

L-1/382/MGP

November 23, 2015

BSE Ltd. : Code No. 500031
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001

National Stock Exchange of India Ltd. : Symbol: BAJAJELEC - Series: EQ
Exchange Plaza, Bandra Kurla Complex
Bandra (East), Mumbai 400 051

Delhi Stock Exchange Ltd. : Code No.02031
DSE House, 3/1, Asaf Ali Road
New Delhi 110 002

Dear Sirs,

Ref.: Clause 36 of the Listing Agreement

Sub.: Outcome of the meeting of the Board of Directors held on 23rd November 2015 approving Scheme of Arrangement ('Scheme') for demerger of Manufacturing Business of Hind Lamps Limited ('HLL') into Bajaj Electricals Limited ('the Company')

1. The Board of Directors of Bajaj Electricals Limited ("BEL" or "Transferee Company") has at its meeting held today, have inter alia, considered and approved the proposal for demerger of manufacturing business of Hind Lamps Limited ("HLL" or "Transferor Company") into BEL, pursuant to a Scheme of Arrangement ("Scheme") placed before the Board.
2. HLL, an unlisted company, incorporated on 30 April 1951, is engaged in the business of manufacturing of glass bulbs, HID bulbs and aluminium caps and has been declared as a sick industrial company within the meaning of section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA") by the Board for Industrial and Financial Reconstruction ("BIFR"), having its registered office & manufacturing unit located at Shikohabad, Dist. Firozabad, Uttar Pradesh and HID Lamps manufacturing unit located at Parwanoo, Himachal Pradesh.
3. Details of Turnover of HLL for past 3 years are as under :

Financial Year	Turnover (Rs.in cr.)
2012-13	76.98
2013-14	72.21
2014-15	65.21

4. Details of share capital of HLL are as under:

Particulars	No. of Shares	Amt. in Rupees
Authorised Capital :		
Equity Shares of Rs.25 each	6,400,000	160,000,000
9% Cumulative Redeemable Preference Shares of Rs.25 each	400,000	10,000,000
0% Cumulative Redeemable Preference Shares of Rs.25 each	32,00,000	80,000,000
Total		250,000,000
Issued, Subscribed and fully paid-up :		
Equity Shares of Rs.25 each	6,000,000	150,000,000
0% Cumulative Redeemable Preference Shares of Rs.25 each	2,800,000	70,000,000
Total		220,000,000

BEL holds 1,140,000 (19.00%) equity shares of HLL and the remaining equity shares are held by the promoters and promoter group companies of BEL.

The Preference shares of HLL are held entirely by BEL.

5. Shri Shekhar Bajaj, Chairman & Managing Director and Shri Anant Bajaj, Joint Managing Director of the Company are also the directors in HLL.
6. As on 30 September 2015, the exposure of BEL in HLL was at Rs.21.49 cr., comprising of Equity Share capital of Rs.2.97 cr., Preference Share Capital of Rs.7.00 cr. & Loans of Rs.11.52 cr.
7. Rationale and Object of the Scheme:

HLL, amongst others, has been a vendor for the BEL since last several years and supplying products under BEL's brand name. BEL, being a leading player in the business of lighting & consumer durables business for over 75 years, has management expertise and quality system & controls, whereas HLL has a manufacturing capabilities and required infrastructure.

The Board of Directors of BEL are of the view that the proposed Scheme would *inter-alia* have the following benefits:

- a. The transfer and vesting of the Manufacturing Business of the HLL with BEL will enable both the companies to achieve and fulfill their objectives more efficiently and economically and the same is also in the interest of all the stakeholders.
- b. BEL's existing management expertise and quality system & controls will facilitate revival of the Manufacturing Business HLL upon its consolidation with BEL.

8. Salient features of the of the Scheme :

- a. The entire Manufacturing Business of HLL together with all its assets and liabilities will be transferred to BEL as a going concern.
- b. The Scheme shall be deemed to be effective from the Appointed Date i.e. 31st March, 2014, but shall be operative from the Effective Date.
- c. Pursuant to the Scheme the shareholders of HLL will be issued 529740 fully paid-up equity shares of BEL of the face value of Rs. 2 each, except BEL, in consideration for the demerger in compliance with the provisions of Section 2(19AA) of the Income Tax Act, 1961.
- d. The aforesaid equity shares to be issued to the shareholders of HLL have been determined based on Share Entitlement Ratio of 109 equity shares of BEL of the face value of Rs. 2 each for 1000 equity shares of HLL of the face value of Rs.25 each, as recommended by S.R. Batliboi & Co. LLP, Chartered Accountants, Mumbai and the same will be issued on the record date.
- e. Fairness opinion has been given by SPA Capital Advisors Limited.
- f. The Audit Committee of the Board of Directors of the Company has considered and approved the Scheme, Valuation Report and the Fairness Opinion and recommended the same for the approval of the Board.
- g. Upon the Scheme becoming effective, the shareholding of promoters in BEL would increase from existing 63.64% to 63.83%.
- h. HLL will retain remaining business which includes all the undertakings, businesses, activities (including trading activities and support services to other undertakings), employees and operations of the HLL other than manufacturing business.
- i. The Scheme would be effective upon receipt of all requisite approvals including from the Shareholders, Creditors, BIFR or such other appropriate authorities and filling the certified copies of the order of BIFR with the Registrar of Companies.
- j. Subject to the regulatory approvals, the proposed transaction is expected to be completed in a period of about 12 months.

Thanking you,

Yours faithfully,
For Bajaj Electricals Limited



Shekhar Bajaj
Chairman & Managing Director