

NOTE ON COMPOSITE SCHEME OF ARRANGEMENT

This Scheme of Arrangement is presented pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act, 1956, between **IVRCL Limited, IVRCL Assets & Holdings Limited, RIHIM Developers Private Limited and IVRCL TLT Private Limited.**

The scheme is for the demerger of Real Estate Business of IVRCL Assets & Holdings Limited into RIHIM Developers Private Limited ("Resulting Company 1"), merger of IVRCL Assets & Holdings Limited into IVRCL Limited and demerger of Tower Manufacturing Activity of IVRCL Limited into IVRCL TLT Private Limited ("Resulting Company 2").

IVRCL Limited

IVRCL Limited ("IVRCL Ltd." or "Amalgamated Company") is a company engaged in the business of Engineering, Procurement & Construction and manufacturing of Transmission Towers.

IVRCL Assets & Holdings Limited

IVRCL Assets & Holdings Limited ("IVRCL A&H" or "Transferor Company") is a subsidiary of IVRCL Ltd. and IVRCL Ltd. holds approximately 76% of equity of IVRCL A&H.

The Company has the following two business divisions:

- Real Estate Development/ Real Estate
- Infrastructure Development

RIHIM Developers Private Limited

RIHIM Developers Private Limited ("Resulting Company 1") is a wholly owned subsidiary of IVRCL Limited.

IVRCL TLT Private Limited

IVRCL TLT Private Limited ("Resulting Company 2") is a wholly owned subsidiary of IVRCL Limited.



Rationale for the proposed Scheme

The group proposes to consolidate its infrastructure businesses into a single entity and delineate the tower manufacturing and real estate businesses from the remaining business undertakings of the group, and accordingly proposes the scheme of arrangement.

Scheme is also expected to result in following benefits:

- To achieve synergistic integration and consolidation of the businesses presently being carried on by the Amalgamating Company and Amalgamated Company, which shall be beneficial to the shareholders, creditors and employees of such companies and to the interests of the public at large, as such amalgamation would create greater synergies between the businesses of the Amalgamating Company and Amalgamated Company and would enable them to have access to better financial resources as well as increase the managerial efficiencies, while effectively pooling the technical, distribution and marketing skills of each other.
- Enhancement of net worth of the combined business to capitalise on future infrastructure growth potential.
- To achieve strengthened leadership in the industry, in terms of the consolidated asset base, consolidated revenues of the combined entity.
- Demerger of Tower Undertaking and Real Estate Undertaking would assist in induction of joint venture partner/ strategic investor/ financial investor and pursue inorganic and organic growth opportunities in such businesses.
- Demerger of Tower Undertaking and Real Estate Undertaking into wholly owned subsidiaries would enable the company to have focused management attention towards the businesses and enable better growth in the same.
- Demerger of Real Estate Undertaking would enable delineation of the Real Estate Business whereby the infrastructure business can access finance from banks/ financial institutions at lower rates.

Share Exchange Ratio

The Shareholders of IVRCL Assets & Holdings Limited will receive **five fully paid up equity shares** of Rs. 2/- each in IVRCL Limited for every **six shares** of Rs. 10/- each held.



Fractional entitlement

No certificate(s) shall be issued by the Amalgamated Company in respect of fractional entitlements, to which the shareholders of the Transferor Company may become entitled to on issue and allotment of equity shares of the Amalgamated Company in terms of the Scheme. The Board of Directors of the Amalgamated Company shall, instead consolidate all such fractional entitlements and thereupon issue and allot equity shares in lieu thereof to custodian(s), to be nominated by the Board of Directors of the Amalgamated Company. Such custodian(s) shall hold the shares in trust for the beneficiaries entitled to fractional entitlements with the express understanding that such custodian(s) shall sell the said shares in the market at such times and at such prices and to such persons as he/they deem fit, and pay to the Amalgamated Company, the net sale proceeds thereof. The Amalgamated Company shall, thereafter, distribute such net sale proceeds to the beneficiaries in proportion to their respective fractional entitlements.

Appointed Date and Effective Date

The Appointed date for Amalgamation is 1st April 2011 or such other date as may be fixed by the High Court and the effective date would be the last of the dates on which all the conditions and matter of the referred in the Scheme occur or have been fulfilled or waived in accordance with the Scheme.

Cancellation of Shares held by IVRCL Limited in IVRCL Assets & Holdings Limited.

Upon coming into effect of this Scheme the Shares held by IVRCL Limited in IVRCL Assets & Holdings to the extent of 75.72% of the paid up capital of the IVRCL Assets stands Cancelled.

Issue of shares by IVRCL LIMITED to Shareholders of IVRCL Assets & Holdings.

IVRCL Limited shall without any further application, act, instrument or deed, issue and allot fully paid up equity shares of Rs.2 each in the ratio as aforesaid to the shareholders of IVRCL Assets & Holdings Limited, (**other than IVRCL Limited**) whose names are registered in the register of members of IVRCL Assets & Holdings Limited on the Record Date.



Share Capital of IVRCL Limited

Share Capital before the scheme	<u>Authorised Capital</u> Rs.60,00,00,000/- divided into 27,50,00,000 Equity Shares of Rs. 2 each and 2,50,00,000 Preference Shares of Rs.2 each <u>Issued, Subscribed and Paid Up Capital</u> Rs.53,40,19,716/- divided into 26,70,09,858 Equity Shares of Rs.2 each
Share Capital after the scheme	<u>Authorised Capital</u> Rs.330,00,00,000 divided into 162,50,00,000 Equity Shares of Rs. 2 each and 2,50,00,000 Preference shares of Rs 2 each <u>Issued, Subscribed and Paid Up Capital</u> Rs. 61,37,73,296/- divided into 30,68,86,648 Equity Shares of Rs.2 each

Demerger of Real Estate business of “IVRCL Assets & Holdings Limited” into “RIHIM Developers Private Limited” (Resulting Company 1).

Upon this Scheme becoming effective and with effect from the Appointed Date, all properties, assets (including investments), liabilities forming part of Real Estate Undertaking of IVRCL Assets & Holdings shall stand transferred to and vested in or deemed to be transferred to and vested in RIHIM Developers Private Limited on a going concern basis.

Demerger of Tower undertaking of “IVRCL Limited” into “IVRCL TLT Private Limited” (Resulting Company 2).

Upon the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, all properties, assets, liabilities forming part of Tower Undertaking of the Amalgamated Company shall stand transferred to and vested in or deemed to be transferred to and vested in the Resulting Company 2, under the provisions of Section 391 to 394 and all other applicable provisions, if any, of the Act, without any further deed or act.



Financial Details of IVRCL Limited :

(Rs. In Millions)

1	Net Revenue	56634.18
2	Profits (PAT)	1578.99
3	Capital Employed	40831.75

