

IN THE HIGH COURT OF HIMACHAL PRADESH AT SHIMLA

IN THE MATTER OF COMPANIES ACT, 1956
AND IN THE MATTER OF AMALGAMATION OF :

JAIPRAKASH HYDRO-POWER LIMITED

AND

JAIPRAKASH POWER VENTURES LIMITED

Company Petition No. 5 of 2009

1. JAIPRAKASH HYDRO-POWER LIMITED

Regd. Office: JUIT Complex, Wagnaghat, P.O. Dumehar Bani,
Kandaghat – 173 215, Distt. Solan (H.P.).

..... Transferee Company

2. JAIPRAKASH POWER VENTURES LIMITED

Regd. Office: JUIT Complex, Wagnaghat, P.O. Dumehar Bani,
Kandaghat – 173 215, Distt. Solan (H.P.).

..... Transferor Company

..... APPLICANTS

NOTICE CONVENING MEETING

To,

CREDITORS OF JAIPRAKASH HYDRO-POWER LIMITED

Take notice that by an order made on 24th August, 2009, the Court has directed that a meeting of the **Creditors** of Jaiprakash Hydro-Power Limited be held at the premises of JUIT Complex, Wagnaghat, P.O. Dumehar Bani, Kandaghat, Distt. Solan (H.P.) on Saturday, the 10th October, 2009, at 12.00 Noon for the purpose of considering, and if thought fit, approving, with or without modification, the proposed Scheme of Amalgamation of the Transferor Company with the Transferee Company as named above.

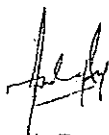
Take further notice that in pursuance of the said order, a meeting of the Creditors of the Company will be held at the premises of **JUIT Complex, Wagnaghat, P.O. Dumehar Bani, Kandaghat, Distt. Solan (H.P.), on Saturday, the 10th October, 2009 at 12.00 Noon**, when you are requested to attend.

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 the Company at JUIT Complex, Wagnaghat, P.O. Dumehar Bani, Kandaghat – 173 215, Distt. Solan (H.P.), not later than 48 hours before the meeting.

This Court has appointed Shri Naresh Kumar Sood, Advocate, to be the Chairman and Shri Paresh Sharma, Advocate, to be the Co-Chairman of the said meeting.

A copy each of the Scheme of Amalgamation, the Statement under Section 393 and a form of proxy is enclosed.

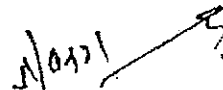
Dated this 2nd day of September, 2009.



[Ankush Dass Sood]

Advocate

Counsel for Applicant Companies



[Naresh Kumar Sood]

Advocate

Chairman appointed for the Meeting

Note : All alterations made in the form of the proxy should be initialed.

**SCHEME OF AMALGAMATION
OF
JAIPRAKASH POWER VENTURES LIMITED
(Transferor Company)
INTO
JAIPRAKASH HYDRO-POWER LIMITED
(Transferee Company)**

PART I

(A) Jaiprakash Power Ventures Limited (JPVL), the Transferor Company was incorporated as a public limited company under the Companies Act, 1956 on 18th May, 1995 in the then State of Uttar Pradesh (now State of Uttarakhand). The Transferor Company received Certificate of Commencement of Business on 12th June, 1995. The Registered Office of the Company was shifted from the State of Uttarakhand to the State of Himachal Pradesh and this alteration was confirmed by the Company Law Board vide its Order dated 17th August, 2009. The order of the Company Law Board was duly registered with the Registrar of Companies, Uttar Pradesh and Uttarakhand.

One of the main objects of the Transferor Company is to set up power projects, including hydro, thermal, nuclear, wind, solar, gas based, combined cycle or any other power project, either through itself or through subsidiaries, joint ventures, associates or other entities, including by acquiring interest in power generation, transmission or other companies and to carry on the business of general electric power supply in all or any of its branches and to construct, lay down, establish, fix and carry out all necessary power stations, cables and wires, lines, accumulators, lamps and works and to generate, accumulate, distribute and supply electricity and to light cities, towns, villages, streets, docks, markets, theatres, buildings, industry or industries and any other places, both public and private.

The Transferor Company presently owns and operates a 400MW Hydro Power Station at Vishnuprayag, Uttarakhand, and is setting up a 1320 MW super critical technology Thermal Power Project at Nigrie, Madhya Pradesh. Apart from the above, the Transferor Company is implementing through its subsidiaries, a 1250 MW Bina thermal power project in Madhya Pradesh, 2700 MW Lower Siang Hydro Electric Project in Arunachal Pradesh and the 500 MW Hironag Hydro Electric Projects in Arunachal Pradesh. In addition, the Transferor Company also has a Memorandum of Agreement with Government of Meghalaya for setting up of two Hydro Electric Projects in the State of Meghalaya, namely 450 MW Kynshi-II Hydro Electric Project and 270 MW Umrangot Hydro Electric Project and shall also be subscribing to the equity share capital of Jaypee Karcham Hydro Corporation Limited which is setting up the 1000 MW Karcham Wangtoo Hydro Electric Project in Himachal

Pradesh ("Karcham Wangtoo Project"). It also has investments in Jaypee Powergrid Limited, a company which is setting up the transmission system associated with the Karcham Wangtoo Project. The Transferor Company also proposes to acquire entire equity capital of the two companies which are setting up Karchana and Bara Thermal Power Projects at Allahabad (UP). The aggregate capacity of Karchana and Bara Thermal Power Projects is approximately 3300 MW (5x660 MW).

(B) Jaiprakash Hydro-Power Limited (JHPL), the Transferee Company was incorporated as a public limited company under the Companies Act, 1956 on 21st December, 1994 in the State of Himachal Pradesh. The Company received Certificate of Commencement of Business on 9th January, 1995.

One of the main objects of the Transferee Company is to set up power projects – Hydro electric or Thermal, and to carry on the business of general electric power supply in any or all of its branches and to construct, lay down, establish, fix and carry out all necessary power stations, cables and wires, lines, accumulators, lamps and works and to generate, accumulate, distribute and supply electricity and to light cities, towns, villages, streets, docks, markets, theatres, buildings, industry or industries and any other places, both public and private.

The Transferee Company owns and operates a 300MW BASPA II Hydro Power Station at District Kinnaur, Himachal Pradesh. The Transferee Company is the holding company of Jaypee Powergrid Limited, a company which is setting up the transmission system associated with the Karcham Wangtoo Project.

(C) The Transferor Company and the Transferee Company are required to raise funds, both equity and debt for their respective ongoing projects. In the process of financing their ongoing respective projects, the financial position of both the companies may undergo a change.

(D) The Board of Directors of the Transferee Company has approved raising of upto Rs. 1500 crores by way of FPO/QIB/FCCB/ADR/GDR etc., *inter alia*, to fund its ongoing projects and/or the projects being currently implemented by the Transferor Company which shall vest in the Transferee Company on this Scheme coming into effect.

(E) The Board of Directors of the Transferor Company has approved:

- (a) raising of funds by way of securitization of receivables of Vishnuprayag Power Station for which necessary arrangement has been finalised; and
- (b) raising of funds by way of term loans, *inter alia*, to fund its ongoing projects and/or the projects being currently implemented.

(F) Pending the Scheme (as defined hereinafter) coming into effect, the Transferee Company may subscribe to the equity share capital of the subsidiaries of the Transferor Company and/or provide secured or unsecured loans to the subsidiaries of the Transferor Company provided that

such investments shall not alter the holding-subsidary relationship between the Transferor Company and its subsidiaries.

RATIONALE:

(G) This Scheme (as defined hereinafter) envisages the amalgamation of JPVL into JHPL, resulting in consolidation of the business of hydro, thermal, and other power projects in one entity and strengthening the position of the merged entity, by enabling it to harness and optimize the synergies of the two companies. Accordingly, it would be in the best interests of JPVL and JHPL and their respective shareholders. The proposed amalgamation of JPVL into JHPL is in line with the global trends to achieve size, scale, integration and greater financial strength and flexibility and in the interests of maximizing shareholder value. The merged entity is likely to achieve higher long-term financial returns than could be achieved by the companies individually. JPVL and JHPL believe that the financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of JPVL and JHPL pooled in the merged entity, will lead to increased competitive strength, cost reduction and efficiencies, productivity gains, and logistic advantages, thereby significantly contributing to future growth. Therefore, the management of JPVL and JHPL believe that the Scheme of Amalgamation would benefit the respective companies and other stake holders of respective companies, inter-alia, on account of the following reasons:

- (a) Enable Transferee Company to use the resources of Transferor Company in setting up power plants;
 - (b) Increase in net worth of Transferee Company, which will facilitate effective and fast mobilization of financial resources for meeting increased capital expenditure;
 - (c) Reduction of overheads and other expenses, facilitate administrative convenience and ensure optimum utilization of available services and resources;
- (H) The proposed amalgamation and vesting of JPVL into JHPL, with effect from the Appointed Date is in the interest of the shareholders, creditors, stakeholders and employees, as it would enable a focused business approach for the maximization of benefits to all stakeholders and for the purposes of synergies of business.
- (I) This Scheme is divided into the following parts:
- (a) Part I, which deals with the background and rationale of the Scheme;
 - (b) Part II, which deals with the definitions and financial position of the Transferor Company and the Transferee Company;
 - (c) Part III, which deals with the merger of the Transferor Company into the Transferee Company;
 - (d) Part IV, which deals with the accounting treatment

to the Transferor Company and the Transferee Company under this Scheme.

- (e) Part V, which deals with the general terms and conditions as applicable to this Scheme.

PART II

1. DEFINITIONS

In this Scheme, unless inconsistent with the meaning or context, the following expressions shall have the following meanings:-

- 1.1 **"Act"** shall mean the Companies Act, 1956, including any statutory modifications, re-enactment or amendments thereof.
- 1.2 **"Appointed Date"** shall mean *1st day of April 2009*.
- 1.3 **"Board of Directors"** in relation to respective Transferor Company and/or Transferee Company, as the case may be, shall, unless it is repugnant to the context or otherwise, include a committee of directors or any person authorized by the board of directors or such committee of directors.
- 1.4 **"Court"** or the **"High Court"** means the Hon'ble High Court of Judicature at Shimla.
- 1.5 The **"Effective Date"** shall mean the date on which certified copy of the Order of the High Court at Shimla sanctioning the Scheme is filed with the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh.
- 1.6 **"Transferee Company"** shall mean **Jaiprakash Hydro-Power Limited**, a company incorporated under the Companies Act, 1956, and having its registered office situated at JUIT Complex, Wagnaghat, P.O. Dumehar Bani, Kandaghat -173 215, Distt. Solan (H.P.).
- 1.7 The **"Transferor Company"** shall mean **Jaiprakash Power Ventures Limited**, a company incorporated under the Companies Act, 1956, having its registered office situated at JUIT Complex, Wagnaghat, P.O. Dumehar Bani, Kandaghat - 173 215, Distt. Solan (H.P.).
- 1.8 **"Record Date"** means the date to be fixed by the Board of Directors of the Transferee Company after the Effective Date with reference to which the eligibility of the shareholders of the Transferor Company for allotment of shares in the Transferee Company in terms of this Scheme shall be determined.
- 1.9 The **"Scheme"** shall mean this Scheme of Amalgamation in its present form submitted to the High Court of Judicature at Shimla for sanction or with any modification(s) made under Clause 13 of this Scheme and / or any modification(s) approved or imposed or directed by the said High Court at Shimla.

1.10 "Shareholders" with reference to the Transferor or Transferee Company means persons holding equity shares in the said Companies in physical form or in electronic form and whose names are entered and registered as members in the Register of Members of the said Companies or whose names appear as the beneficial owners of the equity shares in the records of the Depositories as on the Record Date.

1.11 "Stock Exchange" shall have the same meaning as ascribed to it under the Securities Contract (Regulation) Act, 1956.

1.12 "Undertaking" shall mean and include:

- a. all the assets and properties of the Transferor Company as on the Appointed Date i.e. all the undertakings, the entire business, all the properties (whether movable or immovable – freehold or leasehold, tangible or intangible), plant and machinery, buildings and structures, offices, residential and other premises, capital work in progress, furniture, fixture, office equipment, appliances, accessories, power lines, deposits, stocks, assets, investments of all kinds and in all forms, cash balances with banks, loans, advances, contingent rights or benefits, receivables, benefit of any deposits, financial assets, leases, hire purchase contracts and assets, lending contracts, benefit of any security arrangements, reversions, powers, authorities, allotments, approvals, permissions, permits, quotas, rights, entitlements, guarantees, authorizations, approvals, agreements, contracts, leases, licenses, registrations, tenancies, benefits of assets or properties or other interest held in trust, benefits of all taxes including but not limited to Minimum Alternate Tax ("MAT") paid under Section 115JA/115JB of the Income Tax Act, 1961 ("IT Act"), advance taxes and tax deducted at source, right to carry forward and set off unabsorbed losses and depreciation, MAT credit under the provisions of the IT Act, right to claim deductions under Section 80-IA of the IT Act including its continuing benefits; engagements, arrangements of all kinds, exemptions, benefits, incentives, privileges and rights under State tariff regulations and under various laws; loan agreements, titles, interests, trade and service names and marks, patents, copyrights, and other intellectual property rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of all agreements, all records, files, papers, computer programmes, manuals, data, catalogues, sales and advertising materials, lists and other details of present and former customers and suppliers, customer credit

information, customer and supplier pricing information and other records; and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company or which have accrued to the Transferor Company as on the Appointed Date, whether in India or abroad, of whatsoever nature and where-ever situated. (hereinafter referred to as the "Assets");

- b. all the debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date (hereinafter referred to as the "Liabilities");
- c. without prejudice to the generality of sub-Clause (a) above, the Undertaking of the Transferor Company shall include all the movable and immovable properties, assets, including lease-hold rights, tenancy rights, industrial and other licenses, permits, authorisations, quota rights, trade marks, patents and other industrial and intellectual properties, import quotas, telephones, telex, facsimile and other communication facilities and equipments, rights and benefits of all agreements including Power Purchase Agreement(s), guarantees including guarantees given by the State Government(s), deeds, bonds, insurance policies and all other interests, rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals of whatsoever nature and wheresoever situate, belonging to or in the ownership, power or possession or control of the Transferor Company;
- d. all earnest monies and/or security deposits paid by the Transferor Company.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act, the Securities Contract Regulation Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or reenactment thereof from time to time.

2. SHARE CAPITAL

2.1 The Authorised, Issued, Subscribed and Paid-up Share Capital of the Transferor Company as on March 31, 2009 was as under:-

JPVL (Transferor Company):

AUTHORISED CAPITAL :	Rs.
90,00,00,000 Equity Shares	
of Rs. 10/- each	9,00,00,00,000

ISSUED, SUBSCRIBED AND PAID-UP CAPITAL:

53,48,93,200 Equity Shares of	
Rs. 10/- each fully paid up	5,34,89,32,000

- 2.2 Authorised, Issued, Subscribed and Paid-up Share Capital of the Transferee Company as on March 31, 2009 was as under:

JHPL (Transferee Company)

AUTHORISED CAPITAL :	Rs.
50,00,00,000 Equity Shares of Rs. 10/- each	5,00,00,00,000

ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

49,10,00,600 Equity Shares of Rs. 10/- each fully paid up	4,91,00,06,000
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However, as on 18th August, 2009, the Authorised Equity Share Capital of the Transferee Company stood increased to Rs.3000 Crores divided into 300 Crores Equity Shares of Rs.10/-each.

- 2.3 The existing equity shares of the Transferee Company (JHPL) are listed on National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The equity shares of the Transferor Company (JPVL) are not listed on any Stock Exchange.

2.4 FINANCIAL POSITION

The summarized financial position of the Transferor Company and the Transferee Company as per their respective latest Audited Accounts as at March 31, 2009 is as under :-

(Rs. In lakhs)

As at

31.03.2009

JPVL [Transferor Company]

ASSETS:

Fixed Assets (WDV)	160,282
Pre-operative expenses of New Projects (Pending Capitalization)	5,724
Investments	43,635
Current Assets, Loans & Advances:	26,955
Less: Current Liabilities & Provisions:	5,238
Misc. Expenditure	61
TOTAL	231,419

SOURCES OF FUNDS:

Share Capital	53,489
Reserves & Surplus	55,342
Deferred Revenue	8,103
Loans -	
Secured Loans	102,985
Un-secured Loans	11,500
TOTAL	231,419

(Rs. In Lakhs)

As At

31.03.2009

JHPL [Transferee Company]

ASSETS:

Fixed Assets (WDV)	158,422
Investments	7,525
Current Assets, Loans & Advances:	35,547
Less: Current Liabilities & Provisions:	12,098
TOTAL	189,396

SOURCES OF FUNDS:

Share Capital	49,100
Reserves & Surplus	58,415
Deferred Revenue	7,764
Secured Loans	74,117
TOTAL	189,396

Full details of the financial position are given in the published Accounts of the Transferee Company and the Transferor Company.

PART III

3. TRANSFER AND VESTING

- 3.1 With effect from the Appointed Date and upon this Scheme coming into effect, the Transferor Company shall stand merged with and be vested in the Transferee Company, as a going concern, without any further act or instrument and pursuant to the provisions of Sections 391 to 394 of the Act, together with all the properties, assets, rights, liabilities, benefits and interest therein, as more specifically described in the subsequent clauses of this Scheme.
- 3.2 With effect from the Appointed Date, the entire business and the whole of the Undertaking of the Transferor Company shall, without any further act or deed, be and stand transferred to and vested in or deemed to have been transferred to or vested in the Transferee Company as a going concern, pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Act, **PROVIDED ALWAYS** that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or available to the Transferor Company which shall vest in the Transferee Company by virtue of the amalgamation and the Transferee Company shall not be obliged to create any further or additional security after the amalgamation has become effective or otherwise. The transfer/vesting as aforesaid shall be subject

- to the existing charges/hypothecation over or in respect of the Assets or any part thereof of the Transferor Company. Further, the Transferee Company shall not be required to create any additional security over assets acquired by it under the Scheme for any loans, deposits or other financial assistance availed /to be availed by the Transferor Company or the Transferee Company. Similarly, the Promoters shall not be required to provide additional collateral security by way of pledge of their shareholding in the Transferor/ Transferee Company.
- 3.3 With effect from the Appointed Date, and subject to any corrections and adjustments as may be required, in the opinion of the Board of Directors of the Transferee Company, Reserves and Surplus if any, of the Transferor Company will be merged with those of the Transferee Company in the same form and nomenclature as they appeared in the financial statements of the Transferor Company, except as stated elsewhere in the Scheme.
- 3.4 Any legal or other proceedings by or against Transferor Company pending on the Effective Date and relating to the Undertaking (including property rights, powers, liabilities, obligations and duties) of Transferor Company shall be continued and enforced by or against the Transferee Company, in the same manner and to the same extent as it would or might have been continued and enforced by or against Transferor Company.
- 3.5 It is expressly provided that in respect of such of the assets of the Transferor Company as are moveable in nature or are otherwise capable of being transferred by manual delivery or by endorsement and delivery, the same shall be so transferred by the Transferor Company by physical delivery and shall become the property of the Transferee Company pursuant to the provisions of Sections 391 to 394 of the Act.
- 3.6 In respect of such of the Assets other than those referred to in sub-Clause 3.5 above, they shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred and vested in the Transferee Company pursuant to the provisions of Sections 391 to 394 of the Act and shall form an integral part of the Undertaking.
- 3.7 The Transferor Company owns and operates a 400MW Hydro Power Station at Vishnuprayag, Uttarakhand. Under the Power Purchase Agreement entered into for the Vishnuprayag Project, the tariff for the power generated is determined by the Uttar Pradesh Electricity Regulatory Commission ("UPERC") based on the financial package approved by the UPERC from time to time. On the Scheme becoming effective, the tariff determination shall continue to be based on the said financial package/parameters. The paid up equity capital for the purposes of Return on Equity ("RoE") shall be as per the said approved financial package / parameters notwithstanding the change in the equity share capital consequent upon this Scheme coming into effect.
- 3.8 The Transferee Company owns and operates a 300MW BASPA II Hydro Power Station at Distt. Kinnaur, Himachal Pradesh. Under the Power Purchase Agreement entered into for the BASPA-II Project, the tariff for the power generated is determined by the Himachal Pradesh Electricity Regulatory Commission ("HPERC") based on the financial package approved by the HPERC from time to time. On the Scheme becoming effective, the tariff determination shall continue to be based on the said financial package/parameters. The paid up equity capital for the purposes of Return on Equity ("RoE") shall be as per the said approved financial package / parameters notwithstanding the change in the equity share capital consequent upon this Scheme coming into effect.
- 3.9 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 party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company to carry out or perform all such formalities or compliance referred to above on the part of the Transferor Company to be carried out or performed.
- 3.10 With effect from the Appointed Date, all liabilities, debts, duties and obligations of the Transferor Company shall, without any further act or deed, also stand transferred to the Transferee Company, pursuant to the applicable provisions of the Act, so as to become as from the Appointed Date, the liabilities, debts, duties and obligations of the Transferee Company.
- 3.11 Upon the coming into effect of the Scheme, benefits of all taxes paid including but not limited to MAT paid under Section 115JA/115JB of the IT Act, advance taxes and tax deducted at source, right to carry forward and set off unabsorbed losses and depreciation, MAT credit under the provisions of the IT Act, right to claim deductions under Section 80-IA of the IT Act including its continuing benefits, by the Transferor Company from the Appointed Date, regardless of the period to which they relate, shall be deemed to have been paid for and on behalf

of and to the credit of the Transferee Company as effectively as if the Transferee Company had paid the same and shall be deemed to be the rights/claims of the Transferee Company.

- 3.12 All secured and unsecured debts, (whether in rupees or in foreign currency), all liabilities whether provided for or not in the books of the Transferor Company, duties and obligations of the Transferor Company alongwith any charge, encumbrance, lien or security thereon (hereinafter referred to as the "said Liabilities") shall be and stand transferred to and vested in or deemed to have been transferred to and vested in the Transferee Company, so as to become the debts, liabilities, duties and obligations of the Transferee Company, 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, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause. It is clarified that in so far as the assets of the Transferor Company are concerned, the security or charge over such assets or any part thereof, relating to any loans, debentures or borrowing of the Transferor Company shall, without any further act or deed continue to relate to such assets or any part thereof, after the Effective Date and shall not relate to or be available as security in relation to any or any part of the assets of the Transferee Company, save to the extent warranted by the terms of the existing security arrangements to which any of the Transferor Company and the Transferee Company are parties, and consistent with the joint obligations assumed by them under such arrangement.
- 3.13 All the properties including freehold & leasehold properties, leases, estates, assets, rights, titles, interests, benefits, licenses, approvals, permissions and authorities etc. as described in Clause 1.12 (a) accrued to and/or acquired by the Transferor Company after the Appointed Date, shall have been and deemed to have accrued to and/or acquired for and on behalf of the Transferee Company and shall, upon the coming into effect of the Scheme, pursuant to the provisions of Section 394 of the Act and without any further act, instrument or deed, be and stand transferred to or vested in the Transferee Company to that extent and shall become the properties, leases, estates, assets, rights, titles, interests, benefits, licenses, approvals, permissions and authorities etc. of the Transferee Company.
- 3.14 All loans raised and utilized and all debts, duties, undertakings, liabilities and obligations incurred or undertaken by the Transferor Company after the Appointed Date, shall be deemed to have been

raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of the Scheme shall be and stand transferred to or vested in or be deemed to have been transferred to and vested in the Transferee Company pursuant to the provisions of Section 394 of the Act and without any further act, instrument or deed, and shall become the debt, duties, undertakings, liabilities and obligations of the Transferee Company which shall meet, discharge and satisfy the same.

- 3.15 All inter party transactions between the Transferor Company and the Transferee Company as may be outstanding on the Appointed Date or which may take place subsequent to the Appointed Date and prior to the Effective Date, shall be considered as intra party transactions for all purposes from the Appointed Date. Any loans or other obligations, if any, due inter-se i.e. between the Transferor Company and the Transferee Company as on the Appointed Date, and thereafter till the Effective Date, shall stand automatically extinguished.

ALTERATIONS/AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION OF TRANSFEE COMPANY:

With respect to the Transferee Company, upon this Scheme becoming effective but before allotment of the Equity Shares in terms of this Scheme:

- 4.1 The Memorandum of Association of the Transferee Company shall stand altered and amended by replacement of the following Clause I in place of the existing Clause I in the Memorandum of Association without any further act or deed or following the procedure laid down under the Act, as under :
- "I. The name of the Company is *"Jaiprakash Power Ventures Limited."*
- The resolution approving the Scheme shall be deemed to be the approval of shareholders to change of name.
- 4.2 The Authorised Share Capital of the Transferor Company shall stand transferred to and combined with the Authorised Share Capital of the Transferee Company without any further act or deed. The filing fee and stamp duty already paid by the Transferor Company on its Authorised Share Capital shall be deemed to have been so paid by the Transferee Company on the combined Authorised Share Capital and accordingly, the Transferee Company shall not be required to pay any fee / stamp duty on the Authorised Share Capital so increased. The resolution approving the Scheme shall be deemed to be the approval of increase in the Authorised Share Capital of the Transferee Company under Section 94 and other

applicable provisions of the Act. The Clause V of the Memorandum of Association of the Transferee Company relating to the Authorised Share Capital shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to sections 16, 31, 94 and 394 and other applicable provisions of the Act, as the case may be, in the manner set out below and be replaced by the following clause:

"V. The Authorised Share Capital of the Company is Rs. 3900,00,00,000 (Rupees Three Thousand Nine Hundred Crores) divided into 390,00,00,000 Equity Shares of Rs. 10 each."

4.3 The resolutions, including resolutions passed under Section 293(1)(d) of the Act, if any, of the Transferor Company, which are valid and subsisting on the Effective Date, shall, *mutatis mutandis*, continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have upper monetary or other limits being imposed under the provisions of the Act, or any other applicable provisions, then the said limits shall be added and shall constitute the aggregate of the said limits in the Transferee Company.

4.4 With effect from the Effective Date, without following any further procedure as laid in Section 149(2A) and other applicable provisions of the Act, the Transferee Company shall be deemed to be authorised to commence such business as laid down in the Objects Clauses of the Memorandum of Association of the Transferor Company.

5. ALTERATIONS/AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF TRANSFEE COMPANY:

Upon the Scheme becoming effective, the Transferee Company shall without any further act, deed or following the procedure as laid down under the Act be called Jaiprakash Power Ventures Limited.

The relevant existing Article 1 of the Articles of Association of Transferee Company shall stand altered and substituted by the following new Article for the present Article 1 thereof as follows:

"The Company" or "this Company" means "Jaiprakash Power Ventures Limited."

6. ISSUE OF SHARES BY THE TRANSFEE COMPANY:

6.1 Upon the Scheme becoming effective, the Transferee Company shall without any further act or deed, issue and allot to every member of the Transferor Company, Equity Shares in the Transferee Company, on a date to be fixed by the Board of Directors of the Transferee Company, in the following manner:

Three (3) Equity Shares of Rs.10/- each in the Transferee Company credited as fully paid up ("New

Equity Shares of JHPL in lieu of JPVL shares") for every one (1) Equity Share of Rs.10/- fully paid up held by such member in the Transferor Company.

6.2 The Equity Shares so issued by the Transferee Company in exchange for the equity shares of the Transferor Company shall rank *pari passu* in all respects, including dividend declared after the date of allotment, with the existing Equity Shares of the Transferee Company.

6.3 The issue and allotment of Equity Shares in the Transferee Company to the members of the Transferor Company as provided in the Scheme shall be deemed to have been carried without following the procedure laid down under Section 81(1A) and any other applicable provisions of the Act.

6.4 Equity Shares issued and allotted by the Transferee Company in terms of Clause 6.1 mentioned above shall be listed and/or admitted to trading by the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, where the Equity Shares of the Transferee Company are already listed.

6.5 Upon the Scheme being effective and upon the Equity Shares of the Transferee Company being allotted and issued by it to the shareholders of the Transferor Company whose names appear on the Register of Members of the Transferor Company on the Record Date, the Equity Shares of the Transferor Company both in electronic form and in the physical form, shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date. Wherever applicable, the Transferee Company may, instead of requiring the surrender of the share certificates of the Transferor Company, directly issue and despatch the new share certificates of the Transferee Company in lieu thereof.

6.6 The Equity Shares to be issued by the Transferee Company and/or rights thereon, pursuant to Clauses 6.1 mentioned above in respect of Equity Shares of the Transferor Company which are held in abeyance under the provisions of Section 206A of the Act or otherwise shall also be kept in abeyance.

6.7 In the event of there being any pending share transfers with respect to any application lodged for transfer by any shareholder of the Transferor Company, the Board of Directors or any Committee thereof of the Transferor Company if in existence, or failing which the Board of Directors or any Committee thereof of the Transferee Company shall be empowered in appropriate cases, even subsequent to the Record Date to effectuate such a transfer in the Transferor Company as if such changes in registered holder were operative as on

the Record Date, in order to remove any difficulties arising to the transferor or the transferee of the share(s) in the Transferee Company and in relation to the new shares after the Scheme becomes effective.

7. TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE:

7.1 Subject to Clauses (A) to (F) of Part I above and with effect from the Appointed Date and upto and including the Effective Date;

(i) the Transferor Company shall be deemed to have been carrying on and shall carry on all business and activities relating to the Undertaking and stand possessed of the properties so to be transferred, for and on account of and in trust for the Transferee Company, including but without limitation, power generation and sale, acquisition and setting up of new power plants, investment in subsidiaries/other companies and payment of advance income tax and subsequent installments of income tax, sales tax, excise and other statutory levies, etc.

(ii) all incomes, profits, benefits and incentives accruing to the Transferor Company or losses arising or incurred by it relating to the Undertaking shall, for all purposes, be treated as the incomes, profits, benefits and incentives or losses, as the case may be, of the Transferee Company;

7.2 The Transferor Company and the Transferee Company do hereby undertake, from the Appointed Date upto and including the Effective Date -

(i) to carry on the business of the Undertaking with reasonable diligence and business prudence and save and except what has been stated in Clauses (A) to (F) of Part I above, not to borrow alienate, charge mortgage, encumber or otherwise deal with or dispose of the Undertaking or any part thereof, nor to undertake any new business or a substantial expansion of its existing business except with the prior written consent of the other company.

(ii) not to utilise the profits, if any, relating to the Undertaking for the purposes of declaring or paying any dividend in respect of the period falling on and after April 01, 2009 without obtaining the prior approval of the other company.

8. TRANSFEROR COMPANY'S STAFF, WORKMEN AND EMPLOYEES:

On and from the Effective Date:

8.1 All employees of the Transferor Company in service on the Effective Date shall become the employees of the Transferee Company on such date without any break or interruption in service and on terms and conditions not less favorable than those on

which they are engaged by the Transferor Company as on the Effective Date.

8.2 The accumulated balances standing to the credit of the employees of the Transferor Company on the Effective Date in the Provident fund, Gratuity fund, Superannuation fund and/or other funds and including any surplus in any such funds created or existing for the benefit of the employees of the Transferor Company shall be identified, determined and transferred to the corresponding funds of the Transferee Company in due course.

9. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS:

9.1 Subject to other provisions of this Scheme, the Transferee Company shall accept all acts, deeds and things relating to the Undertaking of the Transferor Company done and executed by and/or on behalf of the Transferor Company on or after the Appointed Date as acts, deeds and things done and executed by and/or on behalf of the Transferee Company.

9.2 Subject to other provisions of this Scheme, all contracts, deeds, bonds, agreements, leases, insurance policies and other instrument of whatsoever nature relating to the Undertaking to which the Transferor Company is a party and subsisting or having effect on or before the Effective date shall be in full force and effect against or in favour of the Transferee Company and may be enforced as fully and effectually, as if, instead of the Transferor Company, the Transferee Company had at all material times been a party thereto.

9.3 On this Scheme finally taking effect as aforesaid:

(i) All the agreements, guarantees, approvals, consents, permissions, licenses, sanctions, leases and the like entered into with and/or given by, as the case may be, the various State Governments, statutory or regulatory body or agencies or third parties with/to JPVL shall, without any further act, deed, matter or thing, stand transferred to and vested in JHPL;

(ii) All the rights and obligations arising out of the Implementation Agreement dated December 12, 2007 entered into by JPVL with the Government of Madhya Pradesh, shall, without any further act, deed, matter or thing, stand transferred to and vested in JHPL;

(iii) All the rights and obligations arising out of the Agreement dated December 13, 2007 entered into by JPVL with the Government of Arunachal Pradesh and Jaiprakash Associates Limited, the holding company of the Transferor Company & the Transferee Company, shall, without any further act, deed, matter or thing, stand transferred to and vested in JHPL;

- (iv) All the rights and obligations arising out of the Agreement dated December 11, 2007 entered into by JPVL with the Government of Meghalaya, shall, without any further act, deed, matter or thing, stand transferred to and vested in JHPL;
- (v) All business activities engaged in by JPVL shall be continued by JHPL under its new name; and
- (vi) JPVL, the Transferor Company shall stand dissolved without winding up.

10. LEGAL PROCEEDINGS :

If any suit, writ petition, appeal, revision or other proceedings of whatever nature (hereinafter called the "Proceedings") by or against the Transferor Company be pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the Undertaking 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 and enforced by or against the Transferor Company as if the Scheme had not been made.

PART IV

11 ACCOUNTING TREATMENT:

Upon the Scheme becoming effective:

- 11.1 The Transferee Company shall account for the assets and liabilities of the Transferor Company vested in it in terms of the Scheme at the book value appearing in the books of the Transferor Company. The Transferee Company shall record in its books of account, all the transactions of the Transferor Company in respect of assets, liabilities, income and expenses at its book value from the Appointed Date to the Effective Date.
- 11.2 The inter-company balances, if any, shall stand cancelled.
- 11.3 The identity of statutory reserves of the Transferor Companies, if any, shall be preserved and they shall appear in the financial statements of the Transferee Company in the same form and manner in which they appeared in the financial statements of the Transferor Company, prior to this Scheme becoming effective.
- 11.4 Upon the Scheme becoming finally effective, JHPL shall incorporate the assets and liabilities of JPVL at their respective book values appearing in the books of account of JPVL just prior to the Appointed Date.
- 11.5 The balances in the Profit & Loss Account and the Free Reserves Accounts of JPVL shall be carried as the balances in the respective accounts of JHPL.
- 11.6 The difference between the book value of such assets and liabilities ("the Net Book Value of Assets") over the balance of Profit & Loss Account and the amount of Free Reserves referred to in (5) above shall be ascertained.
- 11.7 The excess, if any, of the amount stated at (6) above over the paid up value of the shares allotted shall be ascertained and credited to the General Reserves. However, if the amount specified at (6) above reflects a deficit position then the difference shall be transferred to Goodwill Account which shall be written off over a period not exceeding ten years against securities premium account and/or capital reserves and/or general reserves and/or balance standing to the credit of Profit & Loss account, as may be decided from time to time by the Board of Directors of the Transferee Company.
- 11.8 The application and reduction of the securities premium account etc., as above, if any, shall be effected as an integral part of the Scheme itself in accordance with the provisions of Sections 78 read with 100, 102 and 103 of the Act and as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital, the provisions of Section 101 of the Act would not be applicable. However, the order of the High Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction.
- 11.9 Subject to provisions of this Scheme, the Transferee Company shall abide by the AS-14 issued by the Institute of Chartered Accountants of India.
- 11.10 The amalgamation of Transferor Company with the Transferee Company in terms of this Scheme shall take place with effect from the Appointed Date and shall be in accordance with the provisions of Section 2(1B) of the Income Tax Act, 1961.
- 11.11 For the purposes of the Income Tax Act, 1961:
 - (i) the cost of acquisition of the shares of the Transferee Company in the hands of the shareholders of the Transferor Company shall be the amount which bears to the cost of acquisition of shares held by the shareholder in the Transferor Company the same proportion as the net book value of the assets transferred in the merger to the Transferee Company bears to the net worth of the Transferor Company immediately before the merger.
 - (ii) the period for which the share(s) in Transferor Company were held by the shareholders shall be included in determining the period for which the shares in the Transferee Company have been held by the respective shareholder.

PART V

12. APPLICATION TO THE HIGH COURT

On the Scheme being agreed to by the requisite majorities of the members and creditors of the Transferor Company and the Transferee Company, the Transferor Company and the Transferee Company shall respectively &/or jointly with reasonable dispatch, apply to the High Court of Judicature at Shimla for sanctioning this Scheme of Amalgamation under Sections 391 to 394 of the Act and for an order or orders under Section 394 of the Act for carrying this Scheme into effect.

13. MODIFICATIONS/AMENDMENTS TO THE SCHEME:

The Transferor Company (by its Board of Directors) and the Transferee Company (by its Board of Directors) may, in their full and absolute discretion, assent to any alterations or modifications in this Scheme which the Court may deem fit to approve or impose and may give such directions as they may consider necessary to settle any questions or difficulty that may arise under the Scheme or in regard to its implementation or in any matter connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholder of the respective Company). In the event that any conditions are imposed by the said High Court which the Transferor Company or the Transferee Company find unacceptable for any reason whatsoever then the Transferor Company and/or the Transferee Company shall be entitled to withdraw from the Scheme.

14. SCHEME CONDITIONAL ON APPROVALS/ SANCTIONS:

The Scheme is conditional upon and subject to:

- (i) The Scheme being agreed to by the respective requisite majorities of the members and creditors of the Transferor Company and the Transferee Company and the requisite order or orders referred to in Clause 12 hereof being obtained;
- (ii) The sanction of the Scheme by the High Court of Judicature at Shimla under Sections 391 and 394 of the Act, ;
- (iii) The certified copies of the orders of the Hon'ble High Court at Shimla referred to in Clauses 12 above being filed with the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh.

15. EFFECTIVE DATE OF THE SCHEME:

15.1 This Scheme shall become effective when all the following conditions are fulfilled :

- (i) The Scheme being approved by the requisite majority of the shareholders and creditors of the Transferor Company and the Transferee

Company as may be required under the Act and/or the orders of the High Court.

- (ii) The Scheme is sanctioned by the Hon'ble High Court of Judicature at Shimla under section 394 of the Act;
- (iii) The certified copy of the order of the Hon'ble High Court sanctioning the Scheme is filed with the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh.

15.2 In the event of this Scheme failing to take effect by December 31, 2009 or by such later date as may be agreed by the respective Boards of Directors of the Transferor Company and the Transferee Company, the scheme shall become null and void. In such a case, each company shall bear its own cost or as may be mutually agreed.

15.3 The Transferor Company and the Transferee Company shall be at liberty to withdraw this Scheme at any time as may be mutually agreed through the Board of Directors of the Transferor Company and the Transferee Company. In such a case, each company shall bear its own cost or as may be mutually agreed.

16. OPERATIVE DATE OF THE SCHEME

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

17. DISSOLUTION OF THE TRANSFEROR COMPANY:

On the Scheme becoming effective, the Transferor Company shall be dissolved without winding up in accordance with the provisions of Sections 391 to 394 of the Act .

18. EXPENSES CONNECTED WITH THE SCHEME:

18.1 Save and except as provided elsewhere in the Scheme, all costs, charges taxes, levies and other expenses including registration fee of any deed, in relation to or in connection with negotiations leading upto the Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of the Scheme shall be borne and paid by the Transferee Company.

18.2 In the event that this Scheme fails to take effect within such period or periods as may be decided by the Transferor Company (by its Board of Directors) and the Transferee Company (by its Board of Directors), or the scheme is rendered null and void in terms of Clause 15 of this Scheme then, the Transferor Company and Transferee Company shall bear their own costs and expenses incurred by them, in relation to or in connection with the Scheme.

19. CHANGE OF NAME OF THE TRANSFEREE COMPANY

On the Scheme becoming effective, the name of the Transferee Company shall stand changed to "*Jaiprakash Power Ventures Limited*."

20. GENERAL TERMS AND CONDITIONS

20.1 The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make all applications / petitions under Section 391 and 394 and other applicable provisions of the Act to the Court for the sanctioning of the Scheme and obtain all approvals and consents as may be required under law or any agreement.

20.2 The respective Board of Directors of the Transferor Company and the Transferee Company may empower any Committee of Directors or Officer(s) or any individual director, officer or other person to discharge all or any of the powers and functions, which the said Board of Directors are entitled to

exercise and perform under the Scheme.

20.3 In the event of any inconsistency between any of the terms and conditions of any earlier arrangement between the Transferee Company and the Transferor Company and their respective shareholders and/or creditors, and the terms and conditions of this Scheme, the latter shall prevail.

20.4 If any part of this Scheme is invalid, ruled illegal by any court or authority of competent jurisdiction or unenforceable under the present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in this Scheme, as will best preserve for the parties, the benefits and obligations of this Scheme, including but not limited to such part.

IN THE HIGH COURT OF HIMACHAL PRADESH AT SHIMLA

**EXPLANATORY STATEMENT
UNDER SECTION 393 OF THE COMPANIES ACT, 1956**

ANNEXED TO THE NOTICES CONVENING THE MEETINGS OF SHAREHOLDERS/CREDITORS

PURSUANT TO THE ORDER DATED 24TH AUGUST 2009 PASSED BY THE
HON'BLE HIGH COURT OF HIMACHAL PRADESH AT SHIMLA

IN

COMPANY PETITION No. 5 OF 2009
IN THE MATTER OF AMALGAMATION OF :
JAIPRAKASH HYDRO- POWER LIMITED
AND
JAIPRAKASH POWER VENTURES LIMITED

1. JAIPRAKASH HYDRO- POWER LIMITED
Regd. Office: JUIT Complex, Wagnaghat, P.O. Dumehar Bani,
Kandaghat – 173 215, Distt. Solan (H.P.).
2. JAIPRAKASH POWER VENTURES LIMITED
Regd. Office: JUIT Complex, Wagnaghat, P.O. Dumehar Bani,
Kandaghat – 173 215, Distt. Solan (H.P.).

..... Transferee Company

..... Transferor Company

..... **APPLICANTS**

1. The above-named Companies have moved a Company Petition, being Company Petition No. 5 of 2009 in the Hon'ble High Court of Himachal Pradesh at Shimla seeking directions to convene meetings of the Equity Shareholders and the Creditors, for considering and, if thought fit, approving, with or without modification, the proposed Scheme of Amalgamation between the Applicant Companies and other directions incidental thereto. On the above Petition, the Hon'ble Court has passed Order dated 24th August 2009 convening the meetings of the Equity Shareholders and of the Creditors of Applicant Companies, has appointed Chairman and Co- Chairman for each meeting, fixed date and time of the meetings and quorum for each meeting and have given directions regarding despatch and publication of notices and other directions incidental thereto.
2. The above Scheme of Amalgamation has been approved by the respective Board of Directors of the Applicant Companies at their meeting duly convened and held on 3rd July 2009.

3. Reg. TRANSFEE COMPANY :

[JAIPRAKASH HYDRO- POWER LIMITED]

- (i) Jaiprakash Hydro-Power Limited (JHPL), the Transferee Company was incorporated as a public limited company under the Companies Act, 1956 on 21st December, 1994 in the State of Himachal Pradesh. The Company received Certificate of Commencement of Business on 9th January, 1995. Copy of Certificate of Incorporation issued by the Registrar of Companies, forms part of the Memorandum and Articles of Association of the Company.

- (ii) The Registered Office of the Company is situate at JUIT Complex, Wagnaghat, P.O. Dumehar Bani, Kandaghat – 173 215, Distt. Solan (H.P.).
- (iii) The Authorized and Issued, Subscribed and Paid up Capital of the Company as on 31-03-2009 has been as under—

JHPL (Transferee Company):

<u>AUTHORISED CAPITAL</u>	Rs.
50,00,00,000 Equity Shares of Rs. 10/- each	5,00,00,00,000

**ISSUED, SUBSCRIBED AND
PAID-UP CAPITAL**

49,10,00,600 Equity Shares of Rs. 10/- each fully paid up	4,91,00,06,000
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However, as on 18th August 2009, the Authorised Equity Share Capital of the Transferee Company stood increased to Rs.3000 Crores divided into 300 Crores Equity Shares of Rs.10/-each.

- (iv) That the Transferee Company is a subsidiary of Jaiprakash Associates Limited, which holds 63.34% of the Paid Up Capital of the Transferee Company as on 30th June 2009.
- (v) The objects of the Company are set out in the Objects Clause of the Memorandum of Association. The Company presently owns and operates a 300MW BASPA II Hydro Power Station at District Kinnaur, Himachal Pradesh. The Company is the holding company of Jaypee Powergrid Limited, a company which is setting up the transmission system associated with 1000 MW Karcham Wangtoo Hydro Electric Project in Himachal Pradesh of Jaypee Karcham Hydro Corporation Limited.

(vi) The Company received Certificate of Commencement of Business on 09-01-1995 from Registrar of Companies. A copy of the above Certificate of Commencement of Business forms part of the Memorandum and Articles of Association.

(vii) The audited accounts of the Company have been presented to the shareholders up to the financial year ended on 31-03-2009. These are the latest audited Accounts. The summarized financial position of the Company as per the latest Audited Accounts is as under :

JHPL (Transferee Company):

	As At 31.03.2009 (Rs. in Lakhs)
ASSETS:	
Fixed Assets (WDV)	158,422
Investments	7,525
Current Assets,	
Loans & Advances:	35,547
Less: Current Liabilities	
& Provisions:	12,098
TOTAL	189,396

SOURCES OF FUNDS:

Share Capital	49,100
Reserves & Surplus	58,415
Deferred Revenue	7,764
Secured Loans	74,117
TOTAL	189,396

There has been no material change in the financial position of the Company after 31-03-2009 except in the normal course of business and on account of increase in the authorized capital of the company as already highlighted earlier.

4. Reg. TRANSFEROR COMPANY:

[JAIPRAKASH POWER VENTURES LIMITED]

(i) That Jaiprakash Power Ventures Limited (JPVL), the Transferor Company was incorporated as a public limited company under the Companies Act, 1956 on 18th May 1995 in the then State of Uttar Pradesh (now State of Uttarakhand). The Registered Office of the Company was shifted from the State of Uttarakhand to the State of Himachal Pradesh and this alteration was confirmed by the Company Law Board vide its Order dated 17th August 2009. The order of the Company Law Board was duly registered with the Registrar of Companies, Uttar Pradesh and Uttarakhand. Copy of Certificate of Incorporation issued by the Registrar of Companies at the time of incorporation form part of the Memorandum and Articles of Association of the Company.

(ii) The Registered Office of the Company is situate at JUIT Complex, Wagnaghat, P.O. Dumehar Bani, Kandaghat – 173 215, Distt. Solan (H.P.).

(iii) The Authorized and Issued, Subscribed and Paid up Capital of the Company as on 31-03-2009 has been as under–

JPVL (Transferor Company):

AUTHORISED CAPITAL

Rs.

90,00,00,000 Equity Shares of
Rs. 10/- each 9,00,00,00,000

**ISSUED, SUBSCRIBED AND
PAID-UP CAPITAL**

53,48,93,200 Equity Shares of
Rs. 10/- each fully paid up 5,34,89,32,000

There has been no change in the capital structure of the Company after 31st March 2009.

(iv) That the Transferor Company is a subsidiary of Jaiprakash Associates Limited, which holds 80.20 % of the Paid Up Capital of the Transferor Company as on 30th June 2009.

(v) The objects of the Company are set out in the Objects Clause of the Memorandum of Association. The Transferor Company presently owns and operates a 400MW Hydro Power Station at Vishnuprayag, Uttarakhand, and is setting up a 1320 MW super critical technology Thermal Power Project at Nigrie, Madhya Pradesh. Apart from the above, the Company is implementing through its subsidiaries, a 1250 MW Bina thermal power project in Madhya Pradesh, 2700 MW Lower Siang Hydro Electric Project in Arunachal Pradesh and the 500 MW Hironag Hydro Electric Project in Arunachal Pradesh. In addition, the Company also has a Memorandum of Agreement with Government of Meghalaya for setting up of two Hydro Electric Projects in the State of Meghalaya, namely 450 MW Kynshi-II Hydro Electric Project and 270 MW Umngot Hydro Electric Project and shall also be subscribing to the equity share capital of Jaypee Karcham Hydro Corporation Limited which is setting up the 1000 MW Karcham Wangtoo Hydro Electric Project in Himachal Pradesh ("Karcham Wangtoo Project"). It also has investments in Jaypee Powergrid Limited, a company which is setting up the transmission system associated with the Karcham Wangtoo Project. The Company has also acquired entire equity capital of the two companies which are setting up Karchana and Bara Thermal Power Projects at Allahabad (UP). The aggregate capacity of Karchana and Bara Thermal Power Projects is approximately 3300 MW (5x660 MW).

(vi) That the Company received Certificate of Commencement of business on 12th June 1995 from Registrar of Companies.

(vii) The audited accounts of the Company have been presented to the shareholders up to the financial year ended on 31-03-2009. These are the latest audited accounts. The summarized financial position of the company as per the latest Audited Accounts is as under:

JPVL [Transferor Company]

	As at 31.03.2009 (Rs. in lakhs)	
<u>ASSETS:</u>		
Fixed Assets (WDV)		160,282
Pre-operative expenses of New Projects (Pending Capitalization)		5,724
Investments		43,635
Current Assets, Loans & Advances:	26,955	
Less: Current Liabilities & Provisions:	5,238	21,717
Miscl. Expenditure		61
TOTAL		231,419
<u>SOURCES OF FUNDS:</u>		
Share Capital		53,489
Reserves & Surplus		55,342
Deferred Revenue		8,103
Loans -		
Secured Loans	102,985	
Un-secured Loans	11,500	114,485
TOTAL		231,419

There has been no material change in the financial position of the Company after 31-03.2009, except in the normal course of business.

5. The main provisions of the proposed Scheme of Amalgamation are stated below –

[Para numbers are as assigned in the Scheme]

- 1.2 "Appointed Date" shall mean 1st day of April 2009.
- 1.5 The "Effective Date" shall mean the date on which certified copy of the Order of the High Court at Shimla sanctioning the Scheme is filed with the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh.

3. TRANSFER AND VESTING

- 3.1 With effect from the Appointed Date and upon this Scheme coming into effect, the Transferor Company shall stand merged with and be vested in the Transferee Company, as a going concern, without any further act or instrument and pursuant to the provisions of Sections 391 to 394 of the Act, together with all the properties, assets, rights, liabilities, benefits and interest therein, as more specifically described in the subsequent clauses of this Scheme.
- 3.2 With effect from the Appointed Date, the entire business and the whole of the Undertaking of the Transferor Company shall, without any further act or deed, be and stand transferred to and vested in or deemed to have been transferred to or vested in the Transferee Company as a going concern, pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Act, PROVIDED ALWAYS that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or available to the Transferor Company which shall vest in the Transferee Company

by virtue of the amalgamation and the Transferee Company shall not be obliged to create any further or additional security after the amalgamation has become effective or otherwise. The transfer/vesting as aforesaid shall be subject to the existing charges/hypothecation over or in respect of the Assets or any part thereof of the Transferor Company. Further, the Transferee Company shall not be required to create any additional security over assets acquired by it under the Scheme for any loans, deposits or other financial assistance availed /to be availed by the Transferor Company or the Transferee Company. Similarly, the Promoters shall not be required to provide additional collateral security by way of pledge of their shareholding in the Transferor/ Transferee Company.

- 3.3 With effect from the Appointed Date, and subject to any corrections and adjustments as may be required, in the opinion of the Board of Directors of the Transferee Company, the Reserves and Surplus if any, of the Transferor Company will be merged with those of the Transferee Company in the same form and nomenclature as they appeared in the financial statements of the Transferor Company, except as stated elsewhere in the Scheme.
- 3.4 Any legal or other proceedings by or against Transferor Company pending on the Effective Date and relating to the Undertaking (including property rights, powers, liabilities, obligations and duties) of Transferor Company shall be continued and enforced by or against the Transferee Company, in the same manner and to the same extent as it would or might have been continued and enforced by or against Transferor Company.
- 3.5 It is expressly provided that in respect of such of the assets of the Transferor Company as are moveable in nature or are otherwise capable of being transferred by manual delivery or by endorsement and delivery, the same shall be so transferred by the Transferor Company by physical delivery and shall become the property of the Transferee Company pursuant to the provisions of Sections 391 to 394 of the Act.
- 3.6 In respect of such of the Assets other than those referred to in sub-Clause 3.5 above, they shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred and vested in the Transferee Company pursuant to the provisions of Sections 391 to 394 of the Act and shall form an integral part of the Undertaking.
- 3.7 The Transferor Company owns and operates a 400MW Hydro Power Station at Vishnuprayag, Uttarakhand. Under the Power Purchase Agreement entered into for the Vishnuprayag Project, the tariff for the power generated is determined by the Uttar Pradesh Electricity Regulatory Commission ("UPERC") based on the financial package approved by the UPERC from time to time. On the Scheme becoming effective, the tariff determination shall continue to be based on the said financial package/parameters. The paid up equity

capital for the purposes of Return on Equity ("RoE") shall be as per the said approved financial package / parameters notwithstanding the change in the equity share capital consequent upon this Scheme coming into effect.

- 3.8 The Transferee Company owns and operates a 300MW BASPA II Hydro Power Station at Distt. Kinnaur, Himachal Pradesh. Under the Power Purchase Agreement entered into for the BASPA-II Project, the tariff for the power generated is determined by the Himachal Pradesh Electricity Regulatory Commission ("HPERC") based on the financial package approved by the HPERC from time to time. On the Scheme becoming effective, the tariff determination shall continue to be based on the said financial package/parameters. The paid up equity capital for the purposes of Return on Equity ("RoE") shall be as per the said approved financial package / parameters notwithstanding the change in the equity share capital consequent upon this Scheme coming into effect.
- 3.9 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 party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company to carry out or perform all such formalities or compliance referred to above on the part of the Transferor Company to be carried out or performed.
- 3.10 With effect from the Appointed Date, all liabilities, debts, duties and obligations of the Transferor Company shall, without any further act or deed, also stand transferred to the Transferee Company, pursuant to the applicable provisions of the Act, so as to become as from the Appointed Date, the liabilities, debts, duties and obligations of the Transferee Company.
- 3.11 Upon the coming into effect of the Scheme, benefits of all taxes paid including but not limited to MAT paid under Section 115JA/115JB of the IT Act, advance taxes and tax deducted at source, right to carry forward and set off unabsorbed losses and depreciation, MAT credit under the provisions of the IT Act, right to claim deductions under Section 80-IA of the IT Act including its continuing benefits, by the Transferor Company from the Appointed Date, regardless of the period to which they relate, shall be deemed to have been paid for and on behalf of and to the credit of the Transferee Company as effectively as if the Transferee Company had paid the same and shall be deemed to be the rights/claims of the Transferee Company.
- 3.12 All secured and unsecured debts, (whether in rupees or in foreign currency), all liabilities whether provided for

or not in the books of the Transferor Company, duties and obligations of the Transferor Company alongwith any charge, encumbrance, lien or security thereon (hereinafter referred to as the "said Liabilities") shall be and stand transferred to and vested in or deemed to have been transferred to and vested in the Transferee Company, so as to become the debts, liabilities, duties and obligations of the Transferee Company, 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, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause. It is clarified that in so far as the assets of the Transferor Company are concerned, the security or charge over such assets or any part thereof, relating to any loans, debentures or borrowing of the Transferor Company shall, without any further act or deed continue to relate to such assets or any part thereof, after the Effective Date and shall not relate to or be available as security in relation to any or any part of the assets of the Transferee Company, save to the extent warranted by the terms of the existing security arrangements to which any of the Transferor Company and the Transferee Company are parties, and consistent with the joint obligations assumed by them under such arrangement.

- 3.13 All the properties including freehold & leasehold properties, leases, estates, assets, rights, titles, interests, benefits, licenses, approvals, permissions and authorities etc. as described in Clause 1.12 (a) accrued to and/or acquired by the Transferor Company after the Appointed Date, shall have been and deemed to have accrued to and/or acquired for and on behalf of the Transferee Company and shall, upon the coming into effect of the Scheme, pursuant to the provisions of Section 394 of the Act and without any further act, instrument or deed, be and stand transferred to or vested in or be deemed to have been transferred to or vested in the Transferee Company to that extent and shall become the properties, leases, estates, assets, rights, titles, interests, benefits, licenses, approvals, permissions and authorities etc. of the Transferee Company.
- 3.14 All loans raised and utilized and all debts, duties, undertakings, liabilities and obligations incurred or undertaken by the Transferor Company after the Appointed Date, shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of the Scheme shall be and stand transferred to or vested in or be deemed to have been transferred to and vested in the Transferee Company pursuant to the provisions of Section 394 of the Act and without any further act, instrument or deed, and shall become the debt, duties, undertakings, liabilities and obligations of the Transferee Company which shall meet, discharge and satisfy the same.

- 3.15 All inter party transactions between the Transferor Company and the Transferee Company as may be outstanding on the Appointed Date or which may take place subsequent to the Appointed Date and prior to the Effective Date, shall be considered as intra party transactions for all purposes from the Appointed Date. Any loans or other obligations, if any, due inter-se i.e. between the Transferor Company and the Transferee Company as on the Appointed Date, and thereafter till the Effective Date, shall stand automatically extinguished.
4. ALTERATIONS / AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION OF TRANSFEE COMPANY:
- With respect to the Transferee Company, upon this Scheme becoming effective but before allotment of the Equity Shares in terms of this Scheme:
- 4.1 The Memorandum of Association of the Transferee Company shall stand altered and amended by replacement of the following Clause I in place of the existing Clause I in the Memorandum of Association without any further act or deed or following the procedure laid down under the Act, as under :
- "I. The name of the Company is "Jaiprakash Power Ventures Limited."
- The resolution approving the Scheme shall be deemed to be the approval of shareholders to change of name.
- 4.2 The Authorised Share Capital of the Transferor Company shall stand transferred to and combined with the Authorised Share Capital of the Transferee Company without any further act or deed. The filing fee and stamp duty already paid by the Transferor Company on its Authorised Share Capital shall be deemed to have been so paid by the Transferee Company on the combined Authorised Share Capital and accordingly, the Transferee Company shall not be required to pay any fee / stamp duty on the Authorised Share Capital so increased. The resolution approving the Scheme shall be deemed to be the approval of increase in the Authorised Share Capital of the Transferee Company under Section 94 and other applicable provisions of the Act. The Clause V of the Memorandum of Association of the Transferee Company relating to the Authorised Share Capital shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to sections 16, 31, 94 and 394 and other applicable provisions of the Act, as the case may be, in the manner set out below and be replaced by the following clause:
- "V. The Authorised Share Capital of the Company is Rs. 3900,00,00,000 (Rupees Three Thousand Nine Hundred Crore) divided into 390,00,00,000 Equity Shares of Rs. 10 each."
- 4.3 The resolutions, including resolutions passed under Section 293(1) (d) of the Act, if any, of the Transferor Company, which are valid and subsisting on the Effective Date, shall, mutatis mutandis, continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have upper monetary or other limits being imposed under the provisions of the Act, or any other applicable provisions, then the said limits shall be added and shall constitute the aggregate of the said limits in the Transferee Company.
- 4.4 With effect from the Effective Date, without following any further procedure as laid in Section 149(2A) and other applicable provisions of the Act, the Transferee Company shall be deemed to be authorised to commence such business as laid down in the Objects Clauses of the Memorandum of Association of the Transferor Company.
5. ALTERATIONS/AMENDMENTS TO THE ARTICLES - OF ASSOCIATION OF TRANSFEE COMPANY:
- Upon the Scheme becoming effective, the Transferee Company shall without any further act, deed or following the procedure as laid down under the Act be called Jaiprakash Power Ventures Limited.
- The relevant existing Article 1 of the Articles of Association of Transferee Company shall stand altered and substituted by the following new Article for the present Article 1 thereof as follows:
- "The Company" or "this Company" means "Jaiprakash Power Ventures Limited."
6. ISSUE OF SHARES BY THE TRANSFEE COMPANY:
- 6.1 Upon the Scheme becoming effective, the Transferee Company shall without any further act or deed, issue and allot to every member of the Transferor Company, Equity Shares in the Transferee Company, on a date to be fixed by the Board of Directors of the Transferee Company, in the following manner:
- Three (3) Equity Shares of Rs. 10/- each in the Transferee Company credited as fully paid up ("New Equity Shares of JHPL in lieu of JPVL shares") for every one (1) Equity Share of Rs. 10/- fully paid up held by such member in the Transferor Company.
- 6.2 The Equity Shares so issued by the Transferee Company in exchange for the equity shares of the Transferor Company shall rank *pari passu* in all respects, including dividend declared after the date of allotment, with the existing Equity Shares of the Transferee Company.
- 6.3 The issue and allotment of Equity Shares in the Transferee Company to the members of the Transferor Company as provided in the Scheme shall be deemed to have been carried without following the procedure laid down under Section 81(1A) and any other applicable provisions of the Act.
- 6.4 Equity Shares issued and allotted by the Transferee Company in terms of Clause 6 (1) mentioned above shall be listed and/or admitted to trading by the Bombay

Stock Exchange Limited and the National Stock Exchange of India Limited, where the Equity Shares of the Transferee Company are already listed.

6.5 Upon the Scheme being effective and upon the Equity Shares of the Transferee Company being allotted and issued by it to the shareholders of the Transferor Company whose names appear on the Register of Members of the Transferor Company on the Record Date, the Equity Shares of the Transferor Company both in electronic form and in the physical form, shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date. Wherever applicable, the Transferee Company may, instead of requiring the surrender of the share certificates of the Transferor Company, directly issue and despatch the new share certificates of the Transferee Company in lieu thereof.

6.6 The Equity Shares to be issued by the Transferee Company and/or rights thereon, pursuant to Clauses 6.1 mentioned above in respect of Equity Shares of the Transferor Company which are held in abeyance under the provisions of Section 206A of the Act or otherwise shall also be kept in abeyance.

6.7 In the event of there being any pending share transfers with respect to any application lodged for transfer by any shareholder of the Transferor Company, the Board of Directors or any Committee thereof of the Transferor Company if in existence, or failing which the Board of Directors or any Committee thereof of the Transferee Company shall be empowered in appropriate cases, even subsequent to the Record Date to effectuate such a transfer in the Transferor Company as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or the transferee of the share(s) in the Transferee Company and in relation to the new shares after the Scheme becomes effective.

8. TRANSFEROR COMPANY'S STAFF, WORKMEN AND EMPLOYEES:

On and from the Effective Date:

8.1 All employees of the Transferor Company in service on the Effective Date shall become the employees of the Transferee Company on such date without any break or interruption in service and on terms and conditions not less favorable than those on which they are engaged by the Transferor Company as on the Effective Date.

8.2 The accumulated balances standing to the credit of the employees of the Transferor Company on the Effective Date in the Provident fund, Gratuity fund, Superannuation fund and/or other funds and including any surplus in any such funds created or existing for the benefit of the employees of the Transferor Company shall be identified, determined and transferred to the corresponding funds of the Transferee Company in due course.

9. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS:

9.1 Subject to other provisions of this Scheme, the Transferee Company shall accept all acts, deeds and things relating to the Undertaking of the Transferor Company done and executed by and/or on behalf of the Transferor Company on or after the Appointed Date as acts, deeds and things done and executed by and/or on behalf of the Transferee Company.

9.2 Subject to other provisions of this Scheme, all contracts, deeds, bonds, agreements, leases, insurance policies and other instrument of whatsoever nature relating to the Undertaking to which the Transferor Company is a party and subsisting or having effect on or before the Effective date shall be in full force and effect against or in favour of the Transferee Company and may be enforced as fully and effectually, as if, instead of the Transferor Company, the Transferee Company had at all material times been a party thereto.

9.3 On this Scheme finally taking effect as aforesaid:

(i) All the agreements, guarantees, approvals, consents, permissions, licenses, sanctions, leases and the like entered into with and/or given by, as the case may be, the various State Governments, statutory or regulatory body or agencies or third parties with/to JPVL shall, without any further act, deed, matter or thing, stand transferred to and vested in JHPL;

(ii) All the rights and obligations arising out of the Implementation Agreement dated December 12, 2007 entered into by JPVL with the Government of Madhya Pradesh, shall, without any further act, deed, matter or thing, stand transferred to and vested in JHPL;

(iii) All the rights and obligations arising out of the Agreement dated December 13, 2007 entered into by JPVL with the Government of Arunachal Pradesh and Jaiprakash Associates Limited, the holding company of the Transferor Company & the Transferee Company, shall, without any further act, deed, matter or thing, stand transferred to and vested in JHPL;

(iv) All the rights and obligations arising out of the Agreement dated December 11, 2007 entered into by JPVL with the Government of Meghalaya, shall, without any further act, deed, matter or thing, stand transferred to and vested in JHPL;

(v) All business activities engaged in by JPVL shall be continued by JHPL under its new name; and

(vi) JPVL, the Transferor Company shall stand dissolved without winding up.

10. LEGAL PROCEEDINGS:

If any suit, writ petition, appeal, revision or other proceedings of whatever nature (hereinafter called the

"Proceedings") by or against the Transferor Company be pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the Undertaking 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 and enforced by or against the Transferor Company as if the Scheme had not been made.

PART V

12. APPLICATION TO THE HIGH COURT

On the Scheme being agreed to by the requisite majorities of the members and creditors of the Transferor Company and the Transferee Company, the Transferor Company and the Transferee Company shall respectively &/or jointly with reasonable dispatch, apply to the High Court of Judicature at Shimla for sanctioning this Scheme of Amalgamation under Sections 391 to 394 of the Act and for an order or orders under Section 394 of the Act for carrying this Scheme into effect.

13. MODIFICATIONS/AMENDMENTS TO THE SCHEME:

The Transferor Company (by its Board of Directors) and the Transferee Company (by its Board of Directors) may, in their full and absolute discretion, assent to any alterations or modifications in this Scheme which the Court may deem fit to approve or impose and may give such directions as they may consider necessary to settle any questions or difficulty that may arise under the Scheme or in regard to its implementation or in any matter connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholder of the respective Company). In the event that any conditions are imposed by the said High Court which the Transferor Company or the Transferee Company find unacceptable for any reason whatsoever then the Transferor Company and/or the Transferee Company shall be entitled to withdraw from the Scheme.

14. SCHEME CONDITIONAL ON APPROVALS/ SANCTIONS:

The Scheme is conditional upon and subject to:

- (i) The Scheme being agreed to by the respective requisite majorities of the members and creditors of the Transferor Company and the Transferee Company and the requisite order or orders referred to in Clause 12 hereof being obtained;
- (ii) The sanction of the Scheme by the High Court of Judicature at Shimla under Sections 391 and 394 of the Act, ;
- (iii) The certified copies of the orders of the Hon'ble High Court at Shimla referred to in Clauses 12 above being filed with the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh.

15. EFFECTIVE DATE OF THE SCHEME:

15.1 This Scheme shall become effective when all the following conditions are fulfilled :

- (i) The Scheme being approved by the requisite majority of the shareholders and creditors of the Transferor Company and the Transferee Company as may be required under the Act and/or the orders of the High Court.
- (ii) The Scheme is sanctioned by the Hon'ble High Court of Judicature at Shimla under section 394 of the Act;
- (iii) The certified copy of the order of the Hon'ble High Court sanctioning the Scheme is filed with the Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh.

15.2 In the event of this Scheme failing to take effect by December 31, 2009 or by such later date as may be agreed by the respective Boards of Directors of the Transferor Company and the Transferee Company, the scheme shall become null and void. In such a case, each company shall bear its own cost or as may be mutually agreed.

15.3 The Transferor Company and the Transferee Company shall be at liberty to withdraw this Scheme at any time as may be mutually agreed through the Board of Directors of the Transferor Company and the Transferee Company. In such a case, each company shall bear its own cost or as may be mutually agreed.

16. OPERATIVE DATE OF THE SCHEME

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

17. DISSOLUTION OF THE TRANSFEROR COMPANY:

On the Scheme becoming effective, the Transferor Company shall be dissolved without winding up in accordance with the provisions of Sections 391 to 394 of the Act.

19. CHANGE OF NAME OF THE TRANSFEE COMPANY

On the Scheme becoming effective, the name of the Transferee Company shall stand changed to "Jaiprakash Power Ventures Limited."

The detailed and complete terms of the proposed amalgamation are given in the annexed Scheme of Amalgamation.

6. That no shares are held by the Applicant Companies in each other.
7. That the ratio in which shares in the Transferee Company shall be allotted to the shareholders of the Transferor Companies, has been fixed on the basis of recommendation made by M/s Bansi S. Mehta & Co., Chartered Accountants, Mumbai vide their report dated 01-07-2009 upon which Sobhagya Capital Options Limited (SCOL), a SEBI Registered Merchant Banking Company have given 'Fairness Opinion' in terms of

clause 24 (h) of the Listing Agreement, vide their letter dated 03-07-2009, in respect of the Valuation/Share Exchange Ratio of unlisted company, i.e., Transferor Company. SCOL have, based on the independent valuation done by them for both the Companies, opined that ***"the Share Exchange Ratio of 1:3, i.e. every Shareholder holding 1 shares of JPVL would get 3 Shares in JHPL as determined by the Valuer M/s Bansi S. Mehta & Co., Chartered Accountants is fair and reasonable and may be adopted for share exchange with regard to the proposed amalgamation of the Companies"***. The Valuation Report and Fairness Opinion has been accepted and approved by the concerned Board of Directors of the Applicant Companies.

8. The circumstances that have necessitated the proposed Scheme and the objects sought to be achieved are explained below –

The amalgamation of JPVL into JHPL, will result in consolidation of the business of hydro, thermal, and other power projects in one entity and will strengthen the position of the merged entity, by enabling it to harness and optimize the synergies of the two companies. Accordingly, it would be in the best interests of JPVL and JHPL and their respective shareholders. The proposed amalgamation of JPVL into JHPL is in line with the global trends to achieve size, scale, integration and greater financial strength and flexibility and in the interests of maximizing shareholder value. The merged entity is likely to achieve higher long-term financial returns than could be achieved by the companies individually. The financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of JPVL and JHPL pooled in the merged entity, will lead to increased competitive strength, cost reduction and efficiencies, productivity gains, and logistic advantages, thereby significantly contributing to future growth. The Scheme of Amalgamation would benefit the respective companies and other stake holders of respective companies, inter-alia, on account of the following reasons:

- Enable Transferee Company to use the resources of Transferor Company in setting up power plants;
- Increase in net worth of Transferee Company, which will facilitate effective and fast mobilization of financial resources for meeting increased capital expenditure;
- Reduction of overheads and other expenses, facilitate administrative convenience and ensure optimum utilization of available services and resources;

Thus the proposed amalgamation will benefit the shareholders of both companies.

9. The directors of the Applicant Companies have no material interest in the Scheme of Amalgamation. The shareholdings of present directors of the Applicant Companies as on 30.06.09 have been as under –

A : SHAREHOLDINGS OF PRESENT DIRECTORS OF JAIPRAKASH HYDRO-POWER LIMITED - TRANSFEREE COMPANY

S. No.	Name of Director	No. of Shares held in	
		JHPL	JPVL
1	Shri Manoj Gaur, Chairman	41,400	-
2	Shri Sunil Kumar Sharma, Vice Chairman	-	-
3	Shri S.K. Jain	*100 25,925	*100
4	Shri Gopi K. Arora	-	-
5	Shri B.K. Taparia	5,000	-
6	Shri B.B. Tandon	-	-
7	Dr. Ramesh C Vaish	-	-
8	Shri Balkrishan Batra (IDBI Nominee)	-	-
9	Shri Bal Krishna Gupta (LIC Nominee)	-	-
10	Dr. D.G. Kadkade	117,100	-
11	Dr. E.R.C. Shekar	-	-
12	Dr. R.L. Gupta	10,000	950
13	Shri S.D. Nailwal	*100 2,200	950 *100
14	Shri Narendra Singh	28,000	950
15	Shri J.N. Gaur (Whole-time Director & CEO)	10,000	950
16	Shri R. K. Narang (Whole-time Director & CFO)	2,000	950
17	Shri G.P. Gaur	20,000	-
18	Shri Suresh Chandra, Whole-time Director	1,800	950
19	Shri Rajiv Bhardwaj	-	-
20	Shri S.S. Gupta	-	-
TOTAL		263,625	5,900

* held jointly with Jaiprakash Associates Ltd. (JAL), the holding Company, the beneficial interest of which is with JAL.

B : SHAREHOLDINGS OF DIRECTORS OF JAPRAKASH POWER VENTURES LIMITED - TRANSFEROR COMPANY

	Name of Directors	No. of Shares held in	
		JPVL	JHPL
1	Shri Manoj Gaur Chairman	-	41,400
2	Shri Sunil Kumar Sharma	-	-
3	Shri Gopi K Arora	-	-
4	Shri B.B. Tandon	-	-
5	Shri R.N. Bhardwaj	-	-
6	Shri B.K. Goswami	-	-
7	Shri B.K. Talaria	-	5,000
8	Dr. B. Samal	-	-
9	Shri M. J. Subbaiah	-	5,000
10	Shri S.C. Bhargava	-	-
11	Dr. P.G. Sastry	-	-
12	Shri Raj Kumar Kapoor Director (Nominee IDBI)	-	-

	Name of Directors	No. of Shares held in	
		JPVL	JHPL
13	Dr. H. C. Jain Director (Nominee LIC)	-	-
14	Shri Gunjit Singh	-	-
15	Shri R. L. Gupta	950	10,000
16	Shri N.C. Sharma Vice –Chairman	*100	-
17	Shri Arun Gupta Whole-time Director	-	-
18	Lt. General (Retd.) Shri Ravi Chadha Whole-time Director	-	-
19	Shri Suren Jain Managing Director	-	2,000
TOTAL		1,050	63,400

* held jointly with Jaiprakash Associates Ltd. (JAL), the holding Company, the beneficial interest of which is with JAL.

10. That the Pre-amalgamation (as on 30-06-2009) and expected Post-amalgamation Shareholding Pattern of the Transferee Company is shown below:

S. No.	Category of shareholder	PRE MERGER			POST MERGER		
		Number of shareholders	Total number of shares	%age of total number of shares	Number of shareholders	Total number of shares	%age of total number of shares
(A)	Promoter and Promoter Group	1	311,000,600	63.34	2	1,838,000,600	87.70
(B)	Public Shareholding						
(1)	Institutions	52	18,217,039	3.71	55	64,717,039	3.09
(2)	Non-institutions	364,083	161,782,961	32.95	375,619	192,962,561	9.21
	Sub-Total B (1)+(2)	364,135	180,000,000	36.66	375,674	257,679,600	12.30
Total (A) + (B)		364,136	491,000,600	100.00	375,676	2,095,680,200	100.00

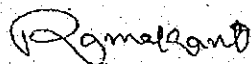
11. That as on 31-03-2009, the Transferee Company has outstanding Redeemable Non-convertible Secured Debentures aggregating Rs. 191.56 crores. Further, as on 31-03-2009, the Transferor Company has outstanding Redeemable Non-convertible Secured Debentures aggregating Rs. 95.70 crores. There are no defaults in repayment of principal or payment of interest on the aforesaid Debentures both by the Transferee and the Transferor Company.
12. That the proposed Scheme will not prejudicially affect the interest of any creditors [including secured debenture-holders and other secured creditors and other unsecured creditors] as the Scheme does not contemplate distribution of any part of the assets of the applicant companies. In terms of the Scheme, the Transferor Company with all its assets and liabilities will stand merged with the Transferee Company. The assets of the Transferee Company and of the Transferor Company are sufficient to meet all their liabilities. The Scheme also provides that the security available to the secured creditors will remain unaffected.
13. That the shares of Transferee Company are listed on National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The shares of Transferor Company are not listed on any Stock Exchanges.
14. That in terms of Clause 24 (f) of the Listing Agreements, the Transferee Company, being the Company whose shares are listed on various Stock Exchanges as mentioned above, has served copies of the proposed Scheme of Amalgamation on the respective Stock Exchanges before moving the Company Application and has received 'No Objection' letters from the respective Stock Exchanges on which its shares are listed, viz., from Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. It is stated that the Transferee Company has not received any objections from any Stock Exchange.

15. No investigation proceedings under Sections 235 to 251 and the like are pending against the Transferee or the Transferor Companies.
16. The following documents will be available for inspection between 10 A.M. to 2.00 P.M at the Registered Offices of the respective Applicant Companies on all working days till the date of the meetings –
 - (i) Copy of the Order dated 24th August 2009 passed by the Hon'ble High Court of Himachal Pradesh at Shimla in Company Petition No. 5 of 2009
 - (ii) Complete set of the Company Petition No. 5 of 2009 filed by the Applicant Companies in the High Court including the following enclosures: -
 - (a) Copies of published Audited Accounts of the Applicant Companies for the financial year ended on 31st March, 2009
 - (b) Memorandum & Articles of Association of the Applicant Companies
 - (c) Valuation Report submitted by M/s Bansi S. Mehta & Co., Chartered Accountants, Mumbai

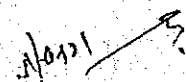
- (d) Fairness Opinion of Sobhagya Capital Options Limited, in respect of Valuation/share exchange ratio of unlisted companies, i.e., Transferor Company,
- (e) Copies of resolutions dated 03-07-2009 passed by the Board of Directors of the Applicant Companies approving the Scheme of Amalgamation and other matters incidental thereto
- (f) No Objection letters received from Stock Exchanges
- (g) No Objection letter received from ICICI Bank Ltd., the lead Financial Institution
- (h) Copy of Scheme of Amalgamation
- (iii) Details of important pending legal cases by or against the Applicant Companies
- (iv) List of shareholders of the Applicant Companies
- (v) List of Creditors of the Applicant Companies

The above records will also be available for inspection at the place of the meetings on the date fixed for the meetings.

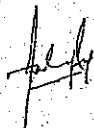
In addition to above, all statutory records which are required to be kept open for inspection at the general meetings of shareholders under law, will be available for inspection at the venue of the meetings on the date of the meetings.



[RAMA KANT SHARMA]
ADVOCATE
Chairman appointed for the Meeting
of Equity Shareholders of
JAIPRAKASH HYDRO-POWER LIMITED

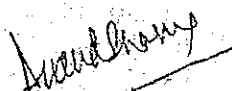


[NARESH KUMAR SOOD]
ADVOCATE
Chairman appointed for the Meeting of Creditors of
JAIPRAKASH HYDRO-POWER LIMITED

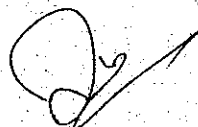


[ANKUSH DASS SOOD]
ADVOCATE
Counsel for the Applicant Companies
New House, Jama Masjid
The Mall, Shimla- 171001
Himachal Pradesh

Dated : 2nd day of September, 2009



[ANAND SHARMA]
ADVOCATE
Chairman appointed for the Meeting
of Equity Shareholders of
JAIPRAKASH POWER VENTURES LIMITED



[DUSHYANT DADWAL]
ADVOCATE
Chairman appointed for the Meeting of Creditors of
JAIPRAKASH POWER VENTURES LIMITED

IN THE HIGH COURT OF JUDICATURE AT SHIMLA
ORIGINAL JURISDICTION
IN THE MATTER OF COMPANIES ACT, 1956
AND IN THE MATTER OF :
Company Petition No. 5 of 2009
Under Sections 391/394 of the Companies Act]
IN THE MATTER OF AMALGAMATION OF :
JAIPRAKASH POWER VENTURES LIMITED
WITH
JAIPRAKASH HYDRO-POWER LIMITED

1. JAIPRAKASH HYDRO-POWER LIMITED
having its registered office at
JUIT Complex, Waknaghat, P.O. Dumehar Bani,
Kandaghat – 173 215, Distt. Solan (H.P.).

....Transferee Company

2. JAIPRAKASH POWER VENTURES LIMITED
having its registered office at
JUIT Complex, Waknaghat, P.O. Dumehar Bani,
Kandaghat – 173 215, Distt. Solan (H.P.).

---Transferor Company

..... APPLICANTS

FORM OF PROXY

I/We _____, the undersigned, Shareholder(s)/Creditor(s) of Jaiprakash Hydro-Power Limited, the Applicant Company abovenamed, hereby appoint Mr./Ms. _____ of _____ failing him/her, Mr./Ms. _____ of _____ as my/our proxy to act for me/us at the meeting of the Shareholders/Creditors of the Applicant Company to be held at the premises of JUIT Complex, Waknaghat, P.O. Dumehar Bani, Kandaghat – 173 215, Distt. Solan (H.P.) on Saturday, the 10th October, 2009 at 9.30 A.M. / 12 Noon, for the purpose of considering and, if thought fit, approving, with or without modification, the Scheme of Amalgamation of the Transferor Company with the Transferee Company, and at such meeting and any adjournment thereof, to vote for me/us and in my/our name/s _____ (here, if "for", insert "for" and if "against", insert "against"), the said Scheme of Amalgamation, either with or without modification as my/our proxy may approve. (strike out what is not necessary).

Dated this _____ day of _____ 2009

Signature _____

Name & address _____

Folio No./Client ID No. _____

Revenue
Stamp
of Re.1.00

Note : The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 (Forty Eight) hours before the time fixed for holding of the meeting.

JAIPRAKASH HYDRO-POWER LIMITED
Attendance Slip (Entrance Pass)

I hereby record my presence at the meeting of the Shareholders/Creditors of Jaiprakash Hydro-Power Limited held at the premises of JUIT Complex, Waknaghat, P.O. Dumehar Bani, Kandaghat – 173 215, Distt. Solan (H.P.) on Saturday, the 10th October, 2009 at 9.30 A.M. / 12 Noon.

Full Name _____ Signature _____

(Only Shareholders/Creditors or their Proxies are allowed to attend)

BOOK-POST
UNDER CERTIFICATE OF POSTING

If undelivered please return to
JAIPRAKASH HYDRO-POWER LIMITED
Sector-128, NOIDA-201 304
Uttar Pradesh