulls Real Estate Limited

Registered Office: F - 60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi - 110001

### IN THE HIGH COURT OF DELHI AT NEW DELHI COMPANY JURISDICTION COMPANY APPLICATION (M) NO. 84 OF 2011

**IN THE MATTER OF:**

The Companies Act, 1956;

**AND**

**IN THE MATTER OF:**

Application Under Sections 391-394 of the Companies Act, 1956;

**AND**

**IN THE MATTER OF:**

Scheme of Arrangement among **Indiabulls Real Estate Limited, Indiabulls Infrastructure and Power Limited, Indiabulls Builders Limited, Indiabulls Power Limited., Poena Power Supply Limited** and their respective shareholders and creditors

**AND**

**IN THE MATTER OF:**

Indiabulls Real Estate Limited, an existing company incorporated under the provisions of the Companies Act, 1956 and having its registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001.

**APPLICANT COMPANY NO.1**

#### FORM OF PROXY

I/We, the undersigned, as an unsecured creditor(s) of the Company/authorized representative of \_\_\_\_\_, hereby appoint \_\_\_\_\_ of \_\_\_\_\_, and failing him/her \_\_\_\_\_, as my/our proxy, to act for me/us at the meeting of the unsecured creditors of the Company to be held at the Centaur Hotel, Indira Gandhi International Airport, Delhi-Gurgaon Road, New Delhi-110037 on Friday the 1st day of July, 2011 at 12:00 Noon, for the purpose of considering and, if thought fit, approving with or without modification(s) the proposed Scheme of Arrangement among Indiabulls Real Estate Limited, Indiabulls Infrastructure and Power Limited, Indiabulls Builders Limited, Indiabulls Power Limited., and Poena Power Supply Limited and their respective shareholders and creditors ("the Scheme") and at such meeting and any adjournment thereof, to vote, for me / us and in my / our name(s) **For / Against** the said Scheme as my/our proxy may approve.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Signature:

Name:

Address:

**Notes:**

- (1) Please affix Re. 1/- revenue stamp before putting signature.
- (2) The proxy must be deposited at the Registered Office of Indiabulls Real Estate Limited at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001 at least 48 hours before the time of holding the meeting.
- (3) Strike out which is not necessary.
- (4) All alterations made in the Form of Proxy should be initialed.
- (5) Bodies Corporate & Financial Institutions / Banks are requested to deposit certified copies of Board / Custodial resolutions/Power of Attorney, as the case may be, authorizing the Individuals named therein, to attend & vote at the meeting on its behalf. These documents be deposited at the Registered Office of Indiabulls Real Estate Limited at F- 60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001 at least 48 hours before the time of holding the meeting.
- (6) An individual, named in the relevant resolution, shall have the right to appoint a Proxy, to attend & vote instead of himself/herself, and such a Proxy shall be governed by the conditions as specified above.



## Indiabulls Real Estate Limited

Registered Office: F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001

### ATTENDANCE SLIP

(To be handed over at the entrance of the meeting venue)

#### MEETING OF THE UNSECURED CREDITORS

The Unsecured Creditors/Authorised representatives of the unsecured creditors or their proxies are requested to present this duly signed slip for admission.

Name (of the unsecured creditor)	Name of the Authorised representative/proxy	Address
_____	_____	_____
_____	_____	_____
_____	_____	_____

I hereby record my presence at the court convened meeting of the unsecured creditors of **INDIABULLS REAL ESTATE LIMITED** having its Registered office at F-60, Malhotra Building, 2nd Floor, Connaught Place, New Delhi-110001, convened pursuant to the order dated 2nd May, 2011 of the High Court of Delhi at the Centaur Hotel, IGI Airport, Delhi- Gurgaon Road, New Delhi-110037, on Friday, the 1st day of July, 2011 at 12:00 Noon.

Please (✓) in the Box

☐ UNSECURED  
CREDITOR/AUTHORISED  
REPRESENTATIVE

☐ PROXY

\_\_\_\_\_  
Unsecured Creditor/Authorised  
Representatives's Signature

\_\_\_\_\_  
Proxy's Signature

#### Notes:

1. Unsecured Creditors/Authorised representatives of the unsecured creditors/ Proxies are requested to bring their slip with them. Duplicate slips will not be issued at the entrance of venue of the meeting.
2. Unsecured Creditors/Authorised representatives of the unsecured creditors attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting place.

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INTENTIONALLY**

## BOOK POST

If undelivered, please return to:

**Indiabulls Real Estate Limited**

Registered Office: F-60, Malhotra Building,  
2nd Floor, Connaught Place,  
New Delhi - 110001