S. E. INVESTMENTS LIMITED

COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS

Date : 09th April 2011

Time : 11.00 a.m.

Venue : Iskcon Auditorium, Iskcon Complex, Hare Krishna Hill,
Sant Nagar, Main Road, East of Kailash,
New Delhi-110065

CONTENTS **PAGES**

Notice convening meeting of the Equity Shareholders of S. E. Investments Limited……..1

Explanatory Statement under Section 393 of the Companies Act, 1956……..2

Scheme of Arrangement under Section 391 to 394 of the Companies Act, 1956……10

Form of Proxy……21

Attendance Slip……23

IN THE HIGH COURT OF DELHI AT NEW DELHI

(ORIGINAL COMPANY JURISDICTION)

COMPANY APPLICATION NO. (M) 38/2011 & 293/2011

In the matter of Sections 391/392 and other applicable provisions of the Companies Act, 1956;

And

In the matter of the Scheme of Arrangement amongst

S. E. INVESTMENTS LIMITED (Transferor Company)

And

S. E. POWER LIMITED (Transferee Company)

And

Their Respective Shareholders

S. E. Investments Limited, a Company incorporated under the Companies Act, 1956, having its Registered Office at S-547, 2nd Floor, Main Road, Shakarpur, Delhi-110092

Applicant / Transferor Company

NOTICE CONVENING MEETING OF EQUITY SHAREHOLDERS

To

The Equity Shareholders

M/s. S. E. Investments Limited / Transferor Company

TAKE NOTICE that, by the Order dated 23.02.2011, the Hon'ble High Court of Delhi at New Delhi, has directed that a meeting of the Equity Shareholders of the S. E. Investments Limited (Transferor Company)shall be held at Iskcon Auditorium, Iskcon Complex, Hare Krishna Hill, Sant Nagar, Main Road, East of Kailash, New Delhi-110065, on Saturday, 09th April 2011 at 11.00 A.M. for the purpose of considering, and if thought fit, approving with or without modification, the Scheme of Arrangement proposed to be made between the S. E. Investments Limited and S E. Power Limited (Transferee Company) and their respective shareholders

TAKE FURTHER NOTICE that in pursuance of the said order, a meeting of the equity shareholders of the S. E. Investments Limited will be held at Iskcon Auditorium, Iskcon Complex, Hare Krishna Hill, Sant Nagar, Main Road, East of Kailash, New Delhi-110065, on Saturday, 09th April 2011 at 11.00 A.M. where you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you, is deposited at the Registered Office of S. E. Investments Limited at S-547, 2nd Floor, Main Road, Shakarpur, Delhi-110092 not later than 48 hours before the meeting.

The Hon'ble High Court has appointed Mr. Rajeev K. Goel, Advocate as Chairperson of the Meeting and Mr. Tejinder Singh, Advocate as an Alternate Chairperson .A copy of the statement under Section 393 of the Companies Act, 1956, Scheme of Arrangement, Attendance Slip and Form of Proxy are enclosed.

Sd/-

. Rajeev K. Goel

(Chairperson Appointed for the Meeting)

Dated at Delhi this the 07th day of March, 2011.

Registered Office:
S-547, 2nd Floor,
Main Road, Shakarpur,
Delhi-110 092.

IN THE HIGH COURT OF DELHI AT NEW DELHI
(ORIGINAL COMPANY JURISDICTION)
COMPANY APPLICATION NO. (M) 38/2011 & 293/2011

In the matter of Sections 391/392 and other applicable provisions of the Companies Act, 1956;
And
In the matter of the Scheme of Arrangement amongst
S. E. INVESTMENTS LIMITED (Transferor Company)
And
S. E. POWER LIMITED (Transferee Company)
And
Their Respective Shareholders

S. E. Investments Limited, a Company incorporated under the Companies Act, 1956, having its Registered Office at S-547, 2nd Floor, Main Road, Shakarpur, Delhi-110092

Applicant / Transferor Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. Pursuant to an Order dated 23.02.2011 passed by the Hon'ble High Court of Judicature at Delhi in the Company Application referred to above, the meeting of the Equity Shareholders of the Transferor Company is being convened on Saturday, 09th April 2011 at 11.00 A.M., at Iskcon Auditorium, Iskcon Complex, Hare Krishna Hill, Sant Nagar, Main Road, East of Kailash, New Delhi-110065 for the purpose of considering and, if thought fit, approving with or without modification, the Scheme of Arrangement amongst S. E. Investments Limited ("the Transferor Company") and S. E. Power Limited ("the Transferee Company") and their Respective Shareholders, (hereinafter referred to as "The Scheme"), which is annexed to the notice.
2. In this Statement,
   a) "The Scheme" means the Scheme of Arrangement amongst S. E. Investments Limited and S. E. Power Limited and their Respective Shareholders.
   b) S. E. Investments Limited, which is the Transferor Company in the Scheme is hereinafter referred to as the "Transferor Company" or "SEIL"
   c) S. E. Power Limited, which is the Transferee Company in the Scheme, is hereinafter referred to as "Transferee Company" or "SEPL".
3. The particulars of the Transferor Company are as follows:
   (a) The Transferor Company was originally incorporated as a private limited company under the Companies Act, 1956, on 5th March 1992. On 1st March 1995, fresh certificate of incorporation, consequent upon conversion to Public Limited Company was granted to the Company by the Registrar of the Companies, Uttar Pradesh, Kanpur. The Registered Office of the Transferor Company was shifted from Block No. 54, Sanjay Place, Agra to S-547, IInd Floor, Main Road, Shakarpur, Delhi-110092 w.e.f. 22.05.2003.
   (b) The main objects of Transferor Company as set out in its Memorandum of Association are:
      1. To carry on the business of trading, dealing, lending, financing, refinancing, leasing or hire purchase, renting or giving on rent or hire all or any kind of automobiles, motor lorries, trucks, cars, cabs, tractors, auto rickshaws, three wheelers, two wheelers or any other vehicles drawn by either motor, steam, oil, petroleum, electricity, battery or any mechanical, manual or other energy, power or device, plant, machinery, equipment, tools, implements, apparatus, appliances, money or immovable and to purchase, take on lease or otherwise acquire and to deal in real-estate and immovable properties.
      2. To carry on the business or to act as guarantors, sureties, investors, promoters, brokers, stock, shares and securities dealers.
      3. To undertake finance arrangements of all kinds including infrastructure finance, micro finance, small and tiny finance either as principals or as agents or in any other manner to advance loans for organizing and developing poultry and dairy farming, intensive agricultural operations, cottage industries, workshops, work centres, village industries and for purchase of land for house sites and for agricultural and industrial activities and to receive loans, advances, grants or other moneys from the Central Government, State Government, Local

Bodies, Banks, Companies, Corporations, Co-operative Societies, Trusts or individuals with or without interest in order to carry out the objects of the company.

Other Objects adopted by the Transferor Company**:**

8 To erect for itself or for any authority on contract basis and/or to carry on the business of generating of power by installation of power generating plant based on thermal, gas, wind, water, solar energy, petroleum products, or nuclear energy or by combination of any two or more of the said mode or any other mode and/or sale, purchase, distribution, transmission and supply of power/electricity whether self generated or purchased from any other sources.

(c) The Authorised, Issued, Subscribed and Paid-up Share Capital of the Transferor Company as on 31.12.2010 has been as under

Particulars	**Amount (Rs.)**
Authorized Share Capital	
1,200,000,000 Equity Shares of Re. 1 each	1,200,000,000
5,000,000 Preference shares of Rs. 10 each	50,000,000
Total	**1,250,000,000**
Issued & Subscribed Share Capital	
405,600,000 Equity Shares of Re. 1 each	405,600,000
12,500 Equity Shares of Rs. 10 each	125,000
2,500,000 Preference shares of Rs. 10 each	25,000,000
Total	**430,725,000**
Paid-up Share Capital	
405,600,000 Equity Shares of Re. 1 each*	405,600,000
12,500 Equity Shares of Rs. 5 each	62,500
2,500,000 Preference Shares of Rs. 10 each	25,000,000
Total	**430,662,500**

The Equity Shares of the Transferor Company were subdivided from Rs. 2/- each to Two Equity Shares of Re. 1/- each by Board of Directors of the Company in their meeting held on 18th October, 2010 to fix the record date as on 01st November, 2010 pursuant to the Special Resolution passed by the Shareholders on 13th September 2010.

(d) The summarized financial position of the Transferor Company as per the latest Audited Accounts for the period ended 30.09.2010 is as under:

		Period Ended As on 30.09.2010 (Rs.)
ASSETS:		
Fixed Assets (SLM)		522,919,979/-
Investments		724,390,334/-
Current Assets	7,007,870,383/-	
Less: Current Liabilities & Provisions	1,369,622,811/-	5,638,247,572/-
Misc. Expenditure		55,558,756/-
TOTAL		**6,941,116,640/-**
SOURCES OF FUNDS:		
Share Capital		430,662,500/-
Reserves and Surplus		2,881,142,706/-
Secured Loans	2,155,466,042/-	
Unsecured Loans	1,465,833,404/-	3,621,299,446/-
Deferred Tax Reserve		8,011,988/-
TOTAL		**6,941,116,640/-**

There has been no material change in the financial position of the Transferor Company after 30.09.2010 except in the normal course of business and on account of sub-division of its Equity Share Capital of the Company as already highlighted earlier.

4. The particulars of the Transferee Company are as follows:
   (a) The Transferee Company is an unlisted public limited company incorporated on the 11th day of August, 2010 and was granted its commencement of business certificate on 25th August, 2010 from the Registrar of Companies, NCT Delhi & Haryana. It has its Registered Office at S-547, IInd Floor, Main Road, Shakarpur, New Delhi-110092.
   (b) The main objects of Transferee Company , as set out in its Memorandum of Association, are:
      1. To carry on all or any of the business of producers, manufacturers, generators, suppliers, distributors, transformers, converters, transmitters, processors, developers, storers, procurers, carriers and dealers in electricity, all form of power and energy and any such products and by-products derived from such business including without limitation, steam, fuels, ash, conversion of ash into bricks and any products derived from or connected with any other form of energy, including, without limitation to conventional sources such as heat, thermal, hydel and/or from non conventional sources such as tidalwave, wind, solar, geothermal, biological, biogas and coal bed methane.

      2. To carry on all or any of the business of purchasers, creators, generators, manufacturers, producers, procurers, suppliers, distributors, converters, processors, developers, storers, carriers and dealers in, design or otherwise acquire to use, sell, transfer or otherwise dispose of electricity, steam, hydro or tidal, water, wind, solar, hydrocarbon fuels, fuel handling equipments and machinery and fuel handling facilities thereto and any products or by products derived from any such business (including without limitation distillate fuel oil and natural gas whether in liquefied or vaporized form), or other energy of every kind and description and stoves, cookers, heaters, geysers, biogas, plants, gas and steam turbines, boilers, generators, alternators, diesel generating sets and other power and energy devices and appliances of every kind and description.

   (c) The Authorised, Issued, Subscribed and Paid-up Share Capital of the Transferee Company as on 31.12.2010 has been as under:

Particulars	**Amount (Rs.)**
Authorized Share Capital	
500,000 Equity Shares of Re. 1 each	500,000
Total	**500,000**
Issued, Subscribed and Paid-up Share Capital	
500,000 Equity Shares of Re. 1 each	500,000
Total	**500,000**

   There has been no change in the above capital structure of the company after 30.09.2010.

   (d) The summarized financial position of the Transferee Company as per the latest Audited Accounts for the period ended 30.09.2010 is as under:

	Period Ended as on 30.09.2010 (Rs.)
ASSETS:	
Current Assets	476,946/-
Misc. Expenditure	23,054/-
TOTAL	**500,000/-**
SOURCES OF FUNDS:	
Share Capital	500,000/-
TOTAL	**500,000/-**

   There has been no material change in the financial position of the Transferee Company after 30.09.2010 except in the normal course of business.

5. The following are some of the benefits, which would arise upon the Scheme coming into effect:
   a) Each of the above businesses offer great potential for growth;
   b) The Financial Service business and Micro Credit business, being separately identifiable businesses, requires focus and dedicated management with special skills and strategic alliances in order to be run efficiently and successfully to achieve desired growth.

The demerger of the Non-Conventional Energy Division from Transferor Company would enable Transferor Company to focus on the Financial Service Business and Micro Credit Business so that it could be run more efficiently and successfully to achieve desired growth.

c) Nature of risks, competition involved and commercial requirements of all the three businesses of Transferor Company are entirely distinct from each other.

d) The demerger of the Non-Conventional Energy Division would enable distinct focus of shareholders. Thus, the demerger would enable Non-Conventional Energy Division to attract different sets of investors, strategic partners, lenders and other stake holders who would provide further funding and bring relevant experience for high growth of the businesses. The demerger would also provide scope for independent collaboration and expansion in each of the businesses without committing the other business and will create enhanced value for shareholders and allow a focused strategy in operation.

e) The demerger of Non-Conventional Energy Division of Transferor Company is in overall interest of shareholders and is in no way prejudicial to the interest of creditors.

6. The Scheme was placed before and approved by the Board of Directors of the Transferor Company on 19th November, 2010. The Board of Directors of the Transferee Company have also approved the Scheme of Arrangement in their Meeting held on 19th November, 2010.

7. The salient features of the Scheme are as follows:

(i) The Scheme envisages the demerger of Non-Conventional Energy Division of the Transferor Company into the Transferee Company pursuant to Sections 391 to 394 and other relevant provisions of the Act in the manner provided for in the Scheme.

(ii) The Scheme provides that the "Appointed Date" shall be September 30, 2010.

(iii) The "Effective Date" for the Scheme means the last of the dates on which the certified copies of the order(s) of the High Court at Delhi vesting the assets, properties, liabilities, rights, duties, obligations and the like of Non-Conventional Energy Division of the Transferor Company in the Transferee Company are filed with the Registrar of Companies, NCT of Delhi after obtaining the consents, approvals, permissions, resolutions, agreements, sanctions and orders necessary there for.

(iv) The "Demerged Business" or "Demerged Undertaking" has been defined in the Scheme shall mean the undertaking of Transferor Company , relating to the Non-Conventional Energy Division transferred to Transferee Company which shall include:

I. All properties and assets of Transferor Company related to the Non-conventional energy division. The term assets shall include all corporeal or incorporeal, tangible or intangible, present or contingent, all plant and machinery, vehicles, fixed assets, investments, work in progress, current assets, licenses, registration software licenses, tenancy rights, premises, ownership flats, hire purchase and lease arrangements, computers, office equipments, telephones, telexes, facsimile connections, communication facilities, equipments and installations and utilities, electricity, water and other service connections, employees benefits agreements, contracts and arrangements, including insurance contracts, arrangements with original equipment manufacturers, technical collaboration agreements, long term supply contracts, powers, authorities, permits, allotments, approvals, recognitions from Government Departments, quality certifications, consents, privileges, balances with all regulatory authorities, duty drawback claims, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and advantage, and all other rights, claims and powers pertaining to the business and activities of the Non-conventional energy division;

II. Lease rights, permits, quota rights, industrial rights and other licenses, trademarks, intellectual property rights, other intangible assets, and all the privileges, benefits, duties and obligations of all contracts, agreements and arrangements, and all other rights, licenses, powers and facilities of every kind, nature and description whatsoever of or relating to the Non-conventional energy division;

III. The liabilities:

(i) the liabilities which arise out of the activities or operations of the Non-Conventional Energy Division, and

(ii) Specific loans and borrowings raised, incurred, and utilized solely for the activities or operations of the Non-Conventional Energy Division.

(iii) General or multipurpose borrowings, if any, of the demerged company as stand in the same proportion which the value of the assets transferred in a demerger bears to the total value of the assets of such demerged company immediately before the demerger.

IV. All employees of Transferor Company engaged in the Non-conventional energy division, at various locations;

V. All necessary records, files, papers, information, drawings, manuals, data, list of customers and suppliers and other records in connection with or relating to the Non-conventional energy division.

8. The Scheme also provides for:

(a) In consideration of the Demerger, including the transfer and vesting of the Demerged Undertaking in Transferee Company pursuant to the Scheme, Transferee Company shall, without any further act or deed, issue and allot to each member of Transferor Company whose name is recorded in the register of members and records of the depositary as members of the Transferor Company on the Record Date, Transferee Company shall issue and allot 405,600,000 Equity Share of Re. 1 each as fully paid up to the shareholders of Transferor Company in proportion of the shares held by them in Transferor Company

(b) The equity shares issued and allotted by Transferee Company in terms of this scheme shall rank pari passu in all respects with the then existing equity shares of the Transferee Company

(c) Transferee Company shall move appropriate applications before the "Stock Exchanges" for listing of the shares and have them admitted for trading (including those issued in terms of the Scheme) as on the Record Date, where the Equity Shares of Transferor Company are listed and are admitted to trading. The shares allotted pursuant to the Scheme shall remain frozen in the depositaries system till relevant directions in relation to the listing/trading are given by the relevant stock exchange.

(d) There shall be no change in the shareholding pattern or control in the Transferee Company between the Record Date and the date of listing of the shares of the Transferee Company pursuant to the Scheme, save and except pursuant to the issuance of shares under this scheme.

(e) The Stock Exchanges at which the equity shares of Transferor Company are listed, shall list the equity shares of the Transferee Company, in accordance with the Requirements for Considering Applications Seeking Relaxation from Strict Enforcement of Clause (b) to Sub-rule (2) of Rule 19 thereof under Sub-rule (7) of Rule 19 of the Securities Contract (Regulation) Rules, 1957, issued by the Securities and Exchange Board of India vide its Circular Ref. SEBI/CFD/SCRR/01/2009/03/09 on September 3, 2009, subject however to the permissions being granted by "the Stock Exchanges".

(f) In case of GDRs held by the shareholders of Transferor Company the procedure of issue of shares or GDRs proportionately by Transferee Company to them is explained below which forms part of the scheme:

(a) Transferee Company shall issue to the Depository representing the holders of GDRs of the Transferor Company shares of Transferee Company in accordance with the relevant Swap Ratio. Subject to Clause (b) below, the Depository of Transferor Company shall hold such shares of Transferee Company on behalf of the holders of GDRs of Transferor Company

(b) (i) Transferee Company may in consultation with the Depositary of Transferor Company and by entering into appropriate agreements with the said Depositary or any other Depositary (appointed by Transferee Company) for the issuance of GDRs (whether issued or otherwise), instruct such Depositary to issue GDRs of Transferor Company or any of them, to the holders of GDRs of Transferor Company and any such issue of GDRs shall be irrevocably put in motion within the said period. Subject to clause (ii) below, if Transferee Company have not had such GDRs issued as aforesaid, the Depositary of Transferor Company shall, without reference to Transferee Company, sell the shares of Transferee Company in the open domestic market and distribute the net sale proceeds to such GDR holders on proportionate basis.

(ii) Notwithstanding anything contained in sub-clause (i) above, any holder of GDRs of Transferor Company may at anytime after the Record Date, but prior to the issuance of

GDRs by Transferee Company, instruct the Depository to transfer the underlying shares of Transferee Company to such GDR holder. In such case, Transferee Company shall obtain such permissions as may be necessary.

(iii) The holders of GDRs of Transferor Company who wish to directly receive shares of the Transferee Company may surrender the GDRs of Transferor Company held by them before the Record Date in exchange for shares of Transferor Company. Such GDR holders holding shares of the Transferor Company on the Record Date shall then be entitled to receive shares of Transferee Company in accordance with the share exchange ratio.

(g) various other matters consequential or otherwise integrally connected with the above, including:
   (i) the manner of vesting and transfer of the assets of the Non-Conventional Energy Division of Transferor/Applicant Company in the Transferee Company;
   (ii) the transfer of contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature of Non-Conventional Energy Division of the Transferor Company;
   (iii) the transfer of all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of Non-Conventional Energy Division of the Transferor Company;
   (iv) the transfer of debts, liabilities, duties, and obligations of Non-Conventional Energy Division of the Transferor Company (as on the Appointed Date);
   (v) the transfer of all legal, taxation or other proceedings, whether civil or criminal, (including before any statutory or quasi-judicial authority or tribunal) by or against in respect of Non-Conventional Energy Division of the Transferor Company;
   (vi) the manner in which the business of the Non-Conventional Energy Division is to be carried on in trust by the Applicant Company for the benefit of the Transferee Company from the Appointed Date till the Effective Date;
   (vii) the transfer of all the employees of Non-Conventional Energy Division of the Transferor Company in service on the Effective Date to the Transferee Company on such date without any break or interruption in service and on terms and conditions as to remuneration not less favourable than those subsisting with reference to the Non-Conventional Energy Division of the Transferor Company as on the said date; and
   (viii) All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of, or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be paid and borne by Transferor Company.

(h) The Scheme is conditional upon and subject to:
   (i) The Scheme being agreed to by the requisite majority of the members of the Transferor Company and the Transferee Company as required under the Act and the requisite orders of the High Court of Judicature at Delhi referred to in Clause XVI of the Scheme being obtained;
   (ii) The Scheme being approved by the Hon'ble High Court.
   (iii) This Scheme, although to come into operation from the Appointed Date, shall not become effective until the date on which all necessary certified copies of Orders are duly filed with the Registrar of Companies, Delhi by Transferor Company and Transferee Company

9. The Scheme is not prejudicial to any of the shareholders or to public interest.

10. No investigation proceedings against the Transferor Company under Sections 235 to 251A of the Companies Act, 1956 are pending or likely to be pending.

11. The exchange ratio for the allotment of shares of Transferee Company to the shareholders of the Transferor Company has been fixed on the basis of the valuation report of M/s Mukesh Kumar & Co., Chartered Accountants.

12. The Directors of the Transferor Company and the Transferee Company may be deemed to be concerned and/or interested in the Scheme to the extent of their shareholding in the Companies or to the extent the said Directors are the directors, or members of the companies or relatives of the persons that hold shares in any of the Companies.

13. The present details of the Directors of the Transferor Company and their shareholding in the Transferor Company and the Transferee Company either singly or jointly as on 31st December 2010 are as follows:

Name of Director	Age (Years)	Position	Equity Shares held in	
			SEIL	SEPL
Mr. Purushottam Agrawal	67	Chairman	26,90,000	1,30,000
Mr. Sunil Agarwal	40	Managing Director	120,00,000	2,00,000
Mr. Sachin Agarwal	35	Wholetime Director	106,72,400	1,50,000
Mr. Harish Singh	43	Executive Director	---	5,000
Mr. Arun Gopal Agarwal	63	Director	---	---
Mr. Yaswant Rao Deshmukh	38	Director	---	---
Mr. Suresh Chand Sharma	49	Director	4,40,000	---
Dr. Shyam Lal Garg	66	Director	---	---

14. The present details of the Directors of the Transferee Company, and their shareholding in the Transferor Company and the Transferee Company either singly or jointly as on 31st December 2010 are as follows:

Name of Director	Age (Years)	Position	Equity Shares held in	
			SEIL	SEPL
Purushottam Agrawal	67	Director	26,90,000	1,30,000
Sunil Agarwal	40	Director	120,00,000	2,00,000
Sachin Agarwal	35	Director	106,72,400	1,50,000

15. (a) The Pre-Arrangement (as on 31.12.2010) and expected Post-Arrangement Shareholding Pattern of the Transferee Company is shown below:

S. No.	Category of Shareholder	PRE ARRANGEMENT			POST ARRANGEMENT		
		No. of Share-holders	Total No. of Shares	% of Total No. of Shares	No. of Share-holders	Total No. of Shares	% of Total No. of Shares
(A)	**Promoter and Promoter Group**	7	500000	100.00	18	97228760	23.94
(B)	**Public Shareholding**						
	(1) Institutions	0	0	0	11	66845282	16.46
	(2) Non-institutions	0	0	0	3299	65225958	16.06
	Sub-Total B (1) + (2)	0	0	0	3310	132071240	32.52
(C)	**Shares held by Custodians and against which Depositary Receipts have been issued**	0	0	0	1	176800000	43.54
	GRAND TOTAL (A) + (B)	**7**	**500000**	**100.00**	**3329**	**406100000**	**100.00**

(b) The expected Post-Arrangement Paid-Up Capital (Capital Structure) of the Transferee Company shall be Rs. 406,100,000 (Rupees Forty Crore Sixty One Lakh Only) divided in 406,100,000 (Forty Crore Sixty One Lakh) Equity Shares of Re. 1/- (Rupee One) each.

16. The Transferor Company has already received no objections from:

(i) Bombay Stock Exchange Limited, Mumbai

(ii) National Stock Exchange of India Ltd, Mumbai

17. Inspection of the following documents may be had at the Registered Office of the Transferor Company on any working day prior to the date of the Meeting, between 11.00 a.m. to 01.00 p.m.

(i) Order dated 23.02.2011 of the High Court of Judicature at Delhi directing the convening of a Meeting of the Equity Shareholders of the Transferor Company passed in Company Application No. (M) 38/2011 & 293/2011.

(ii) Scheme of Arrangement.

(iii) Memorandum and Articles of Association of the Transferor Company and the Transferee Company.

(iv) Annual Reports for the last financial year ended March 31, 2010 and Audited Financial Statement for the period from 01st April, 2010 to 30th September, 2010 of the Transferor Company and the Audited Financial Statement for the period from 11th August, 2010 to 30th September, 2010 of the Transferee Company.

(v) Valuation Report submitted by Mukesh Kumar & Co. Chartered Accountants.

(vi) Copies of No Objection Letters received from the Stock Exchanges.

This statement may also be treated as an Explanatory Statement under Section 173 of the Companies Act, 1956. A copy of the Scheme and Explanatory Statement may be obtained from the Registered Office of the Transferor Company.

Sd/-
Rajeev K. Goel
(Chairperson Appointed for the Meeting)\
of the shareholders of S. E. Investments Limited (Transferor Company

Dated this 07th Day of March, 2011.

Registered Office:
S-547, 2nd Floor,
Main Road, Shakarpur,
Delhi-110 092

SCHEME OF ARRANGEMENT
AMONGST
S.E. INVESTMENTS LIMITED
AND
S.E. POWER LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS

PREAMBLE

1. S.E. Investments Limited (hereinafter referred to as "SEIL") is a listed company incorporated on 05.03.1992 under the provisions of the Companies Act, 1956 having its registered office at Block No 54, Sanjay Place, Agra. The Registered office was at a later date shifted from the State of Uttar Pradesh to National Capital Territory (NCT) of Delhi S-547, IInd Floor, Main Road, Shakarpur, Delhi-110092. The equity shares of SEIL are listed on the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd. (the "Stock Exchanges")
2. SEIL broadly has three businesses namely:
   A. Financial Service Business of trading, dealing, lending, financing, refinancing, leasing or hire purchase, renting or giving on rent or hire all or any kind of automobiles, motor lorries, trucks, cars, cabs, tractors, autorickshaws, three wheelers, two wheelers or any other vehicles drawn by either motor, steam, oil, petroleum, electricity, battery or any mechanical, manual or other energy, power or device, plant, machinery, equipment, tools, implements, apparatus, appliances, money or any other articles or things or property whether movable or immovable and to purchase take on lease or otherwise acquire and to deal in real-estate and immovable properties.
   B. Micro Credit Business Finance arrangements of all kinds including infrastructure finance, micro finance, small and tiny finance either as principals or as agents or in any other manner to advance loans for organizing and developing poultry and dairy farming, intensive agricultural operations, cottage industries, workshops, work centres, village industries and for purchase of land for house sites and for agricultural and industrial activities and to receive loans, advances, grants or other moneys from the Central Government, State Government, Local Bodies, Banks, Companies, corporations, Co-operative Societies, Trusts or individuals with or without interest in order to carry out the objects of the company.
   C. Non- Conventional Energy Business Erection for itself or for any authority on contract basis and/or to carry on the business of generating of power by installation of power generating plant based on thermal, gas, wind, water, solar energy, petroleum products, or nuclear energy or by combination of any two or more of the said mode or any other mode and/or sale, purchase, distribution, transmission and supply of power/electricity whether self generated or purchased from any others sources.
3. S.E. Power Limited (hereinafter referred to as "SEPL") is an unlisted company incorporated on 11.8.2010 under the provisions of the Companies Act, 1956 having its registered office at S-547, IInd Floor, Main Road, Shakarpur, New Delhi-110092 formed with the objective of engaging in the business of producers, manufacturers, generators, suppliers, distributors, transformers, converters, transmitters, processors, developers, storers, procurers, carriers and dealers in electricity and all forms of power and energy and any such products and by- products derived from such business.
4. The Board of Directors of SEIL and SEPL have proposed to demerge the non- conventional energy division and transfer and vest them into SEPL, in view of the following:
   i. Each of the above businesses offer great potential for growth;
   ii. The Financial Service business and Micro Credit business, being separately identifiable businesses, require focus and dedicated management with special skills and strategic alliances in order for them to be run efficiently and successfully to achieve desired growth.

   The demerger of the Non-conventional energy division from SEIL would enable SEIL to focus on the Financial Service Business and Micro Credit Business so that it could be run more efficiently and successfully to achieve desired growth.
   iii. Nature of risks, competition involved and commercial requirements of all the three businesses of SEIL are entirely distinct from each other.
   iv. The demerger of the Non-conventional energy division would enable distinct focus of shareholders. Thus, the demerger would enable Non-conventional energy division to attract different sets of investors, strategic partners, lenders and other stake holders who would provide further funding and bring relevant experience for high growth of the businesses. The demerger would also provide scope for independent collaboration and expansion in each of the businesses

without committing the other business and will create enhanced value for shareholders and allow a focused strategy in operation.

v. The demerger of Non-conventional energy division of SEIL is in overall interest of shareholders and is in no way prejudicial to the interest of creditors.

5. The demerger of Non-conventional energy division from SEIL under this Scheme of Arrangement will be in compliance with the provisions of Section 2(19AA) of the Income Tax Act, 1961, such that:
   a. All the properties and liabilities of Non-Conventional Energy Division being transferred by SEIL, immediately before the demerger, become the properties and liabilities of SEPL by virtue of demerger;
   b. The properties and the liabilities relatable to the Non-Conventional Energy Division being transferred by SEIL are transferred to SEPL at the values appearing in the books of account of SEIL immediately before the demerger;
   c. SEPL shall issue shares to the shareholders of SEIL in consideration of the demerger on a proportionate basis;
   d. All shareholders of SEIL shall become the shareholders of SEPL by virtue of the demerger; and
   e. The transfer of the Non-Conventional Energy Division will be on a going concern basis.
6. Both the companies, namely, SEIL and SEPL have their Registered offices situated within the jurisdiction of the Hon'ble High Court of Delhi. The companies shall, therefore make appropriate applications before the Hon'ble Delhi High Court under Section 391 & 392 of the Companies Act, 1956 for appropriate orders.
7. Upon the sanction of the Scheme by the Hon'ble High Court of Delhi and with the Scheme becoming effective with the filing of the Orders of the Hon'ble High Court with the Registrar of Companies, NCT of Delhi and Haryana:
   a. The undertaking of SEIL related to the Non-Conventional Energy Division shall stand transferred and vested in SEPL, on and from the Appointed Date for all intent and purposes on the terms and conditions contained in this Scheme;
   b. SEPL shall issue and allot 405,600,000 Equity Shares of Re. 1 each as fully paid up to the shareholders of SEIL against the shares held by them in SEIL in accordance with the share exchange ratio.

PART – I
DEFINITIONS AND SHARE CAPITAL

I. DEFINITIONS

In this Scheme, unless otherwise repugnant to the context or meaning thereof, the following expressions shall have the meaning assigned to them herein:

(a) "**Act**" means the Companies Act, 1956, including any statutory modification, re-enactment or amendment thereof.

(b) "**Appointed Date**" means, the 30.09.2010 or such other date as may be approved by the Hon'ble High Court of Delhi.

(c) "**Non-Conventional Energy Division**" means the business of Renewable Energy Sources.

(d) "**Board of Directors**" in relation to SEIL, SEPL as the case may be, shall, include a Committee of its Directors or any person authorized by the Board of Directors or such Committee of Directors.

(e) "**Demerged business**" or "**Demerged undertaking**" shall mean the undertaking of SEIL, relating to the Non-conventional energy division transferred to SEPL which shall include:

VI. All properties and assets of SEIL related to the Non-Conventional Energy Division. The term assets shall include all corporeal or incorporeal, tangible or intangible, present or contingent, all plant and machinery, vehicles, fixed assets, investments, work in progress, current assets, licenses, registration software licenses, tenancy rights, premises, ownership flats, hire purchase and lease arrangements, computers, office equipments, telephones, telexes, facsimile connections, communication facilities, equipments and installations and utilities, electricity, water and other service connections, employees benefits agreements, contracts and arrangements, including insurance contracts, arrangements with original equipment manufacturers, technical collaboration agreements, long term supply contracts, powers, authorities, permits, allotments, approvals, recognitions from Government Departments, quality certifications, consents, privileges, balances with all regulatory authorities, duty drawback claims, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and

advantage, and all other rights, claims and powers pertaining to the business and activities of the Non-conventional energy division;

VII. Lease rights, permits, quota rights, industrial rights and other licenses, trademarks, intellectual property rights, other intangible assets, and all the privileges, benefits, duties and obligations of all contracts, agreements and arrangements, and all other rights, licenses, powers and facilities of every kind, nature and description whatsoever of or relating to the Non-conventional energy division;

VIII. The following liabilities:

(i) the liabilities which arise out of the activities or operations of the Non-Conventional Energy Division, and

(ii) Specific loans and borrowings raised, incurred, and utilized solely for the activities or operations of the Non-Conventional Energy Division.

(iii) General or multipurpose borrowings, if any, of the demerged company as stand in the same proportion which the value of the assets transferred in a demerger bears to the total value of the assets of such demerged company immediately before the demerger.

IX. All employees of SEIL engaged in the Non-conventional energy division, at various locations;

X. All necessary records, files, papers, information, drawings, manuals, data, list of customers and suppliers and other records in connection with or relating to the Non-conventional energy division.

(f) "**Effective Date**" means the last of the dates on which the certified copies of the order of the Hon'ble High Court vesting the Demerged undertaking of the SEIL Company in the SEPL Company are filed with the Registrar of Companies, NCT of Delhi and Haryana after obtaining all the consents, approvals, permissions, resolutions, agreements, sanctions and orders necessary for the implementation of the Scheme.

(g) "**GDRs**" means global depository receipts issued by a bank or a depository outside India representing underlying equity shares of SEIL an Indian company, pursuant to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and other applicable laws, and the equity shares of SEIL relating thereto which are listed at the Luxembourg Stock Exchange

(h) "**Hon'ble High Court**" means the Hon'ble High Court of Delhi.

(i) "**Record Date**" means the date to be fixed by the Board of Directors of the SEIL in consultation with SEPL for the purpose of reckoning names of the equity shareholders of SEIL, who shall be entitled to receive shares of each of SEPL upon coming into effect of this Scheme

(j) "**Residual Company**" is the term used to refer to the residual SEIL housing the Financial Service business and Micro Credit Business and any asset or activities as would remain immediately after the transfer and vesting of the demerged undertaking in SEPL.

(k) "**Scheme**" means this Scheme of Arrangement and Demerger in its present form, with or without modifications, as may be approved for sanction by the Hon'ble High Court.

(l) "**SEPL** is the Transferee Company wherein the Non-Conventional Energy Division of SEIL is being transferred.

(m) "**SEIL** is the Transferor Company whose Non-Conventional Energy Division is being transferred to SEPL.

II. DATE OF TAKING EFFECT

The scheme of demerger of the Non-conventional energy division of SEIL into SEPL, shall come into operation from the Effective Date, but shall become effective from the Appointed Date.

III. SHARE CAPITAL

(a) The authorized, issued, subscribed and paid-up share capital of SEIL as on 30.09.2010 is as under:

Particulars	**Amount (Rs.)**
Authorized Share Capital	
600,000,000 Equity Shares of Rs. 2 each	1,200,000,000
5,000,000 Preference shares of Rs. 10 each	50,000,000
Total	1,250,000,000
Issued & Subscribed Share Capital	

202,800,000 Equity Shares of Rs. 2 each	405,600,000
12,500 Equity Shares of Rs. 10 each	125,000
2,500,000 Preference shares of Rs. 10 each	25,000,000
Total	430,725,000
Paid-up Share Capital	
202,800,000 Equity Shares of Rs. 2 each*	405,600,000
12,500 Equity Shares of Rs. 5 each	62,500
2,500,000 Preference Shares of Rs. 10 each	25,000,000
Total	430,662,500

(b) The authorized, issued, subscribed and paid-up share capital of SEPL as on 30.09.2010 is as under:

Particulars	**Amount (Rs.)**
Authorized Share Capital	
500,000 Equity Shares of Re. 1 each	500,000
Total	500,000
Issued, Subscribed and Paid-up Share Capital	
500,000 Equity Shares of Re. 1 each	500,000
Total	500,000

PART – II

DEMERGER OF NON-CONVENTIONAL ENERGY DIVISION

IV. TRANSFER TO AND VESTING OF DEMERGED UNDERTAKING OF SEIL IN SEPL

(a) The demerged undertaking and business of SEIL relating to Non-Conventional Energy shall stand transferred to and vested in or be deemed to be transferred to and vested in SEPL with effect from the Appointed Date, under the provisions of Sections 391, 392 and all other applicable provisions of the Act and without any further act, instrument or deed to be done by any person, as a going business concern so as to become, as and from the Appointed Date, the undertaking of SEPL for all intent and purposes.

(b) Each of the permissions, approvals, consents, sanctions, remissions, special reservations, sales tax remissions, other sales tax concessions/ exemptions, custom duty benefits/ exemptions, tax holidays, incentives, concessions and other authorizations related to Non-conventional energy division, shall stand vested in SEPL by virtue of the order of the Hon'ble High Court, and SEPL shall file the Scheme with the sanction order for the record of the concerned statutory authorities and the same shall be taken as the appropriate permission, approval, and consents for SEPL pursuant to the order of the Hon'ble High Court, without any further act, instrument or deed to be done by any person.

(c) Without prejudice to the generality of the foregoing, with effect from the Appointed Date

i) Any and all assets relating to the Non-Conventional Energy Division as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and delivery or by vesting and recording pursuant to this Scheme shall stand transferred from SEIL and vested in SEPL, thereby becoming their properties. The vesting pursuant to this sub-clause shall be deemed to have occurred by manual delivery or endorsement, as appropriate to the property being vested and title to the property shall be deemed to have been transferred and vested accordingly.

ii) Any and all movable properties of SEIL relating to the Non-Conventional Energy Division, other than those specified as above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall without any further act, instrument or deed, be transferred and vested as the property of SEPL. SEPL may, if required, give notice in such form as it may deem fit and proper to each person, debtor or depositee of SEIL that pursuant to the Order of the Court sanctioning the Scheme, the said person, debtor or depositee should pay the debt, loan or advance or make good the same or hold the same to the account of SEPL and that the right of SEPL to recover or realize the same is in substitution of the right of SEIL.

iii) Any and all immovable properties (including land together with the buildings and structures standing thereon) of SEIL relating to the Non-Conventional Energy Division, whether freehold

or leasehold and any documents of title, rights and easements in relation thereto, shall stand transferred to and be vested in SEPL without any act or deed done by the SEIL or SEPL. With effect from the Appointed Date, SEPL shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfil all obligations, in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of SEPL shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme by the Hon'ble High Court and this Scheme becoming effective in accordance with the terms hereof without any further act or deed on part of SEIL or SEPL;

iv) Any and all debts, liabilities, duties and obligations, secured or unsecured, provided and disclosed in the books of accounts of SEIL relating to the Non-Conventional Energy Division, shall be deemed to be the debts, liabilities, duties and obligations of SEPL and they shall undertake to meet, discharge and satisfy the same. 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.

v) Any and all contracts, agreements, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, letters of agreed points, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements and other instruments of whatsoever nature in relation to the Non-Conventional Energy Division, to which SEIL is a party or to the benefit of which, Non-Conventional Energy Division may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect, on or against or in favour of SEPL, and may be enforced as fully and effectually as if, instead of SEIL, SEPL had been a party or beneficiary or obligee thereto.

vi) All contractors engaged by SEIL for use of contract labourers in relation to the Non-Conventional Energy Division, shall be deemed to have been engaged by SEPL in the same manner as other contractual arrangements referred above;

vii) All permits, no objection certificates, permissions, approvals, consents quotas, rights, entitlements, licenses including those relating to trademarks, tenancies, patents, copy rights, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Non-Conventional Energy Division to which SEIL is a party or to the benefit of which SEIL may be eligible and which are subsisting or having effect immediately before the Effective Date, shall stand transferred to and vested in SEPL without any further act or deed done by SEIL and SEPL shall be appropriately mutated by the statutory authorities concerned therewith in favour of SEPL upon the vesting and transfer of the Non-Conventional Energy Division pursuant to this Scheme, and shall be and remain in full force, operative and effectual for the benefit of the SEPL and may be enforced by it as fully and effectually as if, instead of SEIL, they had been the original party or beneficiary or obligee thereto;

viii) Any such statutory and regulatory no-objection certificates, licenses, permissions, consents, approvals, authorisations or registrations, as are jointly held for the Non-Conventional Energy Division and the Residual Company or any combination thereof, including the statutory licenses, permissions or approvals or consents required to carry on the operations in the Residual Company, shall be deemed to constitute separate licenses, permissions, no-objection certificates, consents, approvals, authorities, registrations or statutory rights and the relevant or concerned statutory authorities and licensors shall endorse and/or mutate or record the separation, pursuant to the filing of this Scheme as sanctioned by the Hon'ble High Court, with such authorities and licensors after the same becomes effective, so as to facilitate the continuation of operations in SEPL without hindrance from the Appointed Date.

(d) With effect from the Appointed Date, all taxes relating to the demerged business including all or any refunds or adjustment or rebate or remission of the claims including Minimum Alternate Tax ("MAT") credit entitlement under Section 115JAA of the Income Tax Act, 1961 relating to the assessment of taxes for the period from the Appointed Date shall be treated as the tax liability or refunds/claims as the case may be of SEPL, pursuant to the order of the Hon'ble High Court and without any further act, instrument or deed to be done by any person.

(e) SEPL shall be entitled to file or revise the statutory returns and related tax payment certificates and to claim refunds, advance tax credits etc. with respect to the undertaking transferred, as may be required in place of SEIL consequent to the implementation of the Scheme and pursuant to

the order of the Hon'ble High Court and without any further act, instrument or deed to be done by any person.

(f) From the Effective Date and till such time as the name of SEPL is entered as the account holder in respect of all the bank accounts of SEIL related to the Non-Conventional Energy Division, in the relevant banks' books or record, SEPL shall be entitled to operate the bank accounts of such Non-conventional energy division, as the case may be pursuant to the order of the Hon'ble High Court and without any further act, instrument or deed to be done by any person.

(g) The transfer and vesting of the Non-Conventional Energy Division as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof relatable to the Non-Conventional Energy Division to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the Non-Conventional Energy Division.

V. GENERAL RESERVE OF SEIL

Consequent to the scheme being sanctioned and without any further act, deed, matter or thing to be done by SEIL or any other person, the Reserve & Surplus of SEIL as on the Appointed Date shall stand re-adjusted as under to correspond to the transfer of the Non-Conventional Energy Division from SEIL and vesting of the Non-Conventional Energy Division in SEPL without any change in the authorized share capital of SEIL.

(a) Upon this Scheme coming into effect and with effect from the Appointed Date, the existing authorized share capital of SEPL of Rs. 500,000/- divided into 500,000 Equity Shares of Re. 1/- each, in terms of Clause V of its Memorandum of Association shall stand enhanced by an amount of Rs. 405,600,000/- comprising of 405,600,000 Equity Shares of Re. 1/- each and shall be Rs. 406,100,000/- (Rupees Forty Crores Sixty One Lacs Only) divided into 406,100,000 (Forty Crores Sixty One Lacs) Equity Shares of Re. 1/- (Rupee One) each. It is hereby clarified that the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purpose of effecting the above amendment or increase in Authorised Share Capital of the SEPL Company, and no further resolution under Section 16, Section 94 or any other applicable provisions of the Act, would be required to be separately passed.

Accordingly, the words and figures in Clause V of the Memorandum of Association of SEPL shall stand modified and be substituted to read as follows:

"The Authorised Share Capital of the Company is Rs. 406,100,000 (Rupees Forty Crore Sixty One Lakh Only) divided in 406,100,000 (Forty Crore Sixty One Lakh) Equity Shares of Re. 1/- (Rupee One) each with the power to increase or reduce the same in accordance with the provision of the Companies Act, 1956 and to classify or reclassify the Share Capital."

(b) Upon this Scheme coming into effect and with effect from the Appointed Date, the existing Authorized Equity Share Capital of SEIL in terms of Clause V of its Memorandum of Association shall not be changed.

VI. CONSIDERATION

1. "Upon the effectiveness of the Scheme, in consideration of the Demerger, including the transfer and vesting of the Demerged Undertaking in SEPL pursuant to the Scheme, SEPL shall, without any further act or deed, issue and allot to each member of SEIL whose name is recorded in the register of members and records of the depositary as members of the SEIL on the Record Date, SEPL shall issue and allot 405,600,000 Equity Share of Re. 1 each as fully paid up to the shareholders of SEIL in proportion of the shares held by them in SEIL.
2. The equity shares issued and allotted by SEPL in terms of this scheme shall rank pari passu in all respects with the then existing equity shares of the SEPL.
3. SEPL shall move appropriate applications before the "Stock Exchanges" for listing of the shares and have them admitted for trading (including those issued in terms of the Scheme) as on the Record Date, where the Equity Shares of SEIL are listed and are admitted to trading. The shares allotted pursuant to the Scheme shall remain frozen in the depositaries system till relevant directions in relation to the listing/trading are given by the relevant stock exchange.
4. There shall be no change in the shareholding pattern or control in the SEPL between the Record Date and the date of listing of the shares of the SEPL Company pursuant to the Scheme, save and except pursuant to the issuance of shares under this scheme.

5. The Stock Exchanges at which the equity shares of SEIL are listed, shall list the equity shares of the SEPL, in accordance with the Requirements for Considering Applications Seeking Relaxation from Strict Enforcement of Clause (b) to Sub-rule (2) of Rule 19 thereof under Sub-rule (7) of Rule 19 of the Securities Contract (Regulation) Rules, 1957, issued by the Securities and Exchange Board of India vide its Circular Ref. SEBI/CFD/SCRR/01/2009/03/09 on September 3, 2009, without SEPL making an initial public offer, since the requisite minimum of 25% of the paid-up share capital of the SEPL shall comprise of shares allotted to the public holders of shares in SEIL. Accordingly, equity shares of the SEPL shall be listed on all such stock exchanges within 30 days and the formalities for commencement of trading shall be completed within 45 days from the receipt of the final order of the High Court sanctioning this Scheme, as accompanied by relevant listing applications and documents subject however to the permissions being granted by"the Stock Exchanges".

6. In case of GDRs held by the shareholders of SEIL the procedure of issue of shares or GDRs proportionately by SEPL to them is explained below which should form part of the scheme:

(a) SEPL shall issue to the Depository representing the holders of GDRs of the SEIL, shares of SEPL in accordance with the relevant Swap Ratio. Subject to Clause (b) below, the Depository of SEIL shall hold such shares of SEPL on behalf of the holders of GDRs of SEIL.

(b) (i) SEPL may in consultation with the Depositary of SEIL and by entering into appropriate agreements with the said Depositary or any other Depositary (appointed by SEPL) for the issuance of GDRs (whether issued or otherwise), instruct such Depositary to issue GDRs of SEPL or any of them, to the holders of GDRs of SEIL and any such issue of GDRs shall be irrevocably put in motion within the said period. Subject to clause (ii) below, if SEPL have not had such GDRs issued as aforesaid, the Depositary of SEIL shall, without reference to SEPL, sell the shares of SEPL in the open domestic market and distribute the net sale proceeds to such GDR holders on proportionate basis.

(ii) Notwithstanding anything contained in sub-clause (i) above, any holder of GDRs of SEIL may at anytime after the Record Date, but prior to the issuance of GDRs by SEPL, instruct the Depository to transfer the underlying shares of SEPL to such GDR holder. In such case, SEPL shall obtain such permissions as may be necessary.

(iii) The holders of GDRs of SEIL who wish to directly receive shares of the SEPL may surrender the GDRs of SEIL held by them before the Record Date in exchange for shares of SEIL. Such GDR holders holding shares of the SEIL on the Record Date shall then be entitled to receive shares of SEPL in accordance with the share exchange ratio.

VII. CAPITAL STRUCTURE AND STATUS OF SHARES

The Capital Structure of SEIL post demerger (on the basis of Appointed Date) shall be as follows:

Particulars	**Amount (Rs.)**
Authorized Share Capital	
600,000,000 Equity Shares of Rs. 2 each	1,200,000,000
5,000,000 Preference shares of Rs. 10 each	50,000,000
Total	1,250,000,000
Issued & Subscribed Share Capital	
202,800,000 Equity Shares of Rs. 2 each	405,600,000
12,500 Equity Shares of Rs. 10 each	125,000
2,500,000 Preference shares of Rs. 10 each	25,000,000
Total	**430,725,000**
Paid-up Share Capital	
202,800,000 Equity Shares of Rs. 2 each*	405,600,000
12,500 Equity Shares of Rs. 5 each	62,500
2,500,000 Preference Shares of Rs. 10 each	25,000,000
Total	430,662,500

*** Including 44,200,000 GDRs representing 88,400,000 Equity Shares of Rs. 2 each.**

The Capital Structure of SEPL post demerger shall be as follows:

Particulars	Amount (Rs.)
Authorized Share Capital	
406,100,000 Equity Shares of Rs. 1 each	406,100,000
Total	**406,100,000**
Issued, Subscribed and Paid-up Share Capital	
406,100,000 Equity Shares of Rs. 1 each	406,100,000
Total	406,100,000

VIII. ACCOUNTING TREATMENT

Upon the Scheme becoming effective and with effect from the Appointed Date, the Demerger shall be accounted for in the books of SEIL, SEPL as under:

(i) Accounting Treatment in the books of SEPL

(b) SEPL shall, record all the assets and liabilities, as vested in it giving effect to this Scheme, at the respective book value as appearing in the books of accounts of SEIL on the Appointed Date.

(c) SEPL shall credit the aggregate face value of the new equity shares issued by it to the shareholders of SEIL pursuant to this Scheme to the Share Capital Account in its books of accounts.

(c) The difference in the face value of the New Shares issued by SEPL as provided in the Scheme and the value of the net assets of Non- Conventional Energy Division of SEIL to be vested in SEPL as per above, if any, shall be treated as Goodwill/ Capital Reserves, as the case may be..

(d) In case of any difference in accounting policy between SEIL and SEPL, the impact of the same till the Appointed Date will be quantified and adjusted in the Reserves of SEPL to ensure that the financial statements of SEPL reflect the financial position on the basis of consistent accounting policy.

(ii) Accounting Treatment in the books of SEIL

(a) The book value of the assets and liabilities pertaining to the demerged business transferred by SEIL to SEPL shall be reduced from the book value of the assets and liabilities appearing in the books of SEIL.

(b) The difference in the value of assets and liabilities of the demerged business shall be adjusted against the following accounts in the order of priority:

1. Capital Reserve Account
2. General Reserve Account

IX. BALANCE SHEET CONSEQUENT TO DEMERGER

(a) Upon the Scheme becoming effective the value of the assets and liabilities of the Demerged Business including the Fixed Assets, Current Assets, Liabilities as per their book value in the closing Balance Sheet of SEIL as on the Appointed Date shall stand transferred to and incorporated in the opening balance sheet of SEPL as on the Appointed Date in the manner set out in this Scheme by virtue of the sanction to this Scheme and without any further act, deed, matter or thing to be done by SEIL or SEPL or any other person.

(b) Consequent to the Scheme becoming effective and the assets and liabilities of the demerged Business being vested in SEPL as mentioned in sub clause (a) above the Fixed Assets, Current Assets, Liabilities as per their book value in the closing Balance Sheet of SEIL as on the Appointed Date shall be merged with the Fixed Assets, Current Assets, Liabilities of SEPL as per their book value in the closing Balance Sheet of SEPL as on the Appointed Date and shall be incorporated in the opening balance sheet of SEPL as on the Appointed Date by virtue of this sanction to this Scheme and without any further act, deed, matter or thing to be done by SEIL or SEPL or any other person.

(c) The approval of this Scheme by the shareholders of SEPL shall be deemed to be the approval under applicable provisions of the Act and any other consents and approvals required in this regard for giving effect to the changes specified in this Scheme.

(d) Pursuant to this Scheme, SEPL shall file the requisite forms with the Registrar of Companies NCT of Delhi or any other applicable authority for the adjustments of the share capital of SEIL and SEPL.

X. CONDUCT OF BUSINESS

(a) Till the Effective Date:

- SEIL shall carry on its business with reasonable diligence and business prudence and in the same manner as it had been doing on the date of approval of the Scheme by the Board of Directors of SEIL. SEIL shall not undertake any new business or a substantial expansion of the existing Non-Conventional Energy Division which is the subject matter of the Scheme without the prior written consent of the respective SEPL.
- SEIL shall not alienate charge or encumber any of their properties and assets except in the ordinary course of business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the Board of Directors of SEIL, unless prior written consent of SEPL is obtained.
- SEIL shall not vary or alter, except in the ordinary course of business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the respective Board of Directors of SEIL, the terms and conditions of employment of any of the employees nor shall it conclude any settlement or compromise with its employees, unless prior written consent of the respective SEPL is obtained.
- SEPL shall be entitled to apply to the Central and/or the State Governments, and all other agencies, departments and authorities concerned as are necessary under any law, for such consents, approvals and sanctions, which SEPL may require to own and operate the demerged business and demerged undertakings of SEIL.
- SEPL unconditionally and irrevocably agrees and undertakes to pay, discharge and satisfy all the liabilities and obligations of the demerged business with effect from the Appointed Date, in order to give effect to the foregoing provisions.

(b) As and from the Appointed Date and till the Effective Date and in relation to the demerged business of SEIL:

- All assets, properties, investments, loans & advances and rights comprised in SEIL relating to the demerged business as on the date immediately preceding the Appointed Date , whether or not included in the books of SEIL and all assets, properties, investments, loans & advances and rights relating thereto, which are acquired by SEIL on or after the Appointed Date, in accordance with this Scheme, shall be deemed to be the assets and properties of SEPL.
- All debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations as on the Appointed Date relating to the demerged business, whether or not provided in the books of SEIL, and all debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations relating thereto which arise or accrue to SEIL, respectively on or after the Appointed Date in accordance with this Scheme, shall be deemed to be the debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations of SEPL.
- Upon the coming into effect of this Scheme and subject to the provisions of Income Tax Act, 1961 the accumulated and unabsorbed tax losses and the allowance for unabsorbed depreciation of the demerged business upto the Appointed Date shall be transferred to SEPL in accordance with the provisions of Section 72A(4) of the IT Act.
    i. The whole of such accumulated and unabsorbed tax losses and allowance for unabsorbed depreciation upto the Appointed Date, as is directly relatable to the demerged business.
    ii. Where the accumulated loss and allowance for unabsorbed depreciation upto the Appointed Date is not directly relatable to the demerged business, it shall be apportioned between SEIL and SEPL in the same proportion in which the assets of the business have been retained by SEIL and transferred to SEPL under this Scheme and shall be deemed to be available for carry forward and set off in the hands of SEPL in accordance with the provisions of Section 72A (4) (b) of the IT Act.
- It is clarified that all the taxes and duties payable by SEIL, relating to the demerged business, from the Appointed Date onwards including all advance tax payments, tax deducted at source, tax liabilities or any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source, tax liabilities or refunds and claims of SEPL. Accordingly, upon the Scheme becoming effective, SEIL is expressly permitted to revise and SEPL is expressly permitted to file their respective, income tax returns including tax deducted at source

certificates, sales tax/value added tax returns, excise returns, service tax returns and other tax returns, and to claim refunds/credits, pursuant to the provisions of this Scheme.

– With effect from the Effective Date, SEPL shall carry on the demerged business hither to carried on by SEIL.

XI. STAFF, WORKMEN AND EMPLOYEES

(a) On the Scheme becoming effective, all staff, workmen and employees of SEIL related to demerged undertakings in service on the day immediately preceding the Effective Date shall be deemed to have become staff, workmen and employees of SEPL with effect from the Effective Date without any break in their service and on the basis of continuity of service and the terms and conditions of their employment with SEPL shall not be less favourable than those applicable to them with reference to SEIL immediately prior to such date.

(b) It is expressly provided that, in so far as the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund created or existing for the benefit of the staff, workmen and employees of the Demerged Undertaking are concerned including all arrangements in relation to such Fund or Funds, upon the Scheme coming into effect, SEPL shall stand substituted for SEIL for all purposes whatsoever. All rights, duties, powers and obligations of SEIL in relation to such Fund or Funds shall become those of SEPL but all the rights, duties and benefits of the employees employed in different business divisions of SEIL under such Funds and Trusts shall be protected, subject to the provisions of law for the time being in force. It is clarified that the services of the staff, workmen and employees of SEIL transferred to SEPL shall be treated as having been continuous for the purpose of the said Fund or Funds.

XII. LEGAL PROCEEDINGS

(a) All legal proceedings of whatsoever nature relating to the Demerged business by or against SEIL pending and/ or arising on the Appointed Date related to the business or activities of SEIL shall be continued and/or enforced until the Effective Date as desired by SEPL and as and SEPL from the Effective Date be continued and enforced by or against SEPL in the same manner and to the same extent as would or might have been continued and enforced by or against SEIL.

(b) After the Appointed Date, if any proceedings are taken against SEIL in respect of the matters referred to in the sub-clause XI(a) above, it shall defend the same at the cost of SEPL and SEPL shall reimburse and indemnify SEIL against all liabilities and obligations incurred by SEIL in respect thereof.

(c) On and from the Effective Date, SEPL shall be entitled to initiate legal proceeding in its name in relation to the demerged business in the same manner and to the same extent as would or might have been initiated by SEIL.

XIII.CONTRACTS AND DEEDS

(a) Subject to the other provisions of this Scheme, all contracts, deeds, bonds, licenses, agreements, insurance policies and other instruments, if any, of whatsoever nature related to the demerged business of SEIL to which SEIL is a party and subsisting or having effect on the Effective Date shall be in full force and effect against or in favour of the respective SEPL and may be enforced by or against the respective SEPL Companies as fully and effectually as if, instead of the SEIL, the SEPL had been a party thereto.

(b) SEPL shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any agreement, confirmations or novations to which SEIL has been a party, if necessary, in order to give formal effect to the provisions of this Scheme.

XIV. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the assets, liabilities and obligations pertaining /relating to SEIL and SEPL respectively, pursuant to this Scheme, and the continuance of the proceedings by or against SEPL, shall not affect any transactions or proceedings already completed by SEIL and the SEPL, on and after the Appointed Date to the end and intent that SEPL accepts all acts, deeds and things done and executed by and/ or on behalf of SEIL and SEPL, as acts, deeds and things done and executed by and on behalf of SEPL.

PART – III

GENERAL TERMS AND CONDITIONS

XV. GENERAL PROVISIONS

(a) SEIL and SEPL shall, with all reasonable dispatch, make applications to the Hon'ble High Court under Section 391 & 392 and other applicable provisions of the Act, seeking orders for dispensing with or convening, holding and conducting of the meetings of the classes of their respective members and/or creditors and for sanctioning the Scheme with such modifications as may be approved by the Hon'ble High Court.

(b) On the Scheme being agreed to by the requisite majorities of the classes of the members and/or creditors as may be directed by the Hon'ble High Court, SEIL and SEPL shall, with all reasonable dispatch, apply to the Hon'ble High Court, for sanctioning the Scheme under Sections 391 & 392 and other applicable provisions of the Act, and for such other order or orders, as the Hon'ble High Court may deem fit for carrying this Scheme into effect.

(c) SEIL and SEPL (acting through their respective Boards of Directors) may assent to any modifications or amendments to this Scheme including those which the Hon'ble High Court, the shareholders and/or creditors of SEIL and/or SEPL and/or any other authorities 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 in relation to the Scheme or its implementation and/or carrying out the Scheme.

(d) In the event that any modification or amendment to this Scheme is unacceptable to the respective Boards of Directors of SEIL and SEPL for any reason whatsoever, SEIL and/or SEPL shall be entitled to withdraw from this Scheme.

(e) SEPL and SEIL (acting through their respective Board of Directors) be and are hereby authorized to take such steps and do all acts, deeds and things, as may be necessary, desirable or proper to give effect to this Scheme.

(f) All past, present and future costs, charges, levies, duties (including any stamp duty) and expenses related to or in connection with this Scheme or its implementation shall be borne by the SEPL and SEIL as may be mutually agreed between SEIL and SEPL.

XVI. CONDITIONALITY OF SCHEME

The Scheme is and shall be conditional upon and subject to:

(a) The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of SEIL and SEPL as may be directed by the High Court.

(b) The Scheme being approved by the Hon'ble High Court.

(c) This Scheme, although to come into operation from the Appointed Date, shall not become effective until the date on which all necessary certified copies of Orders are duly filed with the Registrar of Companies, Delhi by SEIL and SEPL.

XVII. WHEN SCHEME TO BECOME NULL AND VOID

In the event of any sanction of the Hon'ble High Court to the Scheme not being obtained and/or the certified copies of the orders referred to in Clause XV above respectively not being filed as aforesaid on or before 31.12.2012 or within such further period or periods as may be agreed upon between SEIL by its Board and SEPL by its Board or SEIL and/or the SEPL withdrawing from this Scheme, 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 by SEIL and SEPL under the Scheme.

XVIII. COSTS, CHARGES AND EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any, of SEIL and SEPL respectively in relation to or in connection with negotiations leading upto the Scheme and or carrying out and completing the terms and provisions of this Scheme and any matter incidental to the completion of demerger in pursuance of this Scheme shall be borne and paid by SEIL.

Director
S. E. Investments Limited

IN THE HIGH COURT OF DELHI AT NEW DELHI

(ORIGINAL COMPANY JURISDICTION)

COMPANY APPLICATION NO. (M) 38/2011 & 293/2011

In the matter of Sections 391/392 and other applicable provisions of the Companies Act, 1956;

And

In the matter of the Scheme of Arrangement amongst

S. E. INVESTMENTS LIMITED (Transferor Company)

And

S. E. POWER LIMITED (Transferee Company)

And

Their Respective Shareholders

S. E. Investments Limited, a Company incorporated under the Companies Act, 1956, having its Registered Office at S-547, 2nd Floor, Main Road, Shakarpur, Delhi-110092.

Applicant / Transferor Company

FORM OF PROXY

I/We, the undersigned Equity Shareholder/s of the Transferor Company hereby appoint Mr. / Ms._____of_____and failing him/her Mr./Ms. _____of _____as my/our proxy, to act for me/us at the meeting of the Equity Shareholders of the Transferor Company to be held on Saturday, 09th April 2011 at 11 AM. at Iskcon Auditorium, Iskcon Complex, Hare Krishna Hill, Sant Nagar, Main Road, East of Kailash, New Delhi-110065, for the purpose of considering and, if thought fit, approving with or without modification(s), the Scheme of Arrangement amongst S. E. Investments Limited and S. E. Power Limited and their Respective Shareholders and at such meeting and at any adjournment or adjournments thereof, to vote, for me / us and in my / our name _____(here, if for, insert 'for'; if against, insert 'against', and in the latter case, strike out the words below after 'Scheme of Arrangement') the said Scheme of Arrangement, either with or without modification(s) *, as my / our proxy may approve.

* Strike out what is not necessary.

Dated this _____day of _____2011

Affix Re.1/- Revenue Stamp

Signature across the Stamp

Name :_____

Address :_____

_____

(For Demat holding)

DP Id: _____ Client Id: _____

(For Physical holding)

Folio No. _____ No. of shares held :_____

Signature of Shareholder(s) : Sole holder / First holder : _____

Second holder : _____

Third holder : _____

Signature of Proxy:

NOTES:

1. Please affix Revenue Stamp before putting Signature.
2. All alterations made in the Form of Proxy should be initialed.
3. Proxy must be deposited at the registered office of the Applicant Company, not later than 48 hours before the meeting.
4. Proxy need not be a shareholder of the Applicant Company.
5. In case of multiple proxies, the proxy later in time shall be accepted.

ATTENDANCE SLIP



S. E. INVESTMENTS LIMITED

Registered Office: S-547, 2nd Floor, Main Road, Shakarpur, Delhi-110 092

PLEASE FILL THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL
Joint Shareholders may obtain additional Attendance Slip at the venue of the meeting

DP ID*		Folio No.	
Client ID*		No. of Share(s) held	

NAME AND ADDRESS OF THE EQUITY SHAREHOLDER / PROXY HOLDER

_____

_____

_____

_____

_____

I hereby record my presence at the meeting of the Equity Shareholders of the Transferor Company convened pursuant to the Order dated 23.02.2011 of the Hon'ble High Court of Delhi at New Delhi on Saturday, the 09th April 2011 at 11.00 a.m. at Iskcon Auditorium, Iskcon Complex, Hare Krishna Hill, Sant Nagar, Main Road, East of Kailash, New Delhi-110065, India.

SIGNATURE OF EQUITY SHAREHOLDER OR PROXY: _____

Notes:

1. *Applicable for investors holding shares in dematerialized form.
2. Shareholders who come to attend the meeting are requested to bring with them copy of the Scheme of Arrangement.