

INDRAPRASTHA POWER GENERATION COMPANY LIMITED

(An undertaking of Govt. of NCT of Delhi)

(Regd. office: Himadri, Rajghat Power House Complex, New Delhi-110 002)

Corporate Identity Number (CIN) – U40103DL2001SGC111530

Tele Fax No. 011-23273565; Website : www.ipgcl-ppcl.gov.in

NOTICE

Notice is hereby given that an Extraordinary General Meeting of the Company will be held on Friday, 26th September, 2014 at 1.20 PM in the Office of Chief Secretary, Govt. of NCT of Delhi, 5th Floor, Delhi Secretariat, New Delhi – 110 002, to discuss the following agenda:

Special Business

- Item 1.** To consider, and, if thought fit, to pass with or without modification, the following resolutions to be passed by all its shareholders, approving the merger of Indraprastha Power Generation Company Limited (Company) with Pragati Power Corporation Limited (PPCL) under section 396 of the Companies Act, 1956/ Section 237 of the Companies Act, 2013 (upon notification of such Section under the Companies Act, 2013) (including any amendments thereto) or any other applicable provisions of the Companies Act:

“RESOLVED THAT pursuant to the resolution of the Board of Directors dated August 22, 2014 and the approval of Government of National Capital Territory of Delhi dated August 11, 2014 in relation to the merger of Indraprastha Power Generation Company Limited (**“Company”**) with Pragati Power Corporation Limited (**“PPCL”**) and subject to such consents, sanctions, approvals and permissions of appropriate authorities including the Government of India and the compliance of any applicable laws, the lenders of the Company, the approval of the members be and is hereby accorded to the merger of the Company with PPCL under Section 396 of the Companies Act, 1956/ Section 237 of the Companies Act, 2013 (upon notification of such Section under the Companies Act, 2013) (including any amendments and re-enactments thereto) or any other applicable provisions of the Companies Act.”

“RESOLVED FURTHER that approval of the members be and is hereby accorded to fix the appointed date for the Scheme as April 1, 2014.”

“RESOLVED FURTHER that the approval of the members be and is hereby accorded to the Scheme of Amalgamation as approved by the Board vide its resolution dated August 22,

2014 in relation to the merger of the Company along with its assets and liabilities into PPCL.”

“**RESOLVED FURTHER** that subject to the scheme of amalgamation of the Company with PPCL being sanctioned by Government of India and in consideration of the transfer and vesting of any undertaking, liabilities and assets of the Company into PPCL in accordance with the scheme and subject to such other consents, permissions, approvals and sanctions as may be necessary and subject to such terms and conditions as may be determined by the Board of Directors of the Company or any Committee thereof and in accordance with the Memorandum and Articles of Association of the Company, consent and approval of the members of the Company be and is hereby accorded, to the equity shareholders of the Company to be issued and allotted 67,02,51,400 equity shares (Sixty seven crore two lakh fifty one thousand four hundred only) of Rs.10/- each (Rs Ten each), credited as fully paid up in PPCL in the ratio of 9.1 equity shares of Rs.10/- each of PPCL for every 10 equity share of Rs.10/-(Rs. Ten each), fully paid up held by such equity shareholders of the Company (“**Swap Ratio**”), as on the effective date except in the case of nominees holding shares on behalf of Delhi Power Company Limited (“**DPCL**”), in which case shares shall be allotted to DPCL, the beneficial holder.”

“**RESOLVED FURTHER** that for the purpose of giving effect to these resolutions, the Board of Directors of the Company be and are hereby authorized to severally or jointly file such merger petition, sign appropriate documents, make alterations and changes, writings forms, letters, deeds as may be required in this regard and to do all such acts, deeds and things, as are necessary to give effect to the above resolutions.”

By the Order of the Board of Directors
Indraprastha Power Generation Company Limited

SD/-
(Ravindra Kumar Jain)
Company Secretary

Date: August 22, 2014
Place: New Delhi

NOTES:

1. A member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend and on a poll to vote instead of him. A proxy need not be a member.
2. The instrument proxy to be effective must be lodged at the Registered Office of the Company at least 48 hours before the commencement of the Extraordinary General Meeting of the Company.
3. The statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts is annexed hereto.
4. The following documents will be open for inspection at the Registered Office of the Company, on any working day, except on Saturdays and Sundays, till the date of the Extraordinary General Meeting between 10 am to 12.30 pm:
 - (i) Memorandum and Articles of Association of the Company;
 - (ii) Memorandum and Articles of Association of PPCL;
 - (iii) Audited Accounts of the Company and PPCL for the financial year ended March 31, 2014;
 - (iv) Scheme of amalgamation of the Company into PPCL;
 - (v) Valuation Report received from M/s S. S. Kothari Mehta & Co., Chartered Accountants, New Delhi; and
 - (vi) The letter of approval dated August 11, 2014 as received from the Govt. of NCT of Delhi.

EGM Notice Contd.

Statement pursuant to Section 102 of the Companies Act, 2013 to the accompanying Notice dated August 22, 2014

The accompanying notice is being sent to you for the purpose of considering and if thought fit, approving with or without modification, the Scheme of Amalgamation between Indraprastha Power Generation Company Limited (“**Company**”) with Pragati Power Corporation Limited (“**PPCL**”)

Item No. 1: Approval for the merger of the Company with PPCL under section 396 of the Companies Act, 1956/ Section 237 of the Companies Act, 2013 (upon notification of such Section under the Companies Act, 2013) (including any amendments thereto)

The Government of National Capital Territory of Delhi (“**GNCTD**”) vide its letter dated August 11, 2014 has approved the merger of the Company with PPCL in public interest. The Board of Directors of the Company has approved the merger vide its resolution dated August 22, 2014. A copy of the Scheme of amalgamation setting out in detail the terms and conditions of the amalgamation is also enclosed herewith.

A. Background of the two institutions

The Company and PPCL are both GNCTD undertakings and are engaged in the business of generating electricity through coal and gas based power plants and are responsible for meeting sizeable power demand for the GNCTD.

The Company was incorporated in 2001 with the object of generation of electricity. It presently has two operating power generation plants viz. Rajghat Power House (135 MW) and the Gas Turbine Power Station (270 MW).

The Company has participation in two joint ventures namely:

- (a) Yamuna Coal Company Private Limited (“**YCCPL**”) which is a 50:50 joint venture between the Company and Haryana Power Generation Corporation Limited which has been set for development and exploration of Mara II Mahan Coal Block in Madhya Pradesh;
- (b) Aravali Power Company Private Limited (“**APCPL**”) is a joint venture among NTPC Limited, the Company and Haryana Power Generation Corporation Limited, wherein the Company has a 25% shareholding in the issued and paid up capital of APCPL. APCPL has set up a 1500 MW coal based power project at Jhajjar, Haryana.

PPCL was incorporated by GNCTD in 2001. It has set up a 330 MW gas based combined cycle power project viz, Pragati Power Station-I and a 1371 MW gas based combined cycle power station (PPS III) at Bawana, New Delhi. PPCL is also proposing to set up a 750 MW combined cycle gas based power project (PPS-II) at Bamnauli.

Thus, there is synergy between the businesses of the Company and PPCL and the amalgamation is in public interest and benefit of the employees.

The following summary indicates broadly the financial position of the Company and PPCL:

Sl. No.	Particulars	(Rs. In Lakhs)	
		Company	PPCL
1.	Paid-up share capital	73654.00	207419.00
2.	Reserve & surplus	48857.46	147761.67
3.	Total Liabilities	134733.99	376368.14
4.	Total Assets	257245.45	731548.81

B. Proposal

The amalgamation of the Company into PPCL will be effected by an arrangement embodied in the scheme of amalgamation (hereinafter referred to as the “**Scheme**”) under Section 396 of the Companies Act/ Section 237 of the Companies Act, 2013 (upon notification of such Section under the Companies Act, 2013) (including any amendments or re-enactments thereto) (hereinafter referred to as the “**Act**”), which was framed pursuant to the proposals and the conditionalities issued by the GNCTD vide its letter of approval dated August 11, 2014.

Subsequently, the companies shall in compliance of all applicable laws apply to the Central Government for its approval of the present merger.

C. Objectives/ benefits of the merger

The Board of the Company foresees the following prominent benefits of the proposed merger to the Company, as more particularly described in the Scheme attached herewith:

- (i) **Strategic Advantage:** The Company and PPCL, both being GNCTD undertakings with similar objects, shall be better equipped to address the increasing demand of electricity in national capital territory of Delhi pursuant to the merger between the said companies. The proposed consolidation would also enable the merging companies to improve its infrastructural backbone, which would be to the benefit of the public at large as the consolidated entity will be responsible for supplying sizeable electricity demand of NCTD.
- (ii) **Financial Advantage:** The consolidated entity shall have a stronger balance sheet with four operating power projects in Delhi and interests in JVs. Also, creation of a consolidated entity shall reduce the accounting, compliances and transaction costs. In addition, with higher capital base, the consolidated entity would have lesser financial risk, which may result in the consolidated entity get lower risk spread from lenders and thus reduce the interest burden for such entity.
- (iii) **Operational Advantage:** The proposed consolidation of both the companies will bring administrative and operational rationalization, organizational efficiencies and rationalization in economies of scale and more optimal utilisation of various resources. The synergies created by the amalgamation may lower the cost of borrowing and increase operational efficiency.

D. Salient features of the scheme and valuation

The terms and conditions on which the merger is to be effected are contained in the Scheme of Amalgamation. In brief, some of the important features of the scheme are:

- (i) With effect from April 01, 2014 (“**Appointed Date**”), all the assets, liabilities and contracts of the Company shall be transferred to PPCL, as more particularly provided in the Scheme;
- (ii) The said merger shall be regulated by the provisions of Section 396 of the Companies Act 1956/ Section 237 of the Companies Act, 2013 (upon such Section being notified) (as applicable) and would require the sanction of the Central Government of India under the Act as well the regulations of the Ministry of Corporate Affairs;

- (iii) All employees of the Company shall become the employees of PPCL on the terms and conditions as provided in the Scheme;
- (iv) PPCL shall execute a Supplemental Deed to the Trust Deed dated March 26, 2002 as executed between the Delhi Vidyut Board (“**DVB**”) and Messers Delhi Vidyut Board Employee’s Terminal Benefits Fund, 2002 (“**Fund**”), whereby PPCL shall have to guarantee the benefits to the employees of the erstwhile DVB as under the provisions of such Fund; and
- (v) In consideration of the transfer and vesting of any undertaking, liabilities and assets of the Company into PPCL in accordance with the scheme, PPCL shall issue and allot to the equity shareholders of the Company subject to any applicable laws, 9.1 equity shares of Rs. 10/- (Rupees Ten only), credited as fully paid up, of PPCL for every 10 equity shares of Rs. 10/- (Rupees Ten only) each fully paid up held by such equity shareholders in the Company.

The shareholders are requested to read in detail the entire text of the Scheme. As stated above, the aforesaid are only some of the important highlights thereof. A copy of the proposed Scheme is annexed to this Notice. A copy of the supplemental deed to the Trust Deed dated March 26, 2002 is also annexed herewith.

E. Miscellaneous

The Scheme is conditional and subject to necessary sanctions and approvals as under any applicable laws.

F. Disclosure of concern or interest, financial or otherwise of director, manager, any other key managerial personnel or each of their relatives in respect of Item No. 1:

The following directors, manager and any other key managerial personnel including their relatives of IPGCL and PPCL may be deemed to be concerned and/or interested in the scheme to the extent as declared as under. The Directors of IPGCL are holding shares as nominees of Delhi Power Company Limited (DPCL), an undertaking of Govt. of NCT of Delhi and Directors of PPCL are holding shares as nominees of Lieutenant Governor of Delhi :

S. No	Name of the Director/Manager/ KMP of the IPGCL/or relatives	Nature of interest or concern	Shareholding in IPGCL	Shareholding in PPCL
1.	Mr. Arun Goyal, Chairman	Chairman in PPCL as well	1 share of Rs 10/-	1 share of Rs 10/-

S. No	Name of the Director/Manager/ KMP of the IPGCL/or relatives	Nature of interest or concern	Shareholding in IPGCL	Shareholding in PPCL
2.	Mr. Sanjay Goel, Managing Director	Managing Director in PPCL as well	Nil	Nil
3.	Mr. R. K. Verma, Director	Director in PPCL as well	1 share of Rs 10/-	1 share of Rs 10/-
4.	Mr. Y.V.V.J.Rajasekhar, Director (HR)	Director (HR) in PPCL as well	Nil	Nil
5.	Mr. Jagdish Kumar, Director (Technical)	Director (Technical) in PPCL as well	Nil	Nil
6.	Mr. B. N. Ojha, Director	Director in PPCL as well	Nil	Nil
7.	Mr. M. K. Sobti, Director	-	Nil	Nil
8.	Mr. Ravindra Kumar Jain, Company Secretary	-	Nil	Nil

S. No	Name of the Director/Manager/ KMP of PPCL/or relatives	Nature of interest or concern	Shareholding in PPCL	Shareholding in IPGCL
1.	Mr. Arun Goyal, Chairman	Chairman in IPGCL as well	1 share of Rs 10/-	1 share of Rs 10/-
2.	Mr. Sanjay Goel, Managing Director	Managing Director in IPGCL as well	Nil	NIL
3.	Mr. R.K.Verma, Director	Director in IPGCL as well	1 share of Rs 10/-	1 share of Rs 10/-
4.	Mr. Y.V.V.J.Rajasekhar, Director (HR)	Director (HR) in IPGCL as well	Nil	Nil
5.	Mr. Jagdish Kumar, Director (Technical)	Director (Technical) in IPGCL as well	Nil	Nil
6.	Mr. B.N.Ojha, Director	Director in IPGCL as well	Nil	Nil
7.	Mr.Madan Verma, Director	-		

S. No	Name of the Director/Manager/KMP of PPCL/or relatives	Nature of interest or concern	Shareholding in PPCL	Shareholding in IPGCL
8.	Mr. Puneet Jain, Company Secretary	-	Nil	Nil

By the Order of the Board of Directors
Indraprastha Power Generation Company Limited

SD/-
(Ravindra Kumar Jain)
Company Secretary

Date: August 22, 2014
Place: New Delhi

SCHEME OF AMALGAMATION OF

**INDRAPRASTHA POWER GENERATION ... TRANSFEROR
COMPANY LIMITED COMPANY**

WITH

**PRAGATI POWER CORPORATION LIMITED ... TRANSFEEE
COMPANY**

AND THEIR RESPECTIVE SHAREHOLDERS

This Scheme of Amalgamation (hereinafter referred to as the “**Scheme**” provides for the amalgamation of **Indraprastha Power Generation Company Limited**, a Government Company incorporated under the provisions of the Act and having its Registered Office at Himadri, Rajghat Power House Complex, New Delhi – 110002 (hereinafter referred to as the “**Transferor Company**” / “**IPGCL**”) with **Pragati Power Corporation Limited**, a Government Company incorporated under the provisions of the Act and having its Registered Office at Himadri, Rajghat Power House Complex, New Delhi – 110002 (hereinafter referred to as the “**Transferee Company**” / “**PPCL**”), pursuant to Section 396 of the Companies Act, 1956/ Section 237 of the Companies Act, 2013 (upon notification of such Section under the Companies Act, 2013) (as applicable) and other relevant provisions of the Act and the dissolution of the Transferor Company without winding up.

1. BACKGROUND

- 1.1 The Transferor Company is a Government company under the provisions of the Act. The shareholding pattern of the Transferor Company is set out in Section 3.1.3 of this Scheme.
- 1.2 The Transferee Company is a Government company under the provisions of the Act. The shareholding pattern of the Transferee Company is set out in Section 3.2.3 of this Scheme.
- 1.3 The Transferor Company and the Transferee Company are engaged in the business of generating electricity through coal and gas based power plants and they are together responsible for meeting sizeable the power demand for the National Capital Territory of Delhi (“**NCTD**”).
- 1.4 The Transferor Company is one of the six companies resulting from the unbundling of the erstwhile Delhi Vidyut Board (“**DVB**”) in 2002, the entity which was responsible for the generation, transmission and distribution of power in NCTD till June 30, 2002. The Transferee Company was incorporated on January 9, 2001 and is engaged in the business of generating electricity.
- 1.5 The un-bundling of the erstwhile DVB was approved by GNCTD on October 5, 2001 and the Delhi Electricity Reform (Transfer Scheme) Rules, 2001 were

notified on November 20, 2001. DVB was unbundled into six companies, i.e. one holding company, one generation company, one transmission company and three distribution companies. Subsequently, the three distribution companies, were privatized in May, 2002. The Transferor Company came into existence to take-over the power generation projects in Delhi under the provisions of Delhi Electricity Reforms Act, 2000. At present, the Transferor Company has two operating power generation plants viz. Rajghat Power House (135 MW) which is a coal based power plant and the Gas Turbine Power Station (270 MW), which is a gas based power plant. The Indraprastha Thermal Power Station (248 MW) which was being operated by the Transferor Company was decommissioned in December, 2009 as the same had completed its operational life and the plant and machinery of the station has also been disposed off.

1.6 The Transferor Company has participation in two joint venture companies namely:

(a) Yamuna Coal Company Private Limited (“**YCCPL**”) which is a 50:50 joint venture between the Transferor Company and Haryana Power Generation Corporation Limited. YCCPL has been set for development and exploration of Mara II Mahan Coal Block in Madhya Pradesh.

(b) Aravali Power Company Private Limited (“**APCPL**”) is a joint venture among NTPC Limited, IPGCL and Haryana Power Generation Corporation Limited. The Transferor Company has a 25% shareholding in the issued and paid up capital of APCPL. APCPL has set a 1500 MW coal based power project at Jhajjar, Haryana.

1.7 The Transferee Company has set up a 330 MW gas based combined cycle power project viz, Pragati Power Station-I. The Transferee Company has also set up 1371 MW gas based combined cycle power station (PPS III) at Bawana, New Delhi. Both the modules of PPS-III, of 685.6 MW each has already been declared under commercial operations. Firm allocation of gas for the full capacity is yet to be firmed up. The approval for swapping of APM gas on daily basis from Gas Turbine Power Station and Pragati Power Station – I to Paragati Power Station III (Bawana) for a period of one year from May 1, 2014 has been obtained from the Ministry of Power. The Transferee is also proposing to set up a 750 MW combined cycle gas based power project (PPS-II) at Bamnauli. The work on the project is at preliminary stage and the project is presently put on hold in view of the present difficulties faced in regard to firm allocation of gas.

1.8 The GNCTD vide its decision No. F.11(109)/2013/Power/2576 dated August 11, 2014 approved the amalgamation of the Transferor Company with the Transferee Company (“**Cabinet Approval**”) in public interest under Section 396 of the Companies Act, 1956/ Section 237 of the Companies Act, 2013 (upon such Section being notified) and other applicable provisions of the Act.

- 1.9 The amalgamation of the Transferor Company with the Transferee Company has been proposed on the basis of the “Rationale for the Scheme” as per Clause 4 herein below. To give effect to the said proposal, this Scheme, which proposes to amalgamate the Transferor Company with the Transferee Company under Section 396 of the Companies Act, 1956/ Section 237 of the Companies Act, 2013 (upon such Section being notified) and other applicable provisions of the Act, shall be presented for approval to the Ministry of Corporate Affairs of the Government of India.

2. DEFINITIONS

In this Scheme unless repugnant to the meaning or context thereof, the following expressions shall have the meaning as given to them below:

“**Act**” means the Companies Act, 1956 and the notified sections of the Companies Act, 2013, which are presently in effect and any rules, amendments and/or re-enactment thereof for the time being in force;

“**APCPL**” means Aravali Power Company Private Limited;

“**Appointed Date**” means April 01, 2014;

“**Books and Accounts**” include accounts, deeds, vouchers, writings and documents;

“**Cabinet Approval**” shall have the meaning ascribed to it in Clause 1.8;

“**DPCL**” shall have the meaning ascribed to such term in Clause 3.1.4;

“**DPCL and Nominees**” shall have the meaning ascribed to such term in Clause 3.1.4;

“**DVB**” means the erstwhile Delhi Vidyut Board;

“**DVB Employees Terminal Benefit Rules**” shall mean the rules framed pursuant to the Trust Deed.

“**Effective Date**” means the date on which the last of the approvals and events specified in Clause 15 of this Scheme are obtained or have occurred;

“**GNCTD**” means Government of National Capital Territory of Delhi;

“**Liabilities**” include all liabilities, debt, duties, obligations and other outgoing including contingent liabilities and government levies of whatever nature, which may arise in regard to dealings before the date of the transfer in respect of the Undertaking;

“**NCTD**” means the National Capital Territory of Delhi;

“Proceedings” shall have the meaning set out under Clause 7 of this Scheme;

“Transferee Company” or **“PPCL”** means Pragati Power Corporation Limited, a Government company incorporated under the provisions of the Act and having its registered office at Himadri, Rajghat Power House Complex, New Delhi – 110002;

“Transferor Company” or **“IPGCL”** means Indraprastha Power Generation Company Limited, a Government company incorporated under the provisions of the Act and having its registered office at Himadri, Rajghat Power House Complex, New Delhi – 110002;

“Tripartite Agreements” means the agreements between:

- (a) The GNCTD, the DVB and the Delhi Vidyut Board Joint Action Committee executed on October 28, 2000 and notified vide notification no. F.11(82)/2000-EB/990 dated January 16, 2001; and
- (b) The GNCTD, the DVB and Delhi Vidyut Board Junior Engineers Association executed on November 09, 2000 and notified vide notification no F.11(82)/2000-EB/PF-I/362 dated March 23, 2001;

“Transfer Scheme Rules, 2001” shall mean the Delhi Electricity Reform (Transfer Scheme) Rules, 2001;

“Trust Deed” shall mean the Trust Deed dated March 26, 2002 executed between DVB and the Delhi Vidyut Employee’s Terminal Benefits Fund, 2002 through its first trustees whereby an Indian irrevocable trust namely the Delhi Vidyut Employee’s Terminal Benefits Fund (**“Trust”**) was constituted. to guarantee the benefits as mentioned under the DVB Employees Terminal Benefit Rules;

“Scheme” or **“The Scheme”** means the Scheme of Amalgamation in the present form or with any modification(s) made under Clause 14 of this Scheme approved by the Ministry of Corporate Affairs of the Government of India;

“Undertaking” means a block or blocks of assets, liabilities and proceeding and wherever the context so admits, the personnel; and

“YCCPL” means Yamuna Coal Company Private Limited.

2.1 INTERPRETATION

Terms and expressions used herein but not defined shall have the meaning ascribed to it in either the Cabinet Approval, the Electricity Act, 2003 (along with the rules framed thereunder), Act or any other related documents or legislation.

3. SHARE CAPITAL

3.1 The capital structure of the Transferor Company as on March 31, 2014 is as follows:

3.1.1 The authorized share capital of the Transferor Company comprises of 1,50,00,00,000 equity shares of Rs. 10/- each amounting to Rs.15,00,00,00,000.

3.1.2 The issued and paid-up share capital of the Transferor Company comprises of 73,65,40,000 equity shares of Rs. 10/- each amounting to Rs. 7,36,54,00,000.

3.1.3 The existing shareholding pattern of the Transferor Company:

Sr. No	Shareholder	No. of Shares
1.	Lt. Governor of Delhi	59,65,40,000
2.	Mr. Sanjay Kumar Srivastava, Chief Secretary, GNCTD	01
3.	Mrs. Nutan Guha Biswas, Pr. Secretary to LG, GNCTD	01
4.	Mr. R.K. Verma, Pr. Secretary (TTE), GNCTD	01
5.	Mr. Arun Goyal, Pr. Secretary (Power), GNCTD	01
6.	Mr. Arun Baroka, Secretary (PWD), GNCTD	01
7.	Mr. Amit Yadav, Secretary (Industries), GNCTD	01
8.	Mr. S.C.L. Das, Secretary (H&FW), GNCTD	01
9.	Mr. Ankur Garg, Addl. Secretary (Power), GNCTD	01
10.	Delhi Power Company Limited	13,99,99,992
Total		73,65,40,000

3.1.4 The shareholders identified in item no. 2 to 9 in Clause 3.1.3 above are all nominees of Delhi Power Company Limited ("DPCL") and are

holding shares on behalf of DPCL. DPCL along with its nominees identified in item no. 2 to 9 in Clause 3.1.3 or any other nominees as may be nominated by DPCL from time to time are hereinafter referred together as “**DPCL and Nominees**”

3.2 The capital structure of the Transferee Company as on March 31, 2014, is as under:

3.2.1 The authorized share capital of the Transferee Company comprises of 3,50,00,00,000 equity shares of Rs. 10/- each amounting to Rs. 35,000,000,000.

3.2.2 The issued and paid-up share capital of the Transferee Company comprises of 2,07,41,90,000 equity shares of Rs. 10/- each amounting to Rs. 20,741,900,000.

3.2.3 The existing shareholding pattern of the Transferee Company:

Sr. No	Shareholder	No. of Shares
1.	Lt. Governor of Delhi	2,07,41,40,000
2.	Mr. Sanjay Kumar Srivastava, Chief Secretary, GNCTD	49,992
3.	Mrs. Nutan Guha Biswas, Pr. Secretary to LG, GNCTD	01
4.	Mr. R.K. Verma, Pr. Secretary (TTE), GNCTD	01
5.	Mr. Arun Goyal, Pr. Secretary (Power), GNCTD	01
6.	Mr. Arun Baroka, Secretary (PWD), GNCTD	01
7.	Mr. Amit Yadav, Secretary (Industries), GNCTD	01
8.	Mr. S.C.L. Das, Secretary (H&FW), GNCTD	01
9.	Mr. Kailash Chandra, Secretary (Services), GNCTD	01

10. Mr. Ankur Garg, Addl. Secretary
(Power), GNCTD

01

TOTAL	2,07,41,90,000
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3.2.4 The shareholders identified in item no. 2 to 10 in Clause 3.2.3 above are all nominees of Lt. Governor of Delhi and are holding shares on behalf of the Lt. Governor of Delhi.

4. THE RATIONALE OF THE SCHEME

The amalgamation of the Transferor Company with the Transferee Company into a consolidated entity is in public interest and the following benefits shall accrue from the amalgamation:

- 4.1 The consolidated entity shall have a stronger balance sheet with the following four operating power projects in Delhi and interests in JVs. Further, the consolidated entity may look at prospects for listing with respect to future fund raising (as and when required).
 - (a) Rajghat Power House (135 MW);
 - (b) Gas Turbine Power Station (270 MW);
 - (c) Pragati Power Station – I (330 MW); and
 - (d) Pragati Power Station – III (1371.2 MW)
- 4.2 Creation of a consolidated entity shall reduce the accounting, compliances and transaction costs.
- 4.3 The proposed consolidation of both the companies will bring administrative and operational rationalization, organizational efficiencies and more optimal utilisation of various resources. The synergies created by the amalgamation may lower the cost of borrowing and increase in operational efficiency.
- 4.4 The proposed consolidation would also enable the Transferee Company and the Transferor Company to improve its infrastructural backbone, which would be to the benefit of the public at large as the amalgamated entity will be responsible for supplying sizeable electricity demand of NCTD.
- 4.5 Since the management of both the Transferor Company and the Transferee Company are almost common, creation of a consolidated entity would help to save valuable managerial time being spent in dual statutory meetings and utilize the same towards the business. The managerial expertise of Transferor Company would be combined giving additional thrust to the Transferee Company.

- 4.6 With higher capital base, the amalgamated entity would have lesser financial risk, which may result in the consolidated entity get lower risk spread from lenders and thus reduce the interest burden for such entity.
- 4.7 Pursuant to the formation of the consolidated entity the cash flow of one project can be utilized towards another project without any restriction and tax leakage. The cash flow of the consolidated entity may also be utilized for undertaking new projects including but not limited to renewable energy projects.
- 4.8 The consolidated entity for generation shall facilitate goodwill and brand building for raising funds from financial institutions. Since, the total assets and turnover of the consolidated entity will increase substantially; the combined entity may be able to access debt and equity at competitive terms for future expansion and growth.
- 4.9 Better bargaining capacity for procurement of equipment, fuels, availing services etc. can be achieved by the consolidated entity.
- 4.10 The proposed consolidation shall facilitate the appointment of single auditors for the consolidated entity, thereby saving a lot of time, effort and money on internal audits, statutory audits, cost audits, secretarial audits and CAG Audits.
- 4.11 Formation of a consolidated entity shall reduce the cost of operation by eliminating duplication of efforts and expenditure.
- 4.12 The consolidated entity shall provide strategic and competitive advantage especially at the time when many large power companies are integrating its operations. The proposed amalgamation of the Transferor Company with the Transferee Company is in line with current global trends to achieve size, scale, integration and greater financial strength and flexibility. The consolidated entity is likely to achieve higher long term financial returns than could be achieved individually by the Transferor Company.
- 4.13 The proposed consolidation will enable streamlining the activities of the Transferor Company and the Transferee Company and will also reduce managerial overlaps, which are necessarily involved in running multiple entities.
- 4.14 The banks and creditors are not affected by the proposed amalgamation as their security shall be maintained at the existing levels. The consolidated entity will offer a strong financial structure to all creditors including the creditors of the Transferor Company, facilitate resource mobilization and achieve better cash flows.
- 4.15 The power plants of the Transferor Company are located in close proximity of the power plants of the Transferee Company, which shall produce locational

synergies in managing the entire power plant portfolio of the Transferee Company.

IN CONSIDERATION OF THE RECIPROCAL PROMISES AND THE ARRANGEMENT, THE SCHEME OF AMALGAMATION AS SET OUT HEREIN HAS BEEN PROPOSED.

5. TERMS OF AMALGAMATION OF COMPANIES

- 5.1 Upon coming into effect of this Scheme and with effect from the Appointed Date and subject to the provisions of this Scheme including in relation to the mode of transfer and vesting, and subject to any corrections and adjustments as may, in the opinion of the board of directors of the Transferee Company be required, the Transferor Company shall dissolve without winding up and whole Undertaking including all power plants, all assets, rights and properties of the Transferor Company as on the Appointed Date, and all the debts, Liabilities, advances, duties and obligations of the Transferor Company as on the Appointed Date shall stand transferred to and vested in and/or deemed to be transferred to and vested as a going concern, in the Transferee Company without any further acts of any parties and without the consent of third parties.
- 5.2 Without prejudice to the generality of the aforesaid, the transfer as aforesaid shall include all the reserves, capital works in progress, tax entitlements and Liabilities, movable and immovable assets and properties including land whether leased or otherwise, all other assets (whether tangible or intangible) of whatsoever nature, investments and loans and advances including interest thereon, lease and hire purchase contracts, powers, authorities, allotments, approvals, consents, letters of intent, industrial and other government or statutory licenses, registrations, rights, leases, leave and license agreements, titles, interests, benefits and advantages of any nature whatsoever and wherever so situated, 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 them, including but without being limited to all trademarks, service marks, trade names, patents, copyrights and/or any pending applications thereto and other industrial properties and rights of any nature whatsoever and licenses assignments, grants in respect thereof, privileges, liberties, tenancies, easements, advantages, benefits, leases, ownership flats, goodwill, quota rights, permits, approvals, authorizations, right to use and avail telephones, telexes, facsimile and other communication facilities, connections, equipments and installations, utilities, electricity and electronic and all other services of every kind, nature and descriptions whatsoever, earnest monies and/or security deposits, reserves, provisions, funds, benefit of all agreements, arrangements, subsidies, grants, tax credits, sales tax, turnover tax, service tax, customs and all other interests arising to the Transferor Company, the entire business and benefits and advantages of whatsoever nature and where ever so situated 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 Transferor Company, stand transferred to and vested in and/or be deemed to be and stand transferred to and vested as a going concern, in the Transferee

Company pursuant to the provisions of Section 396 of Companies Act 1956/Section 237 of Companies Act, 2013 (upon such Section being notified) and other applicable provisions of the Act so as to become as and from the Appointed Date, the estate, assets, rights, title and interests of the Transferee Company. The mode of vesting of the movable property shall be in accordance with Clause 5.3.

5.3 The mode of vesting of the properties and funds referred to Clause 5.1 and 5.2 above shall be as under:

5.3.1 In respect of such of the said properties as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, the same may be so transferred by the Transferor Company and shall become the property of the Transferee Company without requiring any deed or instrument of conveyance for the same.

5.3.2 In respect of such said properties other than those referred to in Clause 5.3.1 above the same shall, without any further act, instrument or deed, be and stand transferred to and vested in and/or deemed to be transferred and vested in the Transferee Company as on the Appointed Date.

5.3.3 In respect of the movable properties other than those specified in Clause 5.3.1 above, including sundry debtors, outstanding loans, advances recoverable in cash or in kind or for value to be received, bank balances and deposits with Government, Semi Government, Local and other authorities, bodies etc. the same shall be so transferred by the Transferor Company and shall become the property of the Transferee Company without requiring any deed or instrument of conveyance for the same and further that 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 debts, loans or advances have arisen in order to give effect to the provisions of this Clause. The Transferee Company may, if required, give notice in such form as it may deem fit and proper to such person or debtor that pursuant to this Scheme, the said person or debtor should pay the debt, loan or advance or make good the same or hold the same to its account and that the right of the Transferee Company to recover and realize the same is in substitution of the rights of Transferor Company.

5.4 Upon coming into effect of the Scheme and with effect from the Appointed Date:

5.4.1 All debts, Liabilities, duties and obligations of the Transferor Company other than Liabilities being extinguished pursuant to the terms of the Scheme, shall also be and stand transferred or be deemed to be and stand transferred to the Transferee Company, without any further act, instrument or deed of the Transferee Company, so as to become as

and from the Appointed Date, the debts, Liabilities, duties and obligations of the Transferee Company and 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 debts, Liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause. Provided always that nothing in this clause shall or is intended to enlarge the security for any loan, deposit or other indebtedness created by the Transferor Company prior to the Appointed Date which shall be transferred to and be vested in the Transferee Company by virtue of the amalgamation and the Transferee Company shall not be required or obliged in any manner to create any further or additional security therefor after the Appointed Date or otherwise.

- 5.4.2 Any loans or other obligations due between the Transferor Company and the Transferee Company shall stand discharged and there shall be no Liability in that behalf from the Appointed Date.

It is clarified that all debts, Liabilities, duties and obligations of the Transferor Company as on the start of the business on the Appointed Date provided for in the Books of Accounts and all other Liabilities which may accrue or arise on or after the Appointed Date shall be the debts, Liabilities, duties and obligations of the Transferee Company.

It is clarified that all assets and receivables whether contingent or otherwise of the Transferor Company as on the start of the business on the Appointed Date provided for in the Books of Accounts and all other assets or receivables which may accrue or arise on or after the Appointed Date shall be the assets and receivables or otherwise as the case may be of Transferee Company.

- 5.4.3 The borrowings of the Transferee Company, in terms of Section 181 of the Companies Act, 2013 without any further act or deed on the part of the Transferee Company shall stand enhanced with addition of the authorised borrowing limits of the Transferor Company with the existing limits of the Transferee Company, such limits being incremental to the existing limits of the Transferee Company, and if so required, those limits may be increased from time to time by the Transferee Company, by obtaining shareholders approval in accordance with the provisions of section 181 of the Companies Act, 2013.

- 5.4.4 The Transferee 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, execute Deeds of Confirmation in favour of any other party to any contract or arrangement as may be necessary to be executed in order to give formal effect to the above provisions. Transferee Company shall under the provisions of the Scheme be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to implement or carry out all such formalities

or compliances referred to above on their part to be carried out or performed.

- 5.5 The Transferee Company shall draw up and finalise a consolidated Balance Sheet post- amalgamation as on the Appointed Date (hereinafter the “**Consolidated Balance Sheet**”) which shall be the opening Balance Sheet of the Transferee Company as on the Appointed Date.

The accounts of the Transferee Company as on the Appointed Date, as amalgamated in accordance with the terms of the Scheme shall be finalized on the basis of the Consolidated Balance Sheet as on the Appointed Date pursuant to this Scheme.

- 5.6 All taxes in respect of the profits and gains after adjusting accumulated losses and unabsorbed depreciation and investment allowance of the business carried on by the Transferor Company before the Appointed Date shall be payable by the Transferee Company subject to such concessions and reliefs as may be allowed under the Income Tax Act, 1961 (43 of 1961) as a consequence of the amalgamation.

Without prejudice to the generality of the aforesaid, the Transferee Company is expressly permitted to revise its Income Tax returns and related TDS certificates and to claim refunds, advance tax credits etc., on the basis of the combined accounts of both the companies as reflected in the Consolidated Balance Sheet as on the Appointed Date pursuant to the terms of this Scheme and the right to claim refunds, adjustments, credits, set-offs, advance tax credits pursuant to the sanction of this Scheme and the Scheme becoming effective is expressly reserved.

6. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

Upon the coming into effect of this Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements, debentures and/or any other direct or indirect tax benefits and all other instruments of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, as on the Appointed Date and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect against or in favour of the Transferee Company, as the case may be and may be enforced as fully and effectually as if, instead of Transferor Company, the Transferee Company had been party or beneficiary or obligee thereto. The Transferee Company shall, wherever necessary, enter into and/or issue and/or execute deeds, writings or confirmations, enter into any arrangements, confirmations or novations, in order to give formal effect to the provisions of this Clause.

Any inter se contracts between the Transferor Company and the Transferee Company shall stand amalgamated and vest in the Transferee Company upon the sanction of the Scheme and upon the Scheme becoming effective.

7. LEGAL PROCEEDINGS

If on the Appointed Date any suit, writ petition, appeal, revision or other proceedings of whatsoever nature (hereinafter called "**The Proceedings**") by or against the Transferor Company are pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the amalgamation of the Transferor Company or of anything contained in the Scheme, but the Proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would be or might have been continued, prosecuted or enforced by or against the Transferor Company as if the Scheme had not been made. On and from the Effective Date, the Transferee Company shall and may initiate any legal proceedings for and on behalf of the Transferor Company.

8. OPERATIVE DATE OF THE SCHEME

This Scheme, although operative from the Appointed Date, shall become effective from the Effective Date.

9. TRANSFEROR COMPANY'S STAFF, WORKMEN AND EMPLOYEES

All the staff, workmen or employees, in the service of the Transferor Company, on the Appointed Date of the amalgamation shall become the employees of the Transferee Company on the basis that:

- 9.1 their service shall be treated continuous and shall not be deemed to be interrupted by reason of the amalgamation proposed under this Scheme;
- 9.2 every employee, whole time officer, including whole time Director employed immediately before the Appointed Date of amalgamation shall become an officer, employee, as the case may be, of the Transferee Company and upon the Scheme becoming effective, all the terms and conditions of service and employment of the Transferee Company would be applicable to the employees of the Transferor Company. Upon the Scheme becoming effective, the employees of the Transferor Company shall be absorbed by the Transferee Company on equivalent scales of pay. While doing so, care would be taken not to disturb both the Transferee Company's and the Transferor Company's inter-se seniority. Inter-se seniority of the employees shall be fixed as per the Unified Promotion Rules as approved by the Board of Directors of both Transferor (in its board meeting held on February 15, 2012 for Category A employees and in its board meeting held on November 07, 2012 for Category B, C and D employees, respectively) and the Transferee (in its board meeting held on February 15, 2012 for Category A employees and in its board meeting held on November 07, 2012 for Category B, C and D employees, respectively). After the absorption the employees will be governed by the service rules/ standing orders /Human Resource Policy of the Transferee Company. However, it shall be ensured that the terms and conditions of the employees are not altered to the disadvantage of such

employees and the merger process shall ensure seamless integration of the employees to the common work culture;

- 9.3 As far as provident fund maintained by the Transferor Company with Regional Provident Fund Commissioner, gratuity fund maintained by the Transferor Company with Life Insurance Corporation of India, superannuation fund or any other special fund created or existing for the benefit of the staff, workmen and other employees of the Transferor Company are concerned, upon the Scheme becoming effective, such fund shall stand transferred with effect from the Appointed Date to the Transferee Company and the Transferee Company shall stand substituted for the Transferor Company without any further act, instrument or deed for all purposes whatsoever including but not limited to the obligations to make contributions to the said funds in accordance with the provisions of such funds as per the terms of such schemes or funds in the respective trust deeds or other documents. It is the aim and intent that all the rights, duties, powers and obligations of the Transferor Company in relation to such funds shall become those of the Transferee Company and all the rights, duties and benefits of the employees employed in the Transferor Company under such funds and trusts stand protected. Provided however, that the pension trust created under the Tripartite Agreements shall only be for the benefit of the employees of erstwhile DVB, who are presently employed with the Transferor Company. New employees recruited after July 01, 2002 either in the Transferor Company or the Transferee Company shall not come under the purview of the Tripartite Agreement and will not be eligible for any benefits under the pension trust, specifically created for erstwhile DVB employees. Approval of the NCTD has also been accorded for execution of the supplemental Trust Deed and other documents as may be required in accordance with the DVB Employees Terminal Benefit Rules for continuation of the obligations of the Transferor Company by the Transferee Company as per the Transfer Scheme Rules, 2001;
- 9.4 Without prejudice to the generality of the aforesaid, the Transferee Company shall have the right to transfer the employees of the Transferor Company to any unit, division, profit/cost centre or department of the Transferee Company situated anywhere in India or overseas if warranted and as may be deemed necessary from time to time;
- 9.5 All proceedings including disciplinary proceedings pending against the employees prior to the Appointed Date relating to misconduct, lapses or acts of commissions or omissions committed before the Appointed Date of transfer, shall not abate and may be continued by the Transferee Company; and
- 9.6 The employees of the GNCTD or the Central Government working on deputation with the Transferor Company shall continue to work on deputation with the Transferee Company for the unexpired period of such deputation on the same terms and conditions.

- 9.7 The employees of the Transferor Company working on deputation with other entities shall continue to work on deputation with such other entities for the unexpired period of such deputation, on the same terms and conditions. Although, such employees shall become the employees of the Transferee Company with effect from the Appointed Date, however, such employees shall continue on such deputation for the unexpired period of such deputation.
- 9.8 Any advances received by any employee of the Transferor Company from the Transferor Company, to the extent such advances have not been repaid by the employee to the Transferor Company, shall be repayable by such employee to the Transferee Company, upon the Scheme becoming effective.

10. TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE

10.1 With effect from the Appointed Date and up to and including the Effective Date:

10.1.1 The Transferor Company shall be deemed to have been carrying on and shall carry on all their businesses and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all of the assets of the Transferor Company for and on account of and in trust for the Transferee Company. The Transferor Company hereby undertakes to hold the said assets with utmost prudence until the Effective Date;

10.1.2 Save and except in the ordinary course of business, the Transferor Company shall carry on their business and activities with reasonable diligence, business prudence and shall not (without the prior written consent of Transferee Company) alienate, charge, mortgage, encumber or otherwise deal with or dispose off any of their units/Undertakings or any part thereof except pursuant to any pre-existing obligation undertaken by Transferor Company prior to the Appointed Date;

10.1.3 All the profits or income accruing to Transferor Company or expenditure or losses arising or incurred or suffered by Transferor Company shall for all purposes be treated and be deemed to be and accrue as the income or profits or losses or expenditure, as the case may be, of Transferee Company;

10.1.4 All the tax filings including but not limited to issuance of TDS certificates and other tax related compliances undertaken by the Transferor Company shall for all purposes be treated and be deemed to be complied by the Transferee Company;

10.1.5 Other than as provided under this Scheme, the Transferor Company shall not make any change in its capital structure either by any increase, (by fresh issue of equity shares whether by way of public issue, private placement, on a rights basis, or issuance of bonus

shares, convertible debentures or otherwise) decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner which may, in any way, affect the consideration under this scheme, except by mutual consent of the respective Boards of Directors of both the Transferor Company and Transferee Company;

10.1.6 The Transferor Company shall not without the prior approval of the Board of Directors of Transferee Company utilize the profits, if any, for any purpose including of declaring or paying any dividend in respect of the period falling on and after the Appointed Date;

10.1.7 The Transferor Company shall not vary the terms and conditions of the employment of its employees except in the ordinary course of business; and

10.1.8 The Transferor Company shall not, without the written consent of the Transferee Company, undertake any new business.

10.2 The transfer and vesting of the whole Undertaking, all assets and properties of the Transferor Company to the Transferee Company and the continuance of any proceedings by or against the Transferee Company hereof shall not affect any transaction or proceedings already completed by the Transferor Company on and from the Appointed Date.

11. SPECIFIC TERMS OF THE SCHEME

11.1 The Transferor Company shall amalgamate into the Transferee Company along with all its assets and Liabilities including present and future.

11.2 The authorized share capital of the Transferee Company shall automatically stand increased without any further act, instrument or deed, by the authorized share capital of the Transferor Company in aggregate to Rs. 15,00,00,00,000 (Rupees Fifteen Hundred Crores) divided into 1,50,00,00,000 (One hundred and fifty crores) equity shares of Rs. 10/- each and the Memorandum and Articles of Association of the Transferee Company with respect to the authorized share capital shall, without any further act, instrument or deed, be and stand altered, modified and amended in the manner set forth in Schedule 1 hereto and the consent of the shareholders to the scheme shall be deemed to be sufficient for the purpose of effecting this amendment, and no further resolution (s) under section 13, 14 and 61 or any other provisions of the Companies Act, 2013 would be required to be separately passed, as the case may be and for this purpose stamp duty and fees paid on the authorized capital of the Transferor Company shall be utilized and applied to the increased authorized share capital of the Transferee Company and there would be no requirement for any other further payment of stamp duty and/or fee by the consolidated entity for increase in the authorized share capital to that extent. Pursuant to the Scheme becoming effective and consequent upon the amalgamation of the Transferor Company into the Transferee Company, the authorized share capital of the Transferee Company shall be

Rs. 50,00,00,00,000 (Five Thousand Crores) consisting of 5,00,00,00,000 (Five Hundred Crores) Equity Shares of face value of Rs. 10/- (Rupees Ten each).

It is clarified that the amendment to the Memorandum and Articles of Association of the Transferee Company shall be effected as an integral part of the Scheme itself and the orders of the Ministry of Corporate Affairs sanctioning the Scheme shall be deemed to be an order under Section 13, 14 and 61 or any applicable provisions of the Companies Act, 2013 confirming such amendment.

- 11.3 The equity stake of the Transferor Company in Aravali Power Company Private Limited and Yamuna Coal Company Limited will be held by the Transferee Company.
- 11.4 All the shares held by the shareholders in the Transferor Company, without any further act or deed, upon this Scheme becoming effective shall stand cancelled. In lieu thereof allotment of new shares shall be made to the shareholders of the Transferor Company in accordance with Clause 11.5. The cancellation of the existing equity shares of the Transferor Company in accordance with this Clause 11.4 shall be effected as an integral part of this Scheme.
- 11.5 Upon the coming into effect of the Scheme and in consideration of the transfer and vesting of the Undertaking and the liabilities of the Transferor Company in terms of the Scheme, the Transferee Company shall issue and allot to the equity shareholders of the Transferor Company, whose names are recorded as the beneficial owners of the equity stake of the Transferor Company in the register of members as on the Effective Date (subject to the exception below) 9.1 equity shares of Rs. 10/- (Rupees Ten only) each, credited as fully paid up, in the Transferee Company for every 10 (ten) equity shares of Rs. 10/- (Rupees Ten only) each fully paid up held by the equity shareholders of the Transferor Company.

In this regard, it may be noted that the equity shareholders of the Transferor Company as on the Appointed Date comprises of Lt. Governor of Delhi, DPCL and its Nominees. Each of the DPCL Nominee is holding 1 equity share of Rs. 10 each of the Transferor Company. The Consolidated Entity shall instead of allotting fraction of equity shares to each of such DPCL Nominee, it shall allot to DPCL, such number of shares as per the swap ratio above, for the shares held by DPCL and its Nominees in the Transferor Company as on the Appointed Date.

- 11.6 As a result of the issue and allotment of the share capital of the Transferor Company in the manner specified in Clause 11.5, if any equity shareholder of the Transferor Company becomes entitled to any fraction of equity shares of the Transferee Company, no such fractional coupon shall be issued in respect of or representing such equity shares of the Transferee Company, but such fractional coupon shall be consolidated into whole equity shares and the

board of directors of the Transferee Company, or a committee thereof may allot any one or more of such consolidated shares to any nominee(s) as the board of directors or the committee may in their absolute discretion deem fit for the purpose of holding and selling of such consolidated equity shares. Every such sale of the consolidated equity shares shall be at such price or prices as may be approved by the board of directors or the committee and upon receipt of the sale consideration in respect of such sale, such consideration shall be paid to the shareholder entitled to such fractional coupon.

- 11.7 Upon the Scheme becoming effective, the main objects of the memorandum of association of the Transferor Company shall form a part of the main objects of the memorandum of association of the Transferee Company.
- 11.8 The equity shares so allotted by the Transferee Company to the shareholders of the Transferor Company will in all respects rank pari-passu with the existing equity shares of the Transferee Company for dividend declared after the Appointed Date, voting and other rights.
- 11.9 It is clarified, however, that the aforesaid provisions in Clause 11.8 in respect of declaration of dividend are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor Company or the Transferee Company to demand or claim any dividend which shall be entirely at the discretion of the Board of Directors and subject to the provisions of the Act.

12. ACCOUNTING TREATMENT

With effect from the Appointed Date, and upon the Scheme becoming effective, the Transferee Company shall account for the amalgamation of the Transferor company in its books of accounts as per the 'Pooling of interest Method' as described in Accounting Standard – 14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India, such that:

- 12.1 The investments in the equity share capital of the Transferor Company, and inter-company loans and advances, deposits or outstanding obligation if any, interse between the Transferor Company and the Transferee Company, as appearing in the books of accounts of the Transferor Company shall stand cancelled.
- 12.2 The Transferee Company shall, record all the assets, liabilities and reserves, of the Transferor Company, vested in the Transferee Company pursuant to this Scheme, at their existing carrying amounts.
- 12.3 The Transferee Company shall credit the aggregate face value of Equity Shares issued by it to the members of the Transferor Company pursuant to Clause 11.5 of this Scheme to its equity share capital account in its books of accounts.

- 12.4 The difference between the excess of net assets of the Transferor Company as per clause 12.2 above over the amount credited by the Transferee Company to the share capital account as per Clause 12.3 above and adjusted for cancellation of the investments in the equity share capital of the Transferee Company as mentioned in Clause 12.1 above, would be recorded as Capital Reserve. The shortfall, if any shall be debited to the Goodwill Account of the Transferee Company.
- 12.5 In case of any difference in accounting policy between the Transferor Company and the Transferee Company, the accounting policies followed by the Transferee Company will prevail and the difference till the Appointed Date will be quantified and adjusted in the capital reserve/ goodwill account to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.

13. APPLICATIONS TO MINISTRY OF CORPORATE AFFAIRS, GOVERNMENT OF INDIA

The Transferor Company and the Transferee Company hereto shall, within all reasonable time dispatch, make applications under Section 396 of the Companies Act, 1956/ Section 237 of the Companies Act, 2013 (upon notification of such Section under the Companies Act, 2013) and other applicable provisions of the Act to the Ministry of Corporate Affairs, Government of India at New Delhi for sanctioning the Scheme and for dissolution of the Transferor Company without winding up.

14. MODIFICATIONS/AMENDMENTS TO THE SCHEME

- 14.1 The Transferor Company (by its Board of Directors or a committee thereof) and the Transferee Company (by its Board of Directors or a committee thereof) may assent to any modification or amendment to the Scheme or agree to any terms and/or conditions which the Ministry of Corporate Affairs, Government of India, GNCTD, Courts and/or any other authorities under law may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme and do all acts, deeds and things as may be necessary, desirable or expedient for putting the Scheme into effect.
- 14.2 For the purpose of giving effect to the Scheme or to any modification thereof, the Directors of the Transferor Company and the Transferee Company are hereby authorised to give such directions and/or to take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise.

15. SCHEME CONDITIONAL ON APPROVALS/SANCTIONS

The Scheme though comes into operation from the Appointed Date, shall be conditional upon and subject to the following:

- 15.1 The Scheme being approved by the respective requisite majority of the shareholders of the Transferor Company and the shareholders of the Transferee Company.
- 15.2 The approvals of the Public Financial Institutions, Banks and Lenders, if applicable, under any contracts/agreements entered into with them by the Transferor Company and/or the Transferee Company.
- 15.3 Such other sanctions, permissions, consents and approvals as may be required under the provisions of Section 396 of the Companies Act, 1956/ Section 237 of the Companies Act, 2013 (upon notification of such Section under the Companies Act, 2013) and other applicable provisions of the Act and any other Law in respect of this Scheme being obtained including those of the relevant Government authorities;
- 15.4 Notification of the Final Order of Amalgamation in the Official Gazette of Government of India; and
- 15.5 The certified copies of the Order of the Ministry of Corporate Affairs, Government of India referred to in this Scheme being filed with the Registrar of Companies, National Capital Territory of Delhi and Haryana by the Transferee Company and the Transferor Company.

16. DISSOLUTION OF TRANSFEROR COMPANY

Upon the Scheme being sanctioned and finally taking effect as mentioned herein the Transferor Company shall stand dissolved without being wound up as on the Appointed Date and no person shall make, assert or take, any claims, demands or proceedings against the Transferor Company, except in so far as may be necessary for enforcing the provisions of this Scheme. The Transferor Company shall not continue to function as an independent company but will be amalgamated with the Transferee Company and the amalgamated company shall function under the name of the Transferee Company. Every director of the Transferor Company holding office as such shall on and from the Effective Date, shall cease to be a director of the Transferor Company from the Effective Date.

17. EFFECT OF NON-RECEIPT OF APPROVALS/SANCTIONS

In the event any of the sanctions or approvals referred to in Clause 15 of this Scheme are not obtained on or before March 31, 2015 or within such further period or periods as may be agreed upon between the Transferor Company by its Board of Directors, and the Transferee Company by its Board of Directors, this Scheme shall become null and void and in such an event no

rights or Liabilities whatsoever shall accrue to or be incurred inter se between the Transferor Company and the Transferee Company.

18. EXPENSES CONNECTED WITH THE SCHEME

All costs, charges and expenses of the Transferor Company and the Transferee Company respectively in relation to or in connection with the Scheme and of carrying out and implementing/completing the terms and provisions of the Scheme and/or incidental to the completion of amalgamation of the Transferor Company in pursuance of the Scheme shall be borne and paid solely by the Transferee Company.

19. STAMP DUTY

No stamp duty is payable on the amalgamation of the Transferor Company with the Transferee Company as contemplated herein, as no stamp duty is payable on an order of the Ministry of Company Affairs, Government of India, sanctioning a scheme of amalgamation.

20. DISPUTES

For the purpose of giving effect to the Scheme, the board of directors of the Transferee Company or any committee thereof, is authorised to give such directions as may be necessary or desirable and to settle as they may deem fit, any question, doubt or difficulty that may arise in connection with or in the working of the Scheme including with regard to issue and allotment of equity shares under Clause 11.5 hereof, to the members of the Transferor Company and do all acts, deeds and things necessary for carrying into effect the Scheme.

SCHEDULE-I

The words and figures in Clause V of the Memorandum of Association of the Transferee Company shall be substituted to read as follows "Authorised Share Capital of the Company is Rs 50,00,00,00,000 (Rupees Five thousand Crores) divided into 5,00,00,00,000 (five hundred Crores) Equity Shares of face value of Rs.10/- (Rupees Ten) each

The Clause 4 of the Articles of Association of the Transferee Company be and is hereby substituted to read as follows "The Authorised Share Capital of the Company is Rs 50,00,00,00,000 (Rupees Five thousand Crores) divided into 5,00,00,00,000 (five hundred Crores) Equity Shares of face value of Rs.10/- (Rupees Ten) each. The minimum paid up Share Capital of the Company will be Rupees 5 lakhs.