

SCHEME OF ARRANGEMENT
BETWEEN
HIND LAMPS LIMITED
(“DEMERGED COMPANY”)
AND
BAJAJ ELECTRICALS LIMITED
(“RESULTING COMPANY”)
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

PREAMBLE

A. BACKGROUND AND DESCRIPTION OF COMPANIES WHO ARE PARTIES TO THIS SCHEME

- 1) Hind Lamps Limited is an existing public limited company, incorporated on 30th April 1951, under the provisions of the Indian Companies Act, 1913 and deemed to exist within the purview of the Companies Act, 2013, having its registered office at Shikohabad, Firozabad, Uttar Pradesh (hereinafter referred to as the “**Demerged Company**” or “**HLL**”).
- 2) The Demerged Company is primarily engaged in the business of manufacturing of GLS bulbs, HID bulbs and aluminium caps and was 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”) in year 2002. The equity shares of the Demerged Company are not listed on any stock exchange.
- 3) Bajaj Electricals Limited is an existing public limited company incorporated on 14th July 1938 under the provisions of the Indian Companies Act, 1913 and deemed to exist within the purview of the Companies Act, 2013, having its registered office at 45/47, Veer Nariman Road, Mumbai-400 001, Maharashtra (hereinafter referred to as the “**Resulting Company**” or as “**BEL**”).
- 4) The Resulting Company offers a diverse range of products and services including sales, distribution and marketing of electrical appliances, manufacture of fans and high masts, poles and towers and products relating to industrial, commercial, and domestic lighting, undertaking turnkey, commercial and rural lighting projects, design, manufacture, erection and commissioning of high masts, poles and towers. The equity shares of the Resulting Company are listed on BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”).



B. PURPOSE AND RATIONALE OF THIS SCHEME

- (a) This scheme of arrangement (hereinafter referred to as the “Scheme”) is presented pursuant to the provisions of Sections 230-232 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013 and the Income Tax Act, 1961 as may be applicable for the transfer by way of demerger of the Demerged Undertaking (as defined hereinafter) of the Demerged Company to the Resulting Company in the manner provided for in the Scheme.
- (b) The Board of Directors of the Demerged Company and the Resulting Company are of the view that the transfer and vesting of the Manufacturing Business (as defined hereinafter) of the Demerged Company to the Resulting Company will enable both the Demerged Company and the Resulting Company to achieve and fulfil their objectives more efficiently and economically and the same is also in the interest of all stakeholders. The Resulting Company’s existing management expertise and quality systems & controls will enhance the performance of the business of the Demerged Undertaking.
- (c) The Scheme is expected to contribute in furthering and fulfilling the objects of the Demerged Company and the Resulting Company and to facilitate the revival of the Manufacturing Business of the Demerged Company upon its consolidation with the Resulting Company.
- (d) As per the modified draft rehabilitation scheme (“MDRS”) filed with the BIFR (as defined hereinafter) for the revival of the Demerged Company, the net worth of the Demerged Company was expected to turn positive by 31st March 2014. The Demerged Company couldn’t achieve the aforesaid objective and accordingly the management of the Demerged Company decided to make an attempt to achieve positive net worth by 31st March 2015. However, as on 31st March 2015, the Demerged Company could not achieve positive net worth and accordingly, it has been proposed to demerge the Manufacturing Business of the Demerged Company with the Resulting Company with effect from the appointed date of 31st March 2014.
- (e) The Scheme has been approved by the Board of Directors of the Demerged Company and the Resulting Company in their respective meetings held on 23rd November, 2015. Further, to meet the requirements of Para 8 of the SEBI Circular No.CFD/DIL3/CIR/2017/21 dated 10th March, 2017, the Board of Directors of the Demerged Company and the Resulting Company in their respective meetings 9th November, 2017, respectively, have considered and approved the revised Share Allotment Ratio and made other relevant/necessary/consequential amendments to the Scheme.
- (f) This Scheme has been drawn up so that the Demerger of the Demerged Undertaking from the Demerged Company into the Resulting Company is compliant with the conditions relating to “Demerger” as specified under Section 2(19AA) of the Income Tax Act, 1961 (“Income Tax Act”).

C. PARTS OF THIS SCHEME

This Scheme is divided into the following parts:

- Part A:** Definitions and Share Capital;
- Part B:** Demerger of Manufacturing Business of the Demerged Company and transfer and vesting thereof into the Resulting Company including consequential or related matters integrally connected therewith; and
- Part C:** Other terms and conditions.



PART A

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS & INTERPRETATION

A. DEFINITIONS

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

- a) “**Act**” means the Companies Act, 2013 and/or the Companies Act, 1956 (as the case may be and to the extent applicable), the rules and regulations made thereunder and will include any statutory modifications, re-enactments and / or amendments thereof;
- b) “**Appointed Date**” means date for all tax and other regulatory purposes i.e. 31st day of March 2014;
- c) “**Acquisition Date**” means the date on which the NCLT approves the scheme of arrangement;
- d) “**BIFR**” means the Board for Industrial and Financial Reconstruction constituted under Section 4 of the Sick Industrial Companies (Special Provisions) Act, 1985 and/or any other statutory authority constituted in this regard;
- e) “**Board of Directors**” or “**Board**” shall mean the respective board of directors of the Demerged Company and the Resulting Company and shall, unless repugnant to the context, include a committee of directors or any other person authorized by the board of directors or such committee of directors;
- f) “**Demerger**” means the transfer by way of demerger of the Demerged Undertaking from the Demerged Company to the Resulting Company;
- g) “**Demerged Company**” or “**Transferor Company**” or “**HLL**” means Hind Lamps Limited, a company incorporated under the provisions of the Indian Companies Act, 1913 and deemed to exist within the purview of the Companies Act, 2013, and having its Registered Office at Shikohabad, Firozabad, Uttar Pradesh;
- h) “**Demerged Undertaking**” means the Demerged Company’s Manufacturing Business comprising of the GLS and Aluminium Caps manufacturing unit of HLL located at Shikohabad, Dist. Firozabad, Uttar Pradesh and HID Lamps manufacturing unit located at Parwanoo, Himachal Pradesh as a going concern, including the entire business of such undertaking of the Demerged Company as on the Appointed Date, including in particular the following, but without in any manner whatsoever limiting the scope thereof:
 - i) The assets, wherever situated, whether moveable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including land, buildings, residential or commercial properties, offices, plant and machinery, warehouses, godowns, depots, vehicles, other fixed assets, brands, trademarks, patents, copyrights, or any other right of a similar nature and other intellectual property rights, domain names, URLs, investments, leases, leasehold and other tenancy rights, premises, hire purchase and lease arrangements, rights under business arrangements / agreements / contracts, computers, office equipment, furniture, telephones, telexes,



facsimile connections, communication facilities, electrical and other installations, current assets including sundry debtors, deposits, receivables, funds, cash, bank balances, accounts, claims, sales tax, service tax and other taxes, duties, cess, levies etc. paid regularly or in advance, wherever required by law or otherwise and all other rights, benefits of all agreements, subsidies, grants, taxes, tax credits, various exemptions/ incentives granted under different schemes of the Central/ State Governments including carried forward losses and unabsorbed depreciation of all types under the Income Tax Act and other industrial and intellectual property, import quotas, import entitlements, right to use and avail of telephones, telex, facsimile and other communication facilities and all other interests, rights and power of every kind, nature and description, whatsoever, privileges, liberties, advantages, benefits, consents, sanctions and approvals (including but not limited to credits in respect of sales tax, value added tax, turnover tax, minimum alternate tax, service tax, etc), bills of exchange, letters of intent and loans and advances whether or not appearing in the books of accounts pertaining to the Demerged Undertaking;

- ii) All records, files, papers, computer programs, software, manuals, data whether in physical or electronic form in connection with or pertaining to the Demerged Undertaking;
- iii) All earnest moneys and/or security deposits, if any, paid or received by the Demerged Company in connection with or pertaining to the Demerged Undertaking;
- iv) All debts, duties & liabilities, present & future and the specified contingent liabilities pertaining to the Demerged Undertaking;
- v) The liabilities, which arise out of the activities or operations of the Demerged Undertaking;
- vi) Specific loans and borrowings raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking;
- vii) Liabilities other than those specified in sub-Clauses (iv), (v), and (vi) above, being the amounts of general or multipurpose borrowings of the Demerged Company allocated to the Demerged Undertaking in the same proportion in which the value of the assets transferred under this Scheme bear to the total value of the assets of the Demerged Company immediately before giving effect to the Scheme;
- viii) Employees of the Demerged Company employed solely for the Manufacturing Business, as identified by the Board of Directors of the Demerged Company, as on the Effective Date;
- ix) Without prejudice to the generality of the provisions of sub clauses (i), (ii), and (iii) above, the Demerged Undertaking shall include all of the Demerged Undertaking's rights and licenses, all assignments and grants thereof, benefits of agreements, contracts and arrangements, powers, authorities, municipal permissions, registrations, engagements, quotas, permits, allotments, approvals, export licenses, sanctions, remissions, special reservations, holidays, incentives, concessions and other authorizations, benefits, entitlements and incentives of any nature whatsoever including sales tax remissions and custom duty exemption certificates, consents, privileges, liberties, advantages, easements pertaining to the Demerged Undertaking and all the rights, title, interest, goodwill, benefits, entitlements and advantages pertaining to the Demerged Undertaking and all other rights and claims of whatsoever nature, howsoever described, and wheresoever situated which pertain to the Demerged Undertaking;



- x) It is intended that the definition of Demerged Undertaking under this sub-clause would enable the transfer of all properties (movable or immovable), assets, liabilities, rights, obligations, entitlements and benefits including under Income Tax Act, service tax laws, sales-tax laws, etc. to which the Demerged Undertaking is entitled to in terms of the various statutes / schemes, etc. and accumulated losses and allowance for unabsorbed depreciation, as per the provisions of Section 72A(4) and other applicable provisions of the Income Tax Act and the Employees of the Demerged Undertaking to the Resulting Company pursuant to this Scheme, without any further act or deed; and
- xi) Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Demerged Undertaking or whether or not it arises out of the activities would be decided by mutual agreement between the Board of Directors of the Demerged Company and the Resulting Company.
- i) **“Effective Date”** means the last of the dates on which the certified copies of the orders of the respective NCLTs are filed with the Registrar of Companies at Mumbai and Kanpur. Any references in the Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” shall be a reference to the “Effective Date”;
- j) **“Employees”** mean employees of the Demerged Company employed/engaged for the Demerged Undertaking as may be identified by the Board of Directors of the Demerged Company, as on the Effective Date;
- k) **“Encumbrance”** means any options, pledge, mortgage, lien, security, interest, claim, charge, pre-emptive right, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever; and the term “Encumbered” shall be construed accordingly;
- l) **“Funds”** shall have the meaning ascribed to it in Clause 8.2;
- m) **“Income Tax Act”** means the Income Tax Act, 1961, including any statutory modifications, re-enactments or amendments thereof for the time being in force;
- n) **“Intellectual Property”** means all intellectual properties including trademarks, service marks, logos, trade names, domain names, database rights, design rights, rights in know-how, trade secrets, copyrights, confidential processes, patents, inventions and any other intellectual property or proprietary rights (including rights in computer software) pertaining to the Demerged Undertaking, in each case whether registered or unregistered, including applications for the registration or grant of any such rights and any and all forms of protection having equivalent or similar effect anywhere in the world;
- o) **“NCLT”** means National Company Law Tribunal, Mumbai Bench, Maharashtra and National Company Law Tribunal, Allahabad Bench, Uttar Pradesh constituted under the Companies Act, 2013;
- p) **“Record Date”** shall have the meaning ascribed to it in Clause 11.2 of this Scheme;
- q) **“Registrar of Companies”** or the **“ROC”** means the Registrar of Companies, Kanpur, Uttar Pradesh, and Registrar of Companies, Mumbai, Maharashtra, as applicable;



- r) **“Remaining Business”** means all the undertakings, businesses, activities (including trading activities and support services to other undertakings), employees and operations of the Demerged Company other than those comprised in the Demerged Undertaking;
- s) **“Resulting Company”** or **“Transferee Company”** or **“BEL”** means Bajaj Electrical Limited, an existing public limited company incorporated under the provisions of the Indian Companies Act, 1913 and deemed to exist within the purview of the Companies Act, 2013 and having its registered office at 45/47, Veer Nariman Road, Mumbai 400001, Maharashtra;
- t) **“Scheme of Arrangement”** or **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Scheme of Arrangement in its present form submitted to the NCLT or any statutory forum for sanction including / with any modifications / amendments thereto / therein made under Clause 14 of the Scheme;
- u) **“SEBI”** means the Securities and Exchange Board of India;
- v) **“Share Allotment Ratio”** means the ratio in which Equity Shares of BEL are to be issued and allotted to the shareholders of HLL under Clause 11.3 of the Scheme;
- w) **“SICA”** means Sick Industrial Companies (Special Provisions) Act, 1985 or any statutory modification, re-enactment or amendment thereof; and
(As per the Ministry of Finance circular dated 28.11.2016, the SICA Repeal Act, 2003 has been notified and the effective date for implementation of its provisions is 01.12.2016. With the said amendment, the SICA shall be read with its revised constitution later to the effective date of its implementation)
- x) **“Transferred Liabilities”** shall have the meaning ascribed to it in Clause 4.10 of this Scheme.
- y) All terms and words used but not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act, or failing which, respectively and in that order, under the Income Tax Act, Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, Sick Industrial Companies (Special Provisions) Act, 1985, The SICA Repeal Act, 2003 and other applicable laws, rules, regulations, bye-laws, as the case may be or including any statutory amendments / modifications or re-enactments thereof from time to time as the case may be and as the context may demand

B. INTERPRETATIONS

- i) References to clauses, recitals and schedules, unless otherwise provided, are to clauses, recitals and schedules of this Scheme.
- ii) The headings herein shall not affect the construction of this Scheme.
- iii) The singular shall include the plural and vice versa; and references to one gender include all genders.
- iv) Any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.



- v) References to person include any individual, firm, body corporate (whether incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives body (whether or not having separate legal personality).
- vi) The Schedules to this Scheme form an integral and inseparable part of this Scheme.

2. DATE OF TAKING EFFECT

The Scheme shall be deemed to be effective from the Appointed Date, but shall be operative from the Effective Date.

3. SHARE CAPITAL

Demerged Company: The share capital of the Demerged Company as on 31st March 2017 was as under:

<u>Authorised Capital</u>	(Amount in Rs.)
64,00,000 Equity shares of Rs. 25/- each	16,00,00,000/-
4,00,000 9% Cumulative redeemable preference shares of Rs. 25/- each	1,00,00,000/-
32,00,000 0% Cumulative redeemable preference shares of Rs. 25/- each	8,00,00,000/-
Total	25,00,00,000/-
<u>Issued, Subscribed and Paid-up Capital</u>	
60,00,000 Equity shares of Rs.25/- each (fully paid-up)	15,00,00,000/-
Total	15,00,00,000/-

Resulting Company: The share capital of the Resulting Company as on 31st March 2017 was as under;

<u>Authorised Capital</u>	(Amount in Rs.)
20,00,00,000 Equity shares of Rs.2/- each	40,00,00,000/-
Total	40,00,00,000/-
<u>Issued, Subscribed and Paid-up Capital</u>	
10,12,90,176 Equity shares of Rs.2/- each fully paid up	20,25,80,352/-
Total	20,25,80,352/-

Subsequent to 31st March 2017, the issued, subscribed and paid up share capital of BEL has increased to 10,16,97,026 equity shares of Rs. 2/- each on account of issue of equity shares on exercise of stock option by the option grantee employees.



PART B

DEMERGER OF THE DEMERGED UNDERTAKING (MANUFACTURING BUSINESS) FROM THE DEMERGED COMPANY AND TRANSFER AND VESTING THEREOF INTO THE RESULTING COMPANY INCLUDING CONSEQUENTIAL OR RELATED MATTERS INTEGRALLY CONNECTED THEREWITH.

4. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING

Upon this Scheme coming into effect and with effect from the Appointed Date, the Demerged Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Demerged Undertaking) of the Demerged Company shall, subject to the provisions of this Clause in relation to the mode of transfer and vesting and all other applicable provisions of applicable laws, rules and regulations for the time being in force, without any further act or deed, stand transferred to and be vested in or deemed to have been transferred to or vested in, as a going concern, to the Resulting Company together with all the estates, assets, titles, interest and Employees therein, subject however, to the provisions of this Scheme in relation to Encumbrances, if any, affecting the same or any part thereof. The transfer and vesting of the Demerged Undertaking to the Resulting Company shall be effected in the manner set out below.

- 4.1. Whole of the Demerged Undertaking shall without further act or deed, matter of thing, stand transferred to and vested in the Resulting Company so as to vest in Resulting Company all the rights, title, interest pertaining to the Demerged Undertaking.
- 4.2. All immovable properties (including land together with the building and structures standing thereon) of the Demerged Undertaking, whether freehold or leasehold and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in the Resulting Company, subject to applicable law, without any act or deed required by either the Demerged Company or the Resulting Company. Upon this scheme becoming effective and with effect from the Appointed Date, the Resulting Company shall be entitled to exercise any and all rights and privileges and shall be liable to pay ground rent, municipal taxes and fulfill all obligations, in relation to or applicable to such immovable properties (if any). The mutation of title to the immovable properties in the name of the Resulting Company (if any) shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme in accordance with the terms hereof without any requirement of a further act or deed on part of the Resulting Company.
- 4.3. All the moveable assets including cash in hand of the Demerged Undertaking capable of being passed by manual delivery or by endorsement shall be physically handed over by manual delivery or endorsement and delivery, to the end and intent that the ownership and property therein passes to the Resulting Company on such handing over (as an integral part of the Demerged Undertaking) without requiring any deed or instrument of conveyance for transfer of the same, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors of Resulting Company and the Demerged Company within 30 days from the Effective Date.
- 4.4. In respect of any assets belonging to the Demerged Undertaking, other than those referred to in sub-Clause 4.2 or 4.3 above, the same shall without any further act, instrument, deed, matter or thing be transferred to and vested in and / or deemed to be demerged from the Demerged Company



and transferred to and vested in the Resulting Company upon the coming into effect of the Scheme and with effect from Appointed Date.

- 4.5. Further, for assets belonging to the Demerged Undertaking including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or value to be received, bank balances and deposits, if any, the following modus operandi for intimating to third parties shall, to the extent possible, be followed:
- a) The Resulting Company shall give notice in such form as it may deem fit and proper to each party, debtor or depositor of the Demerged Company as the case may be, that pursuant to the Scheme coming into effect, the said debt, loan, advances, deposit etc. be paid or made good or held on account of the Resulting Company as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same stands extinguished, and that such rights to recover or realize the same shall vest in the Resulting Company.
 - b) The Demerged Company may, if required, give notice in such form as it may deem fit and proper to each person, debtor or depositor that pursuant to the Scheme coming into effect, the said person, debtor or depositor should pay the debt, loan, advance or deposit, or make good the same or hold the same to the account of the Resulting Company and that the right of the Resulting Company to recover or realise the same is in substitution of the right of the Demerged Company.
- 4.6. Upon the coming into effect of this Scheme, all debts, liabilities, loans and obligations incurred, duties or obligations of any kind, nature or description (including contingent liabilities) pertaining to the Demerged Undertaking (as on the Appointed Date) shall, without any further act or deed, stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company on the same terms and conditions as applicable to the Demerged Company, and shall become the debts, liabilities, loans, duties and obligations of the Resulting Company which shall meet, discharge and satisfy the same and further that it shall not be necessary to separately obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of any of the liabilities which have arisen in order to give effect to the provisions of this Clause.
- 4.7. Where any of the debts, liabilities, loans and obligations incurred, and duties and obligations undertaken pertaining to the Demerged Undertaking as on the Appointed Date deemed to be transferred to and vested in the Resulting Company have been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.
- 4.8. Upon the coming into effect of the Scheme, all debts, liabilities, loans and obligations incurred, and duties and obligations undertaken pertaining to the Demerged Undertaking after the Appointed Date and prior to the Effective Date, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Resulting Company in which the Demerged Undertaking shall vest in terms of this Scheme and to the extent they are outstanding on the Effective Date, shall also without any further act or deed, stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company and shall become the debts, liabilities, loans, duties and obligations of the Resulting Company which shall meet, discharge and satisfy the same.



- 4.9. The Demerger and the transfer and vesting of the assets comprised in the Demerged Undertaking to and in the Resulting Company under this Scheme shall be subject to all Encumbrances, if any, affecting the same as hereinafter provided.
- 4.10. In so far as the existing Encumbrance in respect of the loans, borrowings, debts, liabilities ("**Transferred Liabilities**") is concerned, such Encumbrance shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking which have been Encumbered in respect of the Transferred Liabilities as transferred to the Resulting Company pursuant to this Scheme. Provided that if any of the assets comprised in the Demerged Undertaking which are being transferred to the Resulting Company pursuant to this Scheme have not been Encumbered in respect of the Transferred Liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.
- 4.11. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrance over such assets relating to the Transferred Liabilities shall, as and from the Effective Date without any further act, instrument or deed be released and discharged from the obligations and Encumbrance relating to the same. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the Encumbrance over such assets relating to any loans, borrowings or debentures or other debts or debt securities which are not transferred pursuant to this Scheme (and which shall continue with the Demerged Company), shall without any further act or deed be released from such Encumbrance and shall no longer be available as security in relation to such liabilities.
- 4.12. Upon the coming into effect of this Scheme, the Resulting Company alone shall be liable to perform all obligations in respect of the Transferred Liabilities, which have been transferred to it in terms of this Scheme, and the Demerged Company shall not have any obligations in respect of such Transferred Liabilities.
- 4.13. All Encumbrances or those, if any, created by the Demerged Company after the Appointed Date, in terms of this Scheme, over the assets comprised in the Demerged Undertaking or any part thereof transferred to the Resulting Company by virtue of this Scheme, shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they were related or attached prior to the Effective Date and are transferred to the Resulting Company. Provided always that the Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or available to the Demerged Company which shall vest in the Resulting Company by virtue of the Demerger and the Resulting Company shall not be obliged to create any further or additional security therefor after the Demerger has become effective or otherwise.
- 4.14. Without prejudice to the above and upon this Scheme coming into effect, the Demerged Company and the Resulting Company shall execute any instruments or documents and do all acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the relevant ROC and other authorities under the Act to give formal effect to the above provisions, if required.



- 4.15. It is expressly provided that, save as mentioned in this Scheme, no other term or condition of the Transferred Liabilities transferred to the Resulting Company is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- 4.16. Subject to the necessary consents being obtained in accordance with the terms of this Scheme, the provisions of the above sub-clauses shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue of any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.
- 4.17. With effect from the Appointed Date, all permits, quotas, rights, entitlements, tenancies and licenses relating to the Intellectual Property, premises, brands, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Demerged Undertaking and which are subsisting or having effect immediately before the Appointed Date, shall be and remain in full force and effect in favour of the Resulting Company and may be enforced fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a beneficiary or obligee thereto.
- 4.18. With effect from the Appointed Date, any and all statutory licenses, permissions, approvals and/or consents held by the Demerged Company pertaining to the Demerged Undertaking, required to carry on its business and operations shall stand vested in or deemed to be transferred to the Resulting Company without any further act or deed and shall be appropriately mutated by the statutory authorities or any other person concerned therewith in favor of the Resulting Company. The benefit of all statutory and regulatory permissions, licenses, environmental approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of the Demerged Company shall vest in and become available to the Resulting Company pursuant to the Scheme coming into effect.
- 4.19. The entitlement to various benefits under incentive schemes and policies in relation to the Demerged Undertaking shall stand transferred to and be vested in and/or be deemed to have been transferred to and vested in the Resulting Company together with all benefits, entitlements and incentives of any nature whatsoever. Such entitlements shall include (but shall not be limited to) income-tax, sales tax, value added tax, turnover tax, excise duty, service tax, customs and other incentives in relation to the Demerged Undertaking to be claimed by the Resulting Company with effect from the Appointed Date as if the Resulting Company was originally entitled to all such benefits under such incentive schemes and/or policies, subject to continued compliance by the Resulting Company of all the terms and conditions subject to which the benefits under such incentive schemes were made available to the Demerged Company.
- 4.20. Since each of the permissions, approvals, consents, sanctions, remissions (including remissions under income-tax, sales tax, value added tax, turnover tax, excise duty, service tax, customs), special reservations, sales tax remissions, holidays, incentives, concessions and other authorizations relating to the Demerged Undertaking and any other benefit not mentioned above, shall stand transferred under this Scheme to the Resulting Company, the Resulting Company shall file the relevant intimations, if any, for the record of the statutory authorities who shall take them on file, pursuant to the Scheme coming into effect.
- 4.21. It is clarified that all the taxes including withholding taxes and duties paid or payable by the Demerged Company in relation to Demerged Undertaking, from the Appointed Date onwards including all or any refunds and claims shall, for all purposes, be treated as the tax and/or duty liabilities or refunds and claims of the Resulting Company. It is also clarified that withholding taxes



deducted on behalf of Demerged Company in relation to Demerged Undertaking, from the Appointed Date onwards, shall be treated as withholding taxes deducted on behalf of the Resulting Company and the credit of the same shall be available to the Resulting Company. Accordingly, upon the Scheme becoming effective, pursuant to the provisions of this Scheme, the Demerged Company and the Resulting Company are expressly permitted to file their respective income-tax, sales tax, value added tax, turnover tax, excise duty, service tax, customs and any other return(s) (including revised returns) to claim advance tax, withholding tax, refunds / credits. Notwithstanding the above tax compliances (including payment of taxes, maintenance of records, payments, returns, etc.) carried out by the Demerged Company in respect of the Demerged Undertaking from the Appointed Date up to the Effective Date should be considered as adequate compliance by the Resulting Company and the Resulting Company should be considered to have met its obligations under the respective tax legislations.

- 4.22. Upon coming into effect of this Scheme, to the extent that there are intercompany transactions or balances including purchase, sale, loans, advances, debtors/ receivables, creditors/ payables, deposits, balances or other obligations, if any, in relation to the Demerged Undertaking, as on or from the Appointed Date, between the Demerged Company, and the Resulting Company, the obligations in respect thereof shall come to an end.
- 4.23. Further, if any taxes are deducted at source by the Demerged Company or the Resulting Company as the case may be on any payments or credit of any sum in the books (from Appointed Date to the Effective Date) and payable to the Resulting Company or Demerged Company as the case may be, but on account of Clause 4.22 the said transaction needs to be cancelled in the books of the Demerged Company or the Resulting Company, as the case may be, such taxes shall be deemed to be taxes paid by the Demerged Company or the Resulting Company and shall, in all proceedings, be dealt with accordingly.
- 4.24. Since this Demerger involves transfer of the Demerged Undertaking, the approval granted by the members of the Demerged Company to the Scheme shall be deemed to include the approval under section 180(1)(a) of the Companies Act, 2013.

5. CONTINUATION OF LEGAL PROCEEDINGS

- 5.1. Upon the Scheme becoming effective, all legal proceedings, suits, claims, actions before any statutory or quasi-judicial authority or tribunal of whatsoever nature, pertaining to the Demerged Undertaking, by or against the Demerged Company arising after the Appointed Date, shall be continued and enforced by or against the Demerged Company only until the Effective Date. On and from the Effective Date, the Resulting Company shall and may, if required, initiate any legal proceedings in relation to the relevant matters pertaining to the Demerged Undertaking in the same manner and to the same extent as would or might have been initiated by the Demerged Company. Except as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings against the Resulting Company. The Resulting Company shall be replaced/ added as party to such proceedings and shall prosecute or defend such proceedings at its own cost, in co-operation with the Demerged Company.
- 5.2. The Resulting Company undertakes to have all legal proceedings initiated by or against the Demerged Company referred to in sub-Clause 5.1 above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. Both the Demerged Company and the Resulting Company shall make relevant applications in that behalf.



- 5.3. If any suit, appeal or other proceedings relating to the Demerged Undertaking, of whatever nature by or against the Demerged Company be pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the demerger of the Demerged Undertaking or by anything contained in this Scheme but the proceedings may be continued, prosecuted and enforced by or against the Resulting Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Demerged Company as if this Scheme had not been made.

6. **CONTRACTS, DEEDS AND OTHER INSTRUMENTS**

- 6.1. Upon this Scheme becoming effective and with effect from the Appointed Date and subject to the provisions of this Scheme, all contracts, deeds, bonds, lease deeds, agreements entered into with various persons, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking and to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect as on the Effective Date, shall continue in full force and effect on or against or in favour of, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto or thereunder, in all cases subject to the terms and provisions of such contracts, deeds, bonds, lease deeds, agreements, arrangements or instruments.
- 6.2. Without prejudice to the other provisions of this Scheme and notwithstanding that the demerger and subsequent vesting of the Demerged Undertaking from the Demerged Company to the Resulting Company occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds, confirmation or other writings or arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.
- 6.3. Without prejudice to the generality of the foregoing, it is clarified that upon this Scheme becoming effective and with effect from the Appointed Date, all consents, agreements, permissions, all statutory or regulatory licenses, certificates, insurance covers, clearances, authorities, powers of attorney in relation to the Demerged Undertaking given by, issued to or executed in favour of the Demerged Company shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company.
- 6.4. Even after this Scheme becomes effective, the Resulting Company shall, in its own rights, be entitled to realize all monies and complete and enforce all pending contracts and transactions in respect of the Demerged Company, in so far as may be necessary.
- 6.5. Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party to, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged



Company shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, insofar as it is permissible so to do, till such time as the transfer is effected.

7. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the properties, liabilities and obligations pertaining to the Demerged Undertaking pursuant to this Scheme shall not affect any transactions or proceedings already completed by the Demerged Company on or before the Appointed Date to the end and intent that, the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company and pertaining to the Demerged Undertaking which shall vest in the Resulting Company in terms of this Scheme as acts, deeds and things made, done and executed by and on behalf of the Resulting Company.

8. EMPLOYEES

- 8.1. Permanent employees pertaining to the Demerged Undertaking, in service on the Effective Date shall be deemed to have become the employees of the Resulting Company with effect from the Effective Date without any interruption or break in their service as a result of the transfer and vesting of the Demerged Undertaking to the Resulting Company. The terms and conditions of their employment with the Resulting Company with effect from the Effective Date shall not be less favourable than those applicable to them with reference to the Demerged Company on the Effective Date.
- 8.2. The existing provident fund, gratuity fund, superannuation fund, trusts, retirement fund or benefits and any other Funds or benefits created by the Demerged Company inter alia for the Employees (collectively referred to as the "**Funds**") in terms of this Scheme shall be continued for the benefit of such Employees on the same terms and conditions in the Resulting Company. With effect from the Effective Date, the Resulting Company shall make the necessary contribution for such Employees taken over. Upon the Scheme being effective, the Resulting Company shall, to the extent pertaining to the Demerged Undertaking, stand substituted for the Demerged Company for all purposes whatsoever related to the administration or operation of such Fund or in relation to the obligations to make a contribution to the said Funds in accordance with the provisions of the Fund or according to the terms provided in the respective Fund deeds or other documents or, in the alternative, create / establish / setup / provide the facility of one or more alternative trusts being not less favourable than the existing Fund in the Demerged Company of which such Employees were members in the Demerged Company. The Resulting Company undertakes and assumes all the duties and obligations and takes over and assumes all the rights and powers of the Demerged Company upon the Scheme being effective, in relation to aforesaid Funds of the Demerged Company. The services of the Employees of the Demerged Company will be treated as having been continuous for the purposes of availing the benefits of the aforesaid funds or provisions of any Funds for Employees.
- 8.3. The Resulting Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such Employees with the Demerged Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.
- 8.4. In so far as the existing benefits or funds created by the Demerged Company for the Employees of the Remaining Business are concerned, the same shall continue and the Demerged Company shall continue to contribute to such funds and trusts in accordance with the provisions thereof, and such



funds and trusts, if any, shall be held inter alia for the benefit of the Employees of the Remaining Business.

9. **CONDUCT OF BUSINESS FROM APPOINTED DATE TILL EFFECTIVE DATE**

9.1. With effect from the Appointed Date and up to and including the Effective Date:

- a) The Demerged Company shall carry on and be deemed to have carried on its business and activities pertaining to the Demerged Undertaking and shall hold and deal with all assets and properties and stand possessed of all rights, title, interest, authorities contracts, investments and strategic decisions of the Demerged Undertaking for and on account of and in trust for the Resulting Company.
- b) Any income or profit accruing or arising to the Demerged Company from the Demerged Undertaking and all costs, charges, expenses, losses arising or incurred by the Demerged Company pertaining to the Demerged Undertaking for the period commencing from the Appointed Date shall for all purposes be treated as the income, profits, costs, charges, expenses, losses and payments, as the case may be, of the Resulting Company including accumulated losses and unabsorbed depreciation, if any.
- c) The Demerged Company shall not utilize the profits or income, if any, in respect of the period from and after the Appointed Date and up to the Effective Date for the purpose of declaring or paying any dividend or for any other purpose without the prior written consent of the Resulting Company.
- d) The Demerged Company shall not, without the prior written consent of the Resulting Company, Encumber or otherwise deal with or dispose off the Demerged Undertaking or any part thereof except in the usual course of business or pursuant to any pre-existing obligation undertaken by the Demerged Company prior to the Appointed Date.
- e) As between the Appointed Date and the Effective Date, the Demerged Company shall carry on the business of the Demerged Undertaking with reasonable diligence and prudence, in the ordinary course of business, the Demerged Company shall not, in any material respect, alter or expand the business, other than such alterations or expansions as have already been commenced, except with the prior written consent of the Resulting Company and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liability or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for itself or on behalf of its subsidiaries or group companies or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal with the Demerged Undertaking, save and except, in each case, in the following circumstances:
 - (i) if the same is in the ordinary course of business as carried on by it as on the date of filing this Scheme with the NCLT; or
 - (ii) if the same is expressly permitted by this Scheme; or
 - (iii) if the written consent of the Resulting Company has been obtained; or
 - (iv) if any pre-existing obligations are undertaken by the Demerged Company prior to the Appointed Date.



- f) The Demerged Company shall not vary or alter, except in the ordinary course of its business and as may be required for reorganization, the terms and conditions of employment of any of its employees.
- g) The Resulting Company shall be entitled, pending the sanction of the Scheme by the NCLT, to apply to the Central Government, BSE, NSE, the Securities and Exchange Board of India ("SEBI") and all other agencies, regulators, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Resulting Company may require to own and carry on the business of the Demerged Undertaking.

10. REMAINING BUSINESS

- 10.1. The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company, subject only to the provisions of this Scheme in relation to Encumbrances in favour of banks, financial institutions and trustees for the debenture-holders and lenders.
- 10.2. All legal, taxation or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company after the Effective Date. The Resulting Company shall in no event be responsible or liable in relation to any such legal, taxation or other proceedings against the Demerged Company, which relates to the Remaining Business.
- 10.3. If proceedings are taken against the Resulting Company in respect of the matters referred to in sub-Clause 10.2 above, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.
- 10.4. With effect from the Appointed Date and up to and including the Effective Date:
- a) the Demerged Company shall carry on and be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
- b) all profits accruing to the Demerged Company thereon or losses arising or incurred by it relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company;
- c) all assets and properties acquired by the Demerged Company in relation to the Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company; and
- d) all assets acquired and all liabilities incurred by the Demerged Company after the Appointed Date but prior to the Effective Date for operation of and in relation to the Demerged Undertaking shall also without any further act, instrument or deed stand transferred to and vested in or to be deemed to have been transferred to or vested in the Resulting Company upon the coming into effect of the Scheme, subject to the provisions



of this Scheme in relation to Encumbrances in favour of lenders, banks and/or financial institutions and trustees for the debenture-holders.

11. CONSIDERATION

- 11.1. Upon this Scheme coming into effect and in consideration of the transfer of and vesting of the Demerged Undertaking in the Resulting Company in terms of the Scheme, the paid up share capital of the Resulting Company shall be increased in the manner set out below.
- 11.2. Upon this Scheme coming into effect, the Board of BEL shall determine a record date, being a date on or subsequent to the effective date ("**Record Date**") for the allotment of fully paid up equity shares in accordance with sub-clause 11.3 below. On determination of the Record Date, HLL shall provide to BEL, the list of shareholders of HLL as on the Record Date who are entitled to receive fully paid-up shares of BEL in terms of this Scheme in order to enable BEL to issue and allot such fully paid-up shares of BEL in terms of this Scheme.
- 11.3. BEL shall, without any further application or deed, issue and allot to every shareholder of HLL, holding fully paid-up equity shares in HLL and whose names appear in the register of shareholders of HLL, except BEL on the Record Date, his/her/its heirs, executors, administrators or the successors in title as the case may be, in respect of every 1,000 equity shares of the face value of Rs 25/- each fully paid-up held by the shareholders in HLL, 97 equity share of the face value of Rs 2/- each fully paid up of BEL (hereinafter called the "**New Equity Shares**"), credited as fully paid-up.
- 11.4. No equity or preference shares of BEL shall be required to be issued in lieu of shares (both Equity and Preference) of HLL held by BEL on the Record Date.
- 11.5. The New Equity Shares in BEL to be issued to the shareholders of HLL above shall be subject to the Memorandum and Articles of Association of BEL and shall rank pari passu in all respects, including dividend, with the existing equity shares of BEL.
- 11.6. The New Equity Shares of BEL will be issued in dematerialised form to the shareholders holding shares of HLL in physical / dematerialized form. Shares allotted by BEL pursuant to the Scheme and issued in dematerialised form shall be credited to the depository accounts of the shareholders and shall be subject to all requirements of the BSE and NSE including listing and trading approvals.
- 11.7. In the event, the aforesaid allotment of new equity shares of BEL to the equity shareholders of HLL result in fractional entitlements, the same shall be rounded off to the nearest whole number.
- 11.8. The issue and allotment of New Equity Shares in the Resulting Company to the shareholders of the Demerged Company as provided in the Scheme as an integral part thereof, shall be deemed to have been carried out as if the procedure laid down under Section 62 and any other applicable provisions of the Act, the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and all other relevant Rules, Regulations and Laws for the time being in force were duly complied with.
- 11.9. The New Equity Shares of BEL issued above shall, subject to applicable regulations, be listed and/or admitted to trading on the BSE and NSE where the existing equity shares of the Resulting Company are listed and/or admitted to trading.



- 11.10. In the event that BEL restructures its Equity Share Capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the Share Allotment Ratio shall be adjusted accordingly to take into account the effect of any such corporate actions.
- 11.11. The Board of BEL shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of the shareholders of HLL as shareholders in BEL.

12. Accounting Treatment

12.1. Treatment in the accounting books of the Resulting Company

The Indian Accounting Standards (Ind AS) as notified under Section 133 of the Companies Act, 2013, read together with paragraph 3 of The Companies (Indian Accounting Standard) Rules, 2015 is applicable to the Resulting Company from the year ended March 31, 2017 with transition date of 1st April, 2015.

In the statutory books of account of the Resulting Company, the scheme will be accounted from effective date in accordance with the Indian Accounting Standard (IND AS) 103 – Business Combination.

Hence, on the Scheme becoming effective, the Resulting Company shall account for the Scheme and its effects in its books of account as under :

- (a) The Resulting Company shall, upon the Scheme coming into effect, record all the identifiable assets acquired and liabilities assumed pertaining to the Demerged Undertaking vested in it pursuant to this Scheme, at their acquisition date fair values

Accordingly, if the fair values of identifiable assets acquired, separately from goodwill, are less than the fair values of liabilities assumed and the consideration issued as per Clause 11 on account of demerger of Demerged Undertaking, then as per Ind AS 103, the Resulting Company shall on the acquisition date recognise the identifiable assets acquired and the liabilities assumed at their acquisition date fair values and accordingly determine the difference as goodwill.

Conversely, if the fair values of identifiable assets acquired are more than the fair values of liabilities assumed and the consideration issued as per Clause 11 on account of demerger of Demerged Undertaking, then as per Ind AS 103, the Resulting Company shall on the acquisition date determine the difference as capital reserve in accordance to the treatment to be given for bargain purchase in business combination (para 34 of Ind AS 103 – Business Combinations) and shall credit the same in other comprehensive income on the acquisition date and accumulate the same in equity.

- (b) BEL shall credit its share capital account with the aggregate face value of shares issued by it to the shareholders of HLL pursuant to Clause 11 of the Scheme.

Any matter not dealt with in this Scheme or hereinabove shall be dealt with in accordance with the applicable Accounting Standards prescribed.

12.2. Accounting treatment in the books of the Demerged Company



- (a) Upon the scheme coming into effect; the assets and the liabilities of the Demerged Company being transferred to the Resulting Company shall be transferred at values appearing in the books of account (ignoring revaluation) of the Demerged Company;
- (b) The net difference between the liabilities and assets as transferred under sub-clause (a) above shall be adjusted to capital reserve.
Any matter not dealt with in this Scheme or hereinabove shall be dealt with in accordance with the applicable Accounting Standards prescribed.

12.3. The mere adoption of the accounting treatment in the books of Resulting Company as per Ind AS 103 pursuant to the aforesaid Clause 12.1 of the Scheme shall not in any manner affect the vesting of the Demerged Undertaking from the Appointed Date for tax and other regulatory purposes

12.4. Accounting Treatment for Tax Purposes

The Scheme set out herein in its present form duly approved by the NCLT shall be effective from the Appointed Date, including for regulatory & tax purposes. Accordingly, the Resulting Company and the Demerged Company shall, for tax and other regulatory purposes, account for the Scheme and all its effects with effect from the Appointed Date viz. 31st March, 2014 as under:

- a. The Resulting Company will record all assets, liabilities and reserves pertaining to the Demerged Undertaking vested in it pursuant to this Scheme, at the respective book values thereof (ignoring revaluation) and in the same form as appearing in the books of the Demerged Company at the Appointed Date.
- b. The Resulting Company shall credit its share capital account with the aggregate face value of shares issued by it to the shareholders of HLL pursuant to Clause 11 of the Scheme.
- c. The difference between the net assets of the Demerged Undertaking under sub-clause (a) above and the consideration issued as per Clause 11 on account of demerger shall be adjusted to the reserves in the books of the Resulting Company.
- d. The assets and liabilities of the Demerged Company being transferred to the Resulting Company shall be transferred at values appearing in the books of account (ignoring revaluation) of the Demerged Company at the Appointed Date;
- e. The net difference between the assets and liabilities as transferred under sub-clause (d) above shall be adjusted to capital reserve in the books of the Demerged Company.

Aforementioned accounting treatment will be incorporated in the books and in the financials drawn up therefrom for tax and regulatory purposes and related compliances. These shall be approved by the Board of Directors of BEL and HLL and furnished to the authorities as may be applicable upon audit thereof from the tax auditors of both the Companies. The drawn up financials will be furnished along with the returns/ filings to be made with the tax authorities and will form the basis of tax assessments and tax compliances.

PART C

OTHER TERMS AND CONDITIONS

13. APPLICATION TO THE NCLT



The Demerged Company and the Resulting Company shall separately make the requisite company applications/ petitions under Section 230-232 and other applicable provisions of the Act to the respective NCLT for seeking the sanction of this Scheme.

14. MODIFICATIONS/AMENDMENTS TO THE SCHEME

- 14.1. Both the Demerged Company and the Resulting Company (acting through their Board of Directors, Committee thereof or any director or any other person authorised by the Board of Directors, Committee thereof to this effect) may assent to any modifications or amendments to this Scheme, including pursuant to the orders of the NCLT and/or any other authorities as they may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme. Each of the Demerged Company and the Resulting Company (acting through their Board of Directors, Committee thereof or any director or any other person authorised by the Board of Directors, Committee thereof to this effect) shall be authorised to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions whether by reason of any orders of the NCLT or of any directions given by any other appropriate authorities or for any reason otherwise arising out of this Scheme and/or any matters concerning or connected herewith.
- 14.2. If any part of this Scheme is held to be invalid, ruled illegal by any court of competent jurisdiction, or becomes unenforceable for any reason, whatsoever, whether under present or future laws, then it is the intention of the Demerged Company and the Resulting Company that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this scheme to become materially adverse to either the Demerged Company or the Resulting Company in which case they shall attempt to bring about a modification in this Scheme, as will best preserve for the Demerged Company and the Resulting Company the benefits and obligations of this Scheme, including but not limited to such part.

15. CONDITIONALITY OF SCHEME

- 15.1. This Scheme shall be conditional upon the following:
- a) Obtaining observation letter or no-objection letter from the Stock Exchanges by the Resulting Company in respect of the Scheme, pursuant to Regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with relevant SEBI Circulars, subject to modification, if any, in accordance with any subsequent circulars and amendment that may be issued by SEBI from time to time;
 - b) Approval and agreement by the public shareholders of the Resulting Company through resolution passed through postal ballot and e-voting (after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution), and the votes cast by public shareholders in favour of the proposal are more than the number of votes cast by public shareholders against it in accordance with the SEBI Circular No.CFD/DIL3/CIR/2017/21 dated 10th March 2017, subject to modification, if any, in accordance with any subsequent circulars and amendment that may be issued by SEBI from time to time. For the purpose of this clause, the term 'public' shall carry the same meaning as defined under Rule 2 of Securities Contracts (Regulation) Rules, 1957;



- c) The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of the Demerged Company and Resulting Company, as prescribed under the Act;
- d) The Scheme being approved by the NCLT whether with any modifications or amendments as the NCLT may deem fit or otherwise; and
- e) The certified copies of the Orders of the NCLT being filed with the Registrar of Companies.

16. REVOCATION AND SEVERABILITY

- 16.1. In the event of any of the sanctions and approvals referred to in this Scheme not being obtained and/or this Scheme not being sanctioned by the NCLT or such other appropriate authority and/or order or orders not being passed as aforesaid, or for any other reason, this Scheme cannot be implemented, then the Board of Directors of BEL and HLL shall mutually waive/incorporate such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, the Scheme shall become null and void, and each company herein shall bear its respective cost, charges and expenses in connection with this Scheme unless otherwise mutually agreed.
- 16.2. Notwithstanding anything to the contrary contained in this Scheme, if any provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of HLL and BEL, affect the validity or implementation of the other provisions of this Scheme.

17. COSTS, CHARGES AND EXPENSES

Subject to clause 16 above, all costs, charges and expenses, in relation to or in connection with negotiations leading up to this Scheme and of carrying out and implementing the terms and provisions of this Scheme shall be borne and paid by the Resulting Company.

18. ACTION TAKEN BY SEBI/ RBI

As required under SEBI Circular No.CFD/DIL3/CIR/2017/21 dated March 10, 2017, a copy of the Scheme was filed with the Stock Exchanges / SEBI for their No-objection for filing the Scheme with NCLT for its approval. In connection therewith SEBI observed that the name of Dr. Rajendra Prasad Singh, an independent director on the Board of the Resulting Company, is appearing in the Reserve Bank of India's (RBI) wilful defaulters list being a director of defaulting company named G.E.T. Power Limited. The Resulting Company furnished its reply via email dated March 12, 2018 to the queries raised by Stock Exchanges/SEBI. Based on the explanation and documents provided by the Resulting Company, the Stock Exchanges have issued the Observation letters dated March 21, 2018 inter alia advising the Resulting Company to disclose in the Scheme the information about the directorship of Dr. Rajendra Prasad Singh in G.E.T. Power Limited and to bring the same to the notice of shareholders and Hon'ble NCLT.

Accordingly, the relevant information in respect of the directorship of Dr. Rajendra Prasad Singh in G.E.T. Power Limited is provided hereinbelow:

- Dr. Rajendra Prasad Singh (DIN 00004812), was appointed as an Additional Independent Director in G.E.T. Power Limited on February 25, 2014.



- On August 12, 2014, he resigned from the directorship of G.E.T. Power Limited and forwarded a copy of his resignation to the Registrar in Form No. DIR 11 pursuant to the proviso to Section 168(1) of the Act and Rule 16 of the Companies (Appointment and Qualification of Directors) Rules 2014.
- However, from the search carried online on the website of Ministry of Corporate Affairs (MCA): www.mca.gov.in, it appears that G.E.T. Power Limited has not yet filed required Form No. DIR 12 to intimate the details of the resignation of Dr. Rajendra Prasad Singh to the Registrar and therefore his resignation status has not been updated in the signatory details of the said company
- Since, Dr. Rajendra Prasad Singh has filed required Form No. DIR 11 with the Registrar, as mentioned above, his directorship / signatory status in the master details of the said company is showing as ended on August 12, 2014.
- Further, the present status of the directorship of Dr. Rajendra Prasad Singh in the Director Master Data on MCA website does not reflect the name of G.E.T. Power Limited.

