

**IN THE HIGH COURT OF JUDICATURE OF ANDHRA PRADESH AT HYDERABAD**

**(ORIGINAL JURISDICTION)**

**IN THE MATTER OF THE COMPANIES ACT, 1956**

**AND**

**IN THE MATTER OF SECTIONS 391 TO 394 READ WITH SECTIONS 78, 100 TO 104 AND OTHER APPLICABLE PROVISIONS  
OF THE COMPANIES ACT, 1956**

**AND**

**IN THE MATTER OF SCHEME OF ARRANGEMENT BETWEEN IL&FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED  
AND ITS SHAREHOLDERS AND CREDITORS**

**COMPANY APPLICATION NO. 1649 OF 2011**

<b>IL&amp;FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED,</b> a Company incorporated under the Companies Act, 1956, having its Registered Office at 6-3-1186 / 1&2, IL&FS Engineering House, Begumpet, Hyderabad – 500 016, Andhra Pradesh Represented by its authorised signatory, Sri G.Venkateswar Reddy, s/o, Sri G.Krishna Reddy, Aged 44 years, resident of Hyderabad	...APPLICANT COMPANY
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**NOTICE CONVENING MEETING OF EQUITY SHAREHOLDERS**

To,

All the Equity Shareholders of  
IL&FS Engineering and Construction Company Limited

Take notice that by an order dated November 4, 2011, the Hon'ble High Court of Andhra Pradesh has directed that a meeting of the equity shareholders of IL&FS Engineering and Construction Company Limited, the Applicant Company herein, be held for the purpose of considering, and if thought fit, approving, with or without modification, the proposed Scheme of Arrangement between the Applicant Company and its shareholders and creditors.

Take further notice that in pursuance of the said order and as directed therein, notice is hereby given that a meeting of equity shareholders of the Applicant Company will be held on December 9, 2011, at 10.00 a.m. at KLN Prasad Auditorium, FAPCCI, Red Hills, Hyderabad at which time and place the said equity shareholders are requested to attend.

Take further notice that you may attend and vote at the said meeting in person or by proxy, provided that all proxies in the prescribed form are deposited at the Registered Office of the Applicant Company located at 6-3-1186/1&2, IL&FS Engineering House, Begumpet, Hyderabad – 500 016, not later than 48 hours before the meeting.

The Hon'ble High Court of Andhra Pradesh has appointed Mr. B. S. Sivaji, Advocate, as the Chairman of the said meeting.

A copy of the scheme of arrangement, the statement under Section 393 of the Companies Act, 1956 and a form of proxy are enclosed.

DATE: November 5, 2011  
PLACE: HYDERABAD

**B. S. Sivaji**  
Chairman appointed for the meeting

(ORIGINAL JURISDICTION)

IN THE MATTER OF THE COMPANIES ACT, 1956

AND

IN THE MATTER OF SECTIONS 391 TO 394 READ WITH SECTIONS 78, 100 TO 104 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 1956

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IN THE MATTER OF SCHEME OF ARRANGEMENT BETWEEN IL&FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED AND ITS SHAREHOLDERS AND CREDITORS

COMPANY APPLICATION NO. 1649 OF 2011

<p><b>IL&amp;FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED,</b>  a Company incorporated under the Companies Act, 1956,  having its Registered Office at  6-3-1186 / 1&amp;2, IL&amp;FS Engineering House,  Begumpet, Hyderabad – 500 016, Andhra Pradesh  Represented by its authorised signatory,  Sri G.Venkateswar Reddy, s/o, Sri G.Krishna Reddy,  Aged 44 years, resident of Hyderabad</p>	<p>...APPLICANT COMPANY</p>
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**STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956**

Pursuant to an order dated November 4, 2011 passed by the Hon'ble High Court of Andhra Pradesh, in the Company Application No. 1649 of 2011, a meeting of the members of IL&FS Engineering and Construction Company Limited, the Applicant Company (hereinafter referred to as "IECCL"), is being convened to be held on December 9, 2011 at 10.00 a.m. at KLN Prasad Auditorium, FAPCCI, Red hills, Hyderabad, Andhra Pradesh for the purpose of considering, and, if thought fit, approving, with or without modification, the proposed Scheme of Arrangement between the Applicant Company and its shareholders and Creditors. The detailed terms of the arrangement are set out in the enclosed Scheme of Arrangement (hereinafter referred to as "the scheme").

**1. Business and Financial Position of IL&FS Engineering and Construction Company Ltd.**

- (a) IL&FS Engineering and Construction Company Ltd. was incorporated under the Companies Act, 1956 as a Private Limited Company on 6th day of May, 1988 by the name 'Satyam Construction Private Limited', it was later converted to a Public Limited Company and its name was changed to 'Satyam Construction Limited' on the 1st day of July, 1993. Its name was once again changed to 'Maytas Infra Limited' on 9th day of February, 2007 and thereafter the Company's name was changed to its present name 'IL&FS Engineering and Construction Company Limited' on 7th day of January 2011. The Company is engaged in the business of construction contracts and infrastructure development.
- (b) The accounts of the Company have been audited as at 31st March 2011. The authorised, issued, subscribed and paid-up share capital of the Company as on March 31, 2011 is as under:

**AUTHORISED CAPITAL**

15,00,00,000 Equity Shares of Rs. 10/- each	Rs. 150,00,00,000
3,50,00,000 Preference Shares of Rs. 100/- each	Rs. 350,00,00,000
	Rs.500,00,00,000

**ISSUED, SUBSCRIBED & PAID UP CAPITAL**

7,73,70,025 Equity Shares of Rs. 10/- each fully paid	Rs.77,37,00,250
57,49,500 6% Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid	Rs.57,49,50,000
2,50,00,000 6% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid	Rs.250,00,00,000
	Rs.384,86,50,250

**2. The circumstances which justify and/or necessitate the said Scheme of Arrangement are, inter alia, as follows:**

The Company was incorporated on 6th May, 1988. The Company has carried on various projects successfully such as construction of 40.46 Km long 4-lane Expressway Link Road in Bangalore-Mysore Infrastructure Corridor Project, construction of six-lane outer Ring Road in Bangalore, Construction diversion barrage, Intake & Desanding Arrangement of Larji Hydro Electric Project, Bahadurghad to Jamnagar Pipe-line Project in Gujarat and various irrigation projects in Andhra Pradesh etc. and had earned substantial profits year after year until March 31, 2008. The accumulated profit up to 31.3.2008 was Rs. 2930.48 million. Due to the Satyam episode in 2008-09, the business of the Company suffered a lot during the Financial Years 2008-09 and 2009-10 and the Company suffered heavy losses during the said Financial Years i.e. in 2008-09 & 2009-10. These two years were the exceptional years in the history of the Company.

The new Promoters, namely, Infrastructure Leasing & Financial Services Ltd., who were inducted as Promoters of the Company by Hon'ble Company Law Board vide its Order dated August 31, 2009, had extended support to the Company for the purpose of its revival and restructuring. The lenders namely the banks and institutions have also extended their support to the restructuring scheme of IECCL.

Under the above circumstances, the Company felt it appropriate to undertake a suitable Capital Restructuring Scheme to wipe off the Losses of the Company so that the Company would be able to present a correct picture of itself in the market and thus explore opportunities for the benefit of Shareholders of the Company

The effect of such reorganization would enable the Company to present a correct picture of itself in the market and thus explore opportunities for the benefit of Shareholders of the Company.

In order to show a satisfactory but factually correct financial picture of the Company, the management considered that it would be in the fitness of things to right size the Balance Sheet by way of setting off its past losses against the Securities Premium of the Company.

On setting off the Gross Debit Balance in the Profit and Loss Account against the Securities Premium, the Securities Premium of the Company would be reduced to that extent. This exercise if carried would show a clear and factual financial status of the Company.

**3. Salient Features of the Scheme:**

The salient features of the Scheme are summarized as follows:

- (a) The Appointed Date of the Scheme is the 1st of July, 2011
- (b) The scheme envisages the adjustment of a sum of Rs.6122.40 million out of the Gross Debit Balance in Profit and Loss Account against the Securities Premium available on the appointed date.
- (c) After the adjustment mentioned above, the scheme envisages the reduction of the adjusted Gross Debit Balance in profit and loss account of Rs.1161.39 million from the Gross Credit Balance in the Profit and Loss Account.
- (d) The remaining balance, after the adjustment mentioned above shall be Rs.1798.19 million being the balance in the Profit and Loss account of the Company.
- (e) The adjustment of the Gross Debit Balance in the Profit and Loss Account against the Securities Premium to the extent available is equivalent to a reduction of capital which shall be effected as an integral part of the scheme.
- (f) The shareholders shall be entitled to dividend and corporate benefits on the shares, that may be declared by the company or accrue on the equity or preference shares, out of the credit balance in the profit and loss account remaining after the adjustments mentioned above.
- (g) On the scheme being approved by the requisite majority, appropriate application will be filed before the Hon'ble High Court of Andhra Pradesh for approval of the Scheme.
- (h) The Company shall have a right to modify or amend the scheme from time to time subject to certain conditions
- (i) The Scheme is subject to the following conditions and shall become effective upon:
  - (i) the approval of and agreement to the Scheme, by the requisite majorities, of such classes of persons of the Company as may be directed by the High Court of judicature at Hyderabad, Andhra Pradesh on the applications made for directions under Section 391 of the Act for calling meetings and necessary resolutions being passed under the Act for the purpose;
  - (ii) the sanction of the High Court of Judicature at Hyderabad, Andhra Pradesh under Sections 391 to 394 read with 78, 100 to 104 of the Act and to the necessary orders under Section 394 of the Act being obtained; and
  - (iii) the certified copies of the Orders of the High Court sanctioning this Scheme being filed with the Registrar of Companies, Hyderabad, Andhra Pradesh.

4. The Board of Directors of the Company approved the scheme.
5. Applications have been filed before the Bombay Stock Exchange Limited, and National Stock Exchange of India Limited as per clause 24(f) of the Listing Agreement seeking their consent for the proposed Scheme of Arrangement. The Bombay Stock Exchange Limited vide their letter No.DCS/AMAL/NTP/24(f)/465/2010-11, dated October 17, 2011 and National Stock Exchange of India Limited vide their letter No.NSE/LIST/ 147666-L, dated October 18, 2011 gave their consent to the proposed Scheme of Arrangement.
6. The aggregate assets of the Applicant Company are more than sufficient to meet all their liabilities and the Scheme will not adversely affect the rights of any of the creditors of the said Companies in any manner whatsoever and due provisions have been made for payment of all liabilities as and when the same fall due in the usual course. Further, there is no cash outflow pursuant to approval and implementation of this Scheme of Arrangement though it amounts to reduction of capital to the extent of setting off of accumulated losses against Securities Premium Account.
7. None of the Directors of the Company has any material interest in the Scheme.
- 8 **The shareholding pattern of the IL&FS Engineering and Construction Company Limited as on 28.10.2011 is furnished hereunder**

Category	Category of shareholder	Before the Scheme of Arrangement			After the Scheme of Arrangement		
		Number of Shareholder	Total Number of Shares	%	Number of Shareholder	Total Number of Shares	%
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>						
<b>(1)</b>	<b>Indian</b>						
(a)	Individuals / Hindu Undivided Family						
(b)	Central Government/ State Government(s)						
(c)	Bodies Corporate	4	26742631	34.56	4	26742631	34.56
(d)	Financial Institutions / Banks						
(e)	Any Other (Specify)						
	<b>Sub - Total (A) (1)</b>	<b>4</b>	<b>26742631</b>	<b>34.56</b>	<b>4</b>	<b>26742631</b>	<b>34.56</b>
<b>(2)</b>	<b>Foreign</b>						
(a)	Individuals (Non- Resident Individuals / Foreign Individuals)						
(b)	Bodies Corporate						
(c)	Institutions						
(d)	Any other (Specify)						
	<b>Sub - Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A) (1)+(A)(2)</b>	<b>4</b>	<b>26742631</b>	<b>34.56</b>	<b>4</b>	<b>26742631</b>	<b>34.56</b>
<b>(B)</b>	<b>Public Shareholding</b>						
<b>(1)</b>	<b>Institutions</b>						
(a)	Mutual Funds / UTI	4	1202801	1.55	4	1202801	1.55
(b)	Financial Institutions / Banks	12	3084448	3.99	12	3084448	3.99
(c)	Central Government / State Government(s)						
(d)	Venture Capital Funds						
(e)	Insurance Companies						
(f)	Foreign Institutional Investors	6	157267	0.20	6	157267	0.20
(g)	Foreign Venture Capital Investors						
(h)	Any Other (Specify)						
i.	Foreign Financials Institutions						
	<b>Sub - Total (B) (1)</b>	<b>22</b>	<b>4444516</b>	<b>5.75</b>	<b>22</b>	<b>4444516</b>	<b>5.75</b>

Category	Category of shareholder	Before the Scheme of Arrangement			After the Scheme of Arrangement		
		Number of Shareholder	Total Number of Shares	%	Number of Shareholder	Total Number of Shares	%
(2)	<b>Non-Institutions</b>						
(a)	Bodies Corporate	636	37569141	48.56	636	37569141	48.56
(b)	<u>Individuals</u>						
i.	Individual Shareholders holding nominal share capital up to Rs.1 lakh.	37244	3409860	4.41	37244	3409860	4.41
ii.	Individual Shareholders holding nominal share capital in excess of Rs.1 lakh.	54	5017375	6.48	54	5017375	6.48
c)	Any Other (Specify)						
i.	Trusts	4	5252	0.01	4	5252	0.01
ii.	Non Resident Indians	269	164214	0.21	269	164214	0.21
iii.	Overseas Bodies Corporate						
iv	Clearing Members	56	17036	0.02	56	17036	0.02
	<b>Sub - Total (B) (2)</b>	<b>38263</b>	<b>46182878</b>	<b>59.70</b>	<b>38263</b>	<b>46182878</b>	<b>59.70</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>38285</b>	<b>50627394</b>	<b>65.44</b>	<b>38285</b>	<b>50627394</b>	<b>65.44</b>
	<b>Total (A) + (B)</b>	<b>38289</b>	<b>77370025</b>	<b>100</b>	<b>38289</b>	<b>77370025</b>	<b>100</b>
C)	<b>Shares held by Custodians and against which Depository Receipts have been issued.</b>	0	0	0	0	0	0
	<b>Grand Total (A)+(B)+C)</b>	<b>38289</b>	<b>77370025</b>	<b>100</b>	<b>38289</b>	<b>77370025</b>	<b>100</b>

Note: There is no change in the Shareholding Pattern pre and post Scheme of Arrangement.

9. Copies of the following documents are open for inspection at the Registered office of the Applicant Company on any working day:
- Memorandum and Articles of Association of the Applicant Company
  - Annual Report and accounts of the Applicant Company for the financial year ended on 31-03-2011
  - Approvals received from the Bombay Stock Exchange Limited and National Stock Exchange of India Limited under Clause 24(f) of the Listing Agreement.
  - Copy of the order passed by the Hon'ble High Court of Andhra Pradesh in C.A.No. 1649 of 2011
  - Scheme of Arrangement

Dated this 5<sup>th</sup> day of November, 2011.

**B. S. Sivaji**  
Advocate, High Court of Andhra Pradesh  
Chairman of the meeting

**SCHEME OF ARRANGEMENT**  
**UNDER SECTIONS 391 TO 394 READ WITH SECTIONS 78, 100 TO 104 OF THE COMPANIES ACT, 1956**  
**BETWEEN**  
**IL&FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED**  
**AND**  
**ITS SHAREHOLDERS AND CREDITORS**

**PREAMBLE**

**A. Background**

- (a) IL&FS Engineering & Construction Company Limited' (IECCL) (Formerly Maytas Infra Limited) is a listed Company primarily engaged in the business of providing infrastructural facilities such as erection / construction of roads, irrigation projects, buildings, oil and gas infrastructure, railway infrastructure, power plants and power transmission & distribution lines including rural electrification and development of airports etc.
- (b) The Company was incorporated on 6th May, 1988. The Company has carried on various projects successfully such as construction of 40.46 Km long 4-lane Expressway Link Road in Bangalore-Mysore Infrastructure Corridor Project, construction of six-lane outer Ring Road in Bangalore, Construction diversion barrage, Intake & Desanding Arrangement of Larji Hydro Electric Project, Bahadurghad to Jamnagar Pipe-line Project in Gujarat and various irrigation projects in Andhra Pradesh etc. and had earned substantial profits year after year until March 31, 2008. The accumulated profit up to 31.3.2008 was Rs. 2930.48 million. Due to the Satyam episode in 2008-09, the business of the Company suffered a lot during the Financial Years 2008-09 and 2009-10 and the Company suffered heavy losses during the said Financial Years i.e. in 2008-09 & 2009-10. These two years were the exceptional years in the history of the Company. The new Promoters, namely, Infrastructure Leasing & Financial Services Ltd., who were inducted as Promoters of the Company by Hon'ble Company Law Board vide its Order dated August 31, 2009, had extended support to the Company for the purpose of its revival and restructuring. The lenders namely the banks and institutions have also extended their support to the restructuring scheme of IECCL. Under the above circumstances, the Company felt it appropriate to undertake a suitable Capital Restructuring Scheme to wipe off the Losses of the Company so that the Company would be able to present a correct picture of itself in the market and thus explore opportunities for the benefit of Shareholders of the Company
- (c) The Debit balances standing in the Profit and Loss Account as on March 31, 2011, include losses incurred by IECL for FY 2008 – 09 and 2009 – 10 aggregating Rs 7,394.29 million ie loss of Rs 4,897.88 million in FY 2008-09 and Rs 2,496.41 million in FY 2009-10. The aggregate loss for both the Financial Years 2008-09 and 2009-10, after setting of Rs.110.5 million against General Reserve Account in the year 2008-09, remains at Rs.7283.79 million (the Gross Debit Balance in Profit and Loss Account). The Gross Credit Balance in the Profit and Loss Account of the Company is Rs.2959.58 million comprising of balance of Rs.2930.48 million as on March 31, 2008 and Rs.29.1 million being profit made in the Financial Year 2010-11. It is felt that the Balance Sheet of the Company needs to be restructured by writing off the past losses.
- (d) The detailed reasons for Reorganization of Capital are as follows:
- i. The effect of such reorganization would enable the Company to present a correct picture of itself in the market and thus explore opportunities for the benefit of Shareholders of the Company including declaration of dividend to its Equity and Preference Shareholders out of distributable profits of the Company.
  - ii. In order to show a satisfactory but factually correct financial picture of the Company, the management considered that it would be in the fitness of things to right size the Balance Sheet by way of setting off its past losses against the Securities Premium of the Company.
  - iii. On setting off the Gross Debit Balance in the Profit and Loss Account against the Securities Premium, the Securities Premium of the Company would be reduced to that extent. This exercise if carried would show a clear and factual financial status of the Company.
- (e) It is proposed to adjust the Gross Debit Balance in the Profit and Loss Account against the Securities Premium Account of the Company. The adjustment of the Gross Debit Balance in the Profit and Loss Account against the Securities Premium Account of the Company will reduce the balance in the Securities Premium Account to NIL.

- (f) It is further proposed to adjust the residual balance of Gross Debit Balance in the Profit and Loss Account (after setting off against the Securities Premium Account) against the Gross Credit Balance in the Profit and Loss Account. The adjustment of the Gross Debit Balance in the Profit and Loss Account against the Gross Credit Balance in the Profit and Loss Account will result in the Credit Balance in the Profit and Loss Account of Rs. 1798.19 million.
- (g) The reduction would help the Company to right size the Balance Sheet and is not likely to have any adverse impact on the Net Worth.
- (h) The Reorganization will not cause any prejudice to the interest of the Creditors of the Company. The Creditors of the Company are in no way affected by the proposed reorganization of the Capital as there will not be any reduction in the amount payable to any of the Creditors arising out of this reduction. Further, the proposed reorganization would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honour its commitments or pay the debts in ordinary course of business. The above proposal, does not in any manner, alter, vary, or affect the rights of the Creditors.

## **B. Parts of the Scheme**

This Scheme of Arrangement is divided into the following parts:

- (a) **PART I**, which deals with the Definitions and Share Capital of the Company,
- (b) **PART II**, which deals with the adjustment off of the losses of the Company against the Securities Premium available.
- (c) **PART III**, which deals with General Terms and Conditions applicable to the entire Scheme of Arrangement.

It is clarified that the several parts of the Scheme enumerated above are for convenience only and the whole Scheme is to be implemented as a comprehensive, single Scheme of Arrangement. As such the Scheme must be read in totality and not in parts only.

### **PART – I: DEFINITIONS AND SHARE CAPITAL**

#### **(1) Definitions:**

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

- (a) “**Act**” means the Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force;
- (b) “**Adjusted Gross Debit Balance in Profit & Loss Account**” means the residual debit balance in the Profit & Loss Account after adjusting of Rs.6122.40 million of Gross Debit Balance in Profit & Loss Account against the Securities Premium, amounting to Rs.1,161.39 million.
- (c) “**Appointed Date**” means the commencement of business as on 1<sup>st</sup> day of July, 2011 or such other date as may be fixed by the High Court of Judicature at Hyderabad / Andhra Pradesh.
- (d) “**Board**” means the Board of Directors of the Company.
- (e) “**Company**” or “**IECCL**” means IL&FS ENGINEERING & CONSTRUCTION COMPANY LIMITED a Company incorporated under the Companies Act, 1956, having its Registered Office at 6-3-1186 / 1&2, IL&FS Engineering House, Begumpet, Hyderabad – 500 016., Andhra Pradesh.
- (f) “**Court**” means the Hon’ble High Court of Judicature at Andhra Pradesh, Hyderabad.
- (g) “**Effective Date**” means the date on which the certified copy of the Order of the High Court of judicature at Andhra Pradesh, Hyderabad sanctioning the Scheme is filed with Registrar of Companies at Hyderabad, Andhra Pradesh.
- (h) “**Equity Shareholders**” means persons who are the holders of the Equity Shares of the Company and are registered as a member in the Register of Members of the Company.

- (l) **“Gross Credit Balance in Profit & Loss Account”** means the aggregate credit balances in the Profit and Loss account of ‘IECCL’ which amounts to a total of Rs. 2959.58 million which is exclusive of Gross Debit Balance in Profit & Loss Account.
- (j) **“Gross Debit Balance in Profit & Loss Account”** means the aggregate losses incurred by ‘IECCL’ during the Financial Years 2008 - 2009 and 2009 - 2010 which amounts to Rs.7,283.79 million.
- (k) **“Preference Shareholders”** means persons who are the holders of the 6% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) or 6% Cumulative Redeemable Preference Shares (CRPS) of the Company and are registered as a member in the Register of Members of the Company.
- (l) **“Scheme”** means this Scheme of Arrangement in its present form or with any modification (s) or amendment(s) approved or imposed or directed by High Court of Judicature at Hyderabad, Andhra Pradesh and includes all Schedules forming part of this Scheme.
- (m) **“Securities Premium”** means the total amount of Rs. 6,122.40 million being Securities Premium in the books of ‘IECCL’ remaining after utilizing Rs.173.60 million towards the issue of bonus shares to the Preference Shareholders post 31st March, 2011.

**(2) Share Capital**

The authorised, issued, subscribed and paid-up share capital of IECCL as on March 31, 2011 is as under:

**AUTHORISED CAPITAL**

15,00,00,000 Equity Shares of Rs. 10/- each	Rs. 150,00,00,000
3,50,00,000 Preference Shares of Rs. 100/- each	Rs. 350,00,00,000
	Rs. 500,00,00,000

**ISSUED, SUBSCRIBED & PAID UP CAPITAL**

7,73,70,025 Equity Shares of Rs. 10/- each fully paid	Rs.77,37,00,250
57,49,500 6% Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid	Rs.57,49,50,000
2,50,00,000 6% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid	Rs.250,00,00,000
	Rs.384,86,50,250

**PART - II: ADJUSTMENT OF LOSSES OF THE COMPANY AGAINST THE SECURITIES PREMIUM AVAILABLE.**

- (3) The provisions of this scheme shall be operational and functional with effect from the Appointed Date.
- (4) The Company shall adjust the sum of Rs.6,122.40 million out of the Gross Debit Balance in Profit & Loss account against the Securities Premium available on the appointed date.
- (5) The Company shall, after the adjustment mentioned in the aforesaid clause 4, reduce the Adjusted Gross Debit Balance in Profit and Loss Account of Rs. 1,161.39 million from the Gross Credit Balance in Profit and Loss Account
- (6) The remaining balance, after adjustments mentioned in the aforesaid clause 5, shall be Rs.1,798.19 million, being the balance in the Profit and Loss Account of the Company.
- (7) The adjustment of the gross debit balance in profit & loss account against Securities Premium to the extent available is equivalent to a reduction of capital.
- (8) The reduction of the capital shall be effected as an integral part of the Scheme itself and the order of the Court

sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction.

### **PART – III : GENERAL**

#### **(9) Scheme Conditional Upon**

- (a) This Scheme is specifically conditional upon, subject to and shall become effective upon:
- (i) the approval of and agreement to the Scheme, by the requisite majorities, of such classes of persons of the Company as may be directed by the High Court of judicature at Hyderabad, Andhra Pradesh on the applications made for directions under Section 391 of the Act for calling meetings and necessary resolutions being passed under the Act for the purpose; and
  - (ii) the sanction of the High Court of Judicature at Hyderabad, Andhra Pradesh under Sections 391 to 394 read with 78, 100 to 104 of the Act and to the necessary orders under Section 394 of the Act being obtained; and
  - (iii) the certified copies of the Orders of the High Court sanctioning this Scheme being filed with the Registrar of Company, Hyderabad, Andhra Pradesh.

#### **(10) Dividends and Corporate Benefits**

Shareholders shall be entitled to dividend and corporate benefits on the shares, that may be declared by the Company or accrue on the Equity Shares or Preference Shares, out of the credit balance in the profit and loss credit balance remaining after the adjustments mentioned in Part I of this scheme.

#### **(11) Conduct of Business**

Nothing contained in this Scheme shall affect the conduct of business of the Company and/or any deeds, bonds, contracts, agreements and other instruments to which the Company is a party and/or all legal or other proceedings by or against the Company. Further, nothing contained in the Scheme shall affect in any manner, the existing rights of workmen and employees of the Company

#### **(12) Filing of Applications and Petitions**

The Company shall with all reasonable dispatch, make and file all necessary applications/petitions under Sections 391 to 394 read with Sections 78, 100 to 104 and other applicable provisions of the Act to the High Court of judicature at Hyderabad, Andhra Pradesh for sanctioning of this Scheme and shall apply for all the necessary approvals as may be required under the law

#### **(13) Modification of Scheme**

The Company by its Board of Directors, either by themselves or through any authorised person/s appointed by the Board in this behalf, may, in their full and absolute discretion, make and / or assent, from time to time, to any modifications or amendments or substitution to/of this Scheme or of any conditions or limitations which the Court may impose and to settle all doubts or difficulties that may arise for carrying out the Scheme and to do and execute all acts, deeds, matters and things necessary for putting the Scheme into effect.

#### **(14) Costs, Charges etc.**

All costs, charges and expenses incurred in relation to or in connection with this Scheme and of and incidental to the effecting of this Scheme shall be borne the Company.

#### **(15) Stamp Duty**

Since this Scheme does not involve a "conveyance" of any property under Section 394 of the Act, the Order of the High Court sanctioning this Scheme under Section 391 of the Act shall not attract stamp duty under Stamp Act regulations.



IN THE HIGH COURT OF JUDICATURE OF ANDHRA PRADESH AT HYDERABAD  
(ORIGINAL JURISDICTION)

IN THE MATTER OF THE COMPANIES ACT, 1956

AND

IN THE MATTER OF SECTIONS 391 TO 394 READ WITH SECTIONS 78, 100 TO 104 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 1956

AND

IN THE MATTER OF SCHEME OF ARRANGEMENT BETWEEN IL&FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED AND ITS SHAREHOLDERS AND CREDITORS  
COMPANY APPLICATION NO. 1649 OF 2011

**IL&FS ENGINEERING AND  
CONSTRUCTION COMPANY LIMITED,**

a Company incorporated under the Companies Act, 1956,  
having its Registered Office at 6-3-1186 / 1&2, IL&FS Engineering House,  
Begumpet, Hyderabad – 500 016, Andhra Pradesh  
Represented by its authorised signatory,  
Sri G.Venkateswar Reddy, s/o, Sri G.Krishna Reddy,  
Aged 44 years, resident of Hyderabad

...APPLICANT COMPANY

**FORM OF PROXY**

I/we, the undersigned, the shareholder/s of IL&FS Engineering and Construction Company Ltd., the Applicant Company, hereby appoint  
.....of ..... failing him/her.....  
as my/our Proxy to attend on my/our behalf at the Meeting of Equity Shareholders of the Company held on December 9, 2011 at 10.00 a.m. at  
The Federation Of Andhra Pradesh Chambers Of Commerce And Industry, Federation House, 11-6-841, Red Hills, Hyderabad – 500 004  
for the purpose of considering and, if thought fit, approving, with or without modification(s), the Scheme of Arrangement between the Applicant  
Company and its Shareholders and Creditors and at such meeting and any adjournment thereof, to vote for me/us and in my/our name  
.....(here if “for”, insert “for” and if “against”, insert “against”) the said Scheme of Arrangement,  
either with our without modification(s) as my/our proxy may approve (strike out what is not necessary).

Signed this                      day of                      2011

Signature :

Name & Address :

Folio No.: .....Client Id.: ..... DP Id : .....No of Shares .....

Note: the Proxy in order to be effective must reach duly filled at least 48 (fortyeight) hours before the commencement of the aforesaid meeting.

**ATTENDANCE SLIP**

I/we hereby record my/our presence at the Meeting of the Shareholders of IL&FS Engineering and Construction Company Ltd., the Applicant  
Company, held on December 9, 2011 at 10.00 a.m. at The Federation of Andhra Pradesh Chambers Of Commerce And Industry, Federation  
House, 11-6-841, Red Hills, Hyderabad – 500 004

Name of the Shareholder/Proxy\* ..... No. of Shares held:.....

Folio No.: .....Client Id.: ..... DP Id : .....

Signature of the Shareholder

\* Strikeout whichever is not applicable

Notes

1. Shareholder/Proxy intending to attend the meeting must bring the duly signed Attendance Slip to the Meeting and handover at the entrance.
2. Shareholder/Proxy should bring his/her copy of the notice of meeting.

**BOOK POST**

**IL&FS** | Engineering Services

If undelivered, please return to :

**IL&FS Engineering and Construction Company Ltd.**

6-3-1186/1&2, IL&FS Engineering House,  
Begumpet, Hyderabad – 500 016

IN THE HIGH COURT OF JUDICATURE OF ANDHRA PRADESH AT HYDERABAD

(ORIGINAL JURISDICTION)

IN THE MATTER OF THE COMPANIES ACT, 1956

AND

IN THE MATTER OF SECTIONS 391 TO 394 READ WITH SECTIONS 78, 100 TO 104 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 1956

AND

IN THE MATTER OF SCHEME OF ARRANGEMENT BETWEEN IL&FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED AND ITS SHAREHOLDERS AND CREDITORS

COMPANY APPLICATION NO. 1652 OF 2011

<p><b>IL&amp;FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED,</b> a Company incorporated under the Companies Act, 1956, having its Registered Office at 6-3-1186 / 1&amp;2, IL&amp;FS Engineering House, Begumpet, Hyderabad – 500 016, Andhra Pradesh Represented by its authorised signatory, Sri G.Venkateswar Reddy, s/o, Sri G.Krishna Reddy, Aged 44 years, resident of Hyderabad</p>	<p>...APPLICANT COMPANY</p>
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**NOTICE CONVENING MEETING OF UNSECURED CREDITORS**

To,

All the Unsecured Creditors of  
IL&FS Engineering and Construction Company Limited

Take notice that by an order dated November 4, 2011, the Hon'ble High Court of Andhra Pradesh has directed that a meeting of the Unsecured Creditors of IL&FS Engineering and Construction Company Limited, the Applicant Company herein, be held for the purpose of considering, and if thought fit, approving, with or without modification, the proposed Scheme of Arrangement between the Applicant Company and its shareholders and creditors.

Take further notice that in pursuance of the said order and as directed therein, notice is hereby given that a meeting of Unsecured Creditors of the Applicant Company will be held on December 9, 2011, at 1.00 p.m. at KLN Prasad Auditorium, FAPCCI, Red Hills, Hyderabad at which time and place the said Unsecured Creditors are requested to attend.

Take further notice that you may attend and vote at the said meeting in person or by proxy, provided that all proxies in the prescribed form are deposited at the Registered Office of the Applicant Company located at 6-3-1186/1&2, IL&FS Engineering House, Begumpet, Hyderabad – 500 016, not later than 48 hours before the meeting.

The Hon'ble High Court of Andhra Pradesh has appointed Mr. B.S.Sivaji, Advocate, as the Chairman of the said meeting.

A copy of the scheme of arrangement, the statement under Section 393 of the Companies Act, 1956 and a form of proxy are enclosed.

DATE: November 5, 2011

PLACE: HYDERABAD

**B. S. Sivaji**

Chairman appointed for the meeting

IN THE HIGH COURT OF JUDICATURE OF ANDHRA PRADESH AT HYDERABAD

(ORIGINAL JURISDICTION)

IN THE MATTER OF THE COMPANIES ACT, 1956

AND

IN THE MATTER OF SECTIONS 391 TO 394 READ WITH SECTIONS 78, 100 TO 104 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 1956

AND

IN THE MATTER OF SCHEME OF ARRANGEMENT BETWEEN IL&FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED AND ITS SHAREHOLDERS AND CREDITORS

COMPANY APPLICATION NO. 1652 OF 2011

<p><b>IL&amp;FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED,</b> a Company incorporated under the Companies Act, 1956, having its Registered Office at 6-3-1186 / 1&amp;2, IL&amp;FS Engineering House, Begumpet, Hyderabad – 500 016, Andhra Pradesh Represented by its authorised signatory, Sri G.Venkateswar Reddy, s/o, Sri G.Krishna Reddy, Aged 44 years, resident of Hyderabad</p>	<p>...APPLICANT COMPANY</p>
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**STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956**

Pursuant to an order dated November 4, 2011 passed by the Hon'ble High Court of Andhra Pradesh, in the Company Application No. 1652 of 2011, a meeting of the Unsecured Creditors of IL&FS Engineering and Construction Company Limited, the Applicant Company (hereinafter referred to as "IECCL"), is being convened to be held on December 9, 2011 at 1.00 p.m. at KLN Prasad Auditorium, FAPCCI, Red hills, Hyderabad, Andhra Pradesh for the purpose of considering, and, if thought fit, approving, with or without modification, the proposed Scheme of Arrangement between the Applicant Company and its shareholders and Creditors. The detailed terms of the arrangement are set out in the enclosed Scheme of Arrangement (hereinafter referred to as "the scheme").

1. **Business and Financial Position of IL&FS Engineering and Construction Company Ltd.**

- (a) IL&FS Engineering and Construction Company Ltd. was incorporated under the Companies Act, 1956 as a Private Limited Company on 6th day of May, 1988 by the name 'Satyam Construction Private Limited', it was later converted to a Public Limited Company and its name was changed to 'Satyam Construction Limited' on the 1st day of July, 1993. Its name was once again changed to 'Maytas Infra Limited' on 9th day of February, 2007 and thereafter the Company's name was changed to its present name 'IL&FS Engineering and Construction Company Limited' on 7th day of January 2011. The Company is engaged in the business of construction contracts and infrastructure development.
- (b) The accounts of the Company have been audited as at 31st March 2011. The authorised, issued, subscribed and paid-up share capital of the Company as on March 31, 2011 is as under:

**AUTHORISED CAPITAL**

15,00,00,000 Equity Shares of Rs. 10/- each	Rs. 150,00,00,000
3,50,00,000 Preference Shares of Rs. 100/- each	Rs. 350,00,00,000
	Rs.500,00,00,000

**ISSUED, SUBSCRIBED & PAID UP CAPITAL**

7,73,70,025 Equity Shares of Rs. 10/- each fully paid	Rs.77,37,00,250
57,49,500 6% Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid	Rs.57,49,50,000
2,50,00,000 6% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid	Rs.250,00,00,000
	Rs.384,86,50,250

2. **The circumstances which justify and/or necessitate the said Scheme of Arrangement are, inter alia, as follows:**

The Company was incorporated on 6th May, 1988. The Company has carried on various projects successfully such as construction of 40.46 Km long 4-lane Expressway Link Road in Bangalore-Mysore Infrastructure Corridor Project, construction of six-lane outer Ring Road in Bangalore, Construction diversion barrage, Intake & Desanding Arrangement of Larji Hydro Electric Project, Bahadurghad to Jamnagar Pipe-line Project in Gujarat and various irrigation projects in Andhra Pradesh etc. and had earned substantial profits year after year until March 31, 2008. The accumulated profit up to 31.3.2008 was Rs. 2930.48 million. Due to the Satyam episode in 2008-09, the business of the Company suffered a lot during the Financial Years 2008-09 and 2009-10 and the Company suffered heavy losses during the said Financial Years i.e. in 2008-09 & 2009-10. These two years were the exceptional years in the history of the Company.

The new Promoters, namely, Infrastructure Leasing & Financial Services Ltd., who were inducted as Promoters of the Company by Hon'ble Company Law Board vide its Order dated August 31, 2009, had extended support to the Company for the purpose of its revival and restructuring. The lenders namely the banks and institutions have also extended their support to the restructuring scheme of IECCL.

Under the above circumstances, the Company felt it appropriate to undertake a suitable Capital Restructuring Scheme to wipe off the Losses of the Company so that the Company would be able to present a correct picture of itself in the market and thus explore opportunities for the benefit of Shareholders of the Company

The effect of such reorganization would enable the Company to present a correct picture of itself in the market and thus explore opportunities for the benefit of Shareholders of the Company.

In order to show a satisfactory but factually correct financial picture of the Company, the management considered that it would be in the fitness of things to right size the Balance Sheet by way of setting off its past losses against the Securities Premium of the Company.

On setting off the Gross Debit Balance in the Profit and Loss Account against the Securities Premium, the Securities Premium of the Company would be reduced to that extent. This exercise if carried would show a clear and factual financial status of the Company.

3. **Salient Features of the Scheme:**

The salient features of the Scheme are summarized as follows:

- (a) The Appointed Date of the Scheme is the 1st of July, 2011
- (b) The scheme envisages the adjustment of a sum of Rs.6122.40 million out of the Gross Debit Balance in Profit and Loss Account against the Securities Premium available on the appointed date.
- (c) After the adjustment mentioned above, the scheme envisages the reduction of the adjusted Gross Debit Balance in profit and loss account of Rs.1161.39 million from the Gross Credit Balance in the Profit and Loss Account.
- (d) The remaining balance, after the adjustment mentioned above shall be Rs.1798.19 million being the balance in the Profit and Loss account of the Company.
- (e) The adjustment of the Gross Debit Balance in the Profit and Loss Account against the Securities Premium to the extent available is equivalent to a reduction of capital which shall be effected as an integral part of the scheme.
- (f) The shareholders shall be entitled to dividend and corporate benefits on the shares, that may be declared by the company or accrue on the equity or preference shares, out of the credit balance in the profit and loss account remaining after the adjustments mentioned above.
- (g) On the scheme being approved by the requisite majority, appropriate application will be filed before the Hon'ble High Court of Andhra Pradesh for approval of the Scheme.
- (h) The Company shall have a right to modify or amend the scheme from time to time subject to certain conditions
- (i) The Scheme is subject to the following conditions and shall become effective upon:
  - (i) the approval of and agreement to the Scheme, by the requisite majorities, of such classes of persons of the Company as may be directed by the High Court of judicature at Hyderabad, Andhra Pradesh on the applications made for directions under Section 391 of the Act for calling meetings and necessary resolutions being passed under the Act for the purpose;
  - (ii) the sanction of the High Court of Judicature at Hyderabad, Andhra Pradesh under Sections 391 to 394 read with 78, 100 to 104 of the Act and to the necessary orders under Section 394 of the Act being obtained; and
  - (iii) the certified copies of the Orders of the High Court sanctioning this Scheme being filed with the Registrar of Companies, Hyderabad, Andhra Pradesh.

4. The Board of Directors of the Company approved the scheme.
5. Applications have been filed before the Bombay Stock Exchange Limited, and National Stock Exchange of India Limited as per clause 24(f) of the Listing Agreement seeking their consent for the proposed Scheme of Arrangement. The Bombay Stock Exchange Limited vide their letter No.DCS/AMAL/NTP/24(f)/465/2010-11, dated October 17, 2011 and National Stock Exchange of India Limited vide their letter No.NSE/LIST/ 147666-L, dated October 18, 2011 gave their consent to the proposed Scheme of Arrangement.
6. The aggregate assets of the Applicant Company are more than sufficient to meet all their liabilities and the Scheme will not adversely affect the rights of any of the creditors of the said Companies in any manner whatsoever and due provisions have been made for payment of all liabilities as and when the same fall due in the usual course. Further, there is no cash outflow pursuant to approval and implementation of this Scheme of Arrangement though it amounts to reduction of capital to the extent of setting off of accumulated losses against Securities Premium Account.
7. None of the Directors of the Company has any material interest in the Scheme.
- 8 **The shareholding pattern of the IL&FS Engineering and Construction Company Limited as on 28.10.2011 is furnished hereunder**

Category	Category of shareholder	Before the Scheme of Arrangement			After the Scheme of Arrangement		
		Number of Shareholder	Total Number of Shares	%	Number of Shareholder	Total Number of Shares	%
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>						
<b>(1)</b>	<b>Indian</b>						
(a)	Individuals / Hindu Undivided Family						
(b)	Central Government/ State Government(s)						
(c)	Bodies Corporate	4	26742631	34.56	4	26742631	34.56
(d)	Financial Institutions / Banks						
(e)	Any Other (Specify)						
	<b>Sub - Total (A) (1)</b>	<b>4</b>	<b>26742631</b>	<b>34.56</b>	<b>4</b>	<b>26742631</b>	<b>34.56</b>
<b>(2)</b>	<b>Foreign</b>						
(a)	Individuals (Non- Resident Individuals / Foreign Individuals)						
(b)	Bodies Corporate						
(c)	Institutions						
(d)	Any other (Specify)						
	<b>Sub - Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A) (1)+(A)(2)</b>	<b>4</b>	<b>26742631</b>	<b>34.56</b>	<b>4</b>	<b>26742631</b>	<b>34.56</b>
<b>(B)</b>	<b>Public Shareholding</b>						
<b>(1)</b>	<b>Institutions</b>						
(a)	Mutual Funds / UTI	4	1202801	1.55	4	1202801	1.55
(b)	Financial Institutions / Banks	12	3084448	3.99	12	3084448	3.99
(c)	Central Government / State Government(s)						
(d)	Venture Capital Funds						
(e)	Insurance Companies						
(f)	Foreign Institutional Investors	6	157267	0.20	6	157267	0.20
(g)	Foreign Venture Capital Investors						
(h)	Any Other (Specify)						
i.	Foreign Financials Institutions						
	<b>Sub - Total (B) (1)</b>	<b>22</b>	<b>4444516</b>	<b>5.75</b>	<b>22</b>	<b>4444516</b>	<b>5.75</b>

Category	Category of shareholder	Before the Scheme of Arrangement			After the Scheme of Arrangement		
		Number of Shareholder	Total Number of Shares	%	Number of Shareholder	Total Number of Shares	%
(2)	<b>Non-Institutions</b>						
(a)	Bodies Corporate	636	37569141	48.56	636	37569141	48.56
(b)	<u>Individuals</u>						
i.	Individual Shareholders holding nominal share capital up to Rs.1 lakh.	37244	3409860	4.41	37244	3409860	4.41
ii.	Individual Shareholders holding nominal share capital in excess of Rs.1 lakh.	54	5017375	6.48	54	5017375	6.48
c)	Any Other (Specify)						
i.	Trusts	4	5252	0.01	4	5252	0.01
ii.	Non Resident Indians	269	164214	0.21	269	164214	0.21
iii.	Overseas Bodies Corporate						
iv	Clearing Members	56	17036	0.02	56	17036	0.02
	<b>Sub - Total (B) (2)</b>	<b>38263</b>	<b>46182878</b>	<b>59.70</b>	<b>38263</b>	<b>46182878</b>	<b>59.70</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>38285</b>	<b>50627394</b>	<b>65.44</b>	<b>38285</b>	<b>50627394</b>	<b>65.44</b>
	<b>Total (A) + (B)</b>	<b>38289</b>	<b>77370025</b>	<b>100</b>	<b>38289</b>	<b>77370025</b>	<b>100</b>
C)	<b>Shares held by Custodians and against which Depository Receipts have been issued.</b>	0	0	0	0	0	0
	<b>Grand Total (A)+(B)+C)</b>	<b>38289</b>	<b>77370025</b>	<b>100</b>	<b>38289</b>	<b>77370025</b>	<b>100</b>

Note: There is no change in the Shareholding Pattern pre and post Scheme of Arrangement.

9. Copies of the following documents are open for inspection at the Registered office of the Applicant Company on any working day:
- Memorandum and Articles of Association of the Applicant Company
  - Annual Report and accounts of the Applicant Company for the financial year ended on 31-03-2011
  - Approvals received from the Bombay Stock Exchange Limited and National Stock Exchange of India Limited under Clause 24(f) of the Listing Agreement.
  - Copy of the order passed by the Hon'ble High Court of Andhra Pradesh in C.A.No. 1652 of 2011
  - Scheme of Arrangement

Dated this 5<sup>th</sup> day of November, 2011.

**B. S. Sivaji**  
Advocate, High Court of Andhra Pradesh  
Chairman of the meeting

**SCHEME OF ARRANGEMENT  
UNDER SECTIONS 391 TO 394 READ WITH SECTIONS 78, 100 TO 104 OF THE COMPANIES ACT, 1956  
BETWEEN  
IL&FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED  
AND  
ITS SHAREHOLDERS AND CREDITORS**

**PREAMBLE**

**A. Background**

- (a) IL&FS Engineering & Construction Company Limited' (IECCL) (Formerly Maytas Infra Limited) is a listed Company primarily engaged in the business of providing infrastructural facilities such as erection / construction of roads, irrigation projects, buildings, oil and gas infrastructure, railway infrastructure, power plants and power transmission & distribution lines including rural electrification and development of airports etc.
- (b) The Company was incorporated on 6th May, 1988. The Company has carried on various projects successfully such as construction of 40.46 Km long 4-lane Expressway Link Road in Bangalore-Mysore Infrastructure Corridor Project, construction of six-lane outer Ring Road in Bangalore, Construction diversion barrage, Intake & Desanding Arrangement of Larji Hydro Electric Project, Bahadurghad to Jamnagar Pipe-line Project in Gujarat and various irrigation projects in Andhra Pradesh etc. and had earned substantial profits year after year until March 31, 2008. The accumulated profit up to 31.3.2008 was Rs. 2930.48 million. Due to the Satyam episode in 2008-09, the business of the Company suffered a lot during the Financial Years 2008-09 and 2009-10 and the Company suffered heavy losses during the said Financial Years i.e. in 2008-09 & 2009-10. These two years were the exceptional years in the history of the Company. The new Promoters, namely, Infrastructure Leasing & Financial Services Ltd., who were inducted as Promoters of the Company by Hon'ble Company Law Board vide its Order dated August 31, 2009, had extended support to the Company for the purpose of its revival and restructuring. The lenders namely the banks and institutions have also extended their support to the restructuring scheme of IECCL. Under the above circumstances, the Company felt it appropriate to undertake a suitable Capital Restructuring Scheme to wipe off the Losses of the Company so that the Company would be able to present a correct picture of itself in the market and thus explore opportunities for the benefit of Shareholders of the Company
- (c) The Debit balances standing in the Profit and Loss Account as on March 31, 2011, include losses incurred by IECL for FY 2008 – 09 and 2009 – 10 aggregating Rs 7,394.29 million ie loss of Rs 4,897.88 million in FY 2008-09 and Rs 2,496.41 million in FY 2009-10. The aggregate loss for both the Financial Years 2008-09 and 2009-10, after setting of Rs.110.5 million against General Reserve Account in the year 2008-09, remains at Rs.7283.79 million (the Gross Debit Balance in Profit and Loss Account). The Gross Credit Balance in the Profit and Loss Account of the Company is Rs.2959.58 million comprising of balance of Rs.2930.48 million as on March 31, 2008 and Rs.29.1 million being profit made in the Financial Year 2010-11. It is felt that the Balance Sheet of the Company needs to be restructured by writing off the past losses.
- (d) The detailed reasons for Reorganization of Capital are as follows:
- i. The effect of such reorganization would enable the Company to present a correct picture of itself in the market and thus explore opportunities for the benefit of Shareholders of the Company including declaration of dividend to its Equity and Preference Shareholders out of distributable profits of the Company.
  - ii. In order to show a satisfactory but factually correct financial picture of the Company, the management considered that it would be in the fitness of things to right size the Balance Sheet by way of setting off its past losses against the Securities Premium of the Company.
  - iii. On setting off the Gross Debit Balance in the Profit and Loss Account against the Securities Premium, the Securities Premium of the Company would be reduced to that extent. This exercise if carried would show a clear and factual financial status of the Company.
- (e) It is proposed to adjust the Gross Debit Balance in the Profit and Loss Account against the Securities Premium Account of the Company. The adjustment of the Gross Debit Balance in the Profit and Loss Account against the Securities Premium Account of the Company will reduce the balance in the Securities Premium Account to NIL.

- (f) It is further proposed to adjust the residual balance of Gross Debit Balance in the Profit and Loss Account (after setting off against the Securities Premium Account) against the Gross Credit Balance in the Profit and Loss Account. The adjustment of the Gross Debit Balance in the Profit and Loss Account against the Gross Credit Balance in the Profit and Loss Account will result in the Credit Balance in the Profit and Loss Account of Rs. 1798.19 million.
- (g) The reduction would help the Company to right size the Balance Sheet and is not likely to have any adverse impact on the Net Worth.
- (h) The Reorganization will not cause any prejudice to the interest of the Creditors of the Company. The Creditors of the Company are in no way affected by the proposed reorganization of the Capital as there will not be any reduction in the amount payable to any of the Creditors arising out of this reduction. Further, the proposed reorganization would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honour its commitments or pay the debts in ordinary course of business. The above proposal, does not in any manner, alter, vary, or affect the rights of the Creditors.

## **B. Parts of the Scheme**

This Scheme of Arrangement is divided into the following parts:

- (a) **PART I**, which deals with the Definitions and Share Capital of the Company,
- (b) **PART II**, which deals with the adjustment off of the losses of the Company against the Securities Premium available.
- (c) **PART III**, which deals with General Terms and Conditions applicable to the entire Scheme of Arrangement.

It is clarified that the several parts of the Scheme enumerated above are for convenience only and the whole Scheme is to be implemented as a comprehensive, single Scheme of Arrangement. As such the Scheme must be read in totality and not in parts only.

### **PART – I: DEFINITIONS AND SHARE CAPITAL**

#### **(1) Definitions:**

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

- (a) “**Act**” means the Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force;
- (b) “**Adjusted Gross Debit Balance in Profit & Loss Account**” means the residual debit balance in the Profit & Loss Account after adjusting of Rs.6122.40 million of Gross Debit Balance in Profit & Loss Account against the Securities Premium, amounting to Rs.1,161.39 million.
- (c) “**Appointed Date**” means the commencement of business as on 1<sup>st</sup> day of July, 2011 or such other date as may be fixed by the High Court of Judicature at Hyderabad / Andhra Pradesh.
- (d) “**Board**” means the Board of Directors of the Company.
- (e) “**Company**” or “**IECCL**” means IL&FS ENGINEERING & CONSTRUCTION COMPANY LIMITED a Company incorporated under the Companies Act, 1956, having its Registered Office at 6-3-1186 / 1&2, IL&FS Engineering House, Begumpet, Hyderabad – 500 016., Andhra Pradesh.
- (f) “**Court**” means the Hon’ble High Court of Judicature at Andhra Pradesh, Hyderabad.
- (g) “**Effective Date**” means the date on which the certified copy of the Order of the High Court of judicature at Andhra Pradesh, Hyderabad sanctioning the Scheme is filed with Registrar of Companies at Hyderabad, Andhra Pradesh.
- (h) “**Equity Shareholders**” means persons who are the holders of the Equity Shares of the Company and are registered as a member in the Register of Members of the Company.

- (i) **“Gross Credit Balance in Profit & Loss Account”** means the aggregate credit balances in the Profit and Loss account of ‘IECCL’ which amounts to a total of Rs. 2959.58 million which is exclusive of Gross Debit Balance in Profit & Loss Account.
- (j) **“Gross Debit Balance in Profit & Loss Account”** means the aggregate losses incurred by ‘IECCL’ during the Financial Years 2008 - 2009 and 2009 - 2010 which amounts to Rs.7,283.79 million.
- (k) **“Preference Shareholders”** means persons who are the holders of the 6% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) or 6% Cumulative Redeemable Preference Shares (CRPS) of the Company and are registered as a member in the Register of Members of the Company.
- (l) **“Scheme”** means this Scheme of Arrangement in its present form or with any modification (s) or amendment(s) approved or imposed or directed by High Court of Judicature at Hyderabad, Andhra Pradesh and includes all Schedules forming part of this Scheme.
- (m) **“Securities Premium”** means the total amount of Rs. 6,122.40 million being Securities Premium in the books of ‘IECCL’ remaining after utilizing Rs.173.60 million towards the issue of bonus shares to the Preference Shareholders post 31st March, 2011.

**(2) Share Capital**

The authorised, issued, subscribed and paid-up share capital of IECCL as on March 31, 2011 is as under:

**AUTHORISED CAPITAL**

15,00,00,000 Equity Shares of Rs. 10/- each	Rs. 150,00,00,000
3,50,00,000 Preference Shares of Rs. 100/- each	Rs. 350,00,00,000
	Rs. 500,00,00,000

**ISSUED, SUBSCRIBED & PAID UP CAPITAL**

7,73,70,025 Equity Shares of Rs. 10/- each fully paid	Rs.77,37,00,250
57,49,500 6% Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid	Rs.57,49,50,000
2,50,00,000 6% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid	Rs.250,00,00,000
	Rs.384,86,50,250

**PART - II: ADJUSTMENT OF LOSSES OF THE COMPANY AGAINST THE SECURITIES PREMIUM AVAILABLE.**

- (3) The provisions of this scheme shall be operational and functional with effect from the Appointed Date.
- (4) The Company shall adjust the sum of Rs.6,122.40 million out of the Gross Debit Balance in Profit & Loss account against the Securities Premium available on the appointed date.
- (5) The Company shall, after the adjustment mentioned in the aforesaid clause 4, reduce the Adjusted Gross Debit Balance in Profit and Loss Account of Rs. 1,161.39 million from the Gross Credit Balance in Profit and Loss Account
- (6) The remaining balance, after adjustments mentioned in the aforesaid clause 5, shall be Rs.1,798.19 million, being the balance in the Profit and Loss Account of the Company.
- (7) The adjustment of the gross debit balance in profit & loss account against Securities Premium to the extent available is equivalent to a reduction of capital.
- (8) The reduction of the capital shall be effected as an integral part of the Scheme itself and the order of the Court

sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction.

### **PART – III : GENERAL**

#### **(9) Scheme Conditional Upon**

- (a) This Scheme is specifically conditional upon, subject to and shall become effective upon:
- (i) the approval of and agreement to the Scheme, by the requisite majorities, of such classes of persons of the Company as may be directed by the High Court of judicature at Hyderabad, Andhra Pradesh on the applications made for directions under Section 391 of the Act for calling meetings and necessary resolutions being passed under the Act for the purpose; and
  - (ii) the sanction of the High Court of Judicature at Hyderabad, Andhra Pradesh under Sections 391 to 394 read with 78, 100 to 104 of the Act and to the necessary orders under Section 394 of the Act being obtained; and
  - (iii) the certified copies of the Orders of the High Court sanctioning this Scheme being filed with the Registrar of Company, Hyderabad, Andhra Pradesh.

#### **(10) Dividends and Corporate Benefits**

Shareholders shall be entitled to dividend and corporate benefits on the shares, that may be declared by the Company or accrue on the Equity Shares or Preference Shares, out of the credit balance in the profit and loss credit balance remaining after the adjustments mentioned in Part I of this scheme.

#### **(11) Conduct of Business**

Nothing contained in this Scheme shall affect the conduct of business of the Company and/or any deeds, bonds, contracts, agreements and other instruments to which the Company is a party and/or all legal or other proceedings by or against the Company. Further, nothing contained in the Scheme shall affect in any manner, the existing rights of workmen and employees of the Company

#### **(12) Filing of Applications and Petitions**

The Company shall with all reasonable dispatch, make and file all necessary applications/petitions under Sections 391 to 394 read with Sections 78, 100 to 104 and other applicable provisions of the Act to the High Court of judicature at Hyderabad, Andhra Pradesh for sanctioning of this Scheme and shall apply for all the necessary approvals as may be required under the law

#### **(13) Modification of Scheme**

The Company by its Board of Directors, either by themselves or through any authorised person/s appointed by the Board in this behalf, may, in their full and absolute discretion, make and / or assent, from time to time, to any modifications or amendments or substitution to/of this Scheme or of any conditions or limitations which the Court may impose and to settle all doubts or difficulties that may arise for carrying out the Scheme and to do and execute all acts, deeds, matters and things necessary for putting the Scheme into effect.

#### **(14) Costs, Charges etc.**

All costs, charges and expenses incurred in relation to or in connection with this Scheme and of and incidental to the effecting of this Scheme shall be borne the Company.

#### **(15) Stamp Duty**

Since this Scheme does not involve a “conveyance” of any property under Section 394 of the Act, the Order of the High Court sanctioning this Scheme under Section 391 of the Act shall not attract stamp duty under Stamp Act regulations.



**(ORIGINAL JURISDICTION)  
IN THE MATTER OF THE COMPANIES ACT, 1956  
AND**

**IN THE MATTER OF SECTIONS 391 TO 394 READ WITH SECTIONS 78, 100 TO 104 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 1956  
AND**

**IN THE MATTER OF SCHEME OF ARRANGEMENT BETWEEN IL&FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED AND ITS SHAREHOLDERS AND CREDITORS**

**COMPANY APPLICATION NO. 1652 OF 2011**

**IL&FS ENGINEERING AND  
CONSTRUCTION COMPANY LIMITED,**

a Company incorporated under the Companies Act, 1956,  
having its Registered Office at 6-3-1186 / 1&2, IL&FS Engineering House,  
Begumpet, Hyderabad – 500 016, Andhra Pradesh

Represented by its authorised signatory,  
Sri G.Venkateswar Reddy, s/o, Sri G.Krishna Reddy,  
Aged 44 years, resident of Hyderabad

...APPLICANT COMPANY

**FORM OF PROXY**

I/we, the undersigned, the Unsecured Creditor/s of IL&FS Engineering and Construction Company Ltd., the Applicant Company, hereby appoint .....of ..... failing him/her..... as my/our Proxy to attend on my/our behalf at the Meeting of Unseured Creditors of the Company held on December 9, 2011 at 1.00 p.m. at The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, Hyderabad – 500 004 for the purpose of considering and, if thought fit, approving, with or without modification(s), the Scheme of Arrangement between the Applicant Company and its Shareholders and Creditors and at such meeting and any adjournment thereof, to vote for me/us and in my/our name .....(here if "for", insert "for" and if "against", insert "against") the said Scheme of Arrangement, either with our without modification(s) as my/our proxy may approve (strike out what is not necessary).

Signed this..... day of.....2011

Signature :

Name & Address :

Amount Rs. : .....

Note: the Proxy in order to be effective must reach duly filled at least 48 (fortyeight) hours before the commencement of the aforesaid meeting.

**ATTENDANCE SLIP**

I/we hereby record my/our presence at the Meeting of the Unsecured Creditors of IL&FS Engineering and Construction Company Ltd., the Applicant Company, held on December 9, 2011 at 1.00 p.m. at The Federation of Andhra Pradesh Chambers Of Commerce And Industry, Federation House, 11-6-841, Red Hills, Hyderabad – 500 004

Name of the Unsecured Creditor/Proxy\* ..... Amount (Rs.):.....

Signature of the Unsecured Creditor

\* Strikeout whichever is not applicable

*[Faint, illegible text, possibly a stamp or signature]*

**Notes**

1. Unsecured Creditor/Proxy intending to attend the meeting must bring the duly signed Attendance Slip to the Meeting and handover at the entrance.
2. Unsecured Creditor/Proxy should bring his/her copy of the notice of meeting.

**BOOK POST**

 | Engineering Services

If undelivered, please return to :

**IL&FS Engineering and Construction Company Ltd.**

6-3-1186/1&2, IL&FS Engineering House,  
Begumpet, Hyderabad – 500 016

**IN THE HIGH COURT OF JUDICATURE OF ANDHRA PRADESH AT  
HYDERABAD**

**(ORIGINAL JURISDICTION)**

**IN THE MATTER OF THE COMPANIES ACT, 1956**

**AND**

**IN THE MATTER OF SECTIONS 391 TO 394 READ WITH SECTIONS 78,  
100 TO 104 AND OTHER APPLICABLE PROVISIONS OF THE  
COMPANIES ACT, 1956**

**AND**

**IN THE MATTER OF SCHEME OF ARRANGEMENT BETWEEN IL&FS  
ENGINEERING AND CONSTRUCTION COMPANY LIMITED AND ITS  
SHAREHOLDERS AND CREDITORS**

**COMPANY APPLICATION NO. 1650 OF 2011**

**IL&FS ENGINEERING AND  
CONSTRUCTION COMPANY LIMITED,**  
a Company incorporated under the Companies Act, 1956,  
having its Registered Office at  
6-3-1186 / 1&2, IL&FS Engineering House,  
Begumpet, Hyderabad – 500 016, Andhra Pradesh  
Represented by its authorised signatory,  
Sri G.Venkateswar Reddy, s/o, Sri G.Krishna Reddy,  
Aged 44 years, resident of Hyderabad

...APPLICANT COMPANY

**NOTICE CONVENING MEETING OF PREFERENCE SHAREHOLDERS**

To,

All the Preference Shareholders of  
IL&FS Engineering and Construction Company Limited

Take notice that by an order dated November 4, 2011, the Hon'ble High Court of Andhra Pradesh has directed that a meeting of the Preference Shareholders of IL&FS Engineering and Construction Company Limited, the Applicant Company herein, be held for the purpose of considering, and if thought fit, approving, with or without modification, the proposed Scheme of Arrangement between the Applicant Company and its shareholders and creditors.

Take further notice that in pursuance of the said order and as directed therein, notice is hereby given that a meeting of Preference Shareholders of the Applicant Company

will be held on December 9, 2011, at 11.00 a.m. at KLN Prasad Auditorium, FAPCCI, Red Hills, Hyderabad at which time and place the said Preference Shareholders are requested to attend.

Take further notice that you may attend and vote at the said meeting in person or by proxy, provided that all proxies in the prescribed form are deposited at the Registered Office of the Applicant Company located at 6-3-1186/1&2, IL&FS Engineering House, Begumpet, Hyderabad – 500 016, not later than 48 hours before the meeting.

The Hon'ble High Court of Andhra Pradesh has appointed Mr. B.S.Sivaji, Advocate, as the Chairman of the said meeting.

A copy of the scheme of arrangement, the statement under Section 393 of the Companies Act, 1956 and a form of proxy are enclosed.

DATE: November 5, 2011  
PLACE: HYDERABAD

B.S.Sivaji  
Chairman appointed for the meeting

**IN THE HIGH COURT OF JUDICATURE OF ANDHRA PRADESH AT  
HYDERABAD**

**(ORIGINAL JURISDICTION)**

**IN THE MATTER OF THE COMPANIES ACT, 1956**

**AND**

**IN THE MATTER OF SECTIONS 391 TO 394 READ WITH SECTIONS 78,  
100 TO 104 AND OTHER APPLICABLE PROVISIONS OF THE  
COMPANIES ACT, 1956**

**AND**

**IN THE MATTER OF SCHEME OF ARRANGEMENT BETWEEN IL&FS  
ENGINEERING AND CONSTRUCTION COMPANY LIMITED AND ITS  
SHAREHOLDERS AND CREDITORS**

**COMPANY APPLICATION NO. 1650 OF 2011**

**IL&FS ENGINEERING AND  
CONSTRUCTION COMPANY LIMITED,**  
a Company incorporated under the Companies Act, 1956,  
having its Registered Office at  
6-3-1186 / 1&2, IL&FS Engineering House,  
Begumpet, Hyderabad – 500 016, Andhra Pradesh  
Represented by its authorised signatory,  
Sri G.Venkateswar Reddy, s/o, Sri G.Krishna Reddy,  
Aged 44 years, resident of Hyderabad

...APPLICANT COMPANY

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

Pursuant to an order dated November 4, 2011 passed by the Hon'ble High Court of Andhra Pradesh, in the Company Application No. 1650 of 2011, a meeting of the Preference Shareholders of IL&FS Engineering and Construction Company Limited, the Applicant Company (hereinafter referred to as "IECCL"), is being convened to be held on December 9, 2011 at 11.00 a.m. at KLN Prasad Auditorium, FAPCCI, Red hills, Hyderabad, Andhra Pradesh for the purpose of considering, and, if thought fit, approving, with or without modification, the proposed Scheme of Arrangement between the Applicant Company and its shareholders and Creditors. The detailed terms of the arrangement are set out in the enclosed Scheme of Arrangement (hereinafter referred to as "the scheme").

1. **Business and Financial Position of IL&FS Engineering and Construction Company Ltd.**

- (a) IL&FS Engineering and Construction Company Ltd. was incorporated under the Companies Act, 1956 as a Private Limited Company on 6<sup>th</sup> day of May, 1988 by the name 'Satyam Construction Private Limited', it was later converted to a Public Limited Company and its name was changed to 'Satyam Construction Limited' on the 1<sup>st</sup> day of July, 1993. Its name was once again changed to 'Maytas Infra Limited' on 9<sup>th</sup> day of February, 2007 and thereafter the Company's name was changed to its present name 'IL&FS Engineering and Construction Company Limited' on 7<sup>th</sup> day of January 2011. The Company is engaged in the business of construction contracts and infrastructure development.
- (b) The accounts of the Company have been audited as at 31<sup>st</sup> March 2011. The authorised, issued, subscribed and paid-up share capital of the Company as on March 31, 2011 is as under:

**AUTHORISED CAPITAL**

15,00,00,000 Equity Shares of Rs. 10/- each	Rs. 150,00,00,000
3,50,00,000 Preference Shares of Rs. 100/- each	Rs. 350,00,00,000
	<u>Rs.500,00,00,000</u>

**ISSUED, SUBSCRIBED & PAID UP CAPITAL**

7,73,70,025 Equity Shares of Rs. 10/- each fully paid	Rs.77,37,00,250
57,49,500 6% Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid	Rs.57,49,50,000
2,50,00,000 6% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid	Rs.250,00,00,000
	<hr/> <hr/> <b>Rs.384,86,50,250</b> <hr/> <hr/>

2. **The circumstances which justify and/or necessitate the said Scheme of Arrangement are, inter alia, as follows:**

The Company was incorporated on 6th May, 1988. The Company has carried on various projects successfully such as construction of 40.46 Km long 4-lane Expressway Link Road in Bangalore-Mysore Infrastructure Corridor Project, construction of six-lane outer Ring Road in Bangalore, Construction diversion barrage, Intake & Desanding Arrangement of Larji Hydro Electric Project, Bahadurghad to Jamnagar Pipe-line Project in Gujarat and various irrigation projects in Andhra Pradesh etc. and had earned substantial profits year after year until March 31, 2008. The accumulated profit up to 31.3.2008 was Rs. 2930.48 million. Due to the Satyam episode in 2008-09, the business of the Company suffered a lot during the Financial Years 2008-09 and 2009-10 and the Company suffered heavy losses during the said Financial Years i.e. in 2008-09 & 2009-10. These two years were the exceptional years in the history of the Company.

The new Promoters, namely, Infrastructure Leasing & Financial Services Ltd., who were inducted as Promoters of the Company by Hon'ble Company Law Board vide its Order dated August 31, 2009, had extended support to the Company for the purpose of its revival and restructuring. The lenders namely the banks and institutions have also extended their support to the restructuring scheme of IECCL.

Under the above circumstances, the Company felt it appropriate to undertake a suitable Capital Restructuring Scheme to wipe off the Losses of the Company so that the Company would be able to present a correct picture of itself in the market and thus explore opportunities for the benefit of Shareholders of the Company

The effect of such reorganization would enable the Company to present a correct picture of itself in the market and thus explore opportunities for the benefit of Shareholders of the Company.

In order to show a satisfactory but factually correct financial picture of the Company, the management considered that it would be in the fitness of things to right size the Balance Sheet by way of setting off its past losses against the Securities Premium of the Company.

On setting off the Gross Debit Balance in the Profit and Loss Account against the Securities Premium, the Securities Premium of the Company would be reduced to that extent. This exercise if carried would show a clear and factual financial status of the Company.

3. Salient Features of the Scheme:

The salient features of the Scheme are summarized as follows:

- (a) The Appointed Date of the Scheme is the 1<sup>st</sup> of July, 2011
- (b) The scheme envisages the adjustment of a sum of Rs.6122.40 million out of the Gross Debit Balance in Profit and Loss Account against the Securities Premium available on the appointed date.
- (c) After the adjustment mentioned above, the scheme envisages the reduction of the adjusted Gross Debit Balance in profit and loss account of Rs.1161.39 million from the Gross Credit Balance in the Profit and Loss Account.
- (d) The remaining balance, after the adjustment mentioned above shall be Rs.1798.19 million being the balance in the Profit and Loss account of the Company.
- (e) The adjustment of the Gross Debit Balance in the Profit and Loss Account against the Securities Premium to the extent available is



equivalent to a reduction of capital which shall be effected as an integral part of the scheme.

- (f) The shareholders shall be entitled to dividend and corporate benefits on the shares, that may be declared by the company or accrue on the equity or preference shares, out of the credit balance in the profit and loss account remaining after the adjustments mentioned above.
  - (g) On the scheme being approved by the requisite majority, appropriate application will be filed before the Hon'ble High Court of Andhra Pradesh for approval of the Scheme.
  - (h) The Company shall have a right to modify or amend the scheme from time to time subject to certain conditions
  - (i) The Scheme is subject to the following conditions and shall become effective upon:
    - (i) the approval of and agreement to the Scheme, by the requisite majorities, of such classes of persons of the Company as may be directed by the High Court of judicature at Hyderabad, Andhra Pradesh on the applications made for directions under Section 391 of the Act for calling meetings and necessary resolutions being passed under the Act for the purpose;
    - (ii) the sanction of the High Court of Judicature at Hyderabad, Andhra Pradesh under Sections 391 to 394 read with 78, 100 to 104 of the Act and to the necessary orders under Section 394 of the Act being obtained; and
    - (iii) the certified copies of the Orders of the High Court sanctioning this Scheme being filed with the Registrar of Companies, Hyderabad, Andhra Pradesh.
4. The Board of Directors of the Company approved the scheme.
5. Applications have been filed before the Bombay Stock Exchange Limited, and National Stock Exchange of India Limited as per clause 24(f) of the Listing Agreement seeking their consent for the proposed Scheme of Arrangement. The Bombay Stock Exchange Limited vide their letter No.DCS/AMAL/NTP/24(f)/465/2010-11, dated October 17, 2011 and National Stock Exchange of India Limited vide their letter No.NSE/LIST/147666-L, dated October 18, 2011 gave their consent to the proposed Scheme of Arrangement.

6. The aggregate assets of the Applicant Company are more than sufficient to meet all their liabilities and the Scheme will not adversely affect the rights of any of the creditors of the said Companies in any manner whatsoever and due provisions have been made for payment of all liabilities as and when the same fall due in the usual course. Further, there is no cash outflow pursuant to approval and implementation of this Scheme of Arrangement though it amounts to reduction of capital to the extent of setting off of accumulated losses against Securities Premium Account.
7. None of the Directors of the Company has any material interest in the Scheme.
8. The shareholding pattern of the IL&FS Engineering and Construction Company Limited as on 28.10.2011 is furnished hereunder:

Category Code	Category of shareholder	Before the Scheme of Arrangement			After the Scheme of Arrangement		
		Number of Shareholders	Total Number of Shares	%	Number of Shareholders	Total Number of Shares	%
(A)	<b>Shareholding of Promoter and Promoter Group</b>						
(1)	<b>Indian</b>						
(a)	Individuals / Hindu Undivided Family						
(b)	Central Government/ State Government(s)						
(c)	Bodies Corporate	4	26742631	34.56	4	26742631	34.56
(d)	Financial Institutions / Banks						
(e)	Any Other (Specify)						
	<b>Sub - Total (A) (1)</b>	<b>4</b>	<b>26742631</b>	<b>34.56</b>	<b>4</b>	<b>26742631</b>	<b>34.56</b>
(2)	<b>Foreign</b>						
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)						
(b)	Bodies Corporate						
(c)	Institutions						
(d)	Any other (Specify)						
	<b>Sub - Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A) (1)+(A)(2)</b>	<b>4</b>	<b>26742631</b>	<b>34.56</b>	<b>4</b>	<b>26742631</b>	<b>34.56</b>

Category Code	Category of shareholder	Before the Scheme of Arrangement			After the Scheme of Arrangement		
		Number of Shareholders	Total Number of Shares	%	Number of Shareholders	Total Number of Shares	%
<b>(B)</b>	<b>Public Shareholding</b>						
<b>(1)</b>	<b>Institutions</b>						
(a)	Mutual Funds / UTI	4	1202801	1.55	4	1202801	1.55
(b)	Financial Institutions / Banks	12	3084448	3.99	12	3084448	3.99
(c)	Central Government / State Government(s)						
(d)	Venture Capital Funds						
(e)	Insurance Companies						
(f)	Foreign Institutional Investors	6	157267	0.20	6	157267	0.20
(g)	Foreign Venture Capital Investors						
(h)	Any Other (Specify)						
i.	Foreign Financials Institutions						
	<b>Sub - Total (B) (1)</b>	<b>22</b>	<b>4444516</b>	<b>5.75</b>	<b>22</b>	<b>4444516</b>	<b>5.75</b>
<b>(2)</b>	<b>Non-Institutions</b>						
(a)	Bodies Corporate	636	37569141	48.56	636	37569141	48.56
(b)	<u>Individuals</u>						
i.	Individual Shareholders holding nominal share capital up to Rs.1 lakh.	37244	3409860	4.41	37244	3409860	4.41
ii.	Individual Shareholders holding nominal share capital in excess of Rs.1 lakh.	54	5017375	6.48	54	5017375	6.48
(c)	Any Other (Specify)						
i.	Trusts	4	5252	0.01	4	5252	0.01
ii.	Non Resident Indians	269	164214	0.21	269	164214	0.21
iii	Overseas Bodies Corporate						
Iv	Clearing Members	56	17036	0.02	56	17036	0.02
	<b>Sub - Total (B) (2)</b>	<b>38263</b>	<b>46182878</b>	<b>59.70</b>	<b>38263</b>	<b>46182878</b>	<b>59.70</b>

	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>38285</b>	<b>50627394</b>	<b>65.44</b>	<b>38285</b>	<b>50627394</b>	<b>65.44</b>
	<b>Total (A) + (B)</b>	<b>38289</b>	<b>77370025</b>	<b>100</b>	<b>38289</b>	<b>77370025</b>	<b>100</b>
<b>C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Grand Total (A)+(B)+C)</b>	<b>38289</b>	<b>77370025</b>	<b>100</b>	<b>38289</b>	<b>77370025</b>	<b>100</b>

Note: There is no change in the Shareholding Pattern pre and post Scheme of Arrangement.

9. Copies of the following documents are open for inspection at the Registered office of the Applicant Company on any working day:
- a) Memorandum and Articles of Association of the Applicant Company
  - b) Annual Report and accounts of the Applicant Company for the financial year ended on 31-03-2011
  - c) Approvals received from the Bombay Stock Exchange Limited and National Stock Exchange of India Limited under Clause 24(f) of the Listing Agreement.
  - d) Copy of the order passed by the Hon'ble High Court of Andhra Pradesh in C.A.No. 1650 of 2011
  - e) Scheme of Arrangement

Dated this 5<sup>th</sup> day of November, 2011.

B.S.Sivaji  
Advocate, High Court of Andhra Pradesh  
Chairman of the meeting

**SCHEME OF ARRANGEMENT**  
**UNDER SECTIONS 391 TO 394 READ WITH SECTIONS 78, 100 TO 104 OF**  
**THE COMPANIES ACT, 1956**  
**BETWEEN**  
**IL&FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED**  
**AND**  
**ITS SHAREHOLDERS AND CREDITORS**

**PREAMBLE**

**A. Background**

- (a) IL&FS Engineering & Construction Company Limited' (IECCL) (Formerly Maytas Infra Limited) is a listed Company primarily engaged in the business of providing infrastructural facilities such as erection / construction of roads, irrigation projects, buildings, oil and gas infrastructure, railway infrastructure, power plants and power transmission & distribution lines including rural electrification and development of airports etc.
- (b) The Company was incorporated on 6th May, 1988. The Company has carried on various projects successfully such as construction of 40.46 Km long 4-lane Expressway Link Road in Bangalore-Mysore Infrastructure Corridor Project, construction of six-lane outer Ring Road in Bangalore, Construction diversion barrage, Intake & Desanding Arrangement of Larji Hydro Electric Project, Bahadurghad to Jamnagar Pipe-line Project in Gujarat and various irrigation projects in Andhra Pradesh etc. and had earned substantial profits year after year until March 31, 2008. The accumulated profit up to 31.3.2008 was Rs. 2930.48 million. Due to the Satyam episode in 2008-09, the business of the Company suffered a lot during the Financial Years 2008-09 and 2009-10 and the Company suffered heavy losses during the said Financial Years i.e. in 2008-09 & 2009-10. These two years were the exceptional years in the history of the Company. The new Promoters, namely, Infrastructure Leasing & Financial Services Ltd., who were inducted as Promoters of the Company by Hon'ble Company Law Board vide its Order dated August 31, 2009, had

extended support to the Company for the purpose of its revival and restructuring. The lenders namely the banks and institutions have also extended their support to the restructuring scheme of IECCL. Under the above circumstances, the Company felt it appropriate to undertake a suitable Capital Restructuring Scheme to wipe off the Losses of the Company so that the Company would be able to present a correct picture of itself in the market and thus explore opportunities for the benefit of Shareholders of the Company

- (c) The Debit balances standing in the Profit and Loss Account as on March 31, 2011, include losses incurred by IECL for FY 2008 – 09 and 2009 – 10 aggregating Rs 7,394.29 million ie loss of Rs 4,897.88 million in FY 2008-09 and Rs 2,496.41 million in FY 2009-10. The aggregate loss for both the Financial Years 2008-09 and 2009-10, after setting of Rs.110.5 million against General Reserve Account in the year 2008-09, remains at Rs.7283.79 million (the Gross Debit Balance in Profit and Loss Account). The Gross Credit Balance in the Profit and Loss Account of the Company is Rs.2959.58 million comprising of balance of Rs.2930.48 million as on March 31, 2008 and Rs.29.1 million being profit made in the Financial Year 2010-11. It is felt that the Balance Sheet of the Company needs to be restructured by writing off the past losses.
- (d) The detailed reasons for Reorganization of Capital are as follows:
- i. The effect of such reorganization would enable the Company to present a correct picture of itself in the market and thus explore opportunities for the benefit of Shareholders of the Company including declaration of dividend to its Equity and Preference Shareholders out of distributable profits of the Company.
  - ii. In order to show a satisfactory but factually correct financial picture of the Company, the management considered that it would be in the fitness of things to right size the Balance Sheet by way of setting off its past losses against the Securities Premium of the Company.
  - iii. On setting off the Gross Debit Balance in the Profit and Loss Account against the Securities Premium, the Securities Premium of the Company would be reduced to that extent. This exercise if carried would show a clear and factual financial status of the Company.
- (e) It is proposed to adjust the Gross Debit Balance in the Profit and Loss Account against the Securities Premium Account of the Company. The adjustment of the Gross Debit Balance in the Profit and Loss Account

against the Securities Premium Account of the Company will reduce the balance in the Securities Premium Account to NIL.

- (f) It is further proposed to adjust the residual balance of Gross Debit Balance in the Profit and Loss Account (after setting off against the Securities Premium Account) against the Gross Credit Balance in the Profit and Loss Account. The adjustment of the Gross Debit Balance in the Profit and Loss Account against the Gross Credit Balance in the Profit and Loss Account will result in the Credit Balance in the Profit and Loss Account of Rs. 1798.19 million.
- (g) The reduction would help the Company to right size the Balance Sheet and is not likely to have any adverse impact on the Net Worth.
- (h) The Reorganization will not cause any prejudice to the interest of the Creditors of the Company. The Creditors of the Company are in no way affected by the proposed reorganization of the Capital as there will not be any reduction in the amount payable to any of the Creditors arising out of this reduction. Further, the proposed reorganization would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honour its commitments or pay the debts in ordinary course of business. The above proposal, does not in any manner, alter, vary, or affect the rights of the Creditors.

**B. Parts of the Scheme**

This Scheme of Arrangement is divided into the following parts:

- (a) **PART I**, which deals with the Definitions and Share Capital of the Company,
- (b) **PART II**, which deals with the adjustment off of the losses of the Company against the Securities Premium available.
- (c) **PART III**, which deals with General Terms and Conditions applicable to the entire Scheme of Arrangement.

It is clarified that the several parts of the Scheme enumerated above are for convenience only and the whole Scheme is to be implemented as a comprehensive, single Scheme of Arrangement. As such the Scheme must be read in totality and not in parts only.

**PART – I: DEFINITIONS AND SHARE CAPITAL**

**(1) Definitions:**

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

- (a) "**Act**" means the Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force;

- (b) **“Adjusted Gross Debit Balance in Profit & Loss Account”** means the residual debit balance in the Profit & Loss Account after adjusting of Rs.6122.40 million of Gross Debit Balance in Profit & Loss Account against the Securities Premium, amounting to Rs.1,161.39 million.
- (c) **“Appointed Date”** means the commencement of business as on 1<sup>st</sup> day of July, 2011 or such other date as may be fixed by the High Court of Judicature at Hyderabad / Andhra Pradesh.
- (d) **“Board”** means the Board of Directors of the Company.
- (e) **“Company”** or **“IECCL”** means IL&FS ENGINEERING & CONSTRUCTION COMPANY LIMITED a Company incorporated under the Companies Act, 1956, having its Registered Office at 6-3-1186 / 1&2, IL&FS Engineering House, Begumpet, Hyderabad – 500 016., Andhra Pradesh.
- (f) **“Court”** means the Hon’ble High Court of Judicature at Andhra Pradesh, Hyderabad.
- (g) **“Effective Date”** means the date on which the certified copy of the Order of the High Court of judicature at Andhra Pradesh, Hyderabad sanctioning the Scheme is filed with Registrar of Companies at Hyderabad, Andhra Pradesh.
- (h) **“Equity Shareholders”** means persons who are the holders of the Equity Shares of the Company and are registered as a member in the Register of Members of the Company.
- (i) **“Gross Credit Balance in Profit & Loss Account”** means the aggregate credit balances in the Profit and Loss account of ‘IECCL’ which amounts to a total of Rs. 2959.58 million which is exclusive of Gross Debit Balance in Profit & Loss Account.
- (j) **“Gross Debit Balance in Profit & Loss Account”** means the aggregate losses incurred by ‘IECCL’ during the Financial Years 2008 - 2009 and 2009 - 2010 which amounts to Rs.7,283.79 million.
- (k) **“Preference Shareholders”** means persons who are the holders of the 6% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) or 6% Cumulative Redeemable Preference Shares (CRPS) of the Company and are registered as a member in the Register of Members of the Company.
- (l) **“Scheme”** means this Scheme of Arrangement in its present form or with any modification (s) or amendment(s) approved or imposed or directed by High Court of Judicature at Hyderabad, Andhra Pradesh and includes all Schedules forming part of this Scheme.
- (m) **“Securities Premium”** means the total amount of Rs. 6,122.40 million being Securities Premium in the books of ‘IECCL’ remaining after utilizing Rs.173.60 million towards the issue of bonus shares to the Preference Shareholders post 31st March, 2011.

(2) **Share Capital**

The authorised, issued, subscribed and paid-up share capital of IECCL as on March 31, 2011 is as under:

**AUTHORISED CAPITAL**

15,00,00,000 Equity Shares of Rs. 10/- each	Rs. 150,00,00,000
3,50,00,000 Preference Shares of Rs. 100/- each	Rs. 350,00,00,000
	<u>Rs. 500,00,00,000</u>

**ISSUED, SUBSCRIBED & PAID UP CAPITAL**

7,73,70,025 Equity Shares of Rs. 10/- each fully paid	Rs.77,37,00,250
57,49,500 6% Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid	Rs.57,49,50,000
2,50,00,000 6% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid	Rs.250,00,00,000
	<u>Rs.384,86,50,250</u>

**PART - II: ADJUSTMENT OF LOSSES OF THE COMPANY AGAINST THE SECURITIES PREMIUM AVAILABLE.**

- (3) The provisions of this scheme shall be operational and functional with effect from the Appointed Date.
- (4) The Company shall adjust the sum of Rs.6,122.40 million out of the Gross Debit Balance in Profit & Loss account against the Securities Premium available on the appointed date.
- (5) The Company shall, after the adjustment mentioned in the aforesaid clause 4, reduce the Adjusted Gross Debit Balance in Profit and Loss Account of Rs. 1,161.39 million from the Gross Credit Balance in Profit and Loss Account.
- (6) The remaining balance, after adjustments mentioned in the aforesaid clause 5, shall be Rs.1,798.19 million, being the balance in the Profit and Loss Account of the Company.
- (7) The adjustment of the gross debit balance in profit & loss account against Securities Premium to the extent available is equivalent to a reduction of capital.



- (8) The reduction of the capital shall be effected as an integral part of the Scheme itself and the order of the Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction.

**PART – III : GENERAL**

(9) **Scheme Conditional Upon**

- (a) This Scheme is specifically conditional upon, subject to and shall become effective upon:
- (i) the approval of and agreement to the Scheme, by the requisite majorities, of such classes of persons of the Company as may be directed by the High Court of judicature at Hyderabad, Andhra Pradesh on the applications made for directions under Section 391 of the Act for calling meetings and necessary resolutions being passed under the Act for the purpose; and
  - (ii) the sanction of the High Court of Judicature at Hyderabad, Andhra Pradesh under Sections 391 to 394 read with 78, 100 to 104 of the Act and to the necessary orders under Section 394 of the Act being obtained; and
  - (iii) the certified copies of the Orders of the High Court sanctioning this Scheme being filed with the Registrar of Company, Hyderabad, Andhra Pradesh.

(10) **Dividends and Corporate Benefits**

Shareholders shall be entitled to dividend and corporate benefits on the shares, that may be declared by the Company or accrue on the Equity Shares or Preference Shares, out of the credit balance in the profit and loss credit balance remaining after the adjustments mentioned in Part I of this scheme.

(11) **Conduct of Business**

Nothing contained in this Scheme shall affect the conduct of business of the Company and/or any deeds, bonds, contracts, agreements and other instruments to which the Company is a party and/or all legal or other proceedings by or against the Company. Further, nothing contained in the Scheme shall affect in any manner, the existing rights of workmen and employees of the Company.

(12) **Filing of Applications and Petitions**

The Company shall with all reasonable dispatch, make and file all necessary applications/petitions under Sections 391 to 394 read with Sections 78, 100 to 104 and other applicable provisions of the Act to the High Court of judicature at Hyderabad, Andhra Pradesh for

sanctioning of this Scheme and shall apply for all the necessary approvals as may be required under the law

(13) **Modification of Scheme**

The Company by its Board of Directors, either by themselves or through any authorised person/s appointed by the Board in this behalf, may, in their full and absolute discretion, make and / or assent, from time to time, to any modifications or amendments or substitution to/of this Scheme or of any conditions or limitations which the Court may impose and to settle all doubts or difficulties that may arise for carrying out the Scheme and to do and execute all acts, deeds, matters and things necessary for putting the Scheme into effect.

(14) **Costs, Charges etc.**

All costs, charges and expenses incurred in relation to or in connection with this Scheme and of and incidental to the effecting of this Scheme shall be borne the Company.

(15) **Stamp Duty**

Since this Scheme does not involve a “conveyance” of any property under Section 394 of the Act, the Order of the High Court sanctioning this Scheme under Section 391 of the Act shall not attract stamp duty under Stamp Act regulations.

**IN THE HIGH COURT OF JUDICATURE OF ANDHRA PRADESH AT  
HYDERABAD**

**(ORIGINAL JURISDICTION)**

**IN THE MATTER OF THE COMPANIES ACT, 1956**

**AND**

**IN THE MATTER OF SECTIONS 391 TO 394 READ WITH SECTIONS 78,  
100 TO 104 AND OTHER APPLICABLE PROVISIONS OF THE  
COMPANIES ACT, 1956**

**AND**

**IN THE MATTER OF SCHEME OF ARRANGEMENT BETWEEN IL&FS  
ENGINEERING AND CONSTRUCTION COMPANY LIMITED AND ITS  
SHAREHOLDERS AND CREDITORS**

**COMPANY APPLICATION NO. 1650 OF 2011**

**IL&FS ENGINEERING AND**

**CONSTRUCTION COMPANY LIMITED,**

a Company incorporated under the Companies Act, 1956,

having its Registered Office at

6-3-1186 / 1&2, IL&FS Engineering House,

Begumpet, Hyderabad – 500 016, Andhra Pradesh

Represented by its authorised signatory,

Sri G.Venkateswar Reddy, s/o, Sri G.Krishna Reddy,

Aged 44 years, resident of Hyderabad

...APPLICANT COMPANY

**FORM OF PROXY**

I/we, the undersigned, the preference shareholder/s of IL&FS Engineering and Construction Company Ltd., the Applicant Company, hereby appoint .....of ..... failing him/her ..... as my/our Proxy to attend on my/our behalf at the Meeting of Preference Shareholders of the Company held on December 9, 2011 at 11.00 a.m. at The Federation Of Andhra Pradesh Chambers Of Commerce And Industry, Federation House, 11-6-841, Red Hills, Hyderabad – 500 004 for the purpose of considering and, if thought fit, approving, with or without modification(s), the Scheme of Arrangement between the Applicant Company and its Shareholders and Creditors and at such meeting and any adjournment thereof, to vote for me/us and in my/our name ..... (here if “for”, insert “for” and if “against”, insert “against”) the said Scheme of Arrangement, either with our without modification(s) as my/our proxy may approve (strike out what is not necessary).

Signed this ..... day of ..... 2011

Signature :

Name & Address :

Folio No.:

Client Id.:

DP Id

No of Shares.....

Note: the Proxy in order to be effective must reach duly filled at least 48 (fortyeight) hours before the commencement of the aforesaid meeting.

#### ATTENDANCE SLIP

I/we hereby record my/our presence at the Meeting of the Preference Shareholders of IL&FS Engineering and Construction Company Ltd., the Applicant Company, held on December 9, 2011 at 11.00 a.m. at The Federation of Andhra Pradesh Chambers Of Commerce And Industry, Federation House, 11-6-841, Red Hills, Hyderabad – 500 004

Name of the Shareholder/Proxy\* ..... No. of Shares held:.....

Folio No.:

Client Id.:

DP Id

Signature of the Shareholder

\* Strikeout whichever is not applicable

Notes

1. Preference Shareholder/Proxy intending to attend the meeting must bring the duly signed Attendance Slip to the Meeting and handover at the entrance.
2. Preference Shareholder/Proxy should bring his/her copy of the Notice of Meeting

**BOOK POST**

If undelivered, please return to :  
IL&FS Engineering and Construction Company Ltd.  
6-3-1186/1&2, IL&FS Engineering House,  
Begumpet,  
Hyderabad – 500 016

**IN THE HIGH COURT OF JUDICATURE OF ANDHRA PRADESH AT  
HYDERABAD**

**(ORIGINAL JURISDICTION)**

**IN THE MATTER OF THE COMPANIES ACT, 1956**

**AND**

**IN THE MATTER OF SECTIONS 391 TO 394 READ WITH SECTIONS 78,  
100 TO 104 AND OTHER APPLICABLE PROVISIONS OF THE  
COMPANIES ACT, 1956**

**AND**

**IN THE MATTER OF SCHEME OF ARRANGEMENT BETWEEN IL&FS  
ENGINEERING AND CONSTRUCTION COMPANY LIMITED AND ITS  
SHAREHOLDERS AND CREDITORS**

**COMPANY APPLICATION NO. 1651 OF 2011**

**IL&FS ENGINEERING AND  
CONSTRUCTION COMPANY LIMITED,**  
a Company incorporated under the Companies Act, 1956,  
having its Registered Office at  
6-3-1186 / 1&2, IL&FS Engineering House,  
Begumpet, Hyderabad – 500 016, Andhra Pradesh  
Represented by its authorised signatory,  
Sri G.Venkateswar Reddy, s/o, Sri G.Krishna Reddy,  
Aged 44 years, resident of Hyderabad

...APPLICANT COMPANY

**NOTICE CONVENING MEETING OF SECURED CREDITORS**

To,

All the Secured Creditors of  
IL&FS Engineering and Construction Company Limited

Take notice that by an order dated November 4, 2011, the Hon'ble High Court of Andhra Pradesh has directed that a meeting of the Secured Creditors of IL&FS Engineering and Construction Company Limited, the Applicant Company herein, be held for the purpose of considering, and if thought fit, approving, with or without modification, the proposed Scheme of Arrangement between the Applicant Company and its shareholders and creditors.

Take further notice that in pursuance of the said order and as directed therein, notice is hereby given that a meeting of Secured Creditors of the Applicant Company will be

held on December 9, 2011, at 12 Noon at KLN Prasad Auditorium, FAPCCI, Red Hills, Hyderabad at which time and place the said Secured Creditors are requested to attend.

Take further notice that you may attend and vote at the said meeting in person or by proxy, provided that all proxies in the prescribed form are deposited at the Registered Office of the Applicant Company located at 6-3-1186/1&2, IL&FS Engineering House, Begumpet, Hyderabad – 500 016, not later than 48 hours before the meeting.

The Hon'ble High Court of Andhra Pradesh has appointed Mr. B.S.Sivaji, Advocate, as the Chairman of the said meeting.

A copy of the scheme of arrangement, the statement under Section 393 of the Companies Act, 1956 and a form of proxy are enclosed.

DATE: November 5, 2011  
PLACE: HYDERABAD

B.S.Sivaji  
Chairman appointed for the meeting

**IN THE HIGH COURT OF JUDICATURE OF ANDHRA PRADESH AT  
HYDERABAD**

**(ORIGINAL JURISDICTION)**

**IN THE MATTER OF THE COMPANIES ACT, 1956**

**AND**

**IN THE MATTER OF SECTIONS 391 TO 394 READ WITH SECTIONS 78,  
100 TO 104 AND OTHER APPLICABLE PROVISIONS OF THE  
COMPANIES ACT, 1956**

**AND**

**IN THE MATTER OF SCHEME OF ARRANGEMENT BETWEEN IL&FS  
ENGINEERING AND CONSTRUCTION COMPANY LIMITED AND ITS  
SHAREHOLDERS AND CREDITORS**

**COMPANY APPLICATION NO. 1651 OF 2011**

**IL&FS ENGINEERING AND**

**CONSTRUCTION COMPANY LIMITED,**

a Company incorporated under the Companies Act, 1956,

having its Registered Office at

6-3-1186 / 1&2, IL&FS Engineering House,

Begumpet, Hyderabad – 500 016, Andhra Pradesh

Represented by its authorised signatory,

Sri G.Venkateswar Reddy, s/o, Sri G.Krishna Reddy,

Aged 44 years, resident of Hyderabad

...APPLICANT COMPANY

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

Pursuant to an order dated November 4, 2011 passed by the Hon'ble High Court of Andhra Pradesh, in the Company Application No. 1651 of 2011, a meeting of the Secured Creditors of IL&FS Engineering and Construction Company Limited, the Applicant Company (hereinafter referred to as "IECCL"), is being convened to be held on December 9, 2011 at 12 Noon at KLN Prasad Auditorium, FAPCCI, Red hills, Hyderabad, Andhra Pradesh for the purpose of considering, and, if thought fit, approving, with or without modification, the proposed Scheme of Arrangement between the Applicant Company and its shareholders and Creditors. The detailed terms of the arrangement are set out in the enclosed Scheme of Arrangement (hereinafter referred to as "the scheme").



1. **Business and Financial Position of IL&FS Engineering and Construction Company Ltd.**

- (a) IL&FS Engineering and Construction Company Ltd. was incorporated under the Companies Act, 1956 as a Private Limited Company on 6<sup>th</sup> day of May, 1988 by the name 'Satyam Construction Private Limited', it was later converted to a Public Limited Company and its name was changed to 'Satyam Construction Limited' on the 1<sup>st</sup> day of July, 1993. Its name was once again changed to 'Maytas Infra Limited' on 9<sup>th</sup> day of February, 2007 and thereafter the Company's name was changed to its present name 'IL&FS Engineering and Construction Company Limited' on 7<sup>th</sup> day of January 2011. The Company is engaged in the business of construction contracts and infrastructure development.
- (b) The accounts of the Company have been audited as at 31<sup>st</sup> March 2011. The authorised, issued, subscribed and paid-up share capital of the Company as on March 31, 2011 is as under:

**AUTHORISED CAPITAL**

15,00,00,000 Equity Shares of Rs. 10/- each	Rs. 150,00,00,000
3,50,00,000 Preference Shares of Rs. 100/- each	Rs. 350,00,00,000
	<u>Rs.500,00,00,000</u>



**ISSUED, SUBSCRIBED & PAID UP CAPITAL**

7,73,70,025 Equity Shares of Rs. 10/- each fully paid	Rs.77,37,00,250
57,49,500 6% Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid	Rs.57,49,50,000
2,50,00,000 6% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid	Rs.250,00,00,000
	<hr/> <hr/> <b>Rs.384,86,50,250</b> <hr/> <hr/>

2. **The circumstances which justify and/or necessitate the said Scheme of Arrangement are, inter alia, as follows:**

The Company was incorporated on 6th May, 1988. The Company has carried on various projects successfully such as construction of 40.46 Km long 4-lane Expressway Link Road in Bangalore-Mysore Infrastructure Corridor Project, construction of six-lane outer Ring Road in Bangalore, Construction diversion barrage, Intake & Desanding Arrangement of Larji Hydro Electric Project, Bahadurghad to Jamnagar Pipe-line Project in Gujarat and various irrigation projects in Andhra Pradesh etc. and had earned substantial profits year after year until March 31, 2008. The accumulated profit up to 31.3.2008 was Rs. 2930.48 million. Due to the Satyam episode in 2008-09, the business of the Company suffered a lot during the Financial Years 2008-09 and 2009-10 and the Company suffered heavy losses during the said Financial Years i.e. in 2008-09 & 2009-10. These two years were the exceptional years in the history of the Company.

The new Promoters, namely, Infrastructure Leasing & Financial Services Ltd., who were inducted as Promoters of the Company by Hon'ble Company Law Board vide its Order dated August 31, 2009, had extended support to the Company for the purpose of its revival and restructuring. The lenders namely the banks and institutions have also extended their support to the restructuring scheme of IECCL.

Under the above circumstances, the Company felt it appropriate to undertake a suitable Capital Restructuring Scheme to wipe off the Losses of the Company so that the Company would be able to present a correct picture of itself in the market and thus explore opportunities for the benefit of Shareholders of the Company

The effect of such reorganization would enable the Company to present a correct picture of itself in the market and thus explore opportunities for the benefit of Shareholders of the Company.

In order to show a satisfactory but factually correct financial picture of the Company, the management considered that it would be in the fitness of things to right size the Balance Sheet by way of setting off its past losses against the Securities Premium of the Company.

On setting off the Gross Debit Balance in the Profit and Loss Account against the Securities Premium, the Securities Premium of the Company would be reduced to that extent. This exercise if carried would show a clear and factual financial status of the Company.

3. Salient Features of the Scheme:

The salient features of the Scheme are summarized as follows:

- (a) The Appointed Date of the Scheme is the 1<sup>st</sup> of July, 2011
- (b) The scheme envisages the adjustment of a sum of Rs.6122.40 million out of the Gross Debit Balance in Profit and Loss Account against the Securities Premium available on the appointed date.
- (c) After the adjustment mentioned above, the scheme envisages the reduction of the adjusted Gross Debit Balance in profit and loss account of Rs.1161.39 million from the Gross Credit Balance in the Profit and Loss Account.
- (d) The remaining balance, after the adjustment mentioned above shall be Rs.1798.19 million being the balance in the Profit and Loss account of the Company.
- (e) The adjustment of the Gross Debit Balance in the Profit and Loss Account against the Securities Premium to the extent available is

equivalent to a reduction of capital which shall be effected as an integral part of the scheme.

- (f) The shareholders shall be entitled to dividend and corporate benefits on the shares, that may be declared by the company or accrue on the equity or preference shares, out of the credit balance in the profit and loss account remaining after the adjustments mentioned above.
  - (g) On the scheme being approved by the requisite majority, appropriate application will be filed before the Hon'ble High Court of Andhra Pradesh for approval of the Scheme.
  - (h) The Company shall have a right to modify or amend the scheme from time to time subject to certain conditions
  - (i) The Scheme is subject to the following conditions and shall become effective upon:
    - (i) the approval of and agreement to the Scheme, by the requisite majorities, of such classes of persons of the Company as may be directed by the High Court of judicature at Hyderabad, Andhra Pradesh on the applications made for directions under Section 391 of the Act for calling meetings and necessary resolutions being passed under the Act for the purpose;
    - (ii) the sanction of the High Court of Judicature at Hyderabad, Andhra Pradesh under Sections 391 to 394 read with 78, 100 to 104 of the Act and to the necessary orders under Section 394 of the Act being obtained; and
    - (iii) the certified copies of the Orders of the High Court sanctioning this Scheme being filed with the Registrar of Companies, Hyderabad, Andhra Pradesh.
4. The Board of Directors of the Company approved the scheme.
5. Applications have been filed before the Bombay Stock Exchange Limited, and National Stock Exchange of India Limited as per clause 24(f) of the Listing Agreement seeking their consent for the proposed Scheme of Arrangement. The Bombay Stock Exchange Limited vide their letter No.DCS/AMAL/NTP/24(f)/465/2010-11, dated October 17, 2011 and National Stock Exchange of India Limited vide their letter No.NSE/LIST/147666-L, dated October 18, 2011 gave their consent to the proposed Scheme of Arrangement.



6. The aggregate assets of the Applicant Company are more than sufficient to meet all their liabilities and the Scheme will not adversely affect the rights of any of the creditors of the said Companies in any manner whatsoever and due provisions have been made for payment of all liabilities as and when the same fall due in the usual course. Further, there is no cash outflow pursuant to approval and implementation of this Scheme of Arrangement though it amounts to reduction of capital to the extent of setting off of accumulated losses against Securities Premium Account.
7. None of the Directors of the Company has any material interest in the Scheme.
8. The shareholding pattern of the IL&FS Engineering and Construction Company Limited as on 28.10.2011 is furnished hereunder:

Category Code	Category of shareholder	Before the Scheme of Arrangement			After the Scheme of Arrangement		
		Number of Shareholders	Total Number of Shares	%	Number of Shareholders	Total Number of Shares	%
(A)	<b>Shareholding of Promoter and Promoter Group</b>						
(1)	<b>Indian</b>						
(a)	Individuals / Hindu Undivided Family						
(b)	Central Government/ State Government(s)						
(c)	Bodies Corporate	4	26742631	34.56	4	26742631	34.56
(d)	Financial Institutions / Banks						
(e)	Any Other (Specify)						
	<b>Sub - Total (A) (1)</b>	<b>4</b>	<b>26742631</b>	<b>34.56</b>	<b>4</b>	<b>26742631</b>	<b>34.56</b>
(2)	<b>Foreign</b>						
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)						
(b)	Bodies Corporate						
(c)	Institutions						
(d)	Any other (Specify)						
	<b>Sub - Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A) (1)+(A)(2)</b>	<b>4</b>	<b>26742631</b>	<b>34.56</b>	<b>4</b>	<b>26742631</b>	<b>34.56</b>

Category Code	Category of shareholder	Before the Scheme of Arrangement			After the Scheme of Arrangement		
		Number of Shareholders	Total Number of Shares	%	Number of Shareholders	Total Number of Shares	%
<b>(B)</b>	<b>Public Shareholding</b>						
<b>(1)</b>	<b>Institutions</b>						
(a)	Mutual Funds / UTI	4	1202801	1.55	4	1202801	1.55
(b)	Financial Institutions / Banks	12	3084448	3.99	12	3084448	3.99
(c)	Central Government / State Government(s)						
(d)	Venture Capital Funds						
(e)	Insurance Companies						
(f)	Foreign Institutional Investors	6	157267	0.20	6	157267	0.20
(g)	Foreign Venture Capital Investors						
(h)	Any Other (Specify)						
i.	Foreign Financials Institutions						
	<b>Sub - Total (B) (1)</b>	<b>22</b>	<b>4444516</b>	<b>5.75</b>	<b>22</b>	<b>4444516</b>	<b>5.75</b>
<b>(2)</b>	<b>Non-Institutions</b>						
(a)	Bodies Corporate	636	37569141	48.56	636	37569141	48.56
(b)	<u>Individuals</u>						
i.	Individual Shareholders holding nominal share capital up to Rs.1 lakh.	37244	3409860	4.41	37244	3409860	4.41
ii.	Individual Shareholders holding nominal share capital in excess of Rs.1 lakh.	54	5017375	6.48	54	5017375	6.48
(c)	Any Other (Specify)						
i.	Trusts	4	5252	0.01	4	5252	0.01
ii.	Non Resident Indians	269	164214	0.21	269	164214	0.21
iii.	Overseas Bodies Corporate						
Iv	Clearing Members	56	17036	0.02	56	17036	0.02
	<b>Sub - Total (B) (2)</b>	<b>38263</b>	<b>46182878</b>	<b>59.70</b>	<b>38263</b>	<b>46182878</b>	<b>59.70</b>

<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>38285</b>	<b>50627394</b>	<b>65.44</b>	<b>38285</b>	<b>50627394</b>	<b>65.44</b>
<b>Total (A) + (B)</b>	<b>38289</b>	<b>77370025</b>	<b>100</b>	<b>38289</b>	<b>77370025</b>	<b>100</b>
<b>C) Shares held by Custodians and against which Depository Receipts have been issued.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A)+(B)+C)</b>	<b>38289</b>	<b>77370025</b>	<b>100</b>	<b>38289</b>	<b>77370025</b>	<b>100</b>

Note: There is no change in the Shareholding Pattern pre and post Scheme of Arrangement.

9. Copies of the following documents are open for inspection at the Registered office of the Applicant Company on any working day:
- Memorandum and Articles of Association of the Applicant Company
  - Annual Report and accounts of the Applicant Company for the financial year ended on 31-03-2011
  - Approvals received from the Bombay Stock Exchange Limited and National Stock Exchange of India Limited under Clause 24(f) of the Listing Agreement.
  - Copy of the order passed by the Hon'ble High Court of Andhra Pradesh in C.A.No. 1651 of 2011
  - Scheme of Arrangement

Dated this 5<sup>th</sup> day of November, 2011.

B.S.Sivaji  
Advocate, High Court of Andhra Pradesh  
Chairman of the meeting

**SCHEME OF ARRANGEMENT**  
**UNDER SECTIONS 391 TO 394 READ WITH SECTIONS 78, 100 TO 104 OF**  
**THE COMPANIES ACT, 1956**  
**BETWEEN**  
**IL&FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED**  
**AND**  
**ITS SHAREHOLDERS AND CREDITORS**

**PREAMBLE**

**A. Background**

- (a) IL&FS Engineering & Construction Company Limited' (IECCL) (Formerly Maytas Infra Limited) is a listed Company primarily engaged in the business of providing infrastructural facilities such as erection / construction of roads, irrigation projects, buildings, oil and gas infrastructure, railway infrastructure, power plants and power transmission & distribution lines including rural electrification and development of airports etc.
- (b) The Company was incorporated on 6th May, 1988. The Company has carried on various projects successfully such as construction of 40.46 Km long 4-lane Expressway Link Road in Bangalore-Mysore Infrastructure Corridor Project, construction of six-lane outer Ring Road in Bangalore, Construction diversion barrage, Intake & Desanding Arrangement of Larji Hydro Electric Project, Bahadurghad to Jamnagar Pipe-line Project in Gujarat and various irrigation projects in Andhra Pradesh etc. and had earned substantial profits year after year until March 31, 2008. The accumulated profit up to 31.3.2008 was Rs. 2930.48 million. Due to the Satyam episode in 2008-09, the business of the Company suffered a lot during the Financial Years 2008-09 and 2009-10 and the Company suffered heavy losses during the said Financial Years i.e. in 2008-09 & 2009-10. These two years were the exceptional years in the history of the Company. The new Promoters, namely, Infrastructure Leasing & Financial Services Ltd., who were inducted as Promoters of the Company by Hon'ble Company Law Board vide its Order dated August 31, 2009, had

extended support to the Company for the purpose of its revival and restructuring. The lenders namely the banks and institutions have also extended their support to the restructuring scheme of IECCL. Under the above circumstances, the Company felt it appropriate to undertake a suitable Capital Restructuring Scheme to wipe off the Losses of the Company so that the Company would be able to present a correct picture of itself in the market and thus explore opportunities for the benefit of Shareholders of the Company

- (c) The Debit balances standing in the Profit and Loss Account as on March 31, 2011, include losses incurred by IECL for FY 2008 – 09 and 2009 – 10 aggregating Rs 7,394.29 million ie loss of Rs 4,897.88 million in FY 2008-09 and Rs 2,496.41 million in FY 2009-10. The aggregate loss for both the Financial Years 2008-09 and 2009-10, after setting of Rs.110.5 million against General Reserve Account in the year 2008-09, remains at Rs.7283.79 million (the Gross Debit Balance in Profit and Loss Account). The Gross Credit Balance in the Profit and Loss Account of the Company is Rs.2959.58 million comprising of balance of Rs.2930.48 million as on March 31, 2008 and Rs.29.1 million being profit made in the Financial Year 2010-11. It is felt that the Balance Sheet of the Company needs to be restructured by writing off the past losses.
- (d) The detailed reasons for Reorganization of Capital are as follows:
- i. The effect of such reorganization would enable the Company to present a correct picture of itself in the market and thus explore opportunities for the benefit of Shareholders of the Company including declaration of dividend to its Equity and Preference Shareholders out of distributable profits of the Company.
  - ii. In order to show a satisfactory but factually correct financial picture of the Company, the management considered that it would be in the fitness of things to right size the Balance Sheet by way of setting off its past losses against the Securities Premium of the Company.
  - iii. On setting off the Gross Debit Balance in the Profit and Loss Account against the Securities Premium, the Securities Premium of the Company would be reduced to that extent. This exercise if carried would show a clear and factual financial status of the Company.
- (e) It is proposed to adjust the Gross Debit Balance in the Profit and Loss Account against the Securities Premium Account of the Company. The adjustment of the Gross Debit Balance in the Profit and Loss Account

against the Securities Premium Account of the Company will reduce the balance in the Securities Premium Account to NIL.

- (f) It is further proposed to adjust the residual balance of Gross Debit Balance in the Profit and Loss Account (after setting off against the Securities Premium Account) against the Gross Credit Balance in the Profit and Loss Account. The adjustment of the Gross Debit Balance in the Profit and Loss Account against the Gross Credit Balance in the Profit and Loss Account will result in the Credit Balance in the Profit and Loss Account of Rs. 1798.19 million.
- (g) The reduction would help the Company to right size the Balance Sheet and is not likely to have any adverse impact on the Net Worth.
- (h) The Reorganization will not cause any prejudice to the interest of the Creditors of the Company. The Creditors of the Company are in no way affected by the proposed reorganization of the Capital as there will not be any reduction in the amount payable to any of the Creditors arising out of this reduction. Further, the proposed reorganization would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honour its commitments or pay the debts in ordinary course of business. The above proposal, does not in any manner, alter, vary, or affect the rights of the Creditors.

**B. Parts of the Scheme**

This Scheme of Arrangement is divided into the following parts:

- (a) **PART I**, which deals with the Definitions and Share Capital of the Company,
- (b) **PART II**, which deals with the adjustment off of the losses of the Company against the Securities Premium available.
- (c) **PART III**, which deals with General Terms and Conditions applicable to the entire Scheme of Arrangement.

It is clarified that the several parts of the Scheme enumerated above are for convenience only and the whole Scheme is to be implemented as a comprehensive, single Scheme of Arrangement. As such the Scheme must be read in totality and not in parts only.

**PART – I: DEFINITIONS AND SHARE CAPITAL**

**(1) Definitions:**

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

- (a) "**Act**" means the Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force;

- (b) **“Adjusted Gross Debit Balance in Profit & Loss Account”** means the residual debit balance in the Profit & Loss Account after adjusting of Rs.6122.40 million of Gross Debit Balance in Profit & Loss Account against the Securities Premium, amounting to Rs.1,161.39 million.
- (c) **“Appointed Date”** means the commencement of business as on 1<sup>st</sup> day of July, 2011 or such other date as may be fixed by the High Court of Judicature at Hyderabad / Andhra Pradesh.
- (d) **“Board”** means the Board of Directors of the Company.
- (e) **“Company”** or **“IECCL”** means IL&FS ENGINEERING & CONSTRUCTION COMPANY LIMITED a Company incorporated under the Companies Act, 1956, having its Registered Office at 6-3-1186 / 1&2, IL&FS Engineering House, Begumpet, Hyderabad – 500 016., Andhra Pradesh.
- (f) **“Court”** means the Hon’ble High Court of Judicature at Andhra Pradesh, Hyderabad.
- (g) **“Effective Date”** means the date on which the certified copy of the Order of the High Court of judicature at Andhra Pradesh, Hyderabad sanctioning the Scheme is filed with Registrar of Companies at Hyderabad, Andhra Pradesh.
- (h) **“Equity Shareholders”** means persons who are the holders of the Equity Shares of the Company and are registered as a member in the Register of Members of the Company.
- (i) **“Gross Credit Balance in Profit & Loss Account”** means the aggregate credit balances in the Profit and Loss account of ‘IECCL’ which amounts to a total of Rs. 2959.58 million which is exclusive of Gross Debit Balance in Profit & Loss Account.
- (j) **“Gross Debit Balance in Profit & Loss Account”** means the aggregate losses incurred by ‘IECCL’ during the Financial Years 2008 - 2009 and 2009 - 2010 which amounts to Rs.7,283.79 million.
- (k) **“Preference Shareholders”** means persons who are the holders of the 6% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) or 6% Cumulative Redeemable Preference Shares (CRPS) of the Company and are registered as a member in the Register of Members of the Company.
- (l) **“Scheme”** means this Scheme of Arrangement in its present form or with any modification (s) or amendment(s) approved or imposed or directed by High Court of Judicature at Hyderabad, Andhra Pradesh and includes all Schedules forming part of this Scheme.
- (m) **“Securities Premium”** means the total amount of Rs. 6,122.40 million being Securities Premium in the books of ‘IECCL’ remaining after utilizing Rs.173.60 million towards the issue of bonus shares to the Preference Shareholders post 31st March, 2011.

(2) **Share Capital**

The authorised, issued, subscribed and paid-up share capital of IECCL as on March 31, 2011 is as under:

**AUTHORISED CAPITAL**

15,00,00,000 Equity Shares of Rs. 10/- each	Rs. 150,00,00,000
3,50,00,000 Preference Shares of Rs. 100/- each	Rs. 350,00,00,000
	<u>Rs. 500,00,00,000</u>

**ISSUED, SUBSCRIBED & PAID UP CAPITAL**

7,73,70,025 Equity Shares of Rs. 10/- each fully paid	Rs.77,37,00,250
57,49,500 6% Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid	Rs.57,49,50,000
2,50,00,000 6% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid	Rs.250,00,00,000
	<u>Rs.384,86,50,250</u>

**PART - II: ADJUSTMENT OF LOSSES OF THE COMPANY AGAINST THE SECURITIES PREMIUM AVAILABLE.**

- (3) The provisions of this scheme shall be operational and functional with effect from the Appointed Date.
- (4) The Company shall adjust the sum of Rs.6,122.40 million out of the Gross Debit Balance in Profit & Loss account against the Securities Premium available on the appointed date.
- (5) The Company shall, after the adjustment mentioned in the aforesaid clause 4, reduce the Adjusted Gross Debit Balance in Profit and Loss Account of Rs. 1,161.39 million from the Gross Credit Balance in Profit and Loss Account.
- (6) The remaining balance, after adjustments mentioned in the aforesaid clause 5, shall be Rs.1,798.19 million, being the balance in the Profit and Loss Account of the Company.

- (7) The adjustment of the gross debit balance in profit & loss account against Securities Premium to the extent available is equivalent to a reduction of capital.
- (8) The reduction of the capital shall be effected as an integral part of the Scheme itself and the order of the Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction.

**PART – III : GENERAL**

**(9) Scheme Conditional Upon**

- (a) This Scheme is specifically conditional upon, subject to and shall become effective upon:
  - (i) the approval of and agreement to the Scheme, by the requisite majorities, of such classes of persons of the Company as may be directed by the High Court of judicature at Hyderabad, Andhra Pradesh on the applications made for directions under Section 391 of the Act for calling meetings and necessary resolutions being passed under the Act for the purpose; and
  - (ii) the sanction of the High Court of Judicature at Hyderabad, Andhra Pradesh under Sections 391 to 394 read with 78, 100 to 104 of the Act and to the necessary orders under Section 394 of the Act being obtained; and
  - (iii) the certified copies of the Orders of the High Court sanctioning this Scheme being filed with the Registrar of Company, Hyderabad, Andhra Pradesh.

**(10) Dividends and Corporate Benefits**

Shareholders shall be entitled to dividend and corporate benefits on the shares, that may be declared by the Company or accrue on the Equity Shares or Preference Shares, out of the credit balance in the profit and loss credit balance remaining after the adjustments mentioned in Part I of this scheme.

**(11) Conduct of Business**

Nothing contained in this Scheme shall affect the conduct of business of the Company and/or any deeds, bonds, contracts, agreements and other instruments to which the Company is a party and/or all legal or other proceedings by or against the Company. Further, nothing contained in the Scheme shall affect in any manner, the existing rights of workmen and employees of the Company.

**(12) Filing of Applications and Petitions**

The Company shall with all reasonable dispatch, make and file all necessary applications/petitions under Sections 391 to 394 read with

Sections 78, 100 to 104 and other applicable provisions of the Act to the High Court of judicature at Hyderabad, Andhra Pradesh for sanctioning of this Scheme and shall apply for all the necessary approvals as may be required under the law

(13) **Modification of Scheme**

The Company by its Board of Directors, either by themselves or through any authorised person/s appointed by the Board in this behalf, may, in their full and absolute discretion, make and / or assent, from time to time, to any modifications or amendments or substitution to/of this Scheme or of any conditions or limitations which the Court may impose and to settle all doubts or difficulties that may arise for carrying out the Scheme and to do and execute all acts, deeds, matters and things necessary for putting the Scheme into effect.

(14) **Costs, Charges etc.**

All costs, charges and expenses incurred in relation to or in connection with this Scheme and of and incidental to the effecting of this Scheme shall be borne the Company.

(15) **Stamp Duty**

Since this Scheme does not involve a “conveyance” of any property under Section 394 of the Act, the Order of the High Court sanctioning this Scheme under Section 391 of the Act shall not attract stamp duty under Stamp Act regulations.

**IN THE HIGH COURT OF JUDICATURE OF ANDHRA PRADESH AT  
HYDERABAD**

**(ORIGINAL JURISDICTION)**

**IN THE MATTER OF THE COMPANIES ACT, 1956**

**AND**

**IN THE MATTER OF SECTIONS 391 TO 394 READ WITH SECTIONS 78,  
100 TO 104 AND OTHER APPLICABLE PROVISIONS OF THE  
COMPANIES ACT, 1956**

**AND**

**IN THE MATTER OF SCHEME OF ARRANGEMENT BETWEEN IL&FS  
ENGINEERING AND CONSTRUCTION COMPANY LIMITED AND ITS  
SHAREHOLDERS AND CREDITORS**

**COMPANY APPLICATION NO. 1651 OF 2011**

**IL&FS ENGINEERING AND  
CONSTRUCTION COMPANY LIMITED,**  
a Company incorporated under the Companies Act, 1956,  
having its Registered Office at  
6-3-1186 / 1&2, IL&FS Engineering House,  
Begumpet, Hyderabad – 500 016, Andhra Pradesh  
Represented by its authorised signatory,  
Sri G.Venkateswar Reddy, s/o, Sri G.Krishna Reddy,  
Aged 44 years, resident of Hyderabad

...APPLICANT COMPANY

**FORM OF PROXY**

I/we, the undersigned, the Secured Creditor/s of IL&FS Engineering and Construction Company Ltd., the Applicant Company, hereby appoint .....of  
..... failing him/her ..... as  
my/our Proxy to attend on my/our behalf at the Meeting of Secured Creditors of the Company held  
on December 9, 2011 at 12 Noon at The Federation Of Andhra Pradesh Chambers Of  
Commerce And Industry, Federation House, 11-6-841, Red Hills, Hyderabad – 500 004 for  
the purpose of considering and, if thought fit, approving, with or without modification(s), the  
Scheme of Arrangement between the Applicant Company and its Shareholders and Creditors and  
at such meeting and any adjournment thereof, to vote for me/us and in my/our name .....  
(here if “for”, insert “for” and if “against”, insert “against”) the said Scheme of Arrangement, either  
with our without modification(s) as my/our proxy may approve (strike out what is not necessary).

Signed this ..... day of ..... 2011

Signature :

Name & Address :

Amount - Rs.:

Note: the Proxy in order to be effective must reach duly filled at least 48 (forty-eight) hours before the commencement of the aforesaid meeting.

### ATTENDANCE SLIP

I/we hereby record my/our presence at the Meeting of the Secured Creditors of IL&FS Engineering and Construction Company Ltd., the Applicant Company, held on December 9, 2011 at 12 Noon at The Federation of Andhra Pradesh Chambers Of Commerce And Industry, Federation House, 11-6-841, Red Hills, Hyderabad – 500 004

Name of the Secured Creditor/Proxy\* ..... Amount: .....

Signature of the Secured Creditor

\* Strikeout whichever is not applicable

Notes

1. Secured Creditor/Proxy intending to attend the meeting must bring the duly signed Attendance Slip to the Meeting and handover at the entrance.
2. Secured Creditor/Proxy should bring his/her copy of the Notice of Meeting

**BOOK POST**

If undelivered, please return to :  
IL&FS Engineering and Construction Company Ltd.  
6-3-1186/1&2, IL&FS Engineering House,  
Begumpet,  
Hyderabad – 500 016

